

**Department of Human Services**  
**April 2001**

**Arthur A. Hayes, Jr., CPA, JD, CFE**  
Director

**Deborah V. Loveless, CPA**  
Assistant Director

**Dena W. Winningham, CGFM**  
Audit Manager

**Dean Agouridis**  
In-Charge Auditor

**Lisa A. Breen**  
**Chris Thompson**  
**David L. Wright, CFE**  
Staff Auditors

**Amy Brack**  
Editor

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-0264  
(615) 741-3697

Performance audits are available on-line at [www.comptroller.state.tn.us/sa/reports/index.html](http://www.comptroller.state.tn.us/sa/reports/index.html).  
For more information about the Comptroller of the Treasury, please visit our Web site at  
[www.comptroller.state.tn.us](http://www.comptroller.state.tn.us).



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**

State Capitol  
Nashville, Tennessee 37243-0260  
(615) 741-2501

**John G. Morgan**  
Comptroller

April 20, 2001

The Honorable John S. Wilder  
Speaker of the Senate  
The Honorable Jimmy Naifeh  
Speaker of the House of Representatives  
The Honorable Thelma M. Harper, Chair  
Senate Committee on Government Operations  
The Honorable Mike Kernell, Chair  
House Committee on Government Operations  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the performance audit of the Department of Human Services. This audit was conducted pursuant to the requirements of Section 4-29-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the department should be continued, restructured, or terminated.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/dww  
99-052

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit  
**Department of Human Services**  
April 2001

## AUDIT OBJECTIVES

The objectives of the audit were to review the department's legislative mandate and the extent to which it has carried out that mandate efficiently and effectively and to make recommendations that might result in more efficient and effective operation of the department.

## FINDINGS

### **Families First Program**

Implementation of the Families First program has resulted in significant and far-reaching changes in the delivery of services to needy families. The state deserves credit for pursuing a waiver which allowed it to implement its own reforms to help families move toward self-sufficiency. The full impact of the Families First program will not be known for several years. The University of Tennessee and the University of Memphis are conducting ongoing evaluations of the program. This report makes several recommendations to improve the Families First program (page 18).

### **Many Families First Participants Do Not Comply With Their Personal Responsibility Plans**

Many Families First Program participants do not attend work component programs, drop out of these components before completion, and do not show up for scheduled meetings with case managers, according to department staff and information developed for the department by the University of Memphis. However, participants

are obligated to comply with their personal responsibility plans (PRPs) developed with their case managers. In addition, case managers cannot effectively provide Families First services to participants who do not come to appointments or attend work components (page 18).

### **Families First Case Manager Caseloads and Turnover Appear Excessive**

Caseloads are too large to allow case managers to give enough attention to Families First participants in attempting to make them economically self-sufficient, according to department field staff and contractors. Although there is an overall decline in the number of Families First cases, many of the remaining cases are harder to serve. Also, case manager turnover was 18% in fiscal year 1999, but the rates in Davidson (56%) and Shelby (23%) counties, where half the Families First participants are located, are much higher (page 24).

### **Case Manager Transition From Eligibility Determination to Assisting Families First Participants to Become Self-Sufficient Appears Incomplete**

Not all case managers have successfully transitioned from just determining client eligibility for benefits to counseling participants on ways to become economically self-sufficient, according to department staff and contractors. Department management stated that case managers were still in the middle of the “evolution” from focusing on eligibility to helping participants get permanent work. The Families First Act of 1996 requires a program participant to agree to a personal responsibility plan developed by a case manager, in consultation with that participant, designed to give the participant the opportunity to gain self-sufficiency (page 28).

### **Training for Case Managers in Recognizing Barriers to Self-Sufficiency Should Be Improved**

Case managers need to have sufficient training to recognize barriers preventing Families First participants from accomplishing the program’s main goal of reducing welfare dependency. According to several contract service providers, department management, and field office staff, many of the participants suffer from such barriers as domestic violence, learning disabilities, mental health problems, and/or substance abuse. Several field staff interviewed indicated a need for improved training (page 33).

### **Service-Provider Contracts Lack Outcome Measures**

Contracts between the department and providers of services for the Families First Program do not contain outcome measures requiring specific contractor performance in helping Families First participants become self-sufficient. Outcome measures could help the department ensure that services are providing the intended results (page 37).

### **Several Families First Participants Appear to Abuse the Conciliation Process**

Before an “assistance group” (family receiving assistance) is sanctioned, the case manager is required to attempt a conciliation conference with the adult who has not complied with his or her personal responsibility plan. The purpose of the conciliation conference is to determine whether there is “good cause” for the participant’s noncompliant action. Several department staff and customer service reviewers indicated that many participants take advantage of the lack of a limitation on the number of times they can go through the conciliation process. Abuse of the process adds to case managers’ workload and discourages participant compliance (page 38).

### **The Two Management Information Systems Still Cannot Monitor and Report Some Information Pertaining to the Families First Program**

The department uses its Automated Client and Eligibility Network for Tennessee (ACCENT) system and the Department of Labor’s Job Training Partnership Act (JTPA) system to monitor and report the progress of the Families First Program. These two systems cannot provide information on whether participants are adhering to immunization, health-check, and school attendance requirements for their children. In addition, the department needs reports from these systems indicating the number of participants working at the end of 18-month and 60-month time limits and the rate of participant reentry (page 42).

### **The Department Does Not Have Formal Systems to Track Major Employers of Families First Participants and Obtain Feedback**

The department does not have a formal system to track the major employers of Families First participants, including the number of participants employed, the locations of employment, the types of employment, the duration of employment, and hourly wages. Without such information, the department cannot assess how participants are

progressing in becoming self-sufficient in specific areas of the state (page 45).

### **Orientation Information Provided to Families First Participants Is Inconsistent**

The department does not have a policy on what brochures should be given to new participants or appear to have a common set of documents that county offices give to participants. It is important that participants get consistent and complete information in order to develop a good personal responsibility plan and understand its requirements (page 47).

### **The Department Needs to Improve Its Availability of Support Services to Potential and Current Families First Participants**

Individual development accounts, mentoring programs, and diversion programs could help Families First participants or potential participants support themselves and prevent entry or reentry into the Families First program (page 49).

### **Families First Case Manager Job Descriptions Are Not Up-to-Date**

With the advent of the Families First Program, case manager responsibilities have increased to include social work, not just eligibility determination for benefits. Case managers need to motivate, coach, communicate, and build rapport with participants. However, the current job descriptions for case managers have not been updated to reflect changes brought about by Families First (page 53).

### **The Department's Management Controls Over Families First Child Care Support Have Improved**

The 1998 Families First performance audit found three areas of deficiency with the Families First Program and child care services. They were (1) weak controls over provider reimbursements, (2) potential conflicts of interest concerning child care brokers, and (3) weaknesses in the broker reimbursement fee structure. In response to the audit, the department had strengthened its controls over child care support services.

Subsequently, the department decided, pursuant to the recommendation of the Governor's Committee on Child Care, to take over the administration of the child care subsidy program (page 55).

### **The Department Is Not Using Its License Revocation Power to the Greatest Possible Extent**

State law requires state licensing authorities to revoke licenses from noncustodial parents who are delinquent in their child support payments. Section 36-5-701, *Tennessee Code Annotated*, states that business licenses, professional licenses, driver licenses, and hunting and fishing licenses are all eligible for revocation. According to department officials, the main purpose of this provision is to compel delinquent noncustodial parents to become current on their child support obligations, not to actually revoke their licenses. The department, however, is not using its revocation powers regularly and cannot get needed information on hunting and fishing licenses (page 58).

### **Many of the Basic Services Needed by Adult Protective Services Clients Are Lacking**

*An Adult Protective Services Needs Assessment*, commissioned by the department and issued in June 1998 by the University of Tennessee's College of Social Work, identified unmet needs of Adult Protective Services (APS) clients and the need to strengthen the APS program. The most urgent needs included homemaker services, medical care, respite care, home-delivered meals, chore services, transportation, and housing (page 59).

### **Some of the Child Care Services for Low-Income Families Need Improvement**

A study commissioned by the department to assess the child care needs of low-income families found that there is a lack of high-quality child care statewide. Also lacking is care for infants, during second and third shifts, on the weekends, and for sick children. The department should continue to seek additional funding sources in order to improve and expand existing child care services (page 63).

## **OBSERVATIONS AND COMMENTS**

The audit also discusses the following issues: the centralized child support collections system, the Welfare-to-Work grant program, certification of the Tennessee Child Support Enforcement System, the High Performance Bonus Program, the hard-to-serve Families First population, Families First participants exempt from time limits, the future of Families First, pooling of federal funds for the Child and Adult Food Care Program, and background checks for child care staff (page 6).

## **ISSUES FOR LEGISLATIVE CONSIDERATION**

The General Assembly may wish to consider amending Section 71-3-159, *Tennessee Code Annotated*, to enable the department to implement a diversion program to divert families from monthly cash payments if they can be assisted through other means. If amended, the department may wish to consider implementing such a program first through demonstration projects (page 66).

---

---

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report, which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-0264  
(615) 741-3697

Performance audits of state departments and agencies are available on-line at  
[www.comptroller.state.tn.us/sa/reports/index.html](http://www.comptroller.state.tn.us/sa/reports/index.html)  
For more information about the Comptroller of the Treasury, please visit our Web site at  
[www.comptroller.state.tn.us](http://www.comptroller.state.tn.us).

---

---

# Performance Audit

## Department of Human Services

---

### TABLE OF CONTENTS

---

	<u>Page</u>
<b>INTRODUCTION</b>	1
Purpose and Authority for the Audit	1
Objectives of the Audit	1
Scope and Methodology of the Audit	1
Organization and Responsibilities	2
Families First Program	5
<b>OBSERVATIONS AND COMMENTS</b>	6
Centralized Child Support Collections System	6
Welfare-to-Work Grant Program	7
Certification of the Tennessee Child Support Enforcement System	8
High Performance Bonus Program	9
The Hard-to-Serve Families First Population	9
Families First Participants Exempt From Time Limits	11
The Future of Families First	13
Pooling of Federal Funds for the Child and Adult Care Food Program	16
Background Checks for Child Care Staff	16
<b>FINDINGS AND RECOMMENDATIONS</b>	18
<b>Families First Program</b>	18
1. Many Families First participants do not comply with their personal responsibility plans	18
2. Families First case manager caseloads and turnover appear excessive	24

---

## TABLE OF CONTENTS (CONT.)

---

	<u>Page</u>
3. Case manager transition from eligibility determination to assisting Families First participants to become self-sufficient appears incomplete	28
4. Training for case managers in recognizing barriers to self-sufficiency should be improved	33
5. Service-provider contracts lack outcome measures	37
6. Several Families First participants appear to abuse the conciliation process	38
7. The two management information systems still cannot monitor and report some information pertaining to the Families First Program	42
8. The department does not have formal systems to track major employers of Families First participants and obtain feedback	45
9. Orientation information provided to Families First participants is inconsistent	47
10. The department needs to improve its availability of support services to potential and current Families First participants	49
11. Families First case manager job descriptions are not up-to-date	53
12. The department's management controls over Families First child care support have improved	55
<b>Child Support</b>	57
13. The department is not using its license revocation power to the greatest possible extent	58
<b>Adult Protective Services</b>	59
14. Many of the basic services needed by Adult Protective Services clients are lacking	59
<b>Child Care</b>	63
15. Some of the child care services for low-income families need improvement	63
<b>RECOMMENDATIONS</b>	66
Legislative	66
Administrative	66

# **Performance Audit Department of Human Services**

---

## **INTRODUCTION**

---

### **PURPOSE AND AUTHORITY FOR THE AUDIT**

This performance audit of the Department of Human Services was conducted pursuant to the Tennessee Governmental Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-221, the department is scheduled to terminate June 30, 2000. As provided for in Section 4-29-115, however, the department will continue through June 30, 2001, for review by the designated legislative committee. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review audit of the department and to report to the Joint Government Operations Committee of the General Assembly. The performance audit is intended to aid the committee in determining whether the department should be continued, restructured, or terminated.

### **OBJECTIVES OF THE AUDIT**

The objectives of the audit were

1. to determine the authority and responsibility mandated to the department by the General Assembly;
2. to determine the extent to which the department has met its legislative mandate;
3. to evaluate the efficiency and effectiveness of the department's activities and programs; and
4. to recommend possible alternatives for legislative or administrative action that may result in more efficient and effective operation of the department.

### **SCOPE AND METHODOLOGY OF THE AUDIT**

Certain activities and procedures of the Department of Human Services were reviewed, with the focus on calendar year 1999. The audit was conducted in accordance with generally accepted government auditing standards and included

1. review of applicable legislation, rules and regulations, and department policies and procedures;
2. examination of the department's files, reports, and Internet homepage;
3. a review of performance and financial and compliance audit reports on the department and from other states and the federal government; and
4. interviews with central office and 20 field-level department staff across the state, department contract staff, the staff of other departments, and the U.S. Department of Health and Human Services (HHS).

## **ORGANIZATION AND RESPONSIBILITIES**

The General Assembly established the Department of Institutions and Public Welfare in 1937 through the Tennessee Welfare Organization Act of 1937. In 1939, the General Assembly separated the welfare functions and created the Department of Public Welfare. The department's name was changed to the Department of Human Services in 1975. The department is responsible for assisting disadvantaged Tennesseans in achieving self-sufficiency and improving the quality of their lives.

As of February 14, 2000, the Department of Human Services had 3,711 staff. The department's revenues and expenditures in fiscal year 1999 totaled \$1,258,644,231. Major sources of revenues included \$139,403,353 in state appropriations and \$923,856,729 from the federal government. Federal revenues included \$455,125,143 in Food Stamps, \$123,640,753 in Temporary Assistance for Needy Families (TANF), and \$122,404,708 in Child Care Development funding.

The department is organized into four divisions (see organization chart on page 4): Administrative Services, Community and Field Services, Family Assistance, and Rehabilitation Services.

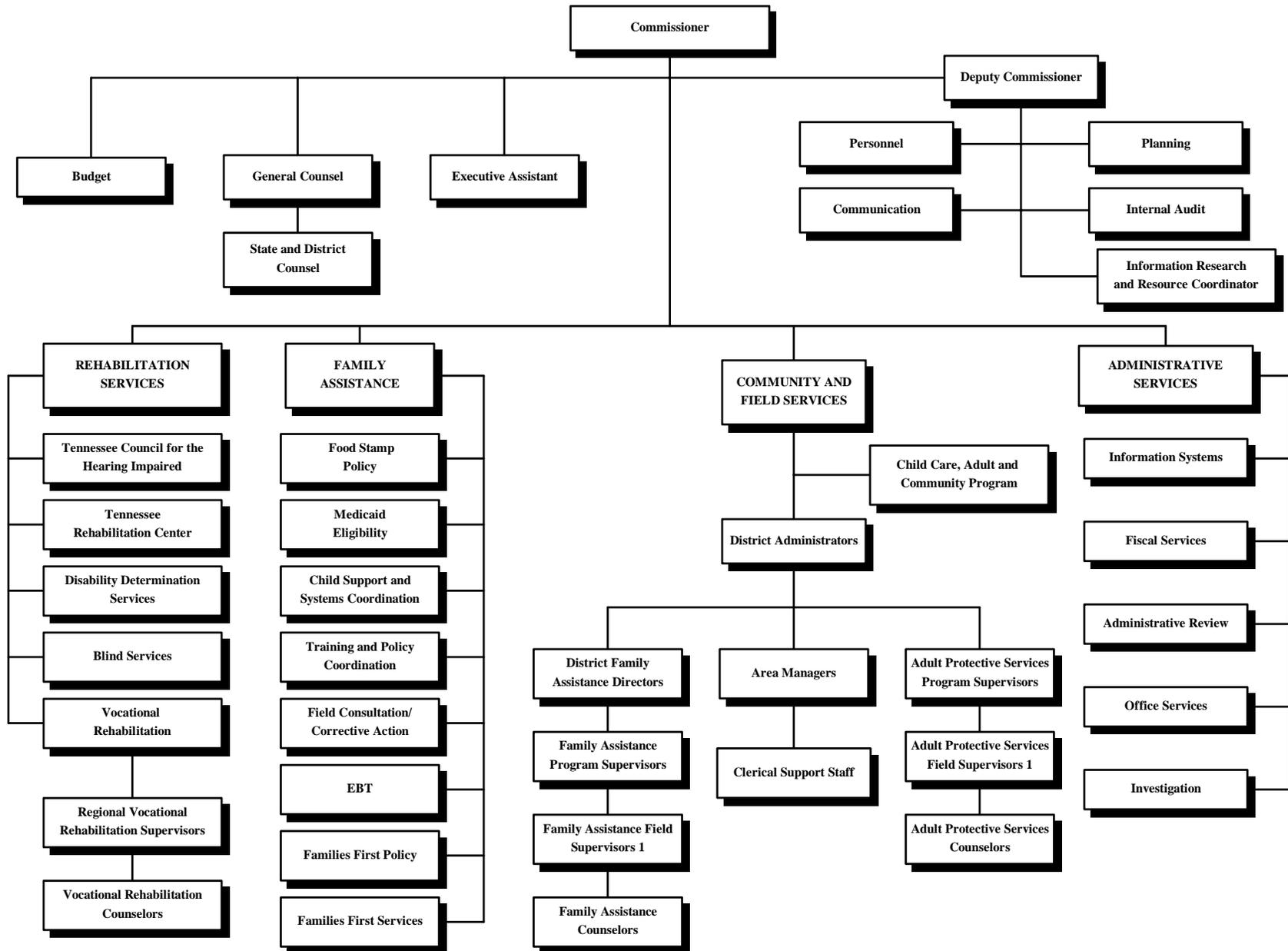
The Administrative Services Division provides departmental support services (e.g., fiscal and information systems), supervises a quality control system, and conducts administrative hearings and investigations.

The Community and Field Services Division is responsible for managing field operations of the family assistance and the community and field services programs in the 95 county offices. The Community Programs Section includes Adult Protective Services, weatherization, low-income energy assistance, homeless, refugee, summer food programs, and family day homes. A second major section within the division is child care services, which includes child care licensing, development, and funding.

The Family Assistance Division is responsible for establishing and evaluating policies and procedures for Tennessee's major public assistance programs: Food Stamps, Child Support, and Medicaid. This division also administers the state's welfare reform program, Families First, which encourages Tennesseans to gain skills they need to be self-sufficient.

The Rehabilitation Services Division assists in alleviating barriers and providing quality services to improve the conditions of the disabled. Its primary goal is to place disabled individuals into employment. The Disability Determination Section evaluates and makes decisions on applications for disability insurance benefits or supplemental security income from the Social Security Administration.

# Tennessee Department of Human Services



## **FAMILIES FIRST PROGRAM**

The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 eliminated the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC) and created a block grant for states to provide time-limited cash assistance to needy families—the Temporary Assistance for Needy Families Block Grant. On July 25, 1996, the Department of Health and Human Services waived (at the state’s request) Tennessee’s responsibilities under section 1115 of the Social Security Act. The waiver allowed Tennessee to implement its own related welfare reforms, which became effective September 1, 1996, and to continue those initiatives for 11 years. The program resulting from the waiver is called Families First—a time-limited, goal-oriented program that provides temporary cash assistance to needy families while these families move toward self-sufficiency. It is designed to strengthen families, improve the work force, and reduce poverty. The number of Families First participants has dropped from 91,499 in August 1996 to 56,067 in August 1999. In March 2001 the caseload had risen to 60,391.

The Families First Program emphasizes the following major points:

- Time-limited cash benefits
- Individual Personal Responsibility Plan
- Education and training leading to work
- Transitional benefits
- Enforced child support

Each participant is required to sign a Personal Responsibility Plan—an agreement to cooperate with child support and ensure their children get health checks and attend school. Those with a work requirement must agree to a work plan as part of their plan. The agreement contains the mandatory portions of the program; the work plan is based on the participant’s needs and goals in light of that individual’s education level, work history, and skills.

For individuals who are working toward full-time employment and self-sufficiency, the Families First Program offers support through cash benefits and other services. Cash benefits are available to individuals who are working or participating in activities that lead to work—education, training, or the search for full-time employment. However, there are time limits on this cash assistance. Most families can receive benefits for only 18 months at a time, with a five-year lifetime maximum. Exceptions based on disabilities or age are granted. In addition to cash benefits, Families First provides other support such as child care and transportation services. As participants progress through the program and go to work, they may receive transitional benefits, including child care assistance and TennCare coverage. If they are eligible, families may also receive food stamps and housing assistance. If individuals can work but refuse to do so, or if

individuals renege on the agreement in the Personal Responsibility Plan, their families will lose their cash benefits.

A wide variety of work activities, called work components, are available to help Families First participants reach self-sufficiency in the shortest time possible. The department has contracted with various community agencies which have valuable knowledge and experience in the fields of education, training, and employment to provide these work components. Programs available to participants in each county have been selected by the local Department of Human Services administrative staff. Below are descriptions of some of the activities.

- **Fresh Start**—A four-week course which includes information on survival skills, life skills, and job readiness training. This course is assigned to individuals with little or no work history, few skills, low self-esteem, and a need for job-readiness training.
- **Adult Basic Education**—A program providing basic skills development in reading, math, English, and life skills focused on preparation for employment. This program includes GED preparation and testing. The program is an option for those working 20 hours per week and functioning at or above a 9.0 grade level.
- **Job Search, Job Club, Job Development**—An initial eight-week assignment (that may be repeated at a later date) focusing on how to look for a job, including an actual job search and job development in a supportive, group atmosphere. This activity is mandatory for all participants who must look for work.

Other activities qualifying as work components include job skills training, vocational education, on-the-job training, post-secondary education, and community service programs.

---

## OBSERVATIONS AND COMMENTS

---

The topics discussed below either describe new initiatives or detail problems that did not warrant findings but still require consideration and/or action by the Department of Human Services or the General Assembly.

### CENTRALIZED CHILD SUPPORT COLLECTIONS SYSTEM

On October 1, 1999, the department assumed responsibility for nearly all child support collections and distributions in Tennessee. According to a federal mandate, states are required to maintain a centralized collections system to accept and to distribute the collections to the families. Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the state is required to collect and distribute payments under orders in IV-D (welfare) cases, non IV-D cases in which the support order was initially issued on or after January 1, 1994, and cases in which the income of the noncustodial parent was subject to withholding. The main purpose of the system is

to assist large employers in sending withheld child support to custodial parents by having just one statewide collection agency, instead of several at the county level.

There were problems with parents receiving the payments at the beginning of the implementation of the centralized collections system. Department officials acknowledged the problems at start-up, stating that roughly 10% of the checks were not being processed on time, as of October 15, 1999. Department staff stated that most problems were due to incorrect recipient addresses from the Circuit Court Clerk's offices. In addition, some checks were mailed twice to custodial parents. When the department realized the mistake, it stopped payment on the second check, even though some recipients had already written checks on the accounts. The state's consultant repaid the duplicate payments to the state. The payment processing has improved. As of December 30, 1999, 97.8% of payments were on time, and as of May 12, 2000, 99.8% were on time.

Because of the volume of complaints his office received, U.S. Representative Bob Clement has asked auditors from the U.S. Department of Health and Human Services to come to Tennessee to determine the problems with the new system. The auditors completed their field work in February 2000 and issued a report in July 2000. The department should ensure that it has the proper controls and procedures in place to ensure that it has an effective child support payment collection and distribution system. In addition, the department should take into consideration any suggestions for improvement of the collections system made by federal auditors.

## **WELFARE-TO-WORK GRANT PROGRAM**

The federal Welfare-to-Work Formula Grant program of 1997 provides additional federal funds to states to help address hard-to-serve welfare recipients. The program requires that 70% of the program's recipients have two of three possible employment barriers: substance abuse problems; a poor work history; and/or lack a General Equivalency Diploma or high school diploma while functioning at or below the ninth-grade level. The remaining 30% of the program's recipients are only required to have one of 15 characteristics of long-term welfare dependence as identified by the U.S. Department of Health and Human Services, including being a high school dropout, a teen parent, disabled, or homeless.

However, because of the nature of the program's criteria and the characteristics of the Families First participants, the department has had difficulty placing individuals in the Welfare-to-Work Formula Grant program. Department of Human Service staff report that while the department has an abundance of Families First participants who have at least one characteristic of long-term welfare dependence, it lacks a sufficient number of participants who have two of three employment barriers to meet the 70% criteria. Department staff state that participants often only have one of the three identified employment barriers and therefore are not eligible for the Welfare-to-Work program.

As a result of its difficulty in placing individuals into the program, the department has been unable to maximize the use of allocated federal funding. Federal regulations stipulate that 70% of

the monies budgeted to the program will be spent on individuals who have two identified employment barriers while no more than 30% of the funding can be spent on individuals only having one of 15 characteristics of long-term welfare dependence. Since the department does not have enough eligible individuals, a significant amount (\$52 million over two and a half years) of the federal money allocated to the program has gone unspent.

The inability to maximize the use of allocated federal funding is not unique to Tennessee. According to staff of the U.S. Department of Health and Human Services, many other states have had similar problems. The staff stated that the restrictive nature of the program's criteria excludes a significant number of individuals who could benefit from the services it provides. Changing the program's criteria to broaden recipient eligibility requires congressional action. Because of cutbacks in state matching funds, the department decided to close the program, effective September 30, 2000. However, because of the rising percentage of the hard-to-serve among Families First participants, there may be a point in the future when the program may be reinstated and the department may again have to deal with the eligibility problems.

## **CERTIFICATION OF THE TENNESSEE CHILD SUPPORT ENFORCEMENT SYSTEM**

Tennessee's Child Support Enforcement System (TCSES) must be federally certified by the federal Office of Child Support Enforcement (OCSE) in order to comply with the requirements of the Family Support Act of 1988. Using 53 objectives outlined in the federal Administration for Children and Families (ACF) publication *Automated Systems for Child Support Enforcement: A Guide for States*, federal certification specialists conduct several on-site reviews throughout Tennessee in order to determine the status of TCSES. The reviews consist of system demonstrations, interviews, and the observation of the system in a production environment.

During its February 1998 review, the certification team found that TCSES was capable of supporting welfare requirements of the federal Family Support Act of 1988, with the exception of two areas:

- Child Support Enforcement Network (CSNet) Interface—Tennessee had only partially implemented this interface between TCSES and the federal CSNet. The review team was unable to observe full CSNet functionality. ACF recommended that Tennessee complete the development and testing necessary to implement the CSNet interface.
- TCSES did not have the capability to accept wage withholding transactions from employers which choose to transmit them using Electronic Funds Transfer/Electronic Data Interchange (EFT/EDI) technology. Nor did it have the capability of sending and receiving interstate child support collections using EFT/EDI technology. ACF recommended that the state work to complete the testing and implementation of the capability to accept incoming EFT/EDI transactions, as well as test and implement the required EFT/EDI capability for outbound transactions.

An ACF official said that these weaknesses are not severe enough to deny certification. The two conditions the review team reported are not tied to funding and do not affect the status of TCSES' ability to function within the guidelines outlined by the Family Support Act. The official stated that the first condition has been problematic in many states. Originally, each state had a separate system and workstations provided by OCSE in order to interface with OCSE. Due to Year 2000 compliance problems with the system and hardware, OCSE changed the requirements for states to allow them to try to complete the interface directly from state child support enforcement systems, bypassing the OCSE terminals. Because of the constantly changing guidelines, many states chose not to prioritize this relatively small and insignificant requirement, given other systems issues that needed to be addressed. However, the department should work to implement the changes necessary to correct the two conditions outlined by OCSE in order to fully comply with the federal certification requirements.

### **HIGH PERFORMANCE BONUS PROGRAM**

In December 1999, the department received a \$6.4 million award from the U.S. Department of Health and Human Services' High Performance Bonus program. The outcome-based program, created by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, makes available \$1 billion for awards to states over a five-year period starting in 1999. The awards can be used for purposes funded by the Temporary Assistance for Needy Families block grant. Tennessee was awarded the money because it ranked third among states in the number of welfare recipients that go to work. (However, the department needs to improve the Families First Program in several areas, as indicated in the Findings and Recommendations section of the report.)

### **THE HARD-TO-SERVE FAMILIES FIRST POPULATION**

The Department of Human Services does not have a formal definition of what characteristics describe the hard-to-serve population, despite an increase in the percentage of Families First participants who have at least one barrier affecting their ability to obtain employment. Moreover, the department does not have information indicating the number of Families First participants who have barriers. The lack of such information affects the department's ability to maximize its efforts to assist hard-to-serve participants to become self-sufficient.

The percentage of Families First participants who have a barrier impacting their efforts to become self-sufficient has increased as the size of the welfare rolls has decreased, according to department staff. The remaining participants tend to have more problems and needs. A significant number of participants suffer from at least one barrier such as substance abuse, domestic violence, or health problems. Although the department has some anecdotal information in its case files, it does not have criteria or an assessment method to identify participants with barriers.

A 1999 study by the National Governors' Association reported that nationally 10% to 20% of welfare recipients have a substance abuse problem. The same study reported that welfare

recipients are about five times as likely as nonrecipients to report they did not seek employment because of a medical problem. According to an April 1999 University of Tennessee report, several studies have found substance abuse to be more prevalent among welfare recipients than in the general population. In addition, the report estimated that, nationally, 24% of the female welfare recipients have experienced domestic violence within the past five years. The report also indicated that nationally, state and local estimates of the prevalence of learning disabilities and special learning needs range from 36% to 66%.

Despite a change in the composition of Families First participants to a harder to serve and needier population, the department had not developed a definition of what constitutes the hard-to-serve. According to the National Governors' Association study, it is important to understand the specific nature and severity of welfare recipients' problems to address their individual treatment needs. The study defined hard-to-serve welfare recipients as having one or a combination of eight barriers. The barriers include physical disabilities, mental health problems, substance abuse problems, health or behavioral problems of children, learning disabilities, domestic violence, housing instability, involvement with the child welfare system, and low basic skills. Identification of participants with barriers can help ensure that the necessary training and resources are available to assist participants.

Moreover, the department has not identified the number of Families First participants who have barriers to self-sufficiency. Department staff stated that it is often difficult to identify participants with barriers, and participants tend to be reluctant to indicate that they have a problem. As such, the department currently does not have an accurate assessment of the number of hard-to-serve participants. However, the National Governors' Association study reports that a survey targeted to welfare recipients can help identify the type and severity of substance use within this population. For example, by screening and using assessment tools, New Jersey found that between 32% and 36% of its welfare caseload has a substance abuse problem. Other states have made efforts to identify the hard-to-serve:

- A 1998 Oregon survey indicated that 50% of the state's remaining Temporary Assistance for Needy Families (TANF) participants report substance abuse problems and 75% have slight to severe mental health problems;
- Kansas has projected that between 20% and 50% of its welfare caseload would fail a drug screening; and
- Oklahoma has projected that between 5% and 30% of its caseload has an alcohol or drug problem.

The department's procedures (issued in January 2000) for the Family Services Counseling program list criteria for offering a referral to participants which include: noncompliance with their personal responsibility plan (PRP), exhibit physical signs of a problem, make frequent requests to renegotiate their PRP, and are in assistance groups with children who have behavioral problems. This program may allow the department to determine the number of people with significant barriers and the amount and type of resources needed to serve these people.

Department of Human Services comment:

While we certainly agree that our Family Services Counseling program will give us additional insight into the Hard to Serve Population in Families First, we are concerned about the observation regarding the lack of a definition of the hard-to-serve. As we have refined the type of services we offer and how we provide those services, we are identifying, defining and addressing the barriers that we encounter to self-sufficiency. “Hard to serve” is an expression like “welfare to work.” The former is used in addressing the concept of different types of barriers. Depending on the client, hard to serve may mean living in a remote area; having a substance abuse problem; coping with an undiagnosed learning disability; lack of work experience; domestic violence; unruly children or all of the above. Whether someone is a hard to serve or not depends on the individual’s circumstances. By the services we offer and most especially by the new services we have created in Phase ? , we are identifying what barriers we know that make someone hard to serve. In fact, on page 20 of this audit under Finding 1, the auditors reflect these same sentiments by stating, “Hard to serve individuals have serious barriers (e.g., mental health and domestic violence problems and low motivation) that prevent them from transitioning from welfare to self-sufficiency.

**FAMILIES FIRST PARTICIPANTS EXEMPT FROM TIME LIMITS**

According to a 1997 case characteristics study produced by the University of Tennessee, the Department of Human Services had 54,762 participants in the Families First Program, of which 32,601, or 59.5%, were exempt from the program’s 18-month and 60-month time limits. (Participants are limited to 18 months of continuous assistance with a lifetime limit of 60 months.) As the table below indicates, there are many factors resulting in the exemption of Families First participants. The waiver establishes the exemptions. Although the study is four years old, University of Tennessee staff stated that it is the most up-to-date study available and that the information is still relevant. (More current data was not available from the department.)

**Table 1**

<b>Reason for Exemption</b>	<b>Number of Participants Exempt</b>	<b>Percent of Total Cases</b>
Child-only Assistance Group	16,074	29.4%
Caretaker Literacy Below 8.9	5,540	10.1%
Disabled Caretaker	5,521	10.1%
Caring for Infant Less Than 16 Weeks Old	1,396	2.5%
Caretaker Temporarily Incapacitated	1,096	2.0%
Caretaker Aged 18, Non-graduate	959	1.8%
Caretaker Cares for Disabled Relative	874	1.6%
Caretaker Is Over Age 60	236	0.4%
Department Failed to Provide Services	239	0.4%
Caretaker Is Less Than Age 18	178	0.3%
Second Parent’s Literacy Below Grade 8.9	155	0.3%

Transportation Not Available	103	0.2%
Education Services Not Available	78	0.1%
Drug/Alcohol/Mental Treatment Program	68	0.1%
Training Services Not Available	47	0.1%
Child Care Not Available	37	0.1%
<b>Total Exempt</b>	32,601	59.5%
<b>Total NonExempt</b>	22,161	40.5%
<b>Grand Total</b>	54,762	100.0%

Source: The University of Tennessee, Center for Business and Economic Research, College of Business Administration (1997).

Because of the nature of the various factors, the department’s ability to reduce the number of exempt participants is limited. Specifically, the child-only assistance group and the caretaker literacy below 8.9 group are the only two areas affecting significant numbers of participants that the department may be able to address. Although 56.1% of the child-only cases had an adult receiving Supplemental Security Income (SSI), thereby not qualifying for the Families First Program, 43.9% of such cases, or 21.7% of all exempt cases, involved children who were receiving Families First services since they were not being taken care of by their parents but rather by a non-parent relative. The department may be able to reduce the number of these cases by placing greater emphasis on family preservation. To facilitate this effort, the department could provide counseling and/or parenting classes to address the situation that led to the family’s separation. The department may consider cooperating with the Department of Children’s Services’ Home Ties, a family preservation program.

The department could also place greater emphasis on increasing the education levels of exempted Families First participants, thereby reducing the number of exempted cases in the “caretaker literacy below the 8.9 group.” As part of this effort, increased emphasis on case management activities can help address the dropout and no-show rates for Families First participants attending education and training courses by stressing the importance of continuing their education. (See Finding 1 on no-show and dropout rates.)

#### Reduction of Exempt Participants Would Help Maximize Department Resources

By reducing the number of Families First participants exempt from participating in a work component, the department would have the ability to increase the level of available resources for remaining participants. Since exempt participants are not subject to time limits, they could potentially receive much more cash assistance than the nonexempt, who are subject to the time limits. Increased resources would provide the department greater flexibility in addressing the needs of remaining participants, resulting in further reductions in the number of individuals on welfare. According to a 1998 General Accounting Office report, other states are using additional budgetary resources to provide services to help welfare recipients address barriers to employment. For example, a number of states are helping recipients obtain reliable transportation, such as providing funding for rural transportation systems, as well as providing funds for vehicle repairs. The department could enhance its services as well.

## The Department's Potential Difficulty in Meeting Federal Work Force Requirement

The department was granted an 11-year waiver from TANF provisions beginning in 1996 and ending in 2007. The waiver gives the department greater latitude in counting certain education and training courses toward work activities not normally allowed under TANF. One difference is allowing participants in the Families First Program to count post-secondary education efforts as a work activity. Also, the waiver exempts participants who are a parent or caretaker with less than a ninth grade literacy level from time limits and work requirements, although participants are required to enter adult basic education. Under TANF, these participants would be required to work or be engaged in activities leading to work, such as a job search.

Without the waiver, the department may not be able to meet federal work force requirements. The federal government could financially penalize the department for lack of compliance. According to department staff, Tennessee could potentially be penalized up to 5% of the TANF funds that the state receives. If the department had not complied, it could have lost up to \$6,182,037 in TANF funds for fiscal year 1999. Therefore, it appears that increasing the education level of the "caretaker literacy below 8.9 group" (along with other services provided by Families First) could help ensure that these participants get jobs and help the state meet federal work force requirements if the waiver is not renewed.

## **THE FUTURE OF FAMILIES FIRST**

Families First may not ever be able to make all families self sufficient, but there is a certain portion of these families that should be able to rise out of poverty. Rising out of poverty is a long term process—the department has started new programs and services as its implementation of Families First has progressed. According to a 1998 report by the U.S. General Accounting Office, how effective new state welfare programs will be in assisting welfare participants in becoming self-sufficient remains to be seen. States have been fortunate in that the programs were initiated during a good economic period. A major question is how these programs, including Families First, will do when economic conditions worsen.

When welfare reform programs began across the country they focused on getting participants into jobs through up-front job searches and accelerated work preparations, not on getting them on a career path away from poverty. According to department staff, Tennessee, unlike other states, allows Families First participants to engage in job training or education before requiring them to have a job. Federal Department of Health and Human Services criteria for a successful welfare program include not only getting individuals into jobs, but also keeping them in jobs, increasing earnings in order to reduce dependency, and enabling families to support themselves.

A goal of Families First is to help participants become self-sufficient. During the second year of the program (September 1997 to August 1998), participants made an average wage of \$5.89 an hour, or \$9,719 a year, according to a University of Memphis report. The official

poverty line was \$13,650 for a family of three, the size of the typical Families First family. From June to August 1999, one-third of current participants were employed. Around 50% to 75% of former participants were still employed, which was close to the national average. The percentage employed depended on the type of group. For example, 39% of participants sanctioned for noncompliance with their personal responsibility plan (PRP), 42% of clients not signing PRPs, and 48% of clients with closures not involving sanctions were employed. Around 73% to 75% of current and former participants were still employed 90 days after being hired.

A major issue is longevity at a job. According to University of Memphis staff, participants and former participants have problems maintaining continuous employment because of personal problems or the short-term nature of their jobs. Low-paying jobs also increase the likelihood of former participants returning to the program since such jobs are vulnerable during periods of economic downturn. The staff does not have information on the average amount of time participants and former participants spend in their jobs. According to the University of Memphis' April 1999 report (prepared for the department), *The Families First Program in Tennessee: An Analysis of Program Costs and Benefits*,

These jobs generally can be classified as “secondary” labor market jobs. Secondary labor market jobs can be defined as jobs with relatively low pay, few benefits, high turnover, and little or no possibility for additional training and advancement—jobs which offer little hope of allowing the job holder to raise his /her income above the poverty level. Behavioral characteristics in the secondary labor market include absenteeism, tardiness, high job turnover, and anti-social behavior, characteristics which are not tolerated in primary labor market jobs. Primary labor market jobs, on the other hand, have just the opposite characteristics. Accordingly, primary labor market jobs tend to offer benefits, relatively higher wages, and opportunities for additional training and advancement.

Department staff and post-employment specialists also stated that participants need to concentrate both on remaining employed to develop a work history and on obtaining additional training and education. University of Tennessee staff, in an April 1999 report, *Families First Literature Review: Potential Barriers to Economic Self-Sufficiency*, indicated the need for participants to develop “soft skills” in addition to “hard skills” (i.e., job skills and basic education). Soft skills include (1) understanding the work world, (2) attendance and punctuality, (3) understanding channels of authority, (4) accepting criticism, and (5) handling conflict on the job.

The department indicates that it has started several programs to help Families First participants remain employed and expanded the array of services available to someone leaving the program. The department believes that its training and up-front preparation courses help in retention efforts for all program participants. In fiscal year 1999, 80.61% of participants stayed employed over 2 quarters and 73.04% stayed employed over 3 quarters. Those in the latter group saw a 24.32% increase in earnings. According to the department, post-employment specialists are available to all participants who have gone to work, whether or not they remain on the program.

Transitional services have been augmented past the initial Transitional Child Care and Transitional Medicaid. The department now offers:

- Extended transportation for four months after they leave the program with earnings
- Family Services Counseling for 6 months after they leave the program
- The ability to get no-interest car loans through First Wheels for six months after they leave the program.
- If someone leaves due to earnings, stays employed with at least the same earnings and off of Families First for 6 months, they can receive a \$200 retention bonus and for 12 months, they can receive a \$500 retention bonus.

The department states that the post-employment specialists emphasize that employment in the secondary job sector should be transitional and used to develop a career ladder. In addition, the department caseworker is charged with assisting the participant in making decisions that will help their long-term career plans with each negotiation of the personal responsibility plan. The Department of Human Services Employer Liaison was added to the department to specifically work with employers and link their needs to the Families First participant needs, thus creating career ladders within certain industries or companies.

According to the department, it has emphasized education from the inception of Families First. It believes that its ability to exempt someone testing below the ninth grade from additional work requirements and time limits has allowed it to improve educational levels of those on the program without the threat of time limits making that educational progress prohibitive. In addition, its completion bonus structure has emphasized education and training. Anecdotal reports thus far have shown that the Adult Education and GED bonuses have provided a valuable incentive to clients agreeing to pursue education and to move quickly toward achievement, according to the department.

The department encourages students to pursue post-secondary education by allowing for study time and work-study time in their PRP and by providing funds to assist in paying for classes if no other funding source is available. In addition, it has increased the incentive for someone to pursue a post-secondary degree by rewarding a \$500 bonus.

The department should continue to assess its programs and available federal funding to determine how it can help Families First participants move out of poverty.

## **POOLING OF FEDERAL FUNDS FOR THE CHILD AND ADULT CARE FOOD PROGRAM**

Tennessee receives money from several federal sources to be used for child care services including Social Services Block Grant (SSBG), Temporary Assistance for Needy Families, the Community Services Block Grant, and the Child Care Development Fund (CCDF). According to agency staff, the majority of the money currently provided for child care services is CCDF funding, which has replaced SSBG as the main source of funding. Due to federal cuts in the amount of SSBG money going to states, however, states now need to seek other funding sources for child care services to help with staffing, food provision, and various administrative costs.

The Department of Agriculture (USDA) is one of those sources. USDA provides funding for snacks and meals to qualifying child care providers through its Child and Adult Care Food Program fund. The Child and Adult Care Food Program is an entitlement program that reimburses child care centers that have a federal income tax exemption (nonprofits) or for-profit agencies that meet special eligibility criteria. For-profit centers can qualify for this money if their enrollment or licensed capacity consists of at least 25% SSBG-subsidized children. In Tennessee, children are subsidized by the SSBG, TANF, and CCDF. Although they are the same low-income population, they are covered by different funding streams. Under current USDA guidelines, for-profit centers that, for example, serve mostly CCDF and TANF-funded children are unable to qualify for the Child and Adult Care Food Program. The result is that needy children served in for-profit centers are not counted in determining the eligibility of centers for Child and Adult Care Food Program money, and are unable to receive this reimbursement.

Thirty-eight states, including Georgia, North Carolina, Kentucky, and Florida have chosen to pool all funding sources for child care with the SSBG money so centers can reach the 25 percent threshold required for Child and Adult Care Food Program eligibility. According to department staff, once other federal money is pooled together with SSBG funds for child care payments, any center receiving such child care payments is eligible for the Child and Adult Care Food Program. The USDA, which administers the Child and Adult Care Food Program, has deemed this practice acceptable, especially since SSBG funding is under constant reduction from the federal government. According to department personnel, if Tennessee were to pool all of its federal funds, up to 275 more centers would become eligible to participate in the Child and Adult Care Food Program. In December 1999 the department began pooling the federal funds. As of April 2000, 142 for-profit centers were participating in the Child and Adult Care Food Program. The department should ensure that all centers that qualify are able to participate in the program.

## **BACKGROUND CHECKS FOR CHILD CARE STAFF**

State law requiring criminal background checks of child care providers was passed in June 2000. Prior to that time, background checks were not required. Under the new law, anyone applying to work in a child care agency or seeking to operate a child care agency must complete a criminal history disclosure form and supply a fingerprint sample to the Tennessee Bureau of Investigation (TBI). Child care providers pay for obtaining the fingerprint sample, while the Department of Human Services is required to pay for the TBI and FBI checks. Persons applying

for child care provider positions or seeking to operate a child care facility must also be checked against the Department of Health’s vulnerable persons registry established in Section 68-11-1001, *Tennessee Code Annotated*.

Until this law was passed, Tennessee had been one of only a few states in the southeastern region that did not conduct some type of criminal background check. Of the eight states that border Tennessee, only Alabama does not require some type of background search. The cost and the extent of the checks vary widely within the region. The following table shows the different types of checks conducted by selected states in the southeastern region, as well as the provider cost associated with these checks:

**Table 2**  
**State Requirements for Criminal Records Background Checks**  
**Southeastern Region**

State	Criminal Records Background Check Requirements	Cost of Background Check
Alabama	Criminal records background check not required, self-disclosure required for criminal records, service offered for child abuse clearance but not required	Estimated: \$50
Arkansas	Child abuse and criminal background checks required	\$15 (In addition, an employee must pay for a \$24 FBI check)
Florida	Criminal records background check required, rescreening every five years	Full cost of check: \$32
Georgia	Fingerprinting required for directors, criminal records background check within state lines for employees, outside state lines for directors	GBI check: \$3 Fingerprinting: \$24
Kentucky	Child abuse clearance and criminal records background check required	State police check: \$4
Mississippi	Child abuse clearance and criminal records background check required, go outside state lines	Nothing (State pays up to \$60 in costs)
North Carolina	Fingerprinting check through SBI required (FBI if in NC less than 5 years), if in state for less than 5 years, go outside state lines for child abuse clearance and criminal background checks	Ranges from \$10-\$30, depending on the extent of the search
South Carolina	Criminal records background check, child abuse clearance, state and FBI fingerprint check all required outside state lines	\$26 to \$48
Tennessee	Criminal records background check not required (Prior to change in law)	Employee: \$48 Volunteer: \$36
Virginia	Criminal records background check and child abuse clearance required, individual must sign sworn disclosure statement	\$5 to \$15

The department should develop adequate policies and procedures to implement this law to ensure that background checks begin as soon as possible.

---

## FINDINGS AND RECOMMENDATIONS

---

### **Families First Program**

Implementation of the Families First program has resulted in significant and far-reaching changes in the delivery of services to needy families. The state deserves credit for pursuing a waiver which allowed it to implement its own reforms to help families move toward self-sufficiency. The full impact of the Families First will not be known for several years. The University of Tennessee and the University of Memphis are conducting ongoing evaluations of the program. This report makes several recommendations to improve the Families First program.

#### **1. Many Families First participants do not comply with their personal responsibility plans**

##### **Finding**

Many Families First Program participants do not show up for work components, drop out of these components before completion, and do not show up for scheduled meetings with case managers, according to department staff and information developed for the department by the University of Memphis. However, participants are obligated to comply with their personal responsibility plans (PRPs) developed with their case managers. In addition, case managers cannot effectively provide Families First services to participants who do not come to appointments or attend work components.

The exhibit below provides the no-show and dropout rates for major Families First work components from October 1998 to September 1999. The department does not have readily available information on participant no-show rates for scheduled case manager meetings. In addition, the department does not have readily available information on the amount of time participants remain in their work components. In both cases, the department has raw data on such individuals but has not developed related reports. Information on the amount of time spent in work components would allow the department to identify individuals, or groups of individuals, with specific problems preventing them from completing these components, and then help them address these problems.

**Table 3**  
**Families First Participant No-Show and Dropout Rates**  
**Major Work Components**  
**October 1998 Through September 1999**

Activity	Participants Referred	No-Shows	No-Show Rate	Participants Served	Completed Activity	Completion Rate
ABE I (1)	10,269	5,827	57%	9,000	745	8%
ABE II (2)	3,281	741	23%	4,006	579	14%
GED (3)	1,047	135	13%	1,312	488	37%
Fresh Start	8,158	3,553	44%	5,615	1,978	35%
Job Search	34,745	15,174	44%	22,149	5,810	26%

- Notes: 1. This training program provides adult basic education (ABE) for those individuals functioning at a 5.9 grade level and below.
2. This training program provides ABE for those individuals functioning from a 6.0 to an 8.9 grade level.
3. This training program provides ABE for those individuals functioning at a 9.0 grade level and above who are trying to obtain a General Equivalency Diploma (GED).

Source: University of Memphis

According to department staff and contractors who provide work component services, the main reason for high no-show and dropout rates are the barriers participants face, like low motivation, low self-esteem, lack of role models, substance abuse, domestic violence, and mental health problems. Another major reason is case managers giving participants informal second and third chances, reducing their incentive to comply with PRPs. According to the 1998 *Families First Monitoring Report* by the University of Tennessee's College of Social Work, the two reasons department staff "most frequently reported using sanctions were when customers failed to attend components such as Adult Basic Education or Fresh Start, and when they voluntarily quit their jobs." Department staff and contractors stated that many participants repeatedly entered and exited components through a "revolving door" process.

Before recent welfare reforms, state welfare programs often focused on those individuals most likely to find jobs. However, department management indicated that because of multiple barriers, the remaining welfare participants have been difficult to place in jobs. This has been especially true in urban areas, which have had fewer declines in caseload than the rest of the state. Half of all cases are in the two major urban counties in the state, Davidson and Shelby. The Director of the Tennessee Conference on Social Welfare stated that many no-shows are the result of participants' bad habits left over from the Aid to Families with Dependent Children (AFDC) Program, which did not have a work requirement.

## Phase II Program

One of the department's official "Tennessee Families First Program Challenges" is to increase self-sufficiency for participants with barriers, including intercepting "hard-to-serve" participants early and beginning intensive case management. "Hard-to-serve" individuals have serious barriers (e.g., mental health and domestic violence problems, and low motivation) that prevent them from transitioning from welfare to self-sufficiency. One of the department's fiscal year 1999 initiatives was "to address the barriers of substance abuse, domestic violence, and mental health issues."

The purposes of the Phase II program include

- refocusing the Families First Program at the county level;
- reenergizing Families First case managers and supervisors;
- motivating and energizing current Families First customers;
- creating more successful employment and employment retention outcomes;
- creating higher wage and advancement opportunities for customers; and
- making offices and services truly work focused.

In an attempt to help the hard-to-serve, the department implemented the Family Services Counseling program in February 2000. It is funded by a \$7.5 million federal appropriation. This funding became available as Families First caseloads declined. The program requires case managers to be familiar with special needs situations that require the expertise of Family Services Counselors. These counselors are clinical social workers under contract with the department. Case managers can refer participants to these counselors to assist in such situations as substance abuse, domestic violence, mental health problems, problems with children's behavioral or health issues, and learning disabilities. (Case managers may need additional training in order to make the best referrals to the counselors—see Finding 4.) Department management described case managers in Phase II as acting in the same role as primary physicians providing basic services to patients, and the counselors acting as specialists providing intensive counseling services.

The department requested input from field staff on ways to implement Phase II. Field staff indicated, among other things, that

- participants have a lot of "baggage" and have to acknowledge the existence of their problems;
- case managers need to be better trained to assist the hard-to-serve, including assistance in determining when to make referrals to counselors;

- participants' special needs should be integrated into their PRPs;
- communication between case managers and counselors is important;
- related policies and procedures, and the roles of case managers and counselors, need to be clearly defined; and
- the number of counselors should be adequate to help all participants needing special needs services.

In addition to Phase II, some field staff and contractors indicated a need for an additional booster Fresh Start class to help motivate participants who otherwise would just repeat the Fresh Start class with poor results. The staff and contractors also indicated a need for internships and on-the-job training to acquaint participants with the work world.

### Vocational Rehabilitation

Another of the department's official "Tennessee Families First Program Challenges" is to increase referrals "of incapacitated/disabled participants to the Vocational Rehabilitation program." In fiscal year 1999, the department's related initiative was stated in this way: "renewed effort is underway to better structure this referral and treatment process to ensure the highest level of success possible for all students, regardless of their level of ability, as long as they want to pursue a higher level of basic skills."

Several department field staff indicated problems with this referral process. They indicated that referred participants have significant barriers, like low motivation and mental health problems, which prevent them from successfully completing their training. Some individuals miss their appointments with vocational rehabilitation staff, while others are not interested in working. An administrative district director stated that some participants have been put back into Fresh Start or Job Search, if they functioned above the 8.9 grade level, or into adult education classes, if they functioned at or below that level.

### Effects of High No-Show and Dropout Rates

Participants lose more than benefits as a result of not complying with the work component requirements of their PRPs. They impair their progress toward self-sufficiency because they do not receive the job skills training that work components provide.

According to *Keys to the Future: Knowledge, Skills, and Attitudes for Work*, a September 1999 study by Dent Davis, a consultant of the department, employers prefer dependability over other entry-level employee knowledge, skills, and attitudes (KSAs). Important KSAs indicated by the 164 employers surveyed are indicated below:

<u>Knowledge, Skills, and Attitudes (KSAs)</u>	<u>Percent of Employers Surveyed Indicating KSA Important for Success</u>
Dependability	94%
Following instructions	74%
Getting along with others	69%
Working as a team	68%
Doing the right thing – work ethics	65%
Accurately working	63%

However, post-employment specialists—department contractor staff responsible for helping keep participants employed by addressing barriers before they become a serious problem—indicated that many participants lack these important KSAs. The post-employment specialists we interviewed stated that participants have problems with dependability. For example, employees do not come to work on time or at all, they quit without giving notice or for trivial reasons, or they do not perform tasks as directed. Employers have terminated some participants for lack of attendance. In addition, participants have problems with developing a “work ethic.” For example, many participants tend not to show initiative, work hard in a conscientious manner, or concentrate on being productive. Lastly, many participants lack interpersonal and communications skills.

Continuous employment is important for long-term self-sufficiency. According to the 1999 *Families First Literature Review: Potential Barriers to Economic Self-Sufficiency* prepared for the department by the University of Tennessee’s College of Social Work, women (most Families First participants are women) who are continuously employed after six months are more likely to stay employed compared to women who do not stay continuously employed. Another important factor for long-term self-sufficiency is obtaining a high school or General Equivalency Diploma (GED). On average, Families First participants have an 11<sup>th</sup> grade education. According to department staff, once a participant reaches a 9<sup>th</sup> grade level education, passing the GED examination is relatively easy. However, many participants have emotional barriers, like low motivation, preventing them from taking GED examinations.

The department began a program in February 2000 to give completion bonuses (ranging from \$100-\$500) for achievements such as completing education and training milestones, getting a job, and keeping a job for 6 and 12 months. These bonuses may motivate participants to complete the requirements in their personal responsibility plans.

## **Recommendation**

The department should continue its efforts to reduce the participant no-show and dropout rates involving work components and scheduled meetings with case managers. The department should compile and analyze data on the amount of time participants spend in individual components and the no-show rate for scheduled meetings with case managers as part of these efforts. This information should help the department identify people, or groups of people, with specific problems preventing them from completing their work components or attending case manager meetings. The department should evaluate the Family Services Counseling program to determine its effect on the no-show and drop-out rates.

## **Management's Comment**

We concur. Data are being collected on the number of hours participants spend in work activities and we will attempt to collect data on no-show rates for scheduled activities. In the meantime, several newly implemented initiatives are aimed at addressing no-show rates, completion rates, participation and other indicators of self-sufficiency. These are:

- Family Services Counseling program.
- Completion bonuses.
- New Parenting and Financial Management curriculum (called PACE) to build on the Fresh Start curriculum.
- Continuing review of the Customer Service Review process to try to streamline and refine the closure process.
- Training of eligibility staff on policies to prevent “informal second and third chances.”
- Extensive planning with Vocational Rehabilitation (VR) to revamp the referral to VR services as well as how VR activities interact with Families First Policy.
- Active Case Review Program to monitor and ensure caseworker adherence to policy and procedures in taking case actions.

In addition, the University of Tennessee is conducting an evaluation of the Family Services Counseling program and other evaluation efforts are under way to evaluate the effects of completion rates on self-sufficiency. Preliminary informal feedback from staff and providers indicates that attendance in activities is improving.

A new initiative for this fiscal year is to re-train all job readiness staff in a revised work focused curriculum that more clearly identifies and standardizes the work ethics, knowledge, skills and attitude employers want in new employees.

---

## 2. Families First case manager caseloads and turnover appear excessive

### Finding

According to department field staff and contractors, caseloads are too large to allow case managers to give enough attention to Families First participants in attempting to make them economically self-sufficient. Although there is an overall decline in the number of Families First cases, many of the remaining cases are “hard-to-serve.” See the tables below on the number of cases from August 1996 to August 1999.

**Table 4**  
**Changes in the Number of Families First Cases**  
**August 1996 to August 1999**

	August 1996		August 1999		Percent Change 1996 to 1999
	Number	Percent	Number	Percent	
Available for Work	59,639	65.2%	25,728	45.9%	-56.9%
Exempt	31,860	34.8%	30,339	54.1%	-4.8%
Total Cases	91,499	100.0%	56,067	100.0%	-38.7%

**Table 5**  
**Annual Changes in the Number of Families First Cases**  
**August 1997 to August 1999**

	August 1997	August 1998		August 1999	
	Number	Number	Percent Change From 1997	Number	Percent Change From 1998
Available for Work	22,486	24,926	10.9%	25,728	3.2%
Exempt	37,960	32,305	-14.9%	30,339	-6.1%
Total Cases	60,446	57,231	-5.3%	56,067	-2.0%

According to department staff, the high turnover of case managers compounds caseload problems since senior managers must take on additional work while newly hired case managers are in training. This additional work creates an incentive for experienced managers to quit, further increasing turnover. The additional work also reduces the amount of time case managers have with participants. According to the department’s March 1999 Strategic Plan, a major goal of the department is “Strengthening services to help customers achieve their highest potential consistent with their resources, capabilities and personal goals.” Without a reduction in caseloads and turnover, the accomplishment of this goal could be problematic.

## Caseloads

The department has not established an “ideal” caseload for each case manager. According to staff of the University of Tennessee’s Center for Business and Economic Research (contracted by the department to develop such a caseload), varying local conditions make determining such a caseload difficult. However, an August 1998 report by the center, *A Study of the Changing Staffing Patterns in the Tennessee Department of Human Services in Response to Families First*, suggests a caseload of 70 cases for managers handling Families First cases with a work requirement and 200 cases for managers handling cases without a work requirement (i.e., cases exempt from program time limits). The center admits that its conclusions have limitations because the program was new at the time of the study (the study was initiated in September 1997) and there was a lack of adequate data (available information was obtained by the department to meet federal reporting requirements, not to determine field staff workloads). The department has no plans for another study.

According to department management, the department does not keep summary caseload data, such as average caseload per case manager, by district or statewide. (It does have data caseload per case manager.) Instead the department develops a “Family Assistance Staff Equalization” report to assess workload. This report uses a statewide weighted average caseload developed as a result of a 1980s time and motion study. At the time of the study, welfare cases were under the traditional Aid to Families with Dependent Children (AFDC) Program. This weighted caseload is determined by taking the number of each type of case (e.g., Food Stamps or Families First) multiplied by the number of actions and dividing the result by the number of case managers in a district.

However, the University of Tennessee report indicates (based on interviews with department staff) that the average estimated workload of a Families First case is two and a half times that of an AFDC case, largely because of the need to develop a work plan (i.e., a personal responsibility plan with work components). The report states that the Families First Program “requires much more extensive interaction and counseling with participants as well as coordination with providers of testing, training, child care and transportation services.” Under AFDC, case managers’ “work essentially consisted of determining eligibility for benefits.” As a result of these differences, it appears that any type of analysis of workload based on a 1980s time and motion study would be obsolete.

The report indicated that factors influencing case manager workload include

- wider employment opportunities for participants, allowing them to change jobs more frequently, thus requiring case managers to make more frequent adjustments in benefits as a result of changes in income;
- wider employment opportunities for case managers, increasing turnover and thus decreasing case manager productivity (see the following subsection on turnover);

- high turnover among participants, requiring a higher number of new applications and terminations per average case; and
- a well-above-average number of missed appointments by the average client (the report recommends that the department institute policies to reduce interruptions of case managers when participants call to reschedule missed appointments).

Most field staff interviewed indicated a need for a reduction of caseload per case manager. Fifteen of the 17 individuals interviewed located in all three of Tennessee’s grand divisions, including case managers and their supervisors, stated that caseloads were excessive. Interviewed staff indicated an average actual caseload of approximately 194 cases and an average ideal caseload of approximately 106 cases. During 1999, caseloads ranged from 100 to 400 cases per case manager.

According to field staff and the University of Tennessee report, comparing caseloads between local offices can be difficult, considering the different mix of case types each case manager may have (e.g., dealing with just Families First cases or a combination of such cases with Food Stamp cases) and differences in case intensity. Case intensity is the amount of work required of a case manager for a specific case (e.g., a “hard-to-serve” case would be a high intensity case).

Department contractors contacted who provided work component services such as Fresh Start and Job Search/Job Club in urban areas were also concerned about excessive workloads. As of August 1999, over half of all Families First cases were located in the four largest urban counties of the state (see the table below). One post-employment contractor described caseloads as “gigantic” and stated that case managers did not have time to recognize faces. Contractors asserted that the lack of time with participants resulted in case managers dealing with these individuals in an impersonal manner because case managers did not have the time or energy to personally get to know their participants. Excessive caseloads prevent case managers from adequately assessing work component options in client personal responsibility plans and prevent more intensive case management to deal with client problems.

**Table 6**  
**Number of Families First Cases**  
**By County**  
**August 1999**

County	Cases	Percent
Davidson County	8,411	15%
Hamilton County	3,625	6%
Knox County	3,075	6%
Shelby County	19,705	35%
Remaining Counties	21,251	38%
Totals	56,067	100%

The University of Tennessee report indicates that case managers interviewed cited “the need for motivational skills, coaching skills, building rapport, and communication skills as the real change in their jobs” with implementation of Families First. Without the time to use such skills and build rapport with their participants, the ability of case managers to direct participants’ lives toward self-sufficiency is impaired. A University of Tennessee contractor stated that participants who buy into the goals of the program have much higher self-esteem and perform well on the job.

### Turnover

As mentioned above, a major reason for high caseloads is a high turnover rate among case managers. Turnover was approximately 18% statewide in fiscal year 1999, according to department staff. This was an improvement over the 22% turnover rate in fiscal year 1998. However, according to several department field staff, the rate is still too high. In addition, the rates in Davidson and Shelby Counties, where half of Families First participants are located, are much higher than the statewide average. In fiscal year 1999, the turnover rate in Davidson County was 56%, while the rate in Shelby County was 23%.

Department, contractor, and University of Tennessee staff gave numerous reasons for the high turnover. These reasons included low pay, excessive workload, frustration and stress associated with the job’s complexity, retirements, and a strong job market. In addition to increasing workloads for remaining staff, high turnover results in the lack of well-trained, experienced case managers needed for intensive case management.

The University of Tennessee report and a contractor indicated that it takes a year to fully train a new case manager. A field staff member gave an estimate of six months to complete such training. High turnover also tends to distract remaining case managers from performing their duties and increases the impersonality of services as participants have to deal with new workers. In order to handle workload problems caused by turnover, the department transfers case managers to offices that lack case manager staff.

### **Recommendation**

The department should determine the Families First Program caseload per case manager at local and statewide levels. The department should also determine an ideal program caseload considering other duties case managers may perform, such as dealing with Food Stamps and Medicaid participants. If necessary, the department may have to perform pilot studies at the local level to determine the appropriate caseloads for specific department offices.

The department should explore methods to reduce case manager turnover, including reducing caseloads, increasing pay, and increasing training activities to help case managers cope with job stress and frustration.

## Management's Comment

We concur in part. The department is working with the University of Tennessee Center for Business and Economic Research to conduct an "ideal program caseload" analysis, and we are revising our staffing comparison report to better ensure equitable allocation of established positions between counties. However, it should be noted that in practice, there is no such thing as a common caseload for the department's Family Assistance programs. The size of the staff and volume of cases of all types (Families First, Food Stamps, Medicaid) at our various offices require managers to employ a variety of techniques to distribute workloads. Smaller offices may have all "generalist" counselors, while the larger offices specialize to a high degree (e.g., Food Stamp-only, Medicaid-only, Families First "work plan" cases-only). The "ideal caseload" analysis will necessarily provide useful aggregate data at the statewide level, which can be used to determine the department's overall staffing requirements.

The department does not agree that overall eligibility counselor (caseworker) turnover is excessive, given the strong economy and state employee turnover rate of 14%. The Davidson County turnover rate is excessive, however, it should be noted that entry level professional classifications are going to turn over quickly in large metropolitan areas where there are tremendous opportunities for advancement both in and out of State government. This is particularly true during great economic times.

Efforts by the department to reduce turnover include seeking from the Department of Personnel higher pay (and classification levels) for our eligibility counselors on several occasions since the implementation of the Families First program in 1996. The most recent request was submitted July 7, 2000, pursuant to the Department of Personnel determining how available funds would be allocated to address state government-wide compensation issues. The eligibility counselor classes were not among the 166 job titles subsequently upgraded effective July 1, 2000, however, the eligibility counselors did receive an upgrade effective July 1, 1999.

Additionally, a number of new training activities are scheduled this year for front line staff, including subjects such as ethics, diversity, organizational culture, domestic violence, mental health issues, and substance abuse. The department's comprehensive "new counselor" training curriculum, introduced in the spring of 2000, is also being improved to reflect feedback from trainees, trainers, and management staff.

---

### **3. Case manager transition from eligibility determination to assisting Families First participants to become self-sufficient appears incomplete**

#### **Finding**

According to department staff and contractors, not all case managers have successfully transitioned from just determining client eligibility for benefits to counseling participants on ways to become economically self-sufficient. Department management stated that case managers were

still in the middle of the “evolution” from focusing on eligibility to helping participants get permanent work. Management indicated that implementation of Families First put a “tremendous burden” on field staff because of a cultural change from determining eligibility to emphasizing work to participants.

The Families First Act of 1996, specifically Section 71-3-154, *Tennessee Code Annotated*, requires a program participant to agree to a personal responsibility plan developed by a case manager in consultation with that participant which

shall prescribe an individualized, time-limited, goal-oriented set of work activities and supportive assistance designed to provide the applicant or recipient with an opportunity to gain economic self-sufficiency. To the extent such services are necessarily required both by the individual circumstances of the applicant or recipient and by the specific activities prescribed within the personal responsibility plan, the plan shall provide for transportation and child care services. Each such plan shall prescribe other services and activities selected to meet the specific needs of the applicant or recipient, such as life skills training, job skills training, development of work objectives, job search and job readiness assistance, adult basic education, vocational education, and/or other services and activities selected to address the specific needs of the applicant or recipient.

Section 71-3-154 also requires the case manager, at least once every six months, to monitor and evaluate the participant’s progress toward self-sufficiency using his or her personal responsibility plan. According to the July 1996 waiver agreement between the U.S. Department of Health and Human Services and the department establishing Families First, self-sufficiency relates to applicants achieving, among other things, minimum lengths of employment, amounts of earned income, numbers of hours worked per month, amounts of total family income, and amounts of accumulated savings.

Half of the field staff and all of the contractors contacted on this issue indicated problems with this cultural change. Contractors provide, among other services, client work component training, post-employment follow-up (to help ensure participants remain employed), and customer service reviews (reviews of case manager recommendations for case closure). One case manager supervisor described the change of focus for field staff as a “180 degree turn.” Another supervisor stated that because some case managers have difficulty working with people, they focus on eligibility. As a result, these case managers tend to dictate the terms of personal responsibility plans to participants instead of getting client input. Lack of input reduces these participants’ interest in complying with these plans, impeding their progress toward self-sufficiency. A contractor indicated that the transition to self-sufficiency happened too quickly for case managers to develop an idea of what client training needs should be specified in personal responsibility plans.

Department staff and contractors mentioned two major issues impeding the transition of case manager focus to client self-sufficiency: (1) lack of training and policy awareness, and (2) lack of time to interact with participants. Administrative Review staff, who review client appeals

of case manager decisions, indicated that inadequate policy training results in field staff not understanding policies, thus providing inadequate case management. Case managers have received training on Families First. However, department staff and contractors mentioned a need for training to update and refresh case managers' knowledge of Families First policies and procedures, to emphasize the need for cultural change, and to emphasize the social work aspect of their current roles.

Department management indicated a need for additional training in the following areas: (1) program time limits, (2) the conciliation process, (3) work activities, and (4) support services (e.g., child care and transportation). Field staff indicated that the updating of policies and procedures online through their computer system would assist them in keeping up with new changes and would also reduce paperwork. Department staff and contractors indicated that lack of time prevents case managers from concentrating on cultural change, including getting enough training in this area. As a result, they tend to concentrate on eligibility determination. Some causes of this lack of time are high caseloads and case manager turnover. (See Finding 2 on caseloads and turnover.)

An April 1999 University of Tennessee study (prepared for the department) on the effects of the Families First Program on the department's organizational climate appears to also indicate transition problems. The study, *Organizational Climate at Tennessee Department of Human Services 1996, 1997, and 1998: Responses Tabulated by District and Job Categories* by the College of Social Work Office of Research and Public Service, showed that a significant number of case managers and/or their immediate supervisors surveyed statewide in September 1998 indicated that there were problems in key aspects of the program. The table below shows those areas in which more than 25% of those surveyed did not agree with the statement in the survey.

**Table 7**  
**Families First Program Areas With Problems Indicated by**  
**Case Managers and Immediate Supervisors**  
**September 1998**

Program Area	Percent of Case Managers Agreeing	Percent of Supervisors Agreeing
My responsibilities are clearly defined.	69.9%	83.2%
I understand exactly what I am expected to accomplish.	71.4%	82.2%
I have confidence in the leadership of this organization.	48.7%	63.6%
Rules and regulations rarely interfere with getting the work done.	35.0%	34.6%
I am encouraged to use my own judgment.	73.8%	80.4%
I am kept well informed about the things I need to know to do my job.	58.3%	79.4%
The amount of work I have to do rarely keeps me from doing a good job.	33.0%	38.3%

My supervisor lets me know in a timely way how well I perform my job.	74.5%	80.4%
Most employees believe participants are satisfied with the quality of services.	61.6%	70.1%
Managers at my location set definite quality standards for our services.	67.8%	80.4%

According to a January 1999 article in *State Legislatures* magazine of the National Conference of State Legislatures, “Eight Questions to Ask about Welfare Reforms,” case managers still focusing on determining eligibility is a nationwide problem. The article made four recommendations for changing the culture and operation of welfare offices:

- sending a clear message to caseworkers that their primary job is to help participants find employment and become self-sufficient;
- training to reinforce that message and give caseworkers the required skills to become employment counselors;
- changing offices to fit the needs of working participants, such as reducing waiting times and offering Saturday hours; and
- giving caseworkers access to the resources and programs that help participants and giving caseworkers an understanding of the broad flexibility they have.

### Quality Assurance

A quality control program monitoring ongoing cases could detect case management problems before these cases are recommended for closure. The 1998 performance audit of the Families First Program discussed a quality assurance pilot project the department conducted in two districts to monitor case management functions. The project consisted of 25 Families First case readings in which several deficiencies were found. The department had plans to implement the program statewide in November 1997. According to department staff, this did not happen. Instead, the department established its customer service review process in January 1998. Independent (i.e., contracted) customer service reviewers determine whether cases recommended for closure by case managers should be closed.

The Food Stamp Program has a quality assurance system. Monthly Food Stamp case readings are conducted by field staff who are the case manager supervisors. Results from this review are recorded on a form and then entered into the Case Reading Statistical System (CARESS). According to department staff, the supervisors can also note problems found in other programs (e.g., Families First, Medicaid, etc.) but the focus is on the Food Stamp Program. It would be difficult for management to use information from CARESS to determine how well case managers are providing Families First participants services, according to department staff

overseeing this system. Such case manager evaluations would require more qualitative data than is available from CARESS.

According to department staff, the field supervisors review all Families First cases that are recommended for closure. In addition, these supervisors ensure that all such cases are reviewed by the customer service reviewers. However, based on information from customer service review reports findings, customer service reviewers, and department staff, some of the Families First cases that have been recommended for closure by case managers contain case manager mistakes and so are not actually ready to be closed. A review of April through September 1999 customer service review reports indicated that around 9% of cases recommended for closure were not approved for closure by customer service reviewers because of significant policy errors. The lack of documentation in a participant's case file, which is found in the Automated Client and Eligibility Network for Tennessee (ACCENT) system, is one of the main mistakes made by case managers.

One of the aspects of the department's Phase II Program for Families First is the Active Case Review project. Its purpose is to review active cases to determine if correct policy and procedures are being applied. The project is in the phase-in stage—case reviews began in one district in May 2000. This project, when implemented statewide with a sufficient number of cases reviewed and adequate feedback to and follow-up with the field staff, could detect case manager mistakes before cases are closed.

### **Recommendation**

The department should increase efforts to emphasize self-sufficiency to field staff as the primary goal of the Families First Program. Such efforts should include adequate training of staff as well as sufficient and timely clarification of the program's policies and procedures. The department should explore increasing the efficiency of field office operations by eliminating redundant and unnecessary tasks and procedures so case managers can allocate more time to helping participants. If necessary, the department may have to consider assigning more staff to case management.

The department should monitor and evaluate its Active Case Review project to identify case manager mistakes affecting Families First cases before these cases are recommended for closure. Such a program should provide feedback to department management on the efficiency and effectiveness of Families First operations.

### **Management's Comment**

We concur. Much progress has been made in this difficult organizational change. This finding acknowledges that the department has taken many important steps already to address the organizational change necessary to manage a new welfare reform effort and to ensure that staff implement the changes necessary to ensure success. The Families First program is only four years

old (three at the time this audit was ending). The stage of development of our eligibility staff is not unique in comparison to other states.

During the past year, the department launched a massive training effort for all new staff with a new “induction training package” designed by the University of Tennessee College of Social Work. The training for new employees takes six weeks to two months, with a month long break for on-the-job training and followed by a refresher course. It covers all aspects of the Families First, Food Stamp and Medicaid Eligibility programs. This new effort has proven to be very successful. It is being evaluated and revamped with the recommendations of trainers and staff. This package is designed in modules so that counties and districts can train all staff on topics where problems appear to be occurring. The Active Case Review project will identify areas of training needed and these modules will be readily available for training on those areas. It is our goal to have staff trained at the very highest level and to emphasize self-sufficiency and case management techniques in all programs we administer. This package accomplishes that task.

In addition, considerable efforts are made on an on-going basis to gather information and feedback from field staff on the development and implementation of new initiatives. Policy committees and task force groups are regularly formed to gather information and to help plan new initiatives. At the same time, local, county and district management staff give considerable flexibility to staff in creating new local initiatives and in managing the local programs. Many local initiatives are then shared with other parts of the state and adopted.

One thing which has prevented more change in eligibility staff is the inflexibility of the federal Food Stamp program rules which impose a very strict quality control standard and which hinder any state’s efforts to make welfare offices more work focused. It is not possible to totally separate out the Food Stamp program from the TANF program when performing eligibility tasks. This takes away from the “case management” focus of the TANF program and makes it more difficult to achieve the cultural change we would all like. Self-sufficiency is not the primary goal of the Food Stamp program; it is hunger elimination. We believe, however, that this agency is making substantive strides in “turning our agency around” in culture and mission as we implement new initiatives aimed at self-sufficiency and as we more thoroughly train all staff.

---

#### **4. Training for case managers in recognizing barriers to self-sufficiency should be improved**

##### **Finding**

Case managers need to have sufficient training to recognize barriers preventing Families First participants from accomplishing the program’s main goal of reducing welfare dependency. A National Governors’ Association 1999 report, *Understanding Health-Status Barriers that Hinder the Transition from Welfare to Work*, indicates that having a barrier does not necessarily preclude employment, but it does significantly lower the incidence of continuous employment. According to several contract service providers, department management, and field office staff, many of the

participants suffer from such barriers as domestic violence, learning disabilities, mental health problems, and/or substance abuse. In fact, the number of participants who have barriers to self-sufficiency is increasing. However, case management staff appears to lack the necessary training to recognize Families First Program participants with such problems. Training could help case managers recognize a problem early before a problem causes a participant to drop out of a work component or have other problems complying with a personal responsibility plan.

Several of the 17 field staff interviewed indicated that the training they received on substance abuse, domestic violence, and mental health problems is not adequate to enable them to recognize and refer participants with these types of problems to counselors. According to a couple of field office staff, training that is provided to staff is similar to training that would be provided to a “caregiver” and is geared toward someone caring long-term for participants. According to a service provider, some case managers lack the necessary organization, counseling, and assessment skills to deal with the “hard-to-serve” population.

The National Governors’ Association report also notes that some states are developing broader assessment tools to screen for multiple potential problems and to determine the nature and scope of chronic medical conditions that may affect welfare recipients’ ability to work. In addition, states can coordinate the efforts of multiple service agencies to help screen, assess, and treat this population. One strategy is to collocate specialized counselors with eligibility workers (i.e., case managers) to facilitate the identification of recipients with employment barriers and referral to appropriate treatment. In addition, case managers could receive additional training to recognize and refer recipients who need treatment. Health and welfare personnel need to be educated on the conditions that hinder the transition from welfare to work and the benefits of treatment.

The lack of adequate training for the department’s case management staff to identify participants could adversely affect the implementation of the department’s Family Services Counseling program for the hard-to-serve. Under the program, case managers will have to recognize participants with possible problems and refer them to family services counselors.

#### Domestic Abuse/Mental Health Problems

An April 1999 University of Tennessee report, *Families First Literature Review: Potential Barriers to Economic Self-Sufficiency* (prepared for the department), suggests there is a strong negative relationship between domestic violence and economic self-sufficiency. In addition, welfare recipients are 3 to 3 1/2 times more likely to have experienced domestic violence than nonrecipients. The report mentioned numerous studies which have documented a relationship between mental health issues and economic self-sufficiency. According to the Director of the Tennessee Conference on Social Welfare, case managers need to be sure of the mental and emotional state of participants before placing them in a program they may or may not be able to attend or pass.

## Learning Disabilities

According to the University of Tennessee report, learning disabilities and work-related physical disabilities are two types of disabilities that can influence economic self-sufficiency. Often difficult to identify and therefore frequently undetected, learning disabilities are defined as a range of problems manifested by significant difficulties in the acquisition and use of listening, speaking, reading, writing, reasoning, or mathematical abilities or of social skills. The report further stated that empirical evidence supports the notion that both physical and learning disabilities constitute potential barriers to employment. According to a Department of Education official, department management, and field staff, if a participant has been in a specific adult basic education course for an unusual length of time and does not appear to be progressing, the individual may have a learning disability or a mental health problem.

## Substance Abuse

According to a June 1999 report, *Integrating Alcohol and Drug Treatment into a Work-Oriented Welfare Program: Lessons from Oregon*, by Mathematica Policy Research, Inc., as welfare caseloads near record lows, states are increasingly looking for ways to help the remaining recipients make the transition from welfare to work and ultimately to self-sufficiency. As early as 1992, the state welfare agency in Oregon created a shared vision and a consistent policy context for integration of alcohol and drug treatment into welfare programs by requiring each local district to address alcohol and drug treatment in its program plans. This requirement reinforced the message that treatment is an important key to self-sufficiency and made local offices accountable for addressing alcohol and drug abuse problems among their participants.

In Oregon, staff members are taught to recognize situations in which alcohol or drug problems may be contributing to a recipient's inability to find or keep a job. In addition, staff members are trained in procedures for referring recipients to alcohol and drug professionals for further assessment and screening. Candidates for treatment are identified in three ways: at intake through professionally recognized alcohol and drug screening instruments (testing), later on by the case manager who has developed a trusting relationship with the client, or through a client's failure to follow through with an agreed-upon employment plan.

The National Governors' Association study indicated that in Minnesota, in cases in which sanctions are imposed for noncompliance with program requirements, participants are four times as likely to report substance abuse problems and two times as likely to report mental health problems than in cases in which sanctions are not imposed. According to the study, substance abuse treatment services typically include assessment and diagnosis followed by medication management, detoxification, outpatient or ambulatory services, residential services, and case management. Research indicates that the treatment of substance abuse can be effective in reducing substance use and increasing employability. Identifying and referring people into treatment for substance abuse problems has a significant impact on their ability to work successfully. Minnesota found a 64% increase in employment among public aid recipients after treatment. Ohio showed a significant increase in work-related outcomes, such as decreases in absenteeism among former welfare recipients receiving treatment, as well as a 15% decrease in

welfare payments. In addition, research clearly indicates that substance abuse is one of the most prevalent medical conditions that can serve as a barrier to long-term employment. The study suggests that identifying welfare recipients' needs and arranging for treatment are effective ways of helping them surmount this barrier.

### Field Staff Feedback on Training

The department lacks documentation on input from field office staff concerning training requests. According to a department official, the Family Assistance Training Section receives feedback from the case management staff on needed Families First training. However, the department could not provide auditors with a copy of a training request report that would include actions taken as a result of field staff input. According to the majority of field office staff interviewed, staff members are regularly given an opportunity to voice training needs and concerns to the central office. The department's inability to provide a copy of a training request report may be an indication that the department is not meeting all training needs for such staff or not using the requests to identify training that is needed.

### **Recommendation**

The department needs to provide continuing training to all case management staff concerning how to recognize Families First participants that may suffer from substance abuse, domestic violence, learning disabilities, and/or mental health problems. Such training should enable case managers to refer participants with barriers to Family Services Counseling staff. The department also needs to maintain documentation of field staff input regarding training requests and use the requests to help identify needed training.

### **Management's Comment**

We concur in part. This finding acknowledges that the department has taken steps to gather information on a state and national basis on barriers to employment through a study commissioned through the University of Tennessee College of Social Work. The department does not agree that it is appropriate for the Families First caseworker to administer psychological tests or screening instruments to customers to determine the incidence of barriers. Our staff are neither clinicians, nor experts in any of the fields identified as barriers to be addressed by Family Services Counseling. The department has already provided a substantial amount of training to staff through Tennessee State University in how to recognize symptoms and how to make appropriate referrals to Family Services Counseling. This is on going and training will continue to be made available to new staff and to other staff as is necessary in the recognition and referral of barriers such as mental health, domestic violence and substance abuse issues. As Family Services Counseling has been implemented and clinical counselors have moved into local DHS offices, staff's understanding of the barriers and how to determine appropriate referrals is continuing to improve.

The department conducts extensive formal training assessments which document training needs from the field staff to the state office. These needs are categorized and addressed in training plans each year. These training assessments and plans are available for review.

---

## **5. Service-provider contracts lack outcome measures**

### **Finding**

The Department of Human Services does not establish outcome measures in contracts with agencies that provide services for the Families First Program. Specifically, contracts between the department and providers of services for the Families First Program do not contain outcome measures requiring specific contractor performance in helping Families First participants become self-sufficient. A review of a sample of such contracts determined that the contracts lack such quantifiable outcome measures. For example, “Job Search/Job Club/Job Development Activities” are “measured by the number who entered employment, employer satisfaction, wages, retention on the job, reduction in welfare, and welfare closures.” “Training Activities” are “measured by the customer response, the employer community, the increase in wages of the participant, the reduction in welfare benefits, and the retention in employment.” The contracts do not indicate exactly how the department or contractor would know when such goals are reached.

However, the department has established a performance-based contract with one service provider. The contract stipulates that the service provider shall be compensated \$500 for the placement of each Families First participant and an additional \$2,000 for each participant who remains employed for 90 consecutive days at a minimum pay rate of \$6.00 per hour. Department management stated that the department is considering the establishment of a contractor incentive performance program for all providers. Under the program, service providers would become eligible for a monetary bonus upon meeting specific criteria, including the number of participants that the provider places, participant retention rate after six months, and the entry wage of placed participants as well as their wages after six months of employment.

The lack of outcome measures could affect the department’s ability to help Families First participants become self-sufficient. Specifically, the absence of enforced quantifiable measures can impede the department’s ability to ensure that services are accomplishing their intended functions. For example, outcome measures can provide information indicating whether specific services help Families First participants overcome personal problems, such as domestic abuse, which may impede their employment efforts. Furthermore, outcome measures can also provide information indicating whether services provide the necessary skills for Families First participants to obtain employment.

## **Recommendation**

The department should establish standard, quantifiable outcome measures for providers of Families First services relating to their performance in assisting participants to become self-sufficient and tie compensation directly to achieving these goals. The department should monitor providers to determine the extent of goal attainment.

## **Management's Comment**

We concur. The department agrees that standard, quantifiable outcome measures tied to compensation should be implemented for providers of Families First services on all grants and contracts. The department will develop outcome measures tied to performance and compensation for the next round of funding effective July 1, 2001.

We maintain our belief that outcomes should primarily measure what the program was designed to do—put people to work, help them retain jobs, and help them advance in wages. We do not recommend establishing outcome measures regarding helping participants address domestic violence because of the sensitive nature of the issue. However, we recognize that assisting participants overcome this barrier is necessary to attaining the primary measures that we identified.

---

## **6. Several Families First participants appear to abuse the conciliation process**

### **Finding**

According to the department's waiver, before an "assistance group" (family receiving assistance) is sanctioned, the case manager should attempt a conciliation conference with the adult who has not complied with his or her personal responsibility plan. The purpose of the conciliation conference is to determine whether there is "good cause" for the participant's noncompliant action. The individual has 15 days to respond to the case manager's request. Failure to respond to the request for conciliation or a failure to agree to comply with the work plan will result in the case manager sending the participant's case to a Customer Service Reviewer with a recommendation for case closure.

The Customer Service Reviewer reviews the case to ensure that the participant received due process and then determines whether to approve or disapprove closure. (See Table 8 on the Families First Conciliation Process.) The Customer Service Review process, administered by the University of Tennessee, was established in 1998 as an independent review of cases recommended for closure. Customer Service Reviewers are under contract with the department and thus are not under the direct supervision of local Families First Program staff.

Table 8

**Families First Conciliation Process**

Conciliation process applies to	noncompliance with work component requirements noncompliance with school attendance for unmarried, minor parents
Conciliation does not apply to	voluntarily quitting a job without good cause noncompliance with child support requirements noncompliance with immunization and health checks noncompliance with school attendance except for unmarried, minor parents

The purpose of conciliation is to establish the reason for noncompliance, if the person had good cause for noncompliance, if the person is exempt from the work component requirement, if the activity is appropriate, and if the person wants to comply.

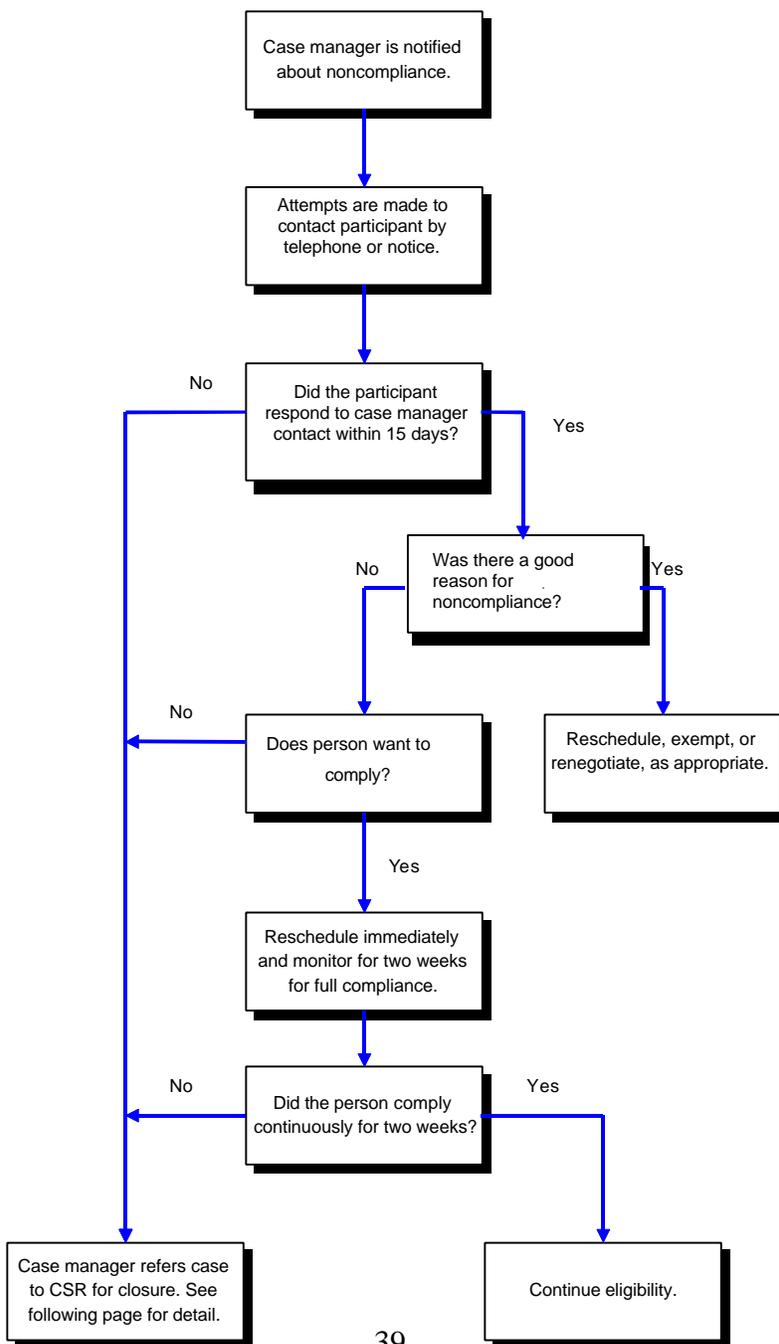
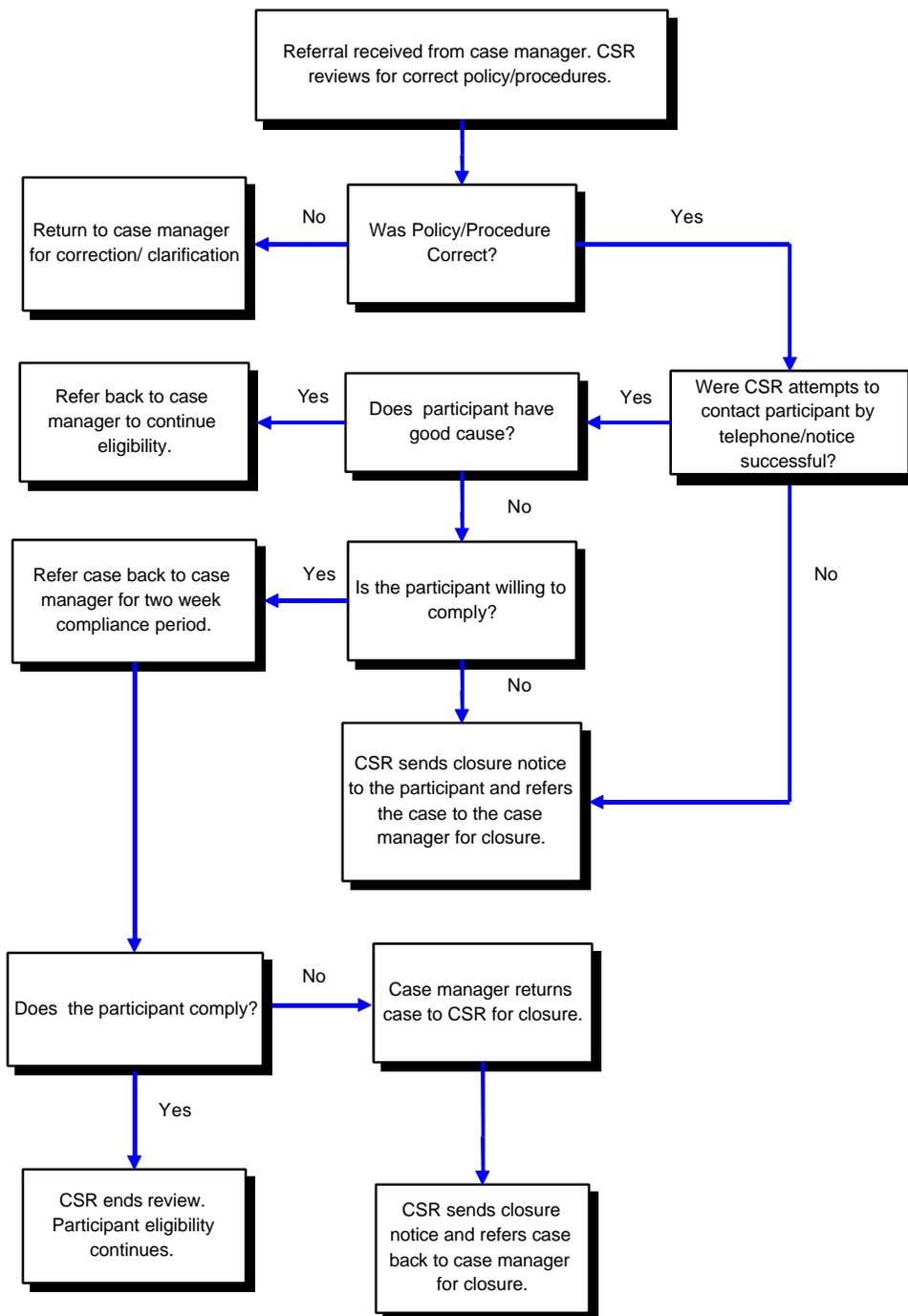


Table 8 (Cont.)

**Families First Conciliation Process  
Customer Service Review**



Several department staff and customer service reviewers indicated that many participants take advantage of the lack of a limitation on the number of times they can go through the conciliation process. For example, participants comply with personal responsibility plan requirements for the two weeks they are being monitored but afterwards stop complying. In addition, case managers and Customer Service Reviewers in some cases have given participants additional chances to comply after hearing participant explanations. One case manager described the situation as case managers and participants “going in circles.”

In addition to lowering case managers’ morale, participant abuse adds to case managers’ workload. For example, once a Customer Service Reviewer returns a case unapproved for closure, a case manager must start all over with the participant. The case manager has to renegotiate the personal responsibility plan, obtain new documentation for the case, and refer the participant to contract staff for Families First services. Participants also do not have an incentive to be in compliance. Department staff stated that a major cause of this abuse is personal problems of participants, like substance and domestic abuse. They suggested that intensive case management involving counseling would help such individuals. Another cause is disagreements between case managers and Customer Service Reviewers involving interpretations of Families First policy regarding case closure.

The department does not have readily available information regarding the exact number of such individuals or who these individuals are. One case manager supervisor estimated that at least 30% of participants abuse the process. Department management stated that there are problems with abuse, but they are concerned that limiting the number of times participants can undergo the conciliation process might raise concerns of due process with advocacy groups.

Staff of the U.S. Department of Health and Human Services believes that tightening conciliation requirements is possible. Section 261.13 of Temporary Assistance for Needy Families rules and regulations states,

If the individual does not have good cause, he or she may be penalized for not following the individual responsibility plan that he or she signed. The State has the flexibility to establish good cause criteria, as well as to determine what is an appropriate penalty to impose on the family. . . . Section 402(a)(1)(B)(iii) of the [Personal Responsibility and Work Opportunity Reconciliation] Act requires the State to provide opportunities for recipients who have been adversely affected to be heard in a State administrative or appeal process. States should consider when and how to accommodate this recipient right in the development and implementation of individual responsibility plans.

It appears that a reasonable interpretation of these rules and regulations would allow the department to impose effective restrictions on the number of times participants can go through the conciliation process without adversely affecting due process.

The department’s completion bonus program, started in February 2000, requires participants to be complying with all aspects of their personal responsibility plan to be eligible for

a bonus. These bonuses may encourage compliance and discourage misuse of the conciliation process.

### **Recommendation**

The department should, in consultation with the U.S. Department of Health and Human Services, develop and implement reasonable restrictions to participant access to the conciliation process. Such restrictions should take into consideration participants' rights to due process. The department should compile and summarize information on the extent of participant abuse of the process. The department should clarify policies regarding case closure to reduce any conflicts between case managers and Customer Service Reviewers, and to facilitate timely closure. The department should also provide intensive case management services to participants with personal problems that are interfering with compliance with personal responsibility plans.

### **Management's Comment**

We concur. Some participants may attempt to "work the system" to avoid program requirements or sanctions. However, we have undertaken several initiatives, including training, policy clarifications, and the Active Case Review process to ensure a stronger understanding of the conciliation process policy by caseworkers and other field staff. In addition, the Family Services Counseling program provides intensive counseling services to participants with personal problems that may interfere with compliance. (Please refer to our response to Finding Number 1.) The department will continue to explore methods of ensuring the conciliation process is used for its intended purpose, while also protecting the due process rights to which participants are entitled.

---

## **7. The two management information systems still cannot monitor and report some information pertaining to the Families First Program**

### **Finding**

The department uses its Automated Client and Eligibility Network for Tennessee (ACCENT) system and the Department of Labor's Job Training Partnership Act (JTPA) system to monitor and report the progress of the Families First Program. ACCENT is the primary system used for case management to establish client eligibility and benefit amounts for various programs (Families First/TANF, Food Stamps, Medicaid, etc.), collect information for the personal responsibility plans, establish service provider referrals, and provide management reports. The JTPA system is used to store information about a Families First participant's work activity status.

The department has had problems in the past with its two management information systems' inability to accurately monitor and report all information pertaining to the Families First

Program. The 1998 performance audit of the Families First Program indicated that ACCENT and JTPA could not accurately monitor and report all information pertaining to the program. Because of programming delays, the two management information systems could not meet management's needs. Specifically, the systems could not generate reports on the number of participants (1) not complying with work requirements, (2) not attending training and education classes, (3) not adhering to immunization and health-check requirements for their children, (4) not ensuring their children attend school, (5) not cooperating with child support enforcement, and (6) working at the end of the 18-month and 60-month time limits. In addition, the systems could not generate reports that show the number of people sanctioned, the types of sanctions, and the rate of program reentry. There were also data entry problems, and the ACCENT system could not automatically calculate budget and sanction information.

In response to the finding, management stated that work was in progress to improve the systems to support outcome measurement studies. Currently, the two systems can meet some information needs, but additional information is needed. According to department staff and auditor verification of the ACCENT and JTPA systems, the ACCENT system can generate reports on the number of participants (1) not complying with work requirements, (2) not attending training and education classes, and (3) not cooperating with child support enforcement, including sanction information. Because of programming delays, the ACCENT system cannot generate reports or automatically calculate budget and sanction information on the number of participants (1) not adhering to immunization and health-check requirements for their children, and (2) not ensuring their children attend school. Department staff stated that information from the ACCENT and JTPA systems, along with the Department of Labor's Unemployment Insurance system, can be used to develop a report indicating the number of participants working at the end of the 18-month and 60-month time limits. However, the department is not producing such a report. ACCENT can produce a report that indicates when 18-month and 60-month time limit "clocks" are stopped for participants. ACCENT also generates a report on participants who are close to reaching the 17<sup>th</sup> month of their 18-month time limit. In addition, data entry problems appear to have been resolved.

According to a department official, the best method of determining whether a participant has become self-sufficient is whether the participant comes back on the Families First Program. If a participant reenters the Families First Program, it is most likely that some aspect of the program did not work. However, the ACCENT system still cannot generate a report that indicates the rate of participant program reentry.

Data collected and stored in the ACCENT and JTPA systems is supposed to allow the department to determine if the Families First Program is accomplishing its goal of moving Families First participants from welfare to work. As we noted in 1998, in order to do this, the systems must be able to record, monitor, and generate reports on aspects of the program like the number of people working at the end of the 18- and 60-month time limits and the rate of program reentry. The ACCENT system's inability to automatically calculate budget and sanction information for certain participants allows for human error, since penalties (reductions in Families First benefits) for failure to comply have to be calculated off-line by case managers, then reentered into the system.

## Additional Screen

According to several local field office staff, there is a need for an additional screen in the ACCENT system that enables case managers to capture historical and current training employment information. In addition, information captured in this diary screen could be provided to prospective Families First employers. According to staff, other types of information that could be captured in this diary screen include the following:

- participant eligibility;
- assistance group (family) size;
- current status (i.e., attendance, progress, etc.) in assigned work components;
- grade level;
- transportation mode(s);
- child care; and
- emergency point of contact.

Currently this information can either be found in the ACCENT or JTPA systems, but according to staff, it would be more efficient to have this information captured in one screen. The case managers that process Families First cases primarily use the ACCENT system, while the case manager specialists, contract staff who refer participants to specific service providers, use the JTPA system. While case managers have access to the JTPA system, they do not receive any formal training on how to use this system. Some case managers are not very knowledgeable about the JTPA system and find this system difficult to use. For example, the codes used by case managers in the ACCENT system are different from the codes used in the JTPA system.

## **Recommendation**

The department should continue its efforts to modify the ACCENT and JTPA systems to meet the needs of department field staff and the Families First Program. In addition, historical information on Families First participants should be available on one computer screen to enable field office staff to track participant progress and provide information to prospective Families First participant employers.

## **Management's Comment**

We concur. Changes have already been made to ACCENT to calculate and track sanctions for immunizations, health checks and school attendance. In addition, reports such as the number

of participants employed at the end of the 18 or 60-month time limit can also be designed. However, the department has reserved some of these aggregate questions to be answered by the Families First evaluation. Another example of aggregate questions is information on program re-entry. Our data warehouse and our evaluators have both been working on securing regular data on program re-entry.

This agency is partnering with the Department of Labor and Workforce Development (DLWD) and other state agencies to develop a new data collection, tracking and financial management system for education, employment and training programs in state government. It is called CMATS (Case Management and Tracking System). This system is now under development under the direction of OIR, with DLWD in the leadership role and DHS in a strong partnership role. ACCENT will be modified to create an interface with CMATS for Families First. This will involve additional screens and other refinements to ACCENT.

We currently have two screens on ACCENT that track training and employment history of participants. Caseworkers do not use these screens frequently. We will refresh staff on the use of these screens and assess the design to look for ways to make them more user friendly.

---

## **8. The department does not have formal systems to track major employers of Families First participants and obtain feedback**

### **Finding**

The department does not have a formal system to track the major employers of Families First participants, including the number of participants employed, the locations of employment, the types of employment, the duration of employment, and hourly wages. Department staff, at the request of the Division of State Audit, obtained from the University of Memphis the information in the table below on major employers. The university oversees the Job Training Partnership Act (JTPA) computer system, which contains this information. However, the department does not routinely collect and summarize participant employment information. Without such information, the department cannot assess how participants are progressing in becoming self-sufficient in specific areas of the state.

The department also does not have a formal system in place to obtain employer feedback on how participants are performing, including complaints about performance. The Director of Employer Relations stated that the best indicator of such performance is whether former participants who get fired reenter the program. However, such information does not indicate why they are fired and thus how to improve employment training. University of Memphis staff indicated that attempts to survey employers on work performance face two major barriers: 1) participants do not want employers to know they are on welfare, and 2) employers do not want to be bothered. However, the department has not made available to employers formal opportunities to give feedback directly to department management.

**Table 9**  
**Top 20 Employers of Families First Participants Statewide**  
**June 1999**

Employer Name	Number Employed
McDonald's	570
Wal-Mart	388
Hardee's	336
Burger King	319
Shoney's	303
Wendy's	302
Krystal	297
Randstad	277
Holiday Inn	202
Federal Express	201
Kroger	191
Taco Bell	184
Manpower	181
Sonic	159
Kentucky Fried Chicken	151
Olsten Staffing Services	148
Kmart	141
Waffle House	137
Days Inn	135
Pizza Hut	126

### **Recommendation**

The department should obtain on a routine basis from the JTPA computer system summarized data on the major employers of Families First participants by the number of participants employed, the locations of employment, the types of employment, the duration of employment, and hourly wages. The department should also develop a system for encouraging voluntary employer feedback on participant work performance. The department should use such feedback in helping improve work components so that participants' progress toward self-sufficiency is enhanced. The department should also use county Families First Councils and post-employment specialists as sources of employer feedback. (Families First Councils were established in each county under Section 71-5-1201, *Tennessee Code Annotated*, to assist persons in the Families First program, to provide businesses with information regarding the program, and to seek feedback on the operation of the program.)

## **Management's Comment**

We concur. The department agrees that better information is needed on employers who have hired Families First participants. This data will be more readily available with the implementation of the CMATS systems as discussed in our response to Finding #7. The department already benefits greatly from the employer participation on the Families First Councils in each county and will work to make that system function better for our customers. The department is closely linked to each of the new Workforce Development Career Centers across the state and will greatly benefit from the employer partnerships that evolve through the Workforce Development system in each community. The Employer Relations representative in the department will develop a process to better gather the information from employers as feedback to the program staff and train staff in how to use this information.

---

## **9. Orientation information provided to Families First participants is inconsistent**

### **Finding**

The Families First Program requires its participants to follow individualized personal responsibility plans developed by their case managers in consultation with the participants. Department management described the program as customer-driven, with participants needing to make decisions for themselves to obtain ownership of their individual plans. Case managers must market the Families First Program and provide helpful guidance. Participant involvement is critical to the development of a good plan.

Post-employment specialists interviewed indicated that case managers inundate participants with information on Families First. Participants have a difficult time digesting this information in the short time that they have with their case managers. Information includes brochures and pamphlets developed by the department on Families First requirements, health care, food stamps, child care and other services. The department does not have a policy on what brochures should be given to new participants or appear to have a common set of documents that county offices give to participants. Orientation packages from seven county offices in all three grand divisions of the state indicate a lack of consistency in the types of information provided to participants.

Brochure/Pamphlet	Anderson County	Davidson County	Hamblen County	Haywood County	Knox County	Montgomery County	Shelby County
What You Need to Know About Families First	0	0	0	0	0	0	0
Electronic Benefits Transfer	0		0		0	0	0
When Home Isn't Safe	0			0	0		
Tennessee Child Support Handbook	0	0	0	0	0	0	0
Jumpstart Their Future	0				0		
Civil Rights and Human Services	0		0		0	0	
Fraud, the Law, and You	0	0	0		0	0	0
Don't Short-Change Your Family		0					
Families First Information Sheet	0						
About Your Personal Responsibility Plan (PRP)		0		0	0	0	0
Families First Sanctions		0		0	0	0	0
Change Report Form	0			0		0	
Check-Ups for Children and Teens Program	0				0	0	
Choosing Child Care					0		
To Get Families First Payments, You May Have to Work or Go to School. You Must Do Certain Things for Your Children	0						
Get Ready for Families First Cash Payment to Stop After 18 Months	0		0			0	
Think Twice Before Quitting a Job	0		0			0	
You Can Still Get Help After Your Families First Benefits Stop	0		0			0	
Want to Change What is Happening to You in Families First?			0			0	
Pick the TennCare Health Insurance Plan You Want					0		
TennCare Partners		0					
Leaving Welfare for Work Isn't as Scary as it Seems				0	0		0

Although the brochures and pamphlets provide the participant information on several aspects of the Families First Program, they do not provide a comprehensive description of work component requirements from a single source. If participants understood the requirements on the front end, they would be better able to develop personal responsibility plans tailored to their needs, and comply with these requirements. The brochures and pamphlets also do not explain the

department's mentoring program and individual development accounts. (See Finding 10 for descriptions of the mentoring program and the individual development accounts.)

Since there is no single source for participants to obtain all necessary information regarding Families First, participants must read through every document to get specific information on specific aspects of the program. It would be much easier for participants to manage and understand a single handbook clearly describing each available service and related contact telephone numbers, along with answers to frequently asked questions. The handbook could refer participants to specific brochures and pamphlets for more detailed information. A common set of orientation materials would help ensure that participants in all parts of the state get the same information.

### **Recommendation**

The department should develop a single document clearly describing all available Families First services and related support services (e.g., child care, health, and transportation) and give it to all participants. This document should include contact telephone numbers for individuals to get further information on specific programs. Until this document is prepared, each county office should distribute the same essential information to participants, based on the most useful documents available. Department field staff should use brochures and pamphlets to provide participants detailed information on specific services. The department should get feedback from participants on the clarity, quality, and usefulness of any new orientation materials.

### **Management's Comment**

We concur. The department agrees that a more consistent orientation process is needed for Families First. Efforts will be undertaken to standardize the orientation process, with variations allowed for urban and rural counties. A basic set of information will be used in all orientation sessions across the state.

---

## **10. The department needs to improve its availability of support services to potential and current Families First participants**

### **Finding**

Individual development accounts, mentoring programs, and diversion programs could help Families First participants or potential participants support themselves and prevent entry or reentry into the Families First program.

## Individual Development Accounts

The department needs to improve the availability of individual development accounts to ensure that the Families First Program participants are given an opportunity to build assets as they transition from welfare to work. According to Section 71-3-1001, *Tennessee Code Annotated*, the purpose of individual development accounts is to create an opportunity for Families First participants to build assets as a transition to self-sufficiency, to encourage participants to secure and maintain employment, and to provide the support necessary to make the transition from welfare to work.

Participants make monthly deposits into their savings account and have their savings matched by an organization, which may include financial institutions, corporations, foundations, churches, and individuals. No state funds are used to set up these accounts. According to Section 71-3-1003, *Tennessee Code Annotated*, recipients may deposit up to \$5,000 in an individual development account for career development goals, post-secondary education for themselves or their children, small business development, home ownership purposes, or transportation needs. The accounts are maintained by bonded non-profit entities approved by the state. Community organizations counsel and monitor participants, provide money management and financial skills-building training, and authorize participants' withdrawals. (These community organizations also offer IDAs to low-income citizens who are not in Families First.)

Section Two under the Families First Waiver requires Tennessee to operate a demonstration of the individual development account component in 12 counties, and according to Section 71-3-1002, *Tennessee Code Annotated*, six should be urban and six should be rural, two of each in each grand division. As of December 1999, only 8 of the 12 required counties had fully operating individual development account programs in place which assisted 65 participants, 38 of whom were Families First and/or welfare-to-work participants. (The federal welfare-to-work grant helps low-income citizens who may or may not also be enrolled in Families First.)

According to department staff, one of the primary problems is a lack of money to fund these accounts. For example, in Davidson County there is a waiting list for participants interested in setting up accounts because the money has been difficult to obtain. While some locations have had some success, others have found it difficult to obtain support from the community for matching funds. DHS relies on local organizations to get donations. However, local organizations are reluctant to provide funding until there is a demonstration of individuals willing to try to save money. Staff said that participants are reluctant to put money into individual development accounts until matching funds are available.

The department's difficulties in meeting the IDA requirements discourage potential community organizations from providing matching funds for Families First participants. Individual development accounts are a tool that can be used by nonprofit organizations to provide income and asset development opportunities for their most needy customers, particularly those receiving Families First funding.

## Mentoring Program

The department's mentoring program for Families First participants appears to be inadequate. The program was established in connection with Families First but was not required by the Families First Act. According to a July 1998 National Governors' Association report, *Working Out of Poverty: Employment Retention and Career Advancement for Welfare Recipients*, mentoring is one of the many strategies that states are using to help welfare recipients succeed in the workplace and remain employed. A mentoring program pairs more skilled or experienced individuals with newly employed welfare recipients or former recipients to help them succeed in the workplace. Mentors may assume some of the roles and responsibilities of case managers by providing moral support, advice, and counseling on work and family problems. According to a University of Tennessee official contracted by the department to perform mentoring training, the goal of a mentoring program is to obtain individuals who can interact with participants and break up negative stereotypes of welfare recipients. Another goal of the program is to develop more spokespersons in the community for the welfare population.

One of the department's Families First initiatives for fiscal year 1999 indicated that, as of February 1999, over 500 mentors had received training over a two-year period and "County field offices are now establishing formal mentoring program plans in every county in the state." According to the University of Tennessee official, as of November 1999, training was provided to mentor volunteers in a majority of counties (50 of 95) across the state. However, mentoring programs are not functioning in each of the state's 95 counties, nor could the department's central office provide a list of active mentoring programs in counties across the state. Of the 17 local field staff members interviewed, only a small number indicated that their counties have active mentoring programs in place.

According to the University of Tennessee official and several department field office staff interviewed, one of the primary problems with setting up a mentoring program in a county is obtaining the staff necessary to run the program. Currently, the UT official trains volunteers to be mentors or to train other mentors. With no department staff dedicated to run mentoring programs at the county level, the program is primarily dependent on volunteers to manage and provide training to other mentors. One field staff member indicated that there is a need for a mentoring program at her location but there are just not enough mentors to match up with interested Families First participants. According to the UT official, it is difficult to get volunteers when there is no system in place to recognize mentors for their efforts. Currently recruitment for mentors and Families First participants is performed differently in each county. Recruitment is handled at the local level, usually through churches or civic organizations. Families First participants are informed about mentoring programs through brief presentations in Fresh Start, Adult Basic Education, and other work components. According to the UT official, some participants may be reluctant to participate in a mentor program because they do not understand the details of the program.

The lack of active mentoring programs in all 95 counties could possibly prevent Families First participants from receiving services that are necessary to keep them employed and successful

in the workplace. According to the National Governors' Association report, mentors could help participants in such areas as

- time and stress management,
- balancing work and home commitments,
- financial management,
- responsibilities,
- constructive criticism,
- professional work habits, and
- office relationships and etiquette.

In addition, the lack of mentoring programs in all counties across the state may prevent goals such as breaking up the negative stereotypes of welfare recipients and the development of additional spokespersons in communities for the welfare population from being accomplished.

### Diversion Program

The department may want to consider implementing a diversion program. According to a June 1998 General Accounting Office report, *Welfare Reform: States Are Restructuring Programs to Reduce Welfare Dependence*, states are using a major new strategy to reduce the need for welfare. Through "diversion," families are diverted from receiving monthly cash payments if they can be assisted through other means. Before welfare reform, when families walked through the door of a typical welfare office, the emphasis was on determining their eligibility for assistance and completing their application. Now, in states with diversion programs, the emphasis is on determining what families need to support themselves—perhaps without monthly cash assistance payments. In some cases, a one-time cash payment; support services such as child care, transportation, or health benefits in lieu of cash; or help in finding a job can enable a family to maintain its self-sufficiency without ever going on the welfare rolls. According to the National Governors' Association report, 19 states offer lump-sum payments that can be used, for example, for making car repairs, paying rent to prevent eviction and homelessness, and purchasing tools or uniforms.

Tennessee's Families First Waiver does not have a provision for a diversion program. According to Section 71-3-159(b), *Tennessee Code Annotated*, "the department shall not seek a waiver for and/or implement additional demonstration projects (including a grant diversion program or cashing-out of temporary assistance and/or food stamp benefits) except to the extent specifically authorized by law enacted by the General Assembly after September 1, 1996."

According to a University of Memphis official involved in evaluating the Families First Program, the implementation of a diversion program in Tennessee could help 16 to 20 percent of participants who are on welfare because of having an infrequent life-changing event. These participants tend to have fewer barriers than the typical Families First participant and thus are ready for employment. Such a diversion program could help these participants quickly reenter employment. Tennessee's inability to divert individuals from welfare increases the probability that these individuals will end up in the Families First Program for assistance, costing the state more money in the long run than the implementation of a diversion program.

### **Recommendation**

The department should increase its efforts in marketing the individual development accounts to community-based organizations and Families First participants in the remaining four of the twelve required counties as well as introducing and marketing such accounts in the remaining counties of the state.

The department should intensify its efforts in encouraging volunteers, employers, and Families First participants to create and participate in mentoring programs so that a greater number of participants can be assisted in becoming self-sufficient. The department's central office should monitor all active and nonactive mentoring programs in the state and collect performance data.

The General Assembly may wish to consider amending Section 71-3-159, *Tennessee Code Annotated*, to enable the department to implement a diversion program. If amended, the department may wish to consider implementing such a program first through demonstration projects.

### **Management's Comment**

We concur. The department agrees that more efforts need to be taken to market Individual Development Accounts and to implement mentoring programs. Plans are underway to reinvigorate the mentoring program across the state. The department will review any legislation proposed to add a diversion component to Families First and weigh the pros and cons of adding such a component to the program.

---

## **11. Families First case manager job specifications are not up-to-date**

### **Finding**

With the advent of the Families First Program, case manager responsibilities have increased to include social work, not just eligibility determination for benefits. Case managers need to

motivate, coach, communicate, and build rapport with participants, especially hard to serve participants. The percentage of hard-to-serve participants has been increasing. The current job specifications do not emphasize case management skills.

Until September 2000, the department had two job classifications for case manager: (1) Human Services Eligibility Counselor 1, which is an entry-level position, and (2) Human Services Eligibility Counselor 2, for those individuals with one year of Human Services Eligibility Counselor 1 experience or the equivalent. In October 1996, the department requested that the Department of Personnel reevaluate the classifications and job specifications for the eligibility counselor positions because of the changes brought by Families First. In July 1997, the Department of Personnel concluded that the eligibility determination component still comprised the majority of the staff's time and that the duties were not significantly more complex. It did not recommend an upgrade. It did recommend that the classification be updated to include changes required for the Families First duties and to change the job title from Human Services Eligibility Counselor to Eligibility Case Manager. In September 2000, Families First duties were added to the eligibility duties in the specification and "Human Services" was taken out of the job title. The title is now Eligibility Counselor.

Prior to September 2000 these job descriptions had not been changed since 1984. Current job duties and responsibilities include

- interviewing participants to gather information in order to determine eligibility for services;
- determining benefit eligibility budgets and verifying information such as citizenship, income, and residence;
- evaluating customers' self-sufficiency and compliance with program requirements and developing an individualized work plan with customers based on their strengths, goals, and interests; and
- referring participants to supportive services, education, and work-related activities.

The job descriptions require a bachelor's degree; however, "qualifying full-time professional eligibility determination experience may be substituted for the required education, on a year-for-year basis, to a maximum of four years." The specification for Eligibility Counselor 2 does allow graduate coursework in social work to substitute for the 1 year of required eligibility determination experience. However, no preference for social work education or experience is listed for Eligibility Counselor 1. Department of Personnel staff evaluate and rank applicants for case manager positions based on the minimum qualifications in the job specifications. As a result, applicants with social work education or experience might not be considered among the top five applicants when compared to applicants with eligibility determination experience. In addition, applicants who have the necessary education and training may not apply for case manager positions, thinking they are not qualified because the job specification emphasizes eligibility determination, not social work.

## **Recommendation**

The department should request another review by the Department of Personnel to update Families First case manager job specifications to take into consideration case management responsibilities, especially because of the increasing percentage of hard-to-serve participants. Case managers should be required to have at least a bachelor's degree, with preference given to a degree in social work or a related field.

## **Management's Comment**

### Department of Human Services Response:

We concur. The department will continue to advocate to the Department of Personnel for consideration of upgrading the qualifications for the eligibility counselor positions.

### Department of Personnel Response:

The Department of Personnel did audit Human Services Eligibility Counselor positions in 1997 and that study indicated that the overwhelming percentage of employees' time was being spent on eligibility determination rather than case management. The current job specifications and minimum qualifications reflect the results of that study. If the Department of Human Services feels that the duties and responsibilities of the Human Services Eligibility Counselor classes have changed significantly since our last audit, the Department of Personnel is certainly available and willing to review those jobs.

---

## **12. The department's management controls over Families First child care support have improved**

### **Finding**

The 1998 Families First performance audit found three areas of deficiency with the Families First Program and child care services. They were: (1) weak controls over provider reimbursements, (2) potential conflicts of interest concerning child care brokers, and (3) weaknesses in the broker reimbursement fee structure. Families First clients are eligible to receive child care benefits while they fulfill their personal responsibility plans. The department's case managers determine clients' eligibility and the number of hours of child care the department will reimburse and refer clients to child care broker agencies. Child care brokers help the participants locate and arrange for child care.

### Provider reimbursements

The previous audit found that the controls over child care provider reimbursements were weak. The old process relied on providers to submit accurate attendance data to the child care brokers and to the department. It was the responsibility of the broker to determine any inconsistencies in attendance and any irregularities in the documentation provided by the providers. Verification of attendance did not occur until after the provider had been paid.

Since that time, the department has fully implemented the Tennessee Child Care Management System (TCCMS), an automated system which, among other functions, provides participants with a certificate for child care services. The department issues a referral to the parent, who takes the referral to the broker, who enters the information into the TCCMS which produces a certificate. Procedures require that the provider not be paid until the Enrollment/Attendance Verification (EAV) form submitted by the provider has been checked against the data in TCCMS. The department will not reimburse providers for care provided to children who are not listed on the system. Also, in March 2000 the department revised its monitoring requirements for the Department of Finance and Administration (which reviews child care brokers annually) to require that the F&A monitors make on-site visits to selected child care centers to compare the EAVs to the internal documentation kept by the provider. This is an important change because the Division of Municipal Audit has found in its examinations of day care practices with the Child and Adult Care Food Program that some child care centers have claimed more children receiving meals than attended the center.

### Potential Conflicts of Interest

The previous audit also found that there was not a conflict of interest policy in the contract between the department and the various child care brokers participating in the child care services program. Although part of the contracting process required brokers to disclose any potential conflicts of interest, it was not clearly defined in the contract. Agency staff did acknowledge that there is the potential for conflicts of interest between providers and the brokers but that there have not been any related problems.

The contract process has been improved. Beginning with calendar year 2000 contracts, the child care brokers were required to list any potential conflicts of interest in their grant application and to describe how they would address any actual or perceived conflicts. However, conflicts are not prohibited—a board member could still have a potential conflict and serve on the board. In addition, the contract states:

The Grantee warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Grantee in connection with any work contemplated or performed relative to this Grant Contract.

However, this contract provision does not apply to employees of child care centers.

Also, the Department of Finance and Administration (F&A) reviews conflicts of interest in its annual monitoring reviews. Its guide asks “How does the agency avoid a conflict of interest?” One step the F&A monitors perform is to review the composition of the child care center boards to determine if any members have an interest in the center and whether that interest has been disclosed.

### Broker Reimbursement

The previous audit found that the fee structure for reimbursement to child care brokers was inadequate. Brokers were paid a percentage commission on the reimbursement paid to providers for each child the broker arranged child care for. The reimbursement was not based on the actual costs of providing the services of a broker but on the number of children for which payments were made. As child care costs increased per child, the department was paying more and more to the brokers for the same amount and volume of work.

The department has changed the contract with the brokers from a vendor arrangement to a sub-recipient relationship. Brokers will no longer be paid the percentage commission rate on child care services provided, but will be paid according to the actual costs incurred in their fulfillment of the duties outlined by the department. The broker is required to submit a budget in their application that indicates the “actual, allowable, reasonable, and necessary costs” for providing child care broker services. According to department staff, the fiscal office reviews reimbursement requests to determine if they are in accordance with the budget submitted by the broker prior to payment. The new contracts began January 1, 2000.

In June 2000, the Governor’s Committee on Child Care recommended that the department eliminate the child care broker system and implement a department-administered child care subsidy program. The department is considering this recommendation.

### **Recommendation**

The department should monitor the changes to the child care broker contracts and the broker monitoring process to ensure that the improvements are working as intended.

### **Management’s Comment**

We concur. Pursuant to the recommendation of the Governor’s Committee on Child Care, the Department will be taking over the responsibility to administer the child care subsidy program.

---

## Child Support

### 13. The department is not using its license revocation power to the greatest possible extent

#### Finding

State law requires state licensing authorities to revoke licenses from noncustodial parents who are delinquent in their child support payments. According to Section 36-5-701, *Tennessee Code Annotated*, a delinquent noncustodial parent is not in compliance with a child support order when he or she is “\$500 or more in arrears and the arrears are ninety days or more past due.” Section 36-5-701 states that business licenses, professional licenses, driver licenses, and hunting and fishing licenses are all eligible for revocation. According to department officials, the main purpose of this provision is to compel delinquent noncustodial parents to become current on their child support obligations, not to actually revoke their licenses. The department, however, is not using its revocation powers regularly and cannot get needed information on hunting and fishing licenses.

When the department identifies an individual subject to revocation of a driver license, a letter must be sent by certified mail to the noncustodial parent explaining the department’s action. Section 36-5-702, *Tennessee Code Annotated*, requires this process. The warning letter states that the recipient has 20 days to respond to the letter, and set up a payment plan or pay the support in full. If, after that time, no action has been taken by the non-custodial parent, a file of names is sent to the Department of Safety for revocation. For other licenses, such as professional licenses, the process is manual—a list is sent to the licensing body.

At the end of fiscal year 1999, a total of \$1.4 billion was owed to custodial parents and their children. During fiscal years 1997 and 1998, 5,957 letters were mailed, representing \$44.9 million in owed support. Only 2,441 (41%) of the certified letters were accepted by the parent, and 1,709 (29%) of those noncustodial parents actually made payments. The process resulted in 902 revoked driver licenses and \$12.1 million in collections. During that same period, only one business license was revoked (it was later reinstated), and no hunting and fishing licenses were revoked.

During 1999 and the first five months of 2000, the department did not send any warning letters to parents because staff was working on problems associated with the new centralized child support collection process. However, 195 licenses were revoked in 1999 by court order (i.e., a parent goes to court to enforce an order of support and license revocation is part of the court’s order).

Although the department works with other licensing agencies, it has focused on driver licenses for several reasons. Almost everyone has a driver license, and the department has an interface with the Department of Safety computers so that the two departments’ computers can communicate. Department staff stated that people with professional licenses tend to be current on their payments or attempting to satisfy their support obligations. There is a problem with hunting

and fishing licenses because those licenses do not have a social security number, which DHS must have to match the person to the license.

The license revocation process, if implemented completely, covering all types of licenses, could help reduce the arrearages.

### **Recommendation**

The department should routinely identify parents who qualify for any license revocation, notify them of possible revocation, and notify the appropriate licensing body. It should continue to work with all licensing bodies to improve the identification, notification, and revocation process.

### **Management's Comment**

We concur. The department initiated the license revocation process on July 21, 2000. The department identified 10,994 non-custodial parents whose licenses were subject to revocation. Of the 10,994 certified notices mailed, 2,587 signed acknowledgments were received by the Department. As of January 2, 2001, \$1,122,148.87 has been received from those non-custodial parents receiving a certified notice. The licensing agencies affected by the revocation process are the departments of Safety, Health, Education, Environment and Conservation, Commerce and Insurance, and the Tennessee Wildlife Resource Agency.

The department agrees that routinely initiating the license revocation process will have a favorable impact on outstanding arrearage.

---

## **Adult Protective Services**

### **14. Many of the basic services needed by Adult Protective Services clients are lacking**

#### **Finding**

An *Adult Protective Services Needs Assessment*, commissioned by the department and issued in June 1998 by the University of Tennessee's College of Social Work, identified unmet needs of Adult Protective Services (APS) clients and the need to strengthen the APS program. According to Section 71-6-102, the program provides protective services to an adult 18 years of age or older "who because of mental or physical dysfunctioning or advanced age is unable to manage such person's own resources, carry out the activities of daily living, or protect such person from neglect, hazardous or abusive situations without assistance from others and who has no

available, willing, and responsibly able person for assistance and who may be in need of protective services.”

During fiscal year 1998, Adult Protective Services served on average nearly 4,000 persons a month. The breakdown of the population served by Adult Protective Services was as follows:

- the average monthly income for Adult Protective Services participants in Tennessee was \$546;
- 70% were 60 years and older;
- 64% percent were female;
- 72% percent were white;
- Of the allegations made in the cases reported to APS, 53% were self-neglect, 31% were neglect by others, 14% were physical abuse, 11% were financial exploitation, 9% were emotional abuse, and 5% of the cases were reported as sexual abuse.

The University of Tennessee needs assessment was separated into two phases. Phase I was designed to identify the major issues related to the Adult Protective Services Program by contacting individuals working regularly with the program (e.g., Adult Protective Services counselors, their supervisors, and urban area United Way organizations). Phase II was designed to collect additional information from clients and community members who did not regularly work with the APS program and its clients, such as mental health professionals and professionals involved in assisting the developmentally and physically disabled. Many of the findings reflect the limited availability of federal funds and lack of state augmentation of funding. The major findings of Phase I are as follows:

- While the National Association of Adult Protective Services Administrators recommends a caseload size not to exceed 25 cases, the average in Tennessee was 54 active cases per investigative counselor from July through October 1997.
- An investigating counselor outside the four urban areas may cover as many as four counties.
- Adult Protective Services counselors’ active caseloads had increased 64% from fiscal years 1986 to 1997, while new reports of alleged abuse or neglect had increased 40% over the same time period.
- Since implementation of central intake, investigations had increased 36% from the 16-month average March 1995 through June 1996 to the 16-month average July 1996 through October 1997.

- Tennessee ranked fifth in the nation for percentage of individuals age 65 or older who have incomes below the poverty line.
- Tennessee ranked fourth in the nation for individuals ages 18-64 with severe disabilities.
- Tennessee ranked ninth in the nation for percentage of individuals age 65 or older with disabilities.
- Tennessee ranked 50<sup>th</sup> for total home- and community-based long-term care expenditures.

Homemaker services, medical care, respite care, home-delivered meals, chore services, transportation, and housing were identified by participants as among the most urgent needs for Adult Protective Services clients. There was also a need for more Adult Protective Services counselors and increased funding. In addition, there was a need for increased communication and collaboration among agencies serving participants.

Phase II participants indicated similar problems. Housing and transportation were selected as typical needs of participants, unmet needs or needs that exceed the availability of services, and most-pressing needs. Also, participants mentioned a need for more collaboration and coordination between agencies serving Adult Protective Services participants and a need for more education about availability of and access to services.

Both Phase I and Phase II participants selected medical care as a service that most participants needed. A majority of both groups indicated that transportation services were available but needed to be expanded. In terms of most pressing needs, both indicated among the most important transportation and respite care, which allows caretakers a short break from providing care.

According to agency officials and contract staff providing such services, many of the needs mentioned in the assessment result from a lack of funding. The Social Services Block Grant (SSBG) is the main federal funding source for Adult Protective Services programs. Basic services such as homemaker services, daycare, and psychiatric evaluations provided for Adult Protective Services clients are services provided by community agencies which are funded by funds from the SSBG. From 1995 to 1998, the SSBG was reduced by 16.5%, forcing states to look for alternative funding sources, or to augment the federal funds with state money. Total annual funding of Adult Protective Services in recent fiscal years is listed below (about 50% is from federal sources).

	Fiscal Years			
	Actual 1998	Actual 1999	Actual 2000	Estimated 2001
Total Expenditures:	\$4,250,000	\$4,411,500	\$4,750,800	\$4,951,600

While protective services for adults are recognized as a necessary responsibility of the state, they do not appear to be considered a priority. Section 71-6-111, *Tennessee Code Annotated*, states that

It is the legislative intent that the protective services set out hereinabove be provided and that the department have present authority to provide or to arrange for the provision of the same. However, the provision of the [Adult Protective] services is subject to budgetary limitations and the availability of funds appropriated for the general provision of protective services to all persons entitled thereto.

With the reduction in federal funds, particularly the SSBG, it is clear that the state is going to need to search for additional funding sources if any improvements suggested by the *Adult Protective Services Needs Assessment* are going to be made in the program.

### **Recommendation**

The department should use the needs assessment as a guideline for completing a comprehensive strategic plan to address the deficiencies outlined in the assessment. Further, the department should continue to seek additional funding sources in order to improve and expand existing protective services.

### **Management's Comment**

We concur. The department recognizes the need to obtain additional funds to support the Adult Protective Services (APS) program, to protect the clients served by APS and address the needs identified in the APS Needs Assessment. The APS program works continually to improve the availability and delivery of services to APS clients through M.O.U.'s with other critical departments such as the Department of Health and MH/DD in investigating within facilities and providing input into the development of the state Home and Community Based Services plan which can potentially assist in meeting some of the care/service needs of APS clients. Information has been provided to the state's congressional delegation to address the harm, which will occur if cuts in SSBG continue. State APS budget improvements have been requested through the Governor's budget currently being considered by the General Assembly.

However, we would like to note as well that the APS program is included in the department's strategic plan with the focus being on the reduction of risk for APS clients. Addressing the needs identified in the Assessment referred to will assist in improving the availability of services needed by the clients, but these community needs are only a part of the overall scope of needed interventions. For the most part, the needs identified are beyond the control and scope of the APS program. The development of a strategic plan to respond to an assessment of needs which are beyond the ability of the program to address directs the focus of the program and its staff away from those needs which the program can influence. Most of the needs identified in the Assessment are funding issues which have to be addressed at the federal level or by

the Tennessee General Assembly and include services appropriate for a broader range of elderly and disabled adults of which APS clients are subset. The Needs Assessment will be of value to the department as priorities need to identified based on increased or reduced future funding for services.

---

## Child Care

### 15. Some of the child care services for low-income families need improvement

#### Finding

The department is responsible for planning, implementing, and coordinating improvements in the child care system, focusing its efforts on increasing child care quality and availability for families in Tennessee. The department is also responsible for the licensing of child care facilities in the state, as well as enforcing standards, investigating complaints, and providing technical assistance and training for persons interested in starting child care agencies and those already providing the services. Through a certificate program, Families First participants and low-income families are eligible for child care services. In fiscal year 1999, the program covered almost 50,000 children each month in the care of nearly 5,800 providers. The main funding sources for child care services are the Child Care and Development Fund (CCDF) and SSBG. TANF money is also available for child care service provision.

In March 1998, the department contracted with the University of Tennessee's College of Social Work to assess the child care needs of low-income families in Tennessee. The study, *Tennessee Child Care Needs Assessment*, was issued in August 1999 and consisted of two phases. Phase I of the assessment was to distribute surveys to all registered and licensed child care providers in Tennessee to assess:

- the availability of child care slots generally and for different hours that parents work,
- participation in the certificate program,
- attitudes toward proposed child care improvement initiatives, and
- the indicators of child care quality.

The focus of the second phase was to collect and analyze information from various individuals, including Families First customers, involved in child care issues for Families First customers on the following:

- the child care needs of Families First customers and the barriers to meeting those needs;
- issues related to supply, demand, and quality of child care and how each was affected by the implementation of Families First;

- how well the certificate program/child care subsidy is working; and
- what has been done by the Families First Councils to help meet the child care needs of customers and what information is needed by the councils to be more effective in child care issues. (Families First Councils are local committees created by state law to assist in the implementation of Families First.)

Overall, the study concluded that supply generally exceeds demand, but there is a lack of high-quality child care statewide. The most serious shortages are in care for infants, during second- and third-shift work hours, and on the weekends; and care for sick children. Other problems noted were a lack of knowledge about how to access high-quality care and a need for care that is accessible to where parents live and work.

The department has not developed a strategic plan to resolve problems found during the study. The department indicated that the 1996 report by the Governor’s Task Force on Child Care was a strategic plan for child care and that the needs assessment was done to gather more specific data on issues in the Task Force report. However, the recommendations of the Task Force do not have goals with specific benchmarks to measure success in achieving these goals. The department should take the problems described in the task force report and the needs assessment and develop a plan that discusses the extent of the problem, lists detailed steps on how it will address the problem, and sets performance targets.

### **Recommendation**

The department should use the child care needs assessment as a guideline for completing a comprehensive strategic plan to address the needs outlined in the assessment. Further, the department should continue to seek additional funding sources in order to improve and expand existing child care services.

### **Management’s Comment**

We concur in part. We will continue to use the Governor’s Task Force on Child Care Implementation Plan as our overall strategic plan for Child Care Services as that plan was clearly intended to be. We do not agree that this plan has “no goals with specific benchmarks to measure success in achieving these goals.” The Recommendations themselves are the goals, the Implementation Objectives are the strategic plan objectives, while the Actions Necessary (with dates for starting and completing each action) are the strategies for achieving the goals and objectives. For example, Recommendations (goals) I.D.7. and I.D.9. address most of the child care availability issues raised by the study we commissioned to see if, indeed, these Recommendations were grounded in fact. We see no need to develop yet another strategic plan to address a small portion of a much more comprehensive strategic plan (the Governor’s Task Force Implementation Plan), especially in light of the fact that child care is already addressed in both the executive branch and departmental strategic plans. We will, however, develop another format for

the Implementation Plan which will identify the Recommendations as goals and will add an outcomes section with benchmarks to show our progress towards meeting these extensive goals and objectives. We will also add any new goals and/or objectives that emerged as a result of the Department's implementation of the 2000 Child Care Reform Legislation.

---

## RECOMMENDATIONS

---

### LEGISLATIVE

This performance audit identified one area in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the department operations.

1. The General Assembly may wish to consider amending Section 71-3-159, *Tennessee Code Annotated*, to enable the department to implement a diversion program to divert families from monthly cash payments if they can be assisted through other means. If amended, the department may wish to consider implementing such a program first through demonstration projects.

### ADMINISTRATIVE

The Department of Human Services should address the following areas to improve the effectiveness of its operations.

1. The department should continue its efforts to reduce the participant no-show and dropout rates involving work components and scheduled meetings with case managers. The department should compile and analyze data on the amount of time participants spend in individual components and the no-show rate for scheduled meetings with case managers as part of these efforts. This information should help the department identify people, or groups of people, with specific problems preventing them from completing their work components or attending case manager meetings. The department should evaluate the Family Services Counseling program to determine its effect on the no-show and drop-out rates.
2. The department should determine the Families First Program caseload per case manager at local and statewide levels. The department should also determine an ideal program caseload considering other duties case managers may perform such as dealing with Food Stamps and Medicaid participants. If necessary, the department may have to perform pilot studies at the local level to determine the appropriate caseloads for specific department offices.
3. The department should explore methods to reduce case manager turnover, including reducing caseloads, increasing pay, and increasing training activities to help case managers cope with job stress and frustration.
4. The department should increase efforts to emphasize self-sufficiency to field staff as the primary goal of the Families First Program. Such efforts should include adequate

training of staff as well as sufficient and timely clarification of the program's policies and procedures. The department should explore increasing the efficiency of field office operations by eliminating redundant and unnecessary tasks and procedures so case managers can allocate more time to helping participants. If necessary, the department may have to consider assigning more staff to case management.

5. The department should monitor and evaluate its Active Case Review project to identify case manager mistakes affecting Families First cases before these cases are recommended for closure. Such a program should provide feedback to department management on the efficiency and effectiveness of Families First operations.
6. The department needs to provide continuing training to all case management staff concerning how to recognize Families First participants that may suffer from substance abuse, domestic violence, learning disabilities, and/or mental health problems. Such training should enable case managers to refer participants with barriers to Family Services Counseling staff. The department also needs to maintain documentation of field staff input regarding training requests and use the requests to help identify needed training.
7. The department should establish standard, quantifiable outcome measures for providers of Families First services relating to their performance in assisting participants to become self-sufficient and tie compensation directly to achieving these goals. The department should monitor providers to determine the extent of goal attainment.
8. The department should, in consultation with the U.S. Department of Health and Human Services, develop and implement reasonable restrictions to participant access to the conciliation process. Such restrictions should take into consideration participants' rights to due process. The department should compile and summarize information on the extent of participant abuse of the process. The department should clarify policies regarding case closure to reduce any conflicts between case managers and Customer Service Reviewers, and to facilitate timely closure. The department should also provide intensive case management services to participants with personal problems that are interfering with compliance with Personal Responsibility Plans.
9. The department should continue its efforts to modify the ACCENT and JTPA systems to meet the needs of department field staff and the Families First Program. In addition, historical information on Families First participants should be available on one computer screen to enable field office staff to track participant progress and provide information to prospective Families First participant employers.
10. The department should obtain on a routine basis from the JTPA computer system summarized data on the major employers of Families First participants by the number of participants employed, the locations of employment, the types of employment, the duration of employment, and hourly wages. The department should also develop a

system for encouraging voluntary employer feedback on participant work performance. The department should use such feedback in helping improve work components so that participants' progress toward self-sufficiency is enhanced. The department should also use county Families First Councils and post-employment specialists as sources of employer feedback. (Families First Councils were established in each county under Section 71-5-1201, *Tennessee Code Annotated*, to assist persons in the Families First program, to provide business with information regarding the program, and to seek feedback on the operation of the program.)

11. The department should develop a single document clearly describing all available Families First services and related support services (e.g., child care, health, and transportation) and give it to all participants. This document should include contact telephone numbers for individuals to get further information on specific programs. Until this document is prepared, each county office should distribute the same essential information to participants, based on the most useful documents available. Department field staff should use brochures and pamphlets to provide participants detailed information on specific services. The department should get feedback from participants on the clarity, quality, and usefulness of any new orientation materials.
12. The department should increase its efforts in marketing the individual development accounts to community-based organizations and Families First participants in the remaining four of the twelve required counties as well as introducing and marketing such accounts in the remaining counties of the state.
13. The department should intensify its efforts in encouraging volunteers, employers, and Families First participants to create and participate in mentoring programs so that a greater number of participants can be assisted in becoming self-sufficient. The department's central office should monitor all active and nonactive mentoring programs in the state and collect performance data.
14. The department should request another review by the Department of Personnel to update Families First case manager job classifications to take into consideration case management responsibilities, especially because of the increasing percentage of hard-to-serve participants. Case managers should be required to have at least a bachelor's degree with preference given to a degree in social work or a related field.
15. The department should monitor the changes to the child care broker contracts and the broker monitoring process to ensure that the improvements are working as intended.
16. The department should routinely identify parents who qualify for any license revocation, notify them of possible revocation, and notify the appropriate licensing body. It should continue to work with all licensing bodies to improve the identification, notification, and revocation process.

17. The department should use the *Adult Protective Services Needs Assessment* as a guideline for completing a comprehensive strategic plan to address the deficiencies outlined in the assessment. Further, the department should continue to seek additional funding sources in order to improve and expand existing protective services.
18. The department should use the *Tennessee Child Care Needs Assessment* as a guideline for completing a comprehensive strategic plan to address the needs outlined in the assessment. Further, the department should continue to seek additional funding sources in order to improve and expand existing child care services.