Administration for Children and Families
Office of Family Assistance
Welfare Peer Technical Assistance Network

State Supervised/County Administered TANF Programs: Welfare Peer TA Request #211 Minnesota Department of Human Services July 2012

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Overview

The administration of the Temporary Assistance for Needy Families (TANF) program has been an issue of interest for a variety of audiences since the program was first created in 1996 by welfare reform. Welfare reform greatly shifted the role for administering cash assistance programs for low-income individuals to states and localities in an effort to respond to the belief that they were closer to the challenges faced by families receiving benefits and more able to develop responsive program models and systems.

The passage of welfare reform allowed for devolution of the administration of welfare programming to the states, and afforded states greater opportunity to further delegate administrative responsibilities to local governments. As of 2012, nine states have engaged in the practice of giving more discretionary authority to local governments, with a number of other states shifting responsibilities to local governments to a lesser degree. Among states that have been set-up to be state supervised/county administered—where a tremendous amount of discretionary authority rests in local governments—many questions about the role of the state and the role of the counties have in many instances gone unanswered. Which level of government is responsible for determining benefit amounts? Which level of government is responsible for determining eligibility? Which level is responsible for staff hiring and training? These are some of the questions that have remained constant in the wake of welfare reform when discussing the state supervised/county administered structure.

In response to a technical assistance request from the Minnesota Department of Human Services pertaining to gaining a more clear understanding of the different state supervised/county administered models, the Welfare Peer Technical Assistance Network organized a peer-to-peer roundtable in Chicago, Illinois on July 18-19, 2012 with directors and staff from state supervised/county administered Temporary Assistance for Needy Families (TANF) programs.

The roundtable was the culmination of a series of activities, including structured conversations, qualitative data gathering, and reviews of the literature that were conducted in order to gain a better understanding of the various models and differing structures that have formed. The roundtable served a number of additional purposes, including providing a platform for states to share and collaborate around challenges and opportunities which exist in county administered TANF programs. Ten states participated in the roundtable: California, Colorado, Georgia, Maryland, Minnesota, New Jersey, North Carolina, Ohio, Virginia, and Wisconsin. This report describes the technical assistance request and response, as well as the overall findings from the roundtable event and lays out potential recommendations for future discussions about the state supervised/county administered structure.

Background on Technical Assistance Request

TANF remains an important resource for low-income and working Minnesotans, and in the aftermath of a major recession that left many residents either unemployed or underemployed, stakeholders in Minnesota sought to undertake a deliberate and systematic review of the state's TANF system to simplify and redesign many of their services to meet changing realities.

In order to influence this process, Minnesota requested an opportunity to meet and speak with other state TANF Directors in a roundtable format and to use that venue to discuss issues relating to administering the TANF program in the state supervised/county administered system. They believed that discussions with their peer states would provide insights and knowledge they needed to inform their efforts to reform the state's system and approach to delivering services to the families that still require aid from the TANF program. Moreover, Minnesota believed that the roundtable would afford them an opportunity to discuss how other states managed TANF programming during tighter fiscal times at both the state and local levels. As a result of the roundtable, Minnesota believed that it would be better equipped to at least commence the process of restructuring its TANF system to be more effective, efficient, and accountable.

In order to start the process of achieving its goals of a more effective, efficient, and accountable system, Minnesota identified a series of distinct issues that would guide the entire technical assistance process and would serve as the foundation for the information gathering. The topics included a desire to prepare for and respond to increased emphases on audits of program performance and finances, overall program performance, timely and accurate payment processing, and overall program accuracy. Additionally, they were interested in learning from peers more about consistent policy design, application, and performance, with a main focus on top to bottom accountability. Achieving increased accountability would require a holistic approach that accounts for the variances across the state and addresses some key concerns.

One key concern of Minnesota was the varied county sizes and governing cultures; the demographics from county to county vary tremendously, and because of the size and demography, each county had distinct needs that required tailored responses. Additionally, each county has distinct governing structures, and the different governing structures result in different forms of service delivery and program administration.

Local structures are developed to respond to local needs; however, it can be challenging to maintain some consistencies from the perspective of the state. Many local programs need to report to their local boards and satisfy their concerns, but others do not have that requirement. Another key concern that Minnesota sought to address pertained to staff recruitment, training, and retention. Minnesota hoped that the roundtable would provide some answers about how other states train and ensure accountability and quality from staff, regardless of the level and regardless of the locality. Coupled with the staff recruitment, training, and retention was a desire to learn more about how peer states manage local contracting activities. Counties in Minnesota contract for their employment services, and there is a need to ensure that the contractors and local programs are all accountable for achieving the overall goals of the state's system.

Another key concern and a primary goal of the roundtable was navigating policy differences between the state and local levels, and Minnesota believed that the roundtable would provide an opportunity to strategically discuss methods for working within the state/county administrative structure. Moreover, the roundtable would serve a major role in influencing the programmatic and potential policy-related discussions pertaining to state supervised/county administered TANF programs. Participants at the roundtable would provide feedback to states and the Office of Family Assistance (OFA) on the specific challenges of and recommendations for administering programs at the county levels. As a result, participants would be able to identify, discuss, and problem-solve the challenges that result from this administrative structure.

The Welfare Peer Technical Assistance Network used the TANF Program Eighth Annual Report to Congress[1] to identify 13 states operating a state supervised/county administered TANF program. Through the outreach and invitation process, it was determined that South Carolina did not identify

[1]Department of Health and Human Services Office of Family Assistance. Temporary Assistance for Needy Families Program (TANF) Eighth Annual Report to Congress [Electronic Version], XII-88 from http://archive.acf.hhs.gov/programs/ofa/data-reports/annualreport8/ar8index.htm

itself as operating in this structure. New York and North Dakota were interested in participating but were unable to attend.

Background on County Administration

The TANF program is operated via block grant funding to states, which allows greater flexibility in program design and spending choices. Services provided with these grants are designed and tailored by states to meet the specific needs of low-income families. Before the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) passed, some states were providing services through counties or localities; the flexibility to continue that process was included in welfare reform, provided that approach was detailed in the state plan. This was the precursor of today's state supervised/county administered approach. However, because no statutory definition for this operating structure exists, reports vary on the extent and nature of this policy choice. States seem to interpret the structure differently, and in at least some cases, any level of local service provision seems to warrant the designation.

Exhibit 1: A Framework for TANF Implementation

The shift in authority over cash welfare programming after PRWORA from the federal government to the state governments and from the state governments to county governments represented a clear shift from the days of the almost solely federally administered Aid to Families with Dependent Children (AFDC) program.

The devolving took basically three forms, but in the absence of a clear federal definition of the different types of administration, there has been considerable variance in what it has meant to be state administered, state supervised/county administered, or county administered. Moreover, with no clear definition or set standard for either of the administrative structures, there has been some confusion within and outside the TANF community as it relates to what criteria are *required* to fit into either structure. For example:

- According to the Eighth Annual Report to Congress,[2] Alabama reported to be state supervised/county administered but did not report as state supervised/county administered for the Ninth Annual Report to Congress.[3] According to the state TANF plan for Alabama, the "State will conduct the Family Assistance Program designed to serve all political subdivisions in the State (not necessarily in a uniform manner) to provide assistance and/or services to needy families with children through County Departments of Human Resources located in the 67 counties in Alabama."

[2]Ibid.

[3]Department of Health and Human Services Office of Family Assistance. Temporary Assistance for Needy Families Program (TANF) Ninth Annual Report to Congress [Electronic Version], from http://www.acf.hhs.gov/programs/ofa/resource/ninth-report-to-congress

- Montana was previously listed as a state supervised/county administered state (see Eighth Annual Report to Congress); however, given changing priorities and increased state responsibilities, Montana has transitioned. According to its TANF Plan, "the State of Montana will operate a TANF cash assistance program for needy families."

- **North Carolina** has a unique administrative structure — one where each county develops Work First block grant plans to achieve the measurable statewide outcome goals and state performance measures. Although the state has the fiscal and reporting relationship with the federal government and sets statewide performance measures and outcome goals, the state is less involved and gives virtually unfettered authority to county programs to meet the needs of local clients. **North Carolina** does not set statewide policy and practice requirements and allows counties to design programs in accordance with local needs.

- **Georgia** operates via a regional structure for TANF implementation and service delivery but is not self-identified as state supervised/county administered in either its state plan or the current Report to Congress.

The discussions at the roundtable were guided by a framework for understanding TANF operations. The framework includes six elements agreed upon by the participants that are essential to successful program operations:

1. *Policy development and regulation* details the process by which the need for policy change is identified, the change itself is established and implemented, and the rules and regulations in support of the policy are created and communicated. In county administration, this function manages local input into state-led decisions and communication of finalized decisions and policies to the counties.

2. *Staffing* is a major consideration for states and counties at all points in the process: hiring, ongoing training, training around changes, and retention. Interestingly, county administered states often report staff "poaching" where a higher paying county can lure well-trained staff away from a lesser-paying neighbor.

3. *Information technology* captures the information, data, and reporting tools and processes used to input, manage, track, and report on data from eligibility through case management and reporting. For county administered states, this function also manages the data requirements and process by which counties report back to the state on items including caseload, expenditures, and outcomes.

4. *Client engagement and service integration* refers to activities undertaken "at the front lines" where case managers and employment services providers are working with clients, managing cases, and promoting employment outcomes. Integration of services speaks to shared eligibility and/or intake procedures, co-location, and other collaborative strategies and employment plans that work with other program requirements. In county administered states, there is often variability in this function across counties. Conversely, some counties (see **Ohio's Collabor8**) have banded together to improve services.

5. *Financial management and fiscal reporting* describes budgeting, grant management, allowable expenditures, cost management and the reports required at the federal level. In county

administered states, this function also deals with state-county grant allocations and reporting back to the state.

6. *Program oversight and monitoring* deals with adherence to federal and state rules, quality assurance, and auditing functions. In the most devolved states **(e.g. North Carolina),** oversight and grant dispersal functions are the only responsibilities retained at the state level.

State Highlight: North Carolina
Program Oversight and Monitoring

North Carolina provides additional funding to counties for innovative programs using TANF dollars. To date, six counties have received additional funding to develop and implement innovative programming for their TANF participants.

What Do County Administered States Look Like?

One of the key objectives of the roundtable was to understand how process and outcomes related to the purposes of TANF differ in centrally versus locally administered TANF programs. In order to understand that information, it is first critical to recognize that locally administered TANF programs are not a homogenous group.

As described above, administering TANF at the county level looks different across the states. In every element of the framework, county administered states are operating in unique ways. Based on the feedback gathered from the structured conversations and the information collected from the roundtable participants, the following information seeks to paint a clearer picture of state supervised/county administered states.

Financial Management and Fiscal Reporting

Grant devolution practices vary widely in county administered states - from **a pay point reimbursement system** in **Wisconsin** to annual aggregate grants made for specified purposes with claiming instructions in California. States also vary in terms of county share of services, direct involvement of the county in meeting Maintenance of Effort (MOE) requirements, and perhaps most widely, on the formula used to establish the allocation for each county. **Georgia's** statewide performance meeting (see inset box) and process results in "great feedback;" when counties see the reports, they contact similar counties to learn from them directly how they are running their programs.

State Highlight: Georgia
Financial Management and Fiscal Reporting

Georgia generates Access-based reports using a central database. Because the TANF population is so small, they report the data at a statewide performance meeting once a month. The IT division pulls every number from every county, and counties are shown their performances and their neighboring counties' performances.

States at the roundtable reported challenges integrating with other agencies such as the Department of Labor, accurately tracking data/overuse of the "other" expenditure category, and varying rules around transferring and reallocating local budget amounts. States also shared varying strategies for engaging counties in the MOE requirement (including using a 1:1 assignment based on the overall allocation), creating fiscal penalties and identifying corrective action, developing pay-based incentives, and a shared penalty system.

Policy Development and Regulation

When new policies or regulations must be developed, states take different approaches to soliciting input from their county, local partners, and other stakeholders. In some cases, the process is mostly state-driven with only basic public comment periods. In other states - examples include **New Jersey and Colorado** - the process is heavily influenced by staff from line workers up to and including county commissioners. Conferences, virtual opportunities, committees, and other venues are used to seek input, establish buy-in, and disseminate policy to local partners.

> **State Highlight: New Jersey**
> ***Policy Development and Regulation***
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> New Jersey solicits the input of county welfare directors before new regulations are posted for public comment, Information such as Division of Family Development (DFD) instructions are vetted through senior state staff and the county directors who participate in monthly meetings.

Minnesota created a culture shift, informing counties they were essential to success and welcoming them as true partners. The state followed through by removing onerous barriers that were negatively impacting the counties' ability to do their work and positively interacting with counties. Today, the state/county human services council, comprised of county social service directors, meets quarterly to share best practices and discuss proposed policies. Communication between the state and county is streamlined and effective. Minnesota enjoys an effective method of collecting and addressing concerns from counties and delivers an annual conference to highlight innovations.

In **New Jersey** counties are encouraged to reach out to any member of the state staff should a need arise and regularly are in contact with the Assistant Division Director and leadership in both the Policy and Program arms of the State. The county welfare directors also meet regularly without state participation and hold an annual retreat which is generally attended by senior level state personnel.

Service Delivery and Client Engagement

In most states, eligibility requirements are set at the state level, but in a few, the interpretation of that guidance is a county function. Eligibility standards are typically managed via a shared information management system, which may or may not be linked with employment services and case management features.

> **State Highlight: Virginia**
> ***Service Delivery and Client Engagement***
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> Virginia is divided into five regional offices serving 33,000 TANF and 44,000 Supplemental Nutrition Assistance Program (SNAP) cases. A performance management system for SNAP and Medicaid was procured with stimulus funding, but they are still challenged by a lack of standardized screening/intake for mental health, substance abuse, and disability. There is a statewide MOU with the one-stop system, but that does not guarantee service delivery, which varies across locations.

Intake and assessment protocols are, in most cases, provided by the states, but many counties have flexibility in operationalizing those processes. Service delivery, case management, and service integration features vary across the spectrum of county administered states, but the extent to which that variability mirrors the experience of state administered states is unknown.

States at the roundtable described shared intake and eligibility processes and noted that workers in local offices may wear "several hats," serving roles in TANF/employment, child care, and/or child protective services.

State Highlight: California
Service Delivery and Client Engagement

Eligibility is uniform across counties in California. In California, each county has the flexibility to establish its own business practices in the delivery of programs and services to its clients, within parameters defined by state and federal law. Some counties establish separate workers to administer different programs (CalFresh vs. CalWORKs vs. Medi-Cal workers) or different program components (eligibility vs. employment services), while others have one "combination" worker who might determine eligibility for all programs or handle both eligibility and employment services.

In **Maryland,** screening for substance abuse and domestic violence as well as assessments around mental health and education level are conducted by health workers. Many states are using online methods, but others continue to conduct face-to-face assessments and interviews.

Staff Hiring, Training, and Retention

State Highlight: Colorado
Staff Hiring, Training and Retention

Due to the challenging economy, Colorado has seen a reduction in voluntary departures from the workforce but is facing challenges around staff departing for vendors after "mastering" the program at the state or county level. Training is provided by both state and county trainers, and Colorado does some train-the-trainer work. Previously, training has focused too much on the specific user interface with the IT system, and efforts are underway to focus on job-specific and softer skills.

Finding, hiring, training, and retaining effective staff members can be a challenge in both state and county administered programs. When programs are operated by local jurisdictions, challenges are often exacerbated. In some county administered states, the central state office plays a role in this process either through clearing and posting the position, vetting candidates, or reviewing résumés.

While hiring decisions are generally made at the local level, challenges around training continue as new hires need both state training (for example, on the eligibility system) and local training on specific program operations. Counties also report retention challenges, including lower paying counties losing staff to their higher paying neighbors.

States are exploring strategies for consolidating offices and taking a more regionalized approach to staffing. **California** allows each of the 58 counties to determine its own business practices to manage workload and resources as needed, subject to state and federal requirements.

Many states at the roundtable described a wage-skill gap for attracting new caseworkers; they struggle to find qualified, college-educated personnel who want to work in a job starting at $30,000 in salary. Also, if these individuals do decide to work for the state or the county, they are difficult to retain, as higher paying jobs are more attractive. Due in part to the challenging economy, there are large numbers of retirees reentering the workforce and being hired back into the workforce to help fill this gap.

State Highlight: Maryland
Staff Hiring, Training and Retention

Each new hire receives a standard statewide human resources orientation, and TANF workers receive three weeks of in-class training provided by the state office. The state is moving towards on-line training, but also uses free supervisory training from the University of Maryland School of Social Work.

Program Monitoring and Oversight

When states operate in a county administered model, some amount of oversight from the state level is required, but the different approaches, strategies, and amount of monitoring conducted across the states vary. In some instances, payments are not made until allowable expenditure reports are received and approved by the state.

State Highlight: Minnesota
Program Oversight and Monitoring

Minnesota has a TANF WPR Documentation Review process that involves a quarterly review of case files and the MAXIS and Workforce One systems to verify that the supporting documentation for system data is in the case files. State workers complete the reviews, update databases with the review results, maintain the databases, send individual findings to the counties, analyze data, and write/publish a quarterly and annual report.

In other states, little oversight is conducted, and even in the case of remediation of errors, the state plays a secondary role. States at the roundtable focused their comments on using Information Technology tools (see next section) and Performance Management. From the Performance Management perspective, states described the need for targeted metrics that both track with the economy and accurately represent program success and individual outcomes. States also expressed challenges associated with the division of labor between state and county offices with respect to collecting, tracking, and analyzing data.

State Highlight: Wisconsin
Program Monitoring and Oversight

Wisconsin uses five to six performance management measures to track performance: job entry, wage, retention, Supplemental Security Income (SSI), long-term employment/self-sufficiency, and high school diploma recipients.

Minnesota has verification requirements for county workers for application and recertification are covered in statute. The state has developed program and fiscal reviews for its tribal employment services contracts, and the state computer system produces various reports related to specific program requirements that are reviewed each month. Counties monitor the performance of their employment service providers.

Information Technology

Information Technology (IT) systems are, in most cases, shared between the states and counties to at least some extent. A commonly reported circumstance is a mainframe-based legacy system deployed from the state to manage intake and eligibility. This system typically interfaces very little -- if at all -- with any complementary systems developed at the local level for such processes as case management or employment services.

Generally, data is stored in a data warehouse where staff is responsible for mining, manipulating, managing, and generating reports. These legacy systems are extremely dated; no participating state in the roundtable had a recently built system. In fact, systems are so antiquated that finding staff that understands how to utilize them is becoming increasingly challenging. Many states are planning system upgrades with funding

State Highlight: Ohio
Information Technology

Ohio maintains the eligibility determination and benefit issuance system (CRIS-E) at the state level. There is a state online application and case information Web site for SNAP, TANF, and Medicaid (ODJFSBenefits.ohio.gov). Applications, reapplications, and interim reports may be submitted electronically through this system and downloaded into the eligibility system. Clients can also use the Web to report changes and obtain information about their case. Counties have flexibility to employ additional technology solutions such as call centers, document imaging, and workflow.

authorized by the Patient Protection and Affordable Care Act (ACA) and are hoping to integrate TANF services into those new systems.

According to the states present at the roundtable, a number of concerns at the county level are similar to those reported by centrally run states: tight budgets, large caseloads, case management strategies, techniques for placing challenging clients in work activities, verification and validation procedures, staff hiring and training, and data management. It is important to note that because services are potentially delivered very differently even in neighboring areas in a county administered state, technical assistance (TA) must be grounded in both the needs of the state and the needs of the constituent counties.

For example, roundtable participants cited the need for additional support around IT services, but that support cannot be designed or delivered without a clear understanding of state systems, protocols, and the interface requirements of the county. Further, as many states are exploring opportunities for system upgrades through the ACA – which may have implications for TANF programs -- additional IT modifications would be premature until those decisions are finalized.

Conclusion

The passage of welfare reform in 1996 not only reformed the social contract between the federal government and low-income families, but also redefined the roles of the federal, state, and local governments in the administration of cash assistance programs. With the creation of the TANF program and the advent of a block granted financing structure, the devolution of cash assistance permitted states—within certain and limited federal requirements and restrictions—to develop and implement a wide variety of innovative and practical solutions for meeting the needs of low-income families. This first order devolution of welfare programs shifted the fundamental decision-making authority from the federal government to the state government and provided a fixed funding stream through the TANF block grant to create appropriate rules and program activities uniquely aligned to local circumstances.

Minnesota requested that the Welfare Peer TA Network support them through TA by convening a roundtable with TANF directors/managers from other state supervised/county administered programs to discuss common issues. They have been undergoing efforts to simplify and redesign their TANF program, and they believed discussions with their peer states would provide insights and knowledge to inform their efforts.

By design, state supervised/county administered programs are faced with their own challenges and unique circumstances. The counties operate within state guidelines, but also have their own level of autonomy. The roundtable provided an opportunity to discuss methods strategically for navigating policy differences from the state and local levels, and provided feedback to states and OFA on the specific challenges of and recommendations for administering programs at the county levels. Participants were able to identify, discuss, and problem-solve the challenges that result from this administrative structure. The ability for directors to meet other directors and discuss the specific challenges their administrations face was not only beneficial to Minnesota, but to all participants.