January 14, 2000

James Nobles
Legislative Auditor
Office of the Legislative Auditor
Centennial Building
658 Cedar Street
St. Paul, MN 55155

Dear Mr. Nobles:

The Departments of Human Services (DHS) and Economic Security (DES) appreciate the opportunity to respond to your January 2000 report on Welfare Reform. We found the report to be an informative and ambitious look at our progress in welfare reform. While we agree that it is too early to draw firm conclusions about the success of welfare reform, we believe your report reflects a fair picture of where Minnesota stands two years into the Minnesota Family Investment Program (MFIP).

DHS and DES agree with the general theme of the report that Minnesota has made progress toward its goals of increasing work and reducing dependency among welfare recipients. More people in Minnesota are working, or involved in activities leading to work, than ever before. The report also does a good job of describing the major challenges before us: a growing share of the caseload is facing multiple barriers to work, and more participants need to progress to better jobs or more hours of work to become self-sufficient.

General Comments

The report recognizes Minnesota’s progress largely through point-in-time observations of the number of families working. While this type of methodology shows the improvement we have made under welfare reform, point-in-time averages tend to mask the dynamics of family experience. Chapter Three includes an analysis that tracks changes in employment or welfare dependency over time and which shows that 40 percent of MFIP families were off welfare after 12 months. We believe that more use of longitudinal analysis would provide a clearer picture of the success of families under MFIP, and agree that there is much yet to learn about welfare reform’s long-term impacts on family well-being.

The report well documents the research showing the extent of employment barriers in the caseload and suggests that Minnesota could be doing a better job in producing more working cases with more hours of work. We agree that more work must be done, and are fully committed
to making welfare reform succeed. The report calls for intensified interventions for the hard-to-employ. While we agree with this general approach, it is important to recognize that these efforts are largely experimental at this time. As such, the costs could be great and payoffs are uncertain.

**Recommendations**

We believe the recommendations in the report represent a good set of program improvements. Below are our specific comments.

**Employment and Training Policy**

- *The Legislature should require the Department of Human Services to report trend data on hours worked per MFIP case as part of the (recommended) annual MFIP performance report to the Legislature. Employment services providers should make additional efforts to help MFIP clients increase their work hours.*

DHS and DES agree that increasing work hours is an important focus for the MFIP program. While it would be possible to report on trends in the average, this figure may not accurately reflect increases over time for individuals in the program. This is especially true because of the fairly constant turnover of a substantial portion of the MFIP population as families leave and new families come onto the program, families change part-time or full-time hours, and families quit or begin new jobs. A better measure of increasing work would be gained either by looking at longitudinal information or by measuring exits from MFIP due to work.

- *The Minnesota Department of Children, Families & Learning should continue to seek ways to improve Minnesota’s supply of child care for caregivers with non-traditional work hours, as well as child care serving children with culturally-specific or other special needs.*

DHS and DES agree that increases in non-traditional child care alternatives are important efforts to meet the child care needs of the MFIP population.

**Client Sanctions**

- *The Legislature should consider increasing MFIP’s maximum allowable sanctions for persistent noncompliance with program requirements.*

DHS has recommended stronger sanctions as part of the efforts to address individuals moving toward reaching their 60-month time limit on MFIP. The current sanction process works well at motivating most families; sanction rates are low and the majority of families that are sanctioned
move into compliance quickly. However, we feel it is important to look at stronger sanctions for those individuals who have remained in sanction status for some months. It is not acceptable to have people in sanction status for prolonged periods of time while on MFIP. A stronger message is needed to ensure that people are dealing with the issues that are preventing them from making progress towards self-sufficiency.

- **Counties and employment services providers should consider adopting policies about (1) when to initiate home visits to families that have been sanctioned for extended periods, and (2) which staff should conduct the visits.**

Counties and Employment Services providers should continue exploring more intensive ways to reach out to sanctioned families. This may include consideration of home visits for families that have been in sanction status for extended periods of time. However, caution must be taken, before encouraging home visits as a regular part of intervention, to assure that the home visit strategy has a good chance of achieving the goal of bringing the long-term sanctioned population back into compliance.

- **The Department of Human Services should periodically conduct external reviews of local MFIP practices, including sanction practices.**

DHS agrees that it is a good idea to review consistency in key areas of program practice such as sanctions. We also agree that implementing this practice would require the addition of staff positions. In order to review practices, identify successful models, and affect “best practices” in technical assistance to the counties and providers, we agree that 1-3 FTEs, as proposed in the report, would be needed.

**Time Limits**

- **The Legislature and Departments of Human Services and Economic Security should consider options for (1) reminding clients of the time they have remaining on the 60-month limit, and (2) intensifying client interventions as their time clocks progress toward the 60-month limit.**

DHS and DES are concerned about clients that are moving toward their 60-month lifetime limit. We support the idea that DHS/DES take the lead in helping counties and providers address how to intensify efforts for clients as they progress toward their 60-month limit. Technical assistance in this area is important in identifying “best practices” in intervention strategies and in delivering services to the increasingly more difficult to serve population.
In January 1999, DHS recommended to county staff that they talk with clients about the limit and the amount of time they have remaining at the annual face-to-face interview (recertifications). We are also convening a group to discuss ways to inform participants in writing, outside the recertification process.

Program-Related Performance Measures

- The Legislature should require the Department of Human Services to annually prepare a report for the Legislature summarizing trends in (1) the performance measures mandated by Minn. Stat. § 256J.751, and (2) additional measures of program performance and caseload-related trends (such as those cited above).

DHS and DES support the idea of an annual report to the Legislature. Current legislatively-defined performance measures would become a critical core of data to be presented in an annual report. Our preference is that the report be minimally defined in terms of content beyond that currently mandated. This would allow the departments the flexibility to present a broad range of additional outcomes and program measures that address program performance in a number of areas relative to the success of the program. These measures could change annually, dependent upon program and/or environmental changes affecting outcomes.

Miscellaneous

- Counties and service providers should establish multi-disciplinary teams to review difficult cases.

DHS and DES have always encouraged the use of multi-disciplinary teams by counties and providers in serving the MFIP population. We will continue to encourage multi-faceted approaches to serving families that face multiple barriers to self-sufficiency.

- The Department of Economic Security should (1) use its management information system to periodically identify providers that are not conducting timely secondary assessments, and (2) follow up with these providers, as necessary.

DES and DHS support this recommendation. It is important to ensure that thorough assessments are taking place for participants who are unsuccessful in their job search. However, assessment is an ongoing continuous process between a job counselor and an MFIP participant. We perceive the concept of a secondary assessment as a time specific event to be somewhat artificial. We will consider the best way to monitor the provision of secondary assessments without mandating a rigid practice.
Legislators should consider ways to spend down Minnesota’s TANF reserve funds prior to the end of the current TANF block grant in 2002 - preferably through one-time, rather than ongoing, financial commitments.

DHS agrees that the TANF reserve represents an opportunity for further investment toward self-sufficiency.

DHS should evaluate options for making MAXIS information more accessible to the local agencies who are directly serving MFIP clients.

DHS and DES are in the process of developing functionality that will allow employment services staff access to MAXIS for the critical information they need to do their work. This functionality should be available in the fall of 2000. DHS agrees that more MAXIS information should be made available to local agencies. We are piloting a software product in 13 counties which will allow counties to download online reports to their desktops. DHS and DES are also planning a video conference in early spring to train counties in ways to access and use the monthly data files DHS provides. We will continue to explore other methods of making data more accessible to local agencies.

The Legislature should require the Departments of Human Services and Economic Security to develop more specific State policy about how long clients should be able to participate in ESL as an employment services activity.

DES and DHS agree that some guidance to local practice is necessary.

Conclusion

Welfare Reform is an important part of the self-sufficiency piece of Governor Ventura’s Big Plan. We welcome the review of our progress as a helpful contribution to efforts to improve the lives of low-income families in Minnesota.

Minnesota has made a good start in moving people toward self-sufficiency. We were the only state in the nation to receive high performance bonus awards in three of the four federal high performance bonus categories. These awards demonstrate that Minnesota is performing well, in comparison to other states, on the core goals identified by the Department of Health and Human Services. It is also important to recognize that MFIP, unlike welfare reform programs in many other states, was designed as an anti-poverty approach to welfare reform, with goals of economic independence and self-sufficiency in addition to job placement. We believe that MFIP's emphasis on outcomes for families, especially the reduction of poverty through work, represent the right direction for Minnesota’s welfare reform.
Finally, we compliment your staff for their professional manner, for their willingness to listen and learn, and for consulting with both DHS and DES, as well as counties and service providers, in the development of this report. Thank you again for the opportunity to respond to this report.

Sincerely,

/s/Michael O’Keefe                     /s/Earl R. Wilson
Michael O’Keefe                       Earl R. Wilson, Jr.
Commissioner                          Commissioner
Department of Human Services          Department of Economic Security