
Audit of the Department of Human Services' JOBS, Food Stamp Employment and Training, and General Assistance Work Program

A Report to the
Governor
and the
Legislature of
the State of
Hawaii

Report No. 95-4
January 1995

THE AUDITOR
STATE OF HAWAII

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Submitted by

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Foreword

This report was prepared in response to Act 252, the Supplemental Appropriations Act of 1994, which directed the State Auditor to conduct an audit of the job opportunities and basic skills (JOBS) program, the food stamp employment and training program, and the general assistance (GA) work program.

The Department of Human Services is responsible for administering work programs for recipients of Aid to Families with Dependent Children (AFDC), food stamps, and general assistance. JOBS is the federally mandated work program for AFDC recipients. These programs seek to make welfare recipients self-sufficient and exit from welfare dependency. The Legislature requested this audit to better understand the effectiveness of these work programs.

We wish to acknowledge the cooperation and assistance extended to us by the Department of Human Services and others whom we contacted during the course of the audit.

Marion M. Higa
State Auditor

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Chapter 1

Introduction

Welfare expenditures in Hawaii for three programs: Aid for Families with Dependent Children (AFDC), Food Stamps, and General Assistance (GA) have been steadily increasing. From FY1991-92 to FY1993-94, expenditures for AFDC increased 33 percent, from \$113.6 million to over \$151.6 million. For the same period, expenditures for Food Stamps increased 31 percent, from \$112 million to \$147 million; and expenditures for GA increased 54 percent, from \$27 million to 41.5 million. Caseloads for each program have also increased. Exhibit 1.1 presents expenditure and case load information for each of these assistance programs for the past three fiscal years.

Exhibit 1.1

Hawaii Assistance Programs, FY1991-92 to FY1993-94

Welfare Expenditures

<u>Program</u>	<u>FY1991-92</u>	<u>FY1992-93</u>	<u>FY1993-94</u>
AFDC	\$ 113,641,547	\$ 134,360,275	\$ 151,599,258
Food Stamps	112,329,644	126,788,607	147,149,411
General Assistance	<u>26,973,057</u>	<u>32,366,111</u>	<u>41,489,634</u>
Total	\$ 252,944,248	\$ 293,514,993	\$ 340,238,303

Average Monthly Welfare Caseload (Total caseload/12 months)

<u>Program</u>	<u>FY1991-92</u>	<u>FY1992-93</u>	<u>FY1993-94</u>
AFDC	16,079	17,875	19,921
Food Stamps	37,295	42,175	48,140
General Assistance	<u>6,131</u>	<u>6,797</u>	<u>8,177</u>
Total	59,505	66,847	76,238

Source: Department of Human Services Planning Office

To contain costs and to reduce welfare dependency, government efforts have been directed toward employment and training programs. In Hawaii, the Self-Sufficiency and Support Services Division (SSSSD) of the Department of Human Services (DHS) is responsible for administering work programs for AFDC, Food Stamps, and GA recipients. SSSSD has established 11 units statewide for its AFDC work program and 6 for the Food Stamp work programs. The GA work program is managed by staff in the other two programs.

These programs seek to make welfare recipients self-sufficient and exit from welfare dependency through a wide range of support services. Services may include remedial, high school and four-year college education; job search assistance; skills training; community work experience; and financial assistance with child care and transportation.

To better understand the effectiveness of these work programs, the Legislature in Section 63.1 of Act 252, SLH 1994, requested that the State Auditor conduct an audit of the JOBS program for AFDC recipients, the Food Stamp work programs, and the GA work program.

The Job Opportunities and Basic Skills Program (JOBS)

JOBS is the federally mandated work program for families on AFDC. Its purpose is to encourage, assist, and require AFDC recipients to support their children by preparing for, accepting, and retaining employment. States have the flexibility to design their JOBS program to meet local needs. JOBS receives both federal and state funding and began in Hawaii in December 1990. In FY1993-94, JOBS expenditures were \$13.3 million for 4,123 participants (see Exhibit 1.2).

JOBS targets three groups: long-term welfare recipients, “empty nesters,” and recipients age 24 or under who have not earned a high school diploma or equivalent. All AFDC recipients are required to participate unless exempt. Reasons for exemptions include working 30 or more hours per week at the time of applying for welfare, medical conditions, or being 60 years or older. AFDC recipients who volunteer for JOBS receive preference for participation.

JOBS case management team approach

The Hawaii JOBS program uses a case management team approach. Each new client receives in-depth assessment and testing from a multi-disciplinary team. The team evaluates the client to determine if there are major obstacles in family functioning that would constitute “barriers” to employment.

Exhibit 1.2

Welfare to Work Programs, FY1991-92 to FY1993-94

Expenditures

<u>Program</u>	<u>FY1991-92</u>	<u>FY1992-93</u>	<u>FY1993-94</u>
JOBS	\$ 4,002,501	\$ 9,926,774	\$ 13,289,771
Food Stamps E&T & PRIDE	781,710	884,760	1,190,440
GA Work Program	28,936	23,199	25,104
Total	\$ 4,813,147	\$ 10,834,733	\$ 14,505,315

Source: Department of Human Services Administrative Services Office

Number of Participants

<u>Program</u>	<u>FY1991-92</u>	<u>FY1992-93</u>	<u>FY1993-94</u>
JOBS	931	2,585	4,123
PRIDE & E&T	1,500	1,210	1,745
GA	267	267	323
Total	2,698	4,062	6,191

Source: Department of Human Services Self-Sufficiency and Support Services Division

Each of the 11 JOBS units statewide is staffed by teams. Each team consists of a case manager, social worker, public health nurse, and employment counselor. The case manager manages and monitors clients throughout their participation. Social workers conduct psycho-social assessments, prepare supportive services plans, do limited counseling, and provide crisis intervention services. Public health nurses conduct health assessments of clients and their children and, when necessary, refer them to physicians for diagnosis and evaluation. Employment counselors assess employability, prepare employability plans, and are responsible for training classes and job search activities, including occupational training, on-the-job training, job placement activities and services, work study, and work experience.

Educational opportunities for JOBS clients include remedial education, high school equivalency, and post-secondary degrees. Some classes are offered at the JOBS units. Training opportunities include classes in self-esteem (Ho'ala), career exploration, job search and short-term

occupational training. JOBS clients are also placed in temporary, non-paid public works employment, called Community Work Experience Program.

To facilitate client participation, Hawaii's JOBS offers reimbursement for such needs as child care, transportation costs, and one-time work-related expenses, such as uniforms. JOBS staff also continue to assist clients in making the transition from welfare to employment.

AFDC recipients go through a conciliation process to resolve disputes related to an individual's participation in the JOBS program. After an informal and formal conciliation process, recipients who do not cooperate may have their welfare benefits reduced. Sanctions are imposed only on the uncooperative individual, not the children or household. Depending on the number of offenses, participants may lose benefits for up to six months or until they comply.

As of June 30, 1994, 4,123 AFDC recipients participated in JOBS in Hawaii. Exhibit 1.3 depicts the demographic characteristics of JOBS participants as well as the characteristics of participants in the two other work programs.

***Demographic
characteristics of
JOBS participants***

In terms of racial extraction, 45 percent were Hawaiian or part Hawaiian, 15 percent were white (Caucasian), 9 percent were Filipino, 9 percent were of mixed ethnicity but not part Hawaiian, and the remainder was made up of different ethnic groups. In terms of residence, 71 percent lived on Oahu, 11 percent on the Hilo side of the Big Island, 9 percent on the Kona side of the Big Island, 5 percent on Maui, 2 percent on Molokai, and 2 percent on Kauai. In terms of age, 15 percent were between the ages of 16 to 24, 45 percent were between 25 to 34, and 32 percent between the ages of 35 and 44.

During FY1993-94, 106 earned the equivalent of a high school diploma, 23 earned certificates, 28 earned associate's degrees, 12 earned bachelor's degrees and one JOBS client earned a master's degree.

Also in FY1993-94, 1,225 JOBS clients "completed" the program. According to SSSSD, "completed" means that the client is no longer required to participate and/or has left AFDC. The average number of days a client spent in the program was 350 — ranging from zero to 1,388 days. DHS counts a day as zero if a client entered and left the program on the same day.

The JOBS program currently has 8,467 people on its waiting list. As of June 30, 1994, clients have been on the waiting list an average of 4.8 months; some have waited as long as 2.6 years. To assist the thousands

Exhibit 1.3 Demographic Characteristics FY1993-94

Ethnicity (FY1993-94)

<u>Ethnicity</u>	<u>JOBS %</u>	<u>PRIDE %</u>	<u>E&T</u>	<u>GA</u>
Hawaiian/Part Hawaiian	45	37	Information not readily available for E&T and GA	
White	15	18		
Filipino	9	13		
Japanese	*	4		
Samoan	*	6		
Puerto Rican	4	*		
Mixed	9	*		
Other**	18	22		
Total	100%	100%		

Residency: Geographic Location of Program Clients

<u>Island</u>	<u>JOBS %</u>	<u>PRIDE %</u>	<u>E&T</u>	<u>GA</u>
Oahu	71	100	Information not readily available for E&T and GA work program.	
Kauai	2	N/A		
Hawaii-Hilo	11	N/A		
Hawaii-Kona	9	N/A		
Maui	5	N/A		
Molokai	2	N/A		
Total	100%			

Age

	<u>JOBS %</u>	<u>PRIDE %</u>	<u>E&T</u>	<u>GA</u>
Under age 16	0	0	Information not readily available for E&T and GA work program.	
Age 16 to 24	15	21		
Age 25 to 34	45	35		
Age 35 to 44	32	29		
Age 45 to 55	8	12		
Over age 55	0	3		
Total	100%	100%		

Source: Department of Human Services, Self-Sufficiency and Support Services Division

* Percentage not included among largest for this program.

** Any ethnic categories with less than 4% of the population comprise "other."

of clients on the JOBS waiting list, DHS established a new JOBS WORKS! program. DHS received an appropriation of \$1,825,366 to implement the JOBS WORKS! program in FY1994-95. This program began on January 18, 1995.

The Food Stamp Work Programs

The federal Food Security Act of 1985 established a program for Food Stamp recipients to gain employment or receive training and work experience so that they may become self-sufficient. The act gave the states considerable latitude in designing their work programs. Hawaii currently operates two work programs for Food Stamp recipients: a demonstration project on Oahu named the Positive Response in Developing Employment (PRIDE), and a Food Stamp employment and training program (E&T) on the neighbor islands.

The PRIDE demonstration project began in November 1993. It is designed to conform with the JOBS program. The E&T program has been in operation since April 1, 1987. E&T was formerly statewide but currently operates only on the neighbor islands since the PRIDE demonstration project is used for Oahu food stamp recipients. Much smaller and offering fewer services than JOBS, the combined PRIDE and E&T state and federal budget for FY1993-94 was \$1.5 million. As of June 30, 1994, there were 1,745 participants enrolled in the two programs statewide.

PRIDE

PRIDE targets the “hardest-to-serve” Food Stamp recipients—those who are long-term, homeless, between the ages 18 and 24 with no high school diploma, non-English speaking, and with limited work history. Certain recipients must participate in PRIDE, such as those caring for children over age three, custodial parents under the age of 20, recipients of unemployment compensation, and participants in drug addiction or alcoholic treatment and rehabilitation programs.

Like JOBS, the PRIDE program also uses a multi-disciplinary team to monitor and guide participants. PRIDE’s team consists of a case manager, employment counselor, and social worker. It uses JOBS nurses on a consultative basis.

PRIDE participants receive fewer services than JOBS clients. Under PRIDE, educational opportunities include remedial education, high school equivalency, associate and bachelor’s degrees. Training opportunities include self-esteem, career exploration, job search skills training and job search. PRIDE clients are also placed in temporary, non-paid public works employment. In addition, PRIDE offers child care services and work-related supportive services so clients can attend education or training classes.

PRIDE participants follow the same conciliation and sanctioning process as in JOBS. The penalty for noncompliance only affects the participant, not the entire household. The maximum sanction is six months, or until the participant cooperates.

Demographic characteristics of PRIDE participants

PRIDE clients numbered 611 as of June 30, 1994. PRIDE also has a long waiting list of 2,779 clients. In terms of racial extraction, 37 percent were Hawaiian or part Hawaiian, 18 percent were white, 13 percent were Filipino; and the remainder was made up of different ethnic groups. All PRIDE clients live on Oahu. In terms of age, 21 percent were between the ages of 16 to 24, 35 percent were between 25 to 34, 29 percent were between 35 and 44, and 12 percent were between the ages of 45 to 55 (see Exhibit 1.3).

In FY1993-94, 140 PRIDE cases were closed. The average number of days a client spent in the program was 51—ranging from zero to 437 days. One PRIDE participant earned the equivalent of a high school diploma.

The Food Stamp Employment and Training Program (E&T)

Unless exempt, all neighbor island household members that are physically and mentally fit, ages 16 through 59, must register for the E&T program to be eligible for Food Stamp assistance.

Employment counselors hired under a contract with the Department of Labor and Industrial Relations oversee E&T participants. All participants must attend the E&T orientation, fill out an employment service job application, and be interviewed by an employment counselor. Employment counselors assess participants' education needs and labor goals, develop an employability plan, arrange for supportive services, and refer clients to education, training or job placement services.

Components in Hawaii's E&T program include job search, job search skills training, basic education, remedial education, vocational training, work experience, and job placement/job development. E&T also has a two-tiered informal and formal conciliation process for uncooperative participants before it disqualifies the participant from the Food Stamp program. Sanctions under the E&T program are more stringent, because it can affect the entire household, not just the uncooperative participant.

Demographic characteristics of E&T participants

SSSSD does not maintain information on the demographic characteristics of E&T program participants. SSSSD does have information that during FY1993-94, nine E&T participants earned their high school diploma or equivalent and 15 earned certificates in such fields as carpentry, nurse aide, and food service.

General Assistance (GA) Work Program

Fully state-funded, Hawaii's GA work program began around 1937. GA is the smallest work program. The budget for FY1993-94 was \$37,656. To be eligible for GA, applicants must be physically or mentally disabled, age 55 or older, or have dependent children. Applicants must also have applied for federal Supplemental Security Income (SSI) and be awaiting eligibility determination.

GA services are limited to job search and non-paid public works placements. All GA recipients must complete job searches, register with the State Employment Service, and be referred to the Temporary Labor Force (TLF) program. TLF consists of non-paid work assignments at state and local government offices. GA recipients who fail to comply with the TLF work requirements, i.e., lack of attendance, are subject to sanctioning.

Demographic characteristics of GA work program participants

During FY1993-94, 323 GA recipients participated in the work program. Only 28 participants were actually assigned to TLF work sites. SSSSD does not maintain statistics on GA work program participants and demographic data is not readily accessible.

Objectives of the Audit

The objectives of this audit were to:

1. Determine the mission, objectives and parameters of the JOBS, Food Stamp and General Assistance work programs and the demographic characteristics of the programs' clientele since the inception of each of the programs, and the amount of time spent on welfare, reason for being on welfare, and recidivism rate.
2. Review and evaluate the effectiveness of the programs in achieving their objectives.
3. Evaluate the impact of these programs on the expenditures of the AFDC, Food Stamp and GA programs.
4. Evaluate the adequacy of DHS' management systems for tracking client's progress in the JOBS, Food Stamp employment & training and General Assistance work programs.
5. Make recommendations based upon the findings in these areas.

Scope and Methodology

We reviewed the JOBS, Food Stamp work programs, and the GA work program as implemented by DHS in Hawaii. We focused on expenditures for FY1993-94.

We reviewed federal and state statutes, administrative rules, policies and procedures, measures of effectiveness, and functional statements. We examined the programs' mission, design, organization, and operations. We contacted federal officials responsible for the JOBS and Food Stamp work programs and JOBS program administrators in California. We also contacted the Council of State Governments and other organizations for information on work programs in other states.

Our fieldwork included site visits and staff interviews at the SSSSD office, two JOBS and both PRIDE units on Oahu, and two JOBS units on Hawaii. We reviewed randomly selected case files from each of the work programs. The remaining neighbor island Food Stamps E&T employment counselors and staff at a sixth JOBS unit on Molokai were interviewed by telephone. We reviewed SSSSD's JOBS, PRIDE, and FSE&T contracts and interviewed contractors. We interviewed former clients regarding their experiences in these programs.

We followed standards for conducting performance audits in accordance with *Government Auditing Standards* of the United States General Accounting Office. These standards require auditors to obtain reasonable assurance that computer-based data used are valid and reliable. To fulfill this requirement, the Office of the Auditor contracted with KPMG Peat Marwick LLP (KPMG) to perform a system review of the computer systems used by the JOBS and Food Stamp programs. The GA program is not computerized. KPMG's review concluded that the data are sufficiently reliable to be used in meeting the objectives of our audit.

Our work was performed from June 1994 to November 1994 in accordance with generally accepted government auditing standards.

Chapter 2

Findings and Recommendations

In this chapter we present our findings and recommendations on the JOBS, Food Stamps work programs, and General Assistance (GA) work program, collectively referred to here as the “work programs.” Our findings focused primarily on JOBS due to its size, cost, complexity, and the intent of the Department of Human Services (DHS) to use it as a model for other work programs. We believe the department has implemented an expensive program that has led to a long waiting list, with only a few successful exits. We recommend changes that would improve the effectiveness and efficiency of these employment and training programs.

Summary of Findings

1. Hawaii’s comprehensive multi-disciplinary team approach to employment and training is inefficient, expensive, wasteful, and focuses neither on reducing welfare costs nor increasing employability.
2. The DHS Self-Sufficiency and Support Services Division (SSSSD) has not instituted the management controls needed to properly implement the work programs. Needed are policies and procedures, better management of contracts, and the development of management information which will enable the division to evaluate its programs.

JOBS and PRIDE Work Programs Are Expensive, Wasteful and Inefficient

The goal of Hawaii’s JOBS program is to assist AFDC families to achieve personal and financial self-sufficiency. DHS seeks to help participants to envision careers that would enable them to care for themselves and their families without government assistance. It has gone to great effort and expense to implement Hawaii’s JOBS program. The department is planning to model the other work programs after its JOBS program.

We believe, however, that DHS could do more with much less. The program is high cost, resource intensive, and wasteful of time and resources. SSSSD’s multi-disciplinary, case management, team approach is inefficient and costly. SSSSD’s focus is on client life problems, education, and training and not on employment and reducing welfare costs. Further, the department’s interpretation of successful program exits and its conciliation process unnecessarily prolong the time participants spend in these programs. DHS needs to place greater emphasis on employability and getting clients into jobs.

Programs are expensive

Almost \$14.4 million was spent on the three work programs in FY1993-94, but only a few participants obtained self-sufficient employment and exited welfare. DHS defines successful program exits as those in which the participant becomes employed and earns enough to be off assistance.

In FY1993-94, only 134 JOBS participants, 9 Food Stamp PRIDE participants, 188 Food Stamp employment and training (E&T) participants, and 6 GA work program participants obtained such employment. Even fewer clients attribute their self-sufficient employment to the JOBS or PRIDE programs. Indeed, the majority of former JOBS participants we contacted stated that they had obtained jobs on their own and not through the program.

Expenditures for JOBS for FY1993-94 was over \$13 million. Only about 30 of the 134 participants had job placements because of the JOBS program. Participants who exited had spent an average of 350 days in the JOBS program, with the longest stay being 1,388 days (3.8 years). In addition, statistics on recidivism indicate 29 percent were back on AFDC after one year.

As of June 30, 1994, JOBS was serving 4,123 participants, but more than twice that many, or 8,467 eligible participants, were waiting to enter the program.

The division administrator acknowledges that JOBS is an expensive program. Cost was not a factor in developing the program. Dividing program expenditures by the number of successful program exits reveals that program exits have been very expensive. Successful JOBS exits cost \$99,177 per client in FY1993-94. The cost of self-sufficient program exits for the Food Stamp work programs was \$6,043 per exit; and \$4,184 per GA work program exit.

Multi-disciplinary team is wasted in barrier removal

The multi-disciplinary team approach used in JOBS, and replicated to some extent in the PRIDE work program for Food Stamp recipients, is a poor use of time and money. The approach pursues goals beyond the scope of self-sufficient employment. SSSSD emphasizes identifying and attempting to resolve client and family "barriers" that may inhibit program participation or employment. For example, many clients have histories of domestic violence and substance abuse.

SSSSD has projected far greater requirements for barrier removal than actually needed. SSSSD had projected that 2,112 clients would need barrier removal services in FY1993-94 but far fewer, only 341, required these services. The department estimated that over 50 percent would need barrier removal services, when only 8 percent did. These services are costly.

Barrier assessment services are provided largely by contracts. For example, public health nurses and employment counselors for the teams are provided under contracts with the Department of Health (DOH) and the Department of Labor and Industrial Relations respectively. Exhibit 2.1 is a listing of SSSSD's contracts for professional staff and services for JOBS and the Food Stamp work programs.

The SSSSD administrator acknowledges that barrier assessment is time consuming. A multi-disciplinary team of four professionals—a case manager, social worker, public health nurse (PHN) and employment counselor—assesses participant's barriers to program participation or employment. The process begins with the case manager conducting a preliminary client interview. The case manager presents this information to the team. Next, the social worker interviews the client from a psycho-social perspective. The PHN interviews the client from a health perspective. The employment counselor evaluates the client's employment interests and work history.

After each team member completes the individual assessment interview, the team meets for "decision making" to determine what barriers, if any, should be treated before the client proceeds in the program. If barriers exist, the social worker prepares a barrier removal plan. The success of the plan depends upon the client's willingness to participate in barrier removal services such as counseling.

Staff report that their clients have various kinds of life problems such as difficulties in disciplining their children, the lack of a support system, poor housing and health, domestic violence, and substance abuse. Barriers are often matters of a client's lifestyle. Staff acknowledge that it may be unrealistic to try to resolve deeply entrenched life problems with several months of counseling.

Barriers not clearly defined

The JOBS operational procedures manual does not clearly define the term "barriers" for staff. SSSSD has defined barriers as obstacles to program participation or employment but clearer guidance for staff is needed. "Barriers" to program participation and employment are interpreted differently by different staff members. SSSSD has not issued adequate policy to guide staff in making the decision as to when and how a barrier should be treated with program resources.

Staff have developed barrier removal plans for clients to obtain such services as physical or dental examinations, parenting skills, financial aid, drug abuse, and treatment for high blood pressure and cholesterol level. Barrier removal plans are supposed to provide for social, psychological and health services to assist clients in overcoming barriers

Exhibit 2.1**Contracts for JOBS, PRIDE and FSE&T Programs FY1993-94**

<u>Contractee</u>	<u>Contract Service or Staff</u>	<u>Contract Amount</u>
Alu Like	JOBS case manager on Molokai	\$ 84,092
C&C of Honolulu: "Work Hawaii"	Employment counselors	232,237
C&C of Honolulu: "Work Hawaii"	"Ho'ala" (Motivation/ self-esteem classes (Oahu JOBS units only)	338,015
Department of Education	Adult basic education	337,685
Department of Health	Public Health nurses	1,126,629
Immigrant Center	Bi-lingual case managers	28,268
Dept. of Labor & Industrial Relations	Employment counselors	873,698
UH-Community Colleges	Adult basic education, Ho'ala career exploration classes	2,200,000
UH-College of Education	JOBS orientation sessions	332,963
JOBS Supportive Service Contracts		
Big Island YMCA	On-site child care	57,790
Hawaii Child Centers (Wahiawa)	On-site child care	48,136
Hawaii Child Centers (Kailua)	On-site child care	48,136
Honolulu Community Action Program (Waianae)	On-site child care	33,268
Honolulu Community Action Program (Honolulu)	On-site child care	49,197
Robert's Tours & Transportation (Kona)	Transportation for JOBS clients	200,000
Maui Economic Opportunity (Maui)	Transportation for JOBS clients	119,040
Total for all FY1993-94 JOBS contracts		= \$ 6,109,154
PRIDE Contracts (Oahu only)		
<u>Contractee</u>	<u>Contract Service or Staff</u>	<u>Contract Amount</u>
Food Stamp Work Program Contracts		
Dept. of Labor & Industrial Relations	Employment counselors (PRIDE & FSE&T ECs)	\$ 576,126
UH-College of Education	PRIDE orientation sessions	11,142
Total FY1993-94 contracts		= 587,268
FY1993-94 Grand Total (All JOBS, PRIDE and FSE&T contracts)		= \$ 6,696,422

Source: Department of Human Services Self-Sufficiency and Support Services Division

to employment. At one unit, the concept of “barriers” evolved as staff differentiated between “barriers to employment” and “problems,” which are part of life, but not significant enough to be barriers.

Compliance is optional

The time and effort of the JOBS case management team can be wasted as clients do not have to comply with their barrier removal plan. Also, PRIDE program staff indicate that a substantial number of clients have drug and alcohol problems that preclude effective program participation.

Some JOBS and PRIDE clients have refused to use the barrier removal services prescribed by the team. Other clients may start but not complete treatment.

Instead of trying to address an all encompassing range of barriers, SSSSD should establish guidelines and limits for JOBS and PRIDE staff. As currently implemented, the process wastes the time and effort of staff. Some services, such as the use of public health nurses on case management teams, is a wasteful use of resources on contracts.

PHNs, a referral service only

The JOBS program currently has 11 units statewide. Eight of the units have two PHNs who are part of the JOBS multi-disciplinary case management team. In FY1993-94, JOBS contracted with the Department of Health for 19.5 PHNs at a cost \$1,126,629. This is almost a fifth of the entire amount SSSSD budgeted for all JOBS contracts. The contract for FY1994-95 has yet to be executed, but it is projected for 21.5 nurses at \$1,258,298.

The primary responsibility of PHNs is to assess all JOBS clients for health barriers. They prepare a health assessment and refer clients with suspected health problems to physicians or psychologists for evaluation, diagnosis, and treatment. They follow up on clients but provide no actual treatment services.

In our interviews, PHNs indicate that less than 5 percent of the clients have health barriers. Having two PHNs stationed at each unit to screen all JOBS clients is not necessary. Since the PHNs function primarily as a referral service and only a small percentage of clients actually have health barriers, it would be more cost effective to have JOBS case managers use a health screening tool. SSSSD and the PHNs have developed a comprehensive health screening/decision making/referral tool for PRIDE case managers. The PHNs serve as consultants to PRIDE staff since no PHNs are on staff at the PRIDE units. The JOBS program needs only a few PHNs on staff to evaluate clients referred by case managers.

We also note that the role of the PHNs has been expanded to ensure that 95 percent of the children of participants are immunized, and to collect data for the Department of Health on cholesterol, glucose and blood pressure. These functions are more appropriate for the Department of Health, not the JOBS program.

Team approach unnecessary

Given the long JOBS and PRIDE waiting lists and the much smaller percent of clients that have actually received barrier removal services, DHS should re-evaluate the cost-effectiveness of assigning a four-member, multi-disciplinary team to each JOBS participant. According to one federal JOBS administrator, Hawaii is the only state that is implementing the team approach to case management to the extent of having a case manager, social worker, public health nurse and employment counselor assigned to each JOBS participant.

The Manpower Demonstration Research Corporation's three-year cost-benefit analysis of six California JOBS programs found that high levels of personalized attention may not be essential for producing large program impacts in terms of higher employment rates or cost-effectiveness.

California's Riverside County's GAIN program for AFDC recipients does not use a multi-disciplinary case management team because it is too expensive. GAIN clients meet with an Employment Service (ES) counselor. The ES counselor assesses the client's employment needs and manages the client while in the program. The only other professional staff assigned to each unit are job recruiters whose primary responsibility is to develop and locate job placements for clients. While GAIN has access to counseling and social services, it is only used to address those needs that directly affect the client's employability.

Long-term education and training is overemphasized

SSSSD emphasizes education and training to enable clients to become self-sufficient. Lacking, however, are linkages to jobs with employers or unions. Focusing on long-term education and training without ties to actual employment opportunities may not be the most productive strategy.

The SSSSD program administrator asserts that clients need considerable education and work experience to get better job placements. "Ultimately, educating clients is what gets them off AFDC." SSSSD believes career development plans are critical, not just any job. According to the division,

If the State wants to move a large number of individuals off welfare and have them be financially self-supporting, then the problem will have to be approached from a socialization perspective and the client assisted in a realistic fashion that emphasizes education.¹

The division's focus on long-term education and training may not be entirely realistic for work program participants. Statistical data and case files indicate that many clients test at the third and fourth grade for reading and math. Some clients do not have the desire or motivation to commit to the long-term education and training required to obtain a high school diploma, GED or college degree, and want to work instead. In some cases, clients may not be capable of completing the education or training activities offered through the program.

SSSSD has no limit on the length of time that clients can spend in the JOBS program, nor on the number of times they can revise their career development plans and seek different education and training opportunities.² Furthermore, JOBS was designed to give clients reentry points so that they can obtain additional education and training. The SSSSD administrator is critical of prior workfare programs that gave clients only one shot at education or training because that was not sufficient for them to achieve self-sufficiency.

Clients waited an average of 144 days to enter the JOBS program in FY1993-94. The longest wait is 2.6 years for the JOBS program. PRIDE clients waited an average of 103 days, with the longest wait being 1.4 years. With 8,467 clients on the JOBS waiting list and 2,779 clients on the PRIDE waiting list, SSSSD should incorporate decision points and time frames into the programs.

A recent study indicates that long-term education and training programs are of questionable effectiveness. A rigorous, multi-year evaluation of control and treatment groups in six California JOBS programs compared programs that emphasized education and training with those that emphasized employment. Recent findings indicate that emphasis on basic education offers no guarantees of success and is not the most productive strategy. Moreover, the evaluation notes that "a more equal emphasis on up-front job search as well as basic education activities...could be a better way of serving those lacking basic skills."³

A successful employment-oriented model

A recent evaluation found that employment and training programs can work and be cost-effective. California's Riverside County GAIN program results in larger earnings and welfare impacts than other JOBS programs and former large-scale welfare-to-work programs. For every dollar spent on participants, GAIN returned \$2.84 to taxpayers through increases in tax revenues and savings in transfer payments and administrative costs.

Key to the GAIN program is a strong and pervasive employment-focused message. GAIN seeks to move AFDC recipients from welfare to work as quickly as possible. Basic education is provided to clients, but

participants are reminded that obtaining a job is the primary goal. Education is only a stepping stone. Participants are told that it is easier to get a better job if they are already working and building a work background. Unsuccessful job placements are treated as learning experiences. Together the GAIN counselor (with input from the employer) and client determine what lessons can be learned from each employment experience so that the next placement will be more successful. In addition, clients who obtain employment can leave Riverside's JOBS program.

Unlike Riverside County's GAIN program, Hawaii's JOBS program does not have a pervasive employment-oriented focus. Emphasis instead is on long-term education and training. Not allowing clients to exit before they obtain self-sufficient employment may lead clients to participate for years, adding to the time others stay on the waiting list.

SSSSD has not emphasized linkages to employment

Hawaii's JOBS program emphasizes the attainment of "careers" for clients, not employment. We believe that JOBS administrators should adopt a more balanced approach so that clients can experience private sector employment. We found little evidence that SSSSD has worked to establish formal relationships with potential employers to ensure that work program participants have the attributes, education, and training employers need. SSSSD has no direct linkages to jobs with private employers or unions. It would be productive for SSSSD to solicit information from potential employers or unions that would help equip clients to successfully compete for job openings.

SSSSD places more emphasis on temporary public sector job placements than on private sector employment. Employment counselors have been devoting time and effort to developing temporary public sector work sites for the Community Work Experience Program (CWEP). CWEP placements are unpaid, public works jobs at various state agencies or non-profit organizations.

SSSSD believes CWEP can help clients accomplish the purposes of work as a learning experience. Clients are not paid but can count the time spent in CWEP towards their participation hours to meet federal monitoring requirements. Federal restrictions on counting private sector employment hours towards the required participation standards has discouraged DHS from putting JOBS clients into private sector employment.

JOBS is supposed to offer job readiness, job search, job development, and job placement components. However, employment counselors in JOBS are unable to devote much time to job development and job

placement activities. There are only three employment counselors, compared to five case managers at most of the JOBS units. The employment counselors handle a much larger case load. Employment counselors are responsible for employability assessments for new clients, putting clients into appropriate training components, monitoring clients' progress in training components and on developing CWEP sites. Some employment counselors indicated that they did not have time for job development and job placement activities.

On-the-job training (OJT) is an optional component available to JOBS participants. However, only one client has used OJT during JOBS' four-year history. OJT, career shadowing, and other components that would link clients to actual job openings has received less attention than education and training components.

ALEX system not available at most units

The Department of Labor and Industrial Relations has the ALEX computer system that is an excellent source of information about job openings, requirements, and so on. Only 2 out of 11 JOBS units can access this employment information. To help clients find jobs, employment counselors need easy access to this information. SSSSD should ensure access to ALEX at its units as expeditiously as possible.

Working participants cannot leave JOBS

According to SSSSD, the only way to leave JOBS is for participants to be employed and earning enough income to be *self-sufficient* and to be off assistance. Clients who do not earn enough to go off AFDC and leave the JOBS program remain in the program indefinitely. This also means that others on the JOBS waiting list may not be served. We believe DHS could design its program to allow clients working 30 or more hours per week to leave JOBS.

Some of the JOBS staff acknowledge that it may be very difficult for some of their clients to achieve financial self-sufficiency. Some clients have limited work skills and little or no job experience. Many families also have histories of being on welfare for generations.

Economic factors also deter clients from achieving self-sufficiency. Hawaii has a high cost of living. Many jobs are service-based, low paying, and entry level. On certain neighbor islands, few job opportunities are available. Indeed, department administrators stated that the high cost of living and the lack of jobs are reasons why families are on welfare — they do not earn enough to be off welfare. The average AFDC family of three who meets all other eligibility requirements, would have to earn over \$2,100 per month to be off welfare. Some of the JOBS staff indicate that some clients may not be

able to earn sufficient wages required to support a large family and go off financial assistance completely. But allowing them to stay in the program and continuing to educate and train them denies opportunities to others on the waiting list.

Some former clients who obtained jobs reported feeling harassed by JOBS staff. One said that after successfully completing education and training and having gotten a full-time job, she wants the program to stop trying to keep track of the hours worked and let her get on with her life. SSSSD should also consider achieving employment and reducing one's welfare grant as program objectives.

The current approach is counter-productive and overlooks the contribution working clients make in the form of reduced welfare expenditures. In most cases, earned income will result in a reduction of benefits, and in some cases, a total loss of eligibility for welfare assistance. DHS' HAWI (Hawaii Automated Welfare Information) computer system tracks welfare assistance recipients, including AFDC, Food Stamps and GA. Each month, the client's eligibility for assistance and benefit check is re-computed.

SSSSD does not track any reductions in welfare benefits paid to work program participants who obtain jobs while participating in its programs. We believe that SSSSD should monitor the information in the HAWI computer system to check on the progress of program participants as they progress toward self-sufficiency. This information would also help SSSSD to evaluate the effectiveness of specific program activities, such as particular training components, that lead participants to higher paying employment. DHS could then better track any welfare savings, through reduced welfare checks, that are attributable to its work programs.

Conciliation process is ineffective and time consuming

Some clients avoid participating in these mandatory work programs. Federal guidelines require each state program to establish a conciliation procedure to resolve disputes related to an individual's participation in the program. The current process has multiple problems and has led to few sanctions for uncooperative clients. SSSSD reports that only 30 percent of JOBS clients who do not participate actually get sanctioned. Many staff are frustrated with the current process and believe that the sanctioning process for JOBS, PRIDE and E&T takes too long.

SSSSD has designed an informal and formal conciliation process for the JOBS and PRIDE clients. The conciliation process involves the client's case manager and social worker. A ten day limit is set for both the informal and formal conciliation process. However, SSSSD has yet to place a ten-day time limit for PRIDE's informal conciliation process. In informal conciliation, the case manager tries to resolve the problem of

the client's non-participation. Under JOBS, the client has ten days to respond in writing once informal conciliation ends. The social worker begins the formal conciliation process by making two attempts to contact the client. If telephone contact and home visits are unsuccessful the formal conciliation process ends.

Once conciliation ends, if the AFDC recipient still does not participate, federal guidelines require DHS to sanction that client's AFDC benefit payments which computes to a deduction of \$147. The first failure to comply results in a sanction until the client participates. The second failure to comply results in a three-month sanction or until the client participates, whichever is longer. Any subsequent failure to comply results in a six-month sanction or until the client participates, whichever is longer. Under AFDC guidelines, sanctions apply only to the client, not the children or the household. PRIDE also sanctions only the client and not the entire household, but the dollar amount sanctioned varies depending on numerous factors.

SSSSD's conciliation process for JOBS, PRIDE and E&T is time consuming and can be manipulated by uncooperative participants. During the informal and formal conciliation process there is no limit on the number of times that a participant can schedule and cancel appointments. Another problem is the lack of limits to the number of times that a participant can repeat the entire conciliation process. Unit staff from JOBS, PRIDE and E&T reported that participants have extended the conciliation process by cycling in and out of informal and formal conciliation for as long as one year prior to being sanctioned.

JOBS and PRIDE unit staff complained that the home visits, written reports and notification letters required each time participants repeat the conciliation process takes time away from other participants. Likewise, conciliation is too time consuming for the E&T employment counselors who work alone. Staff reported that it is taking away from time needed for other duties such as developing job placements. Staff have suggested that uncooperative participants only be given the opportunity to go through the entire conciliation process once; with subsequent refusals to participate warranting sanction.

The conciliation process for the Food Stamps E&T program has not been formally adopted into the department's administrative rules. According to SSSSD, staff are relying upon the Food Stamps E&T state plan and the employment counselor contract with the Department of Labor and Industrial Relations for guidance. State law requires the department to adopt rules for all formal and informal procedures.

SSSSD needs to streamline and tighten up its conciliation process for the JOBS, PRIDE, and E&T programs. SSSSD needs to set limits on the number of times clients can cancel appointments, set limits on the

number of times the process can be repeated, and establish a time limit on the entire conciliation process. SSSSD should also adopt administrative rules for the Food Stamps E&T conciliation process.

SSSSD Has Few Management Controls for its Work Programs

SSSSD has not instituted the necessary management controls that would ensure proper and consistent implementation of work programs, prudent use of public moneys, and effective outcomes. It has yet to issue official policies and procedures for its Food Stamp E&T, and GA work programs. Even though most of the expenditures and work are carried out under contract, its contract management is weak. Finally, SSSSD has not developed measures to evaluate the impact or effectiveness of these work programs on welfare expenditures or employability. Neither has it monitored program outcomes to determine what works.

Contract management is weak

SSSSD's management of its FY1993-94 contracts has been weak. The JOBS, PRIDE, and E&T programs all rely heavily on contracts for professional staff and services (see Exhibit 2.1). In FY1993-94, SSSSD had 18 contracts which totaled nearly \$6.7 million for the JOBS, PRIDE and E&T programs (the GA work program has no contracts).

SSSSD has given contract management minimal attention. Contracts have been signed months late and in some cases after the contract year expired. None of the contracts specify the results the division hopes to achieve. Monitoring has been lax. Also, SSSSD has paid contractors without requiring them to submit the progress reports specified in the contracts. Finally, without clearly defined outcomes, SSSSD cannot know how well its contractors are performing and whether they contribute toward achieving the mission and goals of its programs.

No official policies or procedures for contract management

Official, up-to-date policies and procedures are important management controls to guide staff in performing their duties. The division only recently issued a revised JOBS policy and procedures manual. This should assist unit staff by organizing the policy clarifications which have been issued since the inception of the JOBS program in 1990. However, one significant area, contract management, still remains without official guidance from the division or department.

The program specialists responsible for contracts have relied upon verbal guidance from supervisors. Most of what they know about contracts has been learned on-the-job or through "trial and error." None of the three program specialists has received formal training on contracts.

Minimal contract monitoring

It appears that no formal monitoring is done of the JOBS, PRIDE or FSE&T contracts. We found little written documentation of contractor supervision in SSSSD's contract files. Monitoring is informal and on an "as-needed" verbal basis. The program specialists say they have other priorities. They are not required to submit status reports on contracts on a regular basis to the SSSSD administrator.

SSSSD has instituted no mechanism to get feedback on components of its work programs, for example, adult basic education which is provided under contract by the Department of Education. Instead, it relies on clients to tell them if their components are meeting their needs. Classes we attended had absentee rates ranging from 20 percent to 60 percent. Although absenteeism is a problem, SSSSD has not monitored classes on a regular basis. Neither has it required the contractor to report on educational outcomes.

According to the division administrator, just this year, SSSSD has asked their contractors to provide monitoring reports. This, however, does not replace SSSSD's responsibility to monitor the effectiveness of its contracts. In addition, many contracts do not specify what contractors are supposed to report in their "monitoring reports."

Waste due to lack of monitoring

The lack of monitoring has led to waste. For example, SSSSD has contracts for transporting neighbor island JOBS participants to the JOBS unit. One contractor's quarterly ridership reports indicate that the service was significantly under-utilized. Under this fixed-price contract, SSSSD paid \$3,840 per rider, or about \$90 per one-way trip. The contract contained a clause that gave the State the right "at any time and for any reason to suspend the contract agreement." However, SSSSD did not suspend the contract. For FY1994-95, SSSSD has re-negotiated this contract at half of the prior year's cost and will pay the company only for actual trips provided to JOBS clients.

Outcomes and results not specified

None of the \$6.9 million of JOBS, PRIDE, or FSE&T contracts specify the results the division hopes to achieve. None of the contracts are geared to specific client results or outcomes. SSSSD also does not require its contractors to report on any outcomes. Without clearly defined outcomes, SSSSD is not in a position to evaluate how well individual contractors are performing and contributing toward achieving the mission and goals of the work programs.

Outcomes can be specified. For example, California's Riverside County GAIN program contracts for education services are "fixed-unit performance based agreements." These agreements pay for each grade level achieved by a client in math, language arts, and reading, and only upon documented progress from one grade level to the next.

SSSSD does not believe that it can get a performance based contract from the Department of Education. One contract administrator believes that performance based contracts would encourage programs to "cream," or to serve the easiest to serve clients in order to achieve academic gains and get paid. However, researchers monitoring Riverside's program found no evidence of "creaming."

Currently, SSSSD can only verify that a service is being provided to its clients or that contract staff are providing services. SSSSD should be able to evaluate the extent to which contracts contribute toward achieving self-sufficiency. The division's staff and contractors should agree on specific results to be derived from contract services. By specifying expected results or outcomes expected, SSSSD will have the information needed to assess the effectiveness of contract services.

***SSSSD does not
analyze program
effectiveness***

DHS has little information on the impact or effectiveness of its work programs. One important objective of work programs is to reduce welfare expenditures. Yet prior to this audit, DHS had not analyzed the impact of its work programs on welfare expenditures. In response to this audit, SSSSD prepared impact statements for each of its work programs, but the statements lacked any analysis of the impact on welfare expenditures. The division has not developed any methods to quantify the impacts of these programs on welfare expenditures or to extract the necessary information from computerized client data.

DHS maintains that the work programs help welfare recipients obtain employment, but staff have no criteria for determining when employment can be attributed to the work program. DHS has information on the number of participants who no longer need assistance due to employment, but it has no evidence that the program actually helped. Our own survey of former work program participants found that a significant proportion obtained employment on their own—not because the program helped them find a job.

Other JOBS programs nationwide do evaluate the impact of their programs on welfare expenditures. Last year, one JOBS program (serving a population equivalent in size to Hawaii) saved approximately \$16 million through AFDC exits and reductions in AFDC grants paid. The program tracked savings achieved through clients who exit AFDC and those who receive smaller welfare checks due to their employment income.

The SSSSD administrator has not made any efforts to analyze information on program effectiveness because he is waiting for federal criteria to be issued. However, SSSSD could quantify the impact of JOBS on welfare expenditures by such methods as comparing the average AFDC grant paid to all AFDC clients with program expenditures. For example, the average grant made to Hawaii's AFDC recipients in FY1993-94 was \$662. Multiplying this by the number of JOBS participants in the program who exited due to employment (taking recidivists into account) in FY1993-94, would show that JOBS reduced AFDC costs by \$60,904 last year. Other methods to analyze and quantify impact are available.

Outcome measures still being developed

DHS has little data on program outcomes. SSSSD has focused its data collection efforts on information, especially the participation rate, required by federal agencies. It gathers only limited outcome data on which clients got jobs and which clients exited the program.

According to staff, SSSSD has not developed performance data because it is too soon to look at outcomes. The majority of the JOBS clients started the program in May 1992. We believe that the program should have developed outcome or performance measures from the very beginning, as part of the program design. Having outcome measures would have focused program managers and participants on the objectives to be achieved. Performance yardsticks would help SSSSD to do on-going evaluation of programs regardless of federal monitoring requirements. Compliance with federal monitoring requirements is important. Equally important is the ability to evaluate the effectiveness and efficiency of efforts to assist program participants to achieve self-sufficiency. Without this important management information, resources have been wasted.

Conclusion

The Department of Human Services has developed a comprehensive, multi-disciplinary approach to implementing Hawaii's JOBS and PRIDE programs. In pursuing its mission of assisting welfare recipients achieve self-sufficiency, the department has been pursuing social welfare goals far beyond clients' employment needs. The department has emphasized long term education and training and has expended considerable resources on multi-disciplinary case management teams to assess and remove barriers. This approach has given rise to long waiting lists for the JOBS and PRIDE programs and the creation of an additional JOBS WORKS! program. We recommend that DHS adopt a more balanced, work-oriented approach: streamline its assessment and conciliation processes; institute proper management controls, and develop, establish, and monitor program outcomes.

Recommendations

We recommend that the Director of the Department of Human Services direct the Self-Sufficiency and Support Services Division Administrator to:

- a. Give careful attention to the cost-effectiveness of using multi-disciplinary teams to assess “barriers.” In addition, a determination should be made of what constitutes barriers and which ones warrant corrective action under the work program.
- b. Create a better balance between education and training and getting clients into jobs by placing more emphasis on job placement activities and establishing more linkages to jobs with private sector employers.
- c. Build time limits into participation in program activities. In addition, clearer limits and timeframes are needed for the conciliation process. Adopt administrative rules for the Food Stamps employment and training conciliation process.
- d. Pursue revisions to Hawaii's JOBS program design to allow working clients to leave the JOBS program.
- e. Establish outcome or performance measures for the work programs.
- f. Update the PRIDE program policy and procedures manual. Establish a policy and procedures manual for the Food Stamps employment and training and General Assistance work program.
- g. Establish policies and procedures for contract management, oversight, and monitoring; and ensure that staff responsible for SSSSD's contracts receive formal training on contract management.
- h. Give priority to operationalizing the ALEX system at all units.

Notes

Chapter 2

1. Department of Human Services, Self-Sufficiency and Support Services Division, *The Vision for Strengthening Hawaii's Families Through Welfare Reform*, October 1992, p. 3.
2. Department of Human Services, Self-Sufficiency and Support Services Division, *JOBS Program Operational Procedures*, 9-104, Revised 5-24-94.
3. James Riccio et al., *GAIN: Benefits, Costs, and Three-Year Impacts of a Welfare-to-Work Program*, September 1994, p. 1iii.

Response of the Affected Agency

Comments on Agency Response

We transmitted a draft of this report to the Department of Human Services on January 10, 1995. A copy of the transmittal letter to the Department of Human Services is included as Attachment 1. The response from the Department of Human Services is included as Attachment 2.

The Department of Human Services generally agreed with our recommendations. The Department agreed to give careful attention to the cost-effectiveness of using multi-disciplinary teams. The department also agreed to ensure direct linkages to jobs with private sector employers and emphasize operationalizing the ALEX computer system at all units. The department agreed to examine time limits for program participation and conciliation. In addition, the department agreed to prepare policies and procedures for contract management, Food Stamps and General Assistance work programs.

However, the department disagreed with our recommendation to pursue revisions to the JOBS program design to allow working clients to leave the program. The department believes that such changes would violate federal law. However, the U.S. Department of Health and Human Services' JOBS Policy Branch informed us that states can design their JOBS program so that participants who obtain jobs can leave the program. The Family Support Act gives states the flexibility to design their JOBS program to best serve their population within available state resources. In light of the 8,467 people on the JOBS waiting list, we believe that JOBS' resources should not be wasted on supervising participants who obtain employment.

STATE OF HAWAII
OFFICE OF THE AUDITOR
465 S. King Street, Room 500
Honolulu, Hawaii 96813-2917



MARION M. HIGA
State Auditor

(808) 587-0800
FAX: (808) 587-0830

January 11, 1995

COPY

The Honorable Susan Chandler, Director
Department of Human Services
Liliuokalani Building, Room 209
1390 Miller Street
Honolulu, Hawaii 96813

Dear Ms. Chandler:

Enclosed for your information are three copies, numbered 6 to 8 of our draft report, *Audit of the Department of Human Services' JOBS, Food Stamp Employment and Training, and General Assistance Work Program*. We ask that you telephone us by Friday, January 13, 1995, on whether or not you intend to comment on our recommendations. If you wish your comments to be included in the report, please submit them no later than Friday, January 20, 1995.

The Governor and presiding officers of the two houses of the Legislature have also been provided copies of this draft report.

Since this report is not in final form and changes may be made to it, access to the report should be restricted to those assisting you in preparing your response. Public release of the report will be made solely by our office and only after the report is published in its final form.

Sincerely,

A handwritten signature in cursive script, reading "Marion M. Higa".

Marion M. Higa
State Auditor

Enclosures

BENJAMIN J. CAYETANO
GOVERNOR



ATTACHMENT 2

SUSAN M. CHANDLER, M.S.W., Ph.D.
DIRECTOR

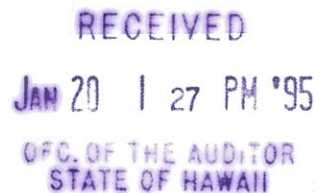
KATHLEEN G. STANLEY
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES

1001 Self-Sufficiency and Support Services Division
Pacific Tower
1001 Bishop Street, Suite 900
Honolulu, Hawaii 96813

January 19, 1995

Ms. Marion M. Higa
State Auditor
Office of the Auditor
465 South King Street, Room 500
Honolulu, Hawaii 96813-2917




Dear Ms. Higa:

Thank you very much for the opportunity for us to respond to the audit report, *Audit of the Department of Human Services' JOBS, Food Stamp Employment and Training, and General Assistance Work Program*.

We wish to present our responses to the findings and recommendations addressed in the report in the attached and kindly request that our views be taken into consideration in your final report.

Sincerely,


Susan M. Chandler, M.S.W., Ph.D.
Director

Attachment

RESPONSE TO THE AUDIT OF THE DEPARTMENT
OF HUMAN SERVICES' JOBS, FOOD STAMP EMPLOYMENT AND
TRAINING, AND GENERAL ASSISTANCE WORK PROGRAM

January 19, 1995

Introduction

This response will address the findings and recommendations of the Legislative Auditor's report. The Department appreciates this opportunity to submit comments.

Under the JOBS Program, the provision of treatment services, as well as education and training is intended to increase the employability of the welfare adult as a means of becoming financially self-sufficient. Without these services self-sufficiency could not be attained in Hawaii. Low paying, minimum wage jobs could be obtained in some instances, but it would not lead to self-sufficiency.

This is not to say, however, that employment effort cannot be increased among AFDC recipients for we think it can. In fact, the Department is implementing the JOBS WORKS! Program for adults on the waiting list and introducing a work requirement for families already in the JOBS Program. Under these two programmatic efforts there will be 1,600 families served under JOBS WORKS! and over 3,000 families served in the JOBS Program. Thus, over 4,600 families will be actively pursuing self-sufficiency and work as all or part of their program effort.

Summary of Findings

Summary Finding #1:

Finding number one states that "Hawaii's comprehensive multi-disciplinary team approach to employment and training is inefficient, expensive, wasteful, and focuses neither on reducing welfare costs nor increasing employability".

Response to Summary Finding # 1:

During 1989 and 1990 over 200 citizens of Hawaii participated in the planning of the JOBS Program. The Service Delivery sub-committee embraced the idea of multi-disciplinary teams to assist in the assessment and treatment of both psycho-social and health barriers to employment. Barriers to employment of this type are common to families in poverty and contribute to failure if unaddressed. The JOBS Program was designed to address family stability as a first step in addressing the goals of the Family Support Act of 1988. That goal is to assist AFDC families to become self-sufficient. Self-sufficiency within the Hawaii JOBS Program relates to both personal and financial self-sufficiency.

The approach under the Hawaii JOBS Program has been to emphasize education. Education leads to better paying employment. Within the JOBS Program during FY1994, 4,123 AFDC families were served. These families participated in education and training programs to increase their skill levels so they could obtain employment that would take them off AFDC and allow them to care for their children without government assistance. These families increased their employability during these times and are striving for self-sufficiency. The ultimate goal is to help these families get off AFDC which would reduce the welfare costs of AFDC, Food Stamps, and Medicaid.

Summary Finding #2:

Finding # 2 states that "the DHS Self-Sufficiency and Support Services Division (SSSSD) has not instituted the management controls needed to properly implement the work programs".

Response to Summary Finding #2:

We accept finding #2 with the following caveat. We have requested formal state level policies and guidelines in the contract services area, however, such written guidelines were not available. Central agencies, such as the Department of Accounting and General Services (DAGS) and the Attorney General (DAG) were able to share verbal advice regarding contracts, and the DAG assisted in the regular reviews of the contracts prepared.

However, we have not been advised previously that the contracts prepared were flawed. The SSSSD will prepare contract management procedures to govern the monitoring of the contracts each year. Also, contract monitoring procedures were implemented with staff for FY1995. This will now be supported by the preparation of contract management policies and procedures.

RECOMMENDATIONS

Recommendation #1:

"Give careful attention to the use of multi-disciplinary teams to assess barriers. In addition, a determination should be made of what constitutes barriers and which ones warrant corrective action under the work program".

Response #1:

This recommendation will be followed and clarification added where appropriate.

Recommendation #2:

"Create a better balance between education and training and getting jobs by placing more emphasis on job placement activities and establishing more linkages to employers".

Response #2:

This recommendation is currently being addressed. The new JOBS WORKS! Program provides for bringing in additional participants and placing them in employment. In addition, a work requirement is being placed on families currently in the education and training portion of JOBS. Finally, procedures will be reviewed to ensure that there is a direct relationship between receiving education and training assistance and the participant then going to work.

Recommendation #3:

"Build time limits into participation in program activities. In addition, clearer limits and timeframes are needed for the conciliation process. Adopt administrative rules for the Food Stamp Employment and Training Program".

Response #3:

Time limits will be examined for both program participation and the conciliation process.

Recommendation #4:

"Pursue revisions to the JOBS Program design to allow working clients to exit".

Response #4:

We believe that this recommendation would violate Federal Law. Also, the policy would be of doubtful value. Until an AFDC family exits participation, there is nothing to ensure that the family will stay working. We will explore a method of less intense supervision as a means of spending less staff time on the cases.

Recommendation #5:

"Establish outcome or performance measures for the work programs".

Response #5:

While there have been outcomes monitored relating to the work programs, we will review services to see if they can be made more comprehensive.

Recommendation #6:

"Update the PRIDE Program Policy and Procedure manual. Establish a policy and procedure manual for the Food Stamps Employment and Training and the General assistance work Programs".

Response #6:

This recommendation will be implemented.

Recommendation #7:

"Establish policies and procedures for contract management, oversight, and monitoring; ensure that staff responsible for SSSSD's contracts receive formal training on contract management".

Response #7:

This recommendation will be reviewed and addressed. The Department will need the Department of Accounting and General Services and the Attorney General's Office to publish general guidelines to ensure that procedures promulgated by the Department do not run counter to the expected State practice.

Recommendation #8:

"Give priority to operationalizing the ALEX System at all units".

Response #8:

ALEX has been a priority since the inception of the program. We are working with IBM to get the modem's to talk to the Labor mainframe. We are optimistic that this will be solved soon.