

Performance Standards: Proposed Changes

*WR-SPECS
(Perf
stds)*

- (1) **Penalties for Those Above JOBS Caps (Extensions and Pre-JOBS).** The penalty has been changed from a 100 percent reduction in the FFP for benefits for those above the caps, to a 50 percent reduction. The former was seen as too harsh.
- (2) **Penalties for JOBS Monthly Participation Rate and Coverage Rate.** For JOBS performance measures to be taken as seriously as other measures and for consistency, the penalty on the JOBS monthly participation rate and the coverage rate has been changed from a 25 percent reduction in the FFP for benefits for those below the rate to a 50 percent reduction.

why?

(3) **JOBS Monthly Participation Rate.**

- (a) In order for bonus dollars to go directly to program managers and to the JOBS program, the bonus on exceeding the JOBS monthly participation rate will be an increase in FFP for JOBS service dollars (not an increase in FFP on benefits for those above the rate). It is proposed that the FFP be increased up to 10 percentage points (with a base match of JOBS FMAP + 7) or 5 percentage points (with a base match of JOBS FMAP + 10), with a maximum FFP of 95 percent. (The language does not specify how the bonus will actually work, although we could specify that for every 2 or 3 percentage point increase in the participation rate there would be a one percentage point increase in FFP.)

Why monthly participation period? Can't really measure service intensity.

(b) The JOBS monthly participation rate will count those who are working and on aid (in the numerator and denominator). The numerator will not count those in conciliation/sanctioning process.

(c) Because work is included, the monthly participation rate standard has been increased from 40 to 50 percent. —

This change seems arbitrary and will likely be deal breaker for states who already (4) are complaining about connection of FFP to participation

Work Monthly Participation Rate.

(a) In addition to the groups already specified, the WORK monthly participation rate counts those who are: working in unsubsidized jobs, on aid, and meeting the minimum work requirement. Those who go off aid because of unsubsidized employment would count in numerator in the month they went off aid.

Should job search be included?

(b) The statute will specify that those in job search activities will be included in the numerator — without detailing whether it is job search between activities or while on the waiting list. This distinction will be handled in the regulatory process.

- (5) **Who's Included.** There will be not separate rates for AFDCs and AFDC-Us. Rather, one rate including both types of cases will be included. Only those in the phased-in group — including those a State opts to include in the phase-in group — will included in the calculation of participation rates.
- (6) **QC System.** We have addressed comments asking to clarify the intent of revisions to the QC system: the purpose is to establish that the Secretary can expand the QC system to include data collection necessary for the new performance measures and standards (both service delivery and outcome-based) in addition to payment accuracy.

Performance Standards: Proposed Changes

*WR - Specs
(Perf Stds)*

- (1) **Penalties for Those Above JOBS Caps (Extensions and Pre-JOBS).** The penalty has been changed from a 100 percent reduction in the FFP for benefits for those above the caps, to a 50 percent reduction. The former was seen as too harsh.
- (2) **Penalties for JOBS Monthly Participation Rate and Coverage Rate.** For JOBS performance measures to be taken as seriously as other measures and for consistency, the penalty on the JOBS monthly participation rate and the coverage rate has been changed from a 25 percent reduction in the FFP for benefits for those below the rate to a 50 percent reduction.
- (3) **JOBS Monthly Participation Rate.**
 - (a) In order for bonus dollars to go directly to program managers and to the JOBS program, the bonus on exceeding the JOBS monthly participation rate will be an increase in FFP for JOBS service dollars (not an increase in FFP on benefits for those above the rate). It is proposed that the FFP be increased up to 10 percentage points (with a base match of JOBS FMAP + 7) or 5 percentage points (with a base match of JOBS FMAP + 10), with a maximum FFP of 95 percent. (The language does not specify how the bonus will actually work, although we could specify that for every 2 or 3 percentage point increase in the participation rate there would be a one percentage point increase in FFP.)
 - (b) The JOBS monthly participation rate will count those who are working and on aid (in the numerator and denominator). The numerator will not count those in conciliation/sanctioning process.
 - (c) Because work is included, the monthly participation rate standard has been increased from 40 to 50 percent.
- (4) **Work Monthly Participation Rate.**
 - (a) In addition to the groups already specified, the WORK monthly participation rate counts those who are: working in unsubsidized jobs, on aid, and meeting the minimum work requirement. Those who go off aid because of unsubsidized employment would count in numerator in the month they went off aid.
 - (b) The statute will specify that those in job search activities will be included in the numerator -- without detailing whether it is job search between activities or while on the waiting list. This distinction will be handled in the regulatory process.
- (5) **Who's Included.** There will be not separate rates for AFDCs and AFDC-U's. Rather, one rate including both types of cases will be included. Only those in the phased-in group -- including those a State opts to include in the phase-in group -- will included in the calculation of participation rates.
- (6) **QC System.** We have addressed comments asking to clarify the intent of revisions to the QC system: the purpose is to establish that the Secretary can expand the QC system to include data collection necessary for the new performance measures and standards (both service delivery and outcome-based) in addition to payment accuracy.

make this for placement

*work time
workers included
rate??
why?*

no

no

WR- ~~Perf~~ SPECS
(Perf Stds.)
June 3, 1994

Performance Standards: Proposed Changes

- (1) **Penalties for Those Above JOBS Caps (Extensions and Pre-JOBS).** The penalty has been changed from a 100 percent reduction in the FFP for benefits for those above the caps, to a 50 percent reduction. The former was seen as too harsh.
- (2) **Penalties for JOBS Monthly Participation Rate and Coverage Rate.** For JOBS performance measures to be taken as seriously as other measures and for consistency, the penalty on the JOBS monthly participation rate and the coverage rate has been changed from a 25 percent reduction in the FFP for benefits for those below the rate to a 50 percent reduction.
- (3) **JOBS Monthly Participation Rate.**
 - (a) In order for bonus dollars to go directly to program managers and to the JOBS program, the bonus on exceeding the JOBS monthly participation rate will be an increase in FFP for JOBS service dollars (not an increase in FFP on benefits for those above the rate). It is proposed that the FFP be increased up to 5 percentage points for States exceeding the standard (with a base match of JOBS FMAP + 10).
 - (b) The JOBS monthly participation rate will count those who are working, on aid, and meeting the minimum work requirement. The numerator will **not** count those in conciliation/sanctioning process.
 - (c) Because work is included, the monthly participation rate standard has been increased from 40 to 50 percent.
- (4) **Work Monthly Participation Rate.**
 - (a) In addition to the groups already specified, the WORK monthly participation rate counts those who are: working in unsubsidized jobs, on aid, and meeting the minimum work requirement.
 - (b) The statute will specify that those in job search activities *between WORK assignments* will be counted numerator.
- (5) **Who's Included.** There will be not separate rates for AFDCs and AFDC-Us. Rather, one rate including both types of cases will be included. Only those in the phased-in group -- including those a State opts to include in the phase-in group -- will included in the calculation of participation rates.
- (6) **QC System.** We have addressed comments asking to clarify the intent of revisions to the QC system: the purpose is to establish that the Secretary can expand the QC system to include data collection necessary for the new performance measures and standards (both service delivery and outcome-based) in addition to payment accuracy.
- (7) **Timing.** Rates will be calculated on an annual basis. Penalties and bonuses will be applied for the annual period covered by the rate.

WR-SPECS
(PERF. STDS.)

Bevee - MICHAEL WALD is planning to add language on customer satisfaction

individual to participate in basic reemployment services.

to the bill.

(3) SERVICES AVAILABLE.--The supportive services provided pursuant to this subsection may include transportation, dependent care, meals, health care, temporary shelter, needs-related payments, drug and alcohol abuse counseling and referral, family counseling, and other similar services.

Ashel me

to

share

w/!!! you!!!

SEC. 134. CAPACITY BUILDING AND TECHNICAL ASSISTANCE.

(a) IN GENERAL.--The Secretary shall provide, through grants, contracts, or other arrangements, staff training and technical assistance to States, substate grantees, career centers, communities, business and labor organizations, service providers, industry consortia, and other entities, to enhance their capacity to develop and deliver effective adjustment assistance services to workers and to avert plant closings or substantial layoffs. Such assistance may include the development of management information systems, customized training programs, and the dissemination of computer-accessed learning systems.

Jeremy

(b) COORDINATION.--The Secretary shall integrate the activities carried out pursuant to subsection (a) with the activities of the Capacity Building and Information and Dissemination Network established under section 453 of the Job Training Partnership Act.

PART C. PERFORMANCE STANDARDS AND QUALITY ASSURANCE SYSTEMS

SEC. 151. CUSTOMER SERVICE COMPACT.

The Secretary shall establish a process within each State, which shall include an annual meeting, to promote the development of a customer service compact among the parties administering the

programs under this title. Such compact shall include an informal agreement between the Secretary, Governor, each substate grantee, and each career center relating to--

(1) the shared goals and values that will govern the administration of the program;

(2) the respective roles and responsibilities of each party in enhancing the provision of services to participants, including ensuring that such services are tailored to the particular needs of participants in each local area;

(3) methods for ensuring that the satisfaction of participants with the services received is a primary consideration in the administration of the program; and

(4) such other matters as the parties determine are appropriate.

SEC. 153. CUSTOMER FEEDBACK.

(a) METHODS.--Each substate grantee shall establish methods for obtaining, on a regular basis, information from eligible individuals and employers who have received services through a career center regarding the effectiveness and quality of such services. Such methods may include the use of surveys, interviews, and focus groups.

(b) ANALYSIS AND DISSEMINATION.--Each substate grantee shall analyze the information obtained pursuant to subsection (A) on a regular basis and provide a summary of such information accompanied by such analysis to the career center for use in improving the administration of the programs under this title.

CONFIDENTIAL

*WE SPECS:
Perf. Stds*

[DRAFT - January 5, 11/02mm]

B. PERFORMANCE STANDARDS, ACCOUNTABILITY, AND STATE FLEXIBILITY

Current Law

The major focus of program evaluation in AFDC and the Food Stamp program is the Quality Control (QC) system that has been in effect since the 1970's. States select a statistically valid sample of cases for review to measure the case eligibility and payment error rates. Federal staff select a sub-sample for re-review to validate State findings. States then are subject to Federal fiscal sanctions for excessively high error rates.

As an integral part of the JOBS program, the Family Support Act of 1988 required that performance standards be set by the Secretary of Health and Human Services in consultation with the Secretary of Labor, representatives of organizations representing Governors, State and local program administrators, educators, State job training coordinating councils, community-based organizations, recipients, and other interested persons, and that it should reflect the results of JOBS State evaluation studies. The Secretary was further required to develop a proposal for measuring State progress, providing technical assistance to States to enable States to meet performance standards, and for modifying the Federal match rate to reflect the relative effectiveness of various States in carrying out the program. This proposal was to be transmitted to Congress for legislative consideration. This portion of the Family Support Act has not yet been completed.

Vision

In order to create a new organizational culture for programs designed to assist low-income families, new ways of managing public agencies and monitoring progress must be developed. These new approaches encompass the institution of performance standards as an integral part of program management, the creation of performance-based incentive systems, and the development of a new Federal-State relationship. Additionally, the present Quality Control (QC) system will be revised and expanded to be consistent with the needs of the revised transitional assistance program. We envision a unified performance measurement system for the entire transitional assistance and child support program by which State performance can be monitored. To accommodate different program needs, the JOBS, child support, child care, and benefit payment systems will have separate components within the performance measurement system.

1. PROGRAM MANAGEMENT

Current Law

Under current law, States are required to operate a JOBS program under a plan approved by the Secretary of HHS as a condition of participation in the AFDC program. The plan is to be reviewed periodically, but not less frequently than every 2 years, by the Secretary of HHS. The plan must cover how a State intends to implement the JOBS program, an estimate of the number of people served, a description of the services and the needs addressed by those services, the availability of the services, the extent to which services are to be reimbursable by the Federal government or not, and such information as the Secretary shall require to make a determination that the State's program will meet all requirements.

DRAFT - for discussion only

Vision

For purposes of creating an outcome-oriented incentive system, performance measures and standards should be made an integral part of program management systems, specifically a new quality improvement system. Under this proposal, the requirements and contents of the JOBS plan would be amended to be consistent with the new transitional assistance program. However, some program changes may be able to be achieved through changes in regulations and only minor amendments to current law. Data from a quality improvement system would become the basis for strategies for to provide incentives for improvements in service delivery and payment accuracy rates.

Issues

- OPTION:** **Revise the process of program administration:** States would be monitored according to *implementation standards* (Note, see subsequent section; this option is further elaborated) developed by the Secretary of HHS in consultation with States and other appropriate program entities. States would be *certified* by the Secretary of HHS when the State's transitional assistance program has met those standards. Upon certification, the performance of States would be monitored according to *operational standards*, developed by the Secretary of HHS. States would face some reward or sanction for achieving or failing to achieve certification on a timely basis.
- OPTION:** Require a similar certification process for child support and child care programs.
- ISSUE 1:** Do we want to require States to meet performance standards as a condition of (1) implementing time-limited assistance; or also for (2) monitoring State performance?
- ISSUE 2:** How broad should the certification requirements be with respect to States' child care, child support, and cash assistance programs?
- ISSUE 3:** Shall certification be granted on the basis of an entire State's performance, or shall there be partial certification for sub-entities within the State?
- NOTE:** We should be careful to not create a system which is too resource intensive.

Drafting Specs

- (a) Modify the requirement for States to submit AFDC State plans to the Secretary of HHS to be subject to, but not be limited to *operational measures and implementation standards* to be defined in HHS regulations: (See subsequent specifications for such measures and standards)
- (b) State AFDC plans shall include additional plans for the revised JOBS program and related services, child support and related services, the implementation of time-limited assistance provisions, and other such measures as the Secretary shall require within 12 months of enactment of this Act.

DRAFT - for discussion only

- (c) Amend the law to allow the Secretary of HHS to implement a certification process to be defined in regulation as follows:
- (1) The Secretary of HHS shall certify a State transitional assistance plan as acceptable under the requirements in the Social Security Act and these amendments with respect to a revised JOBS program, child care, child support, and other measures.
 - (2) The second stage of certification shall be a determination by the Secretary that a State has met *minimum implementation standards* and provided adequate services as a condition to implement time-limits, and as a condition of eligibility for further incentives (as defined in legislation and/or regulation). Failure to achieve certification shall result in some penalties, and proactive measures taken by the Federal government to assist States in achieving certification.
 - (3) The third stage of certification shall be when the Secretary deems that the performance of a State JOBS program has met *minimal operational standards*, to be defined in regulation (as discussed in subsequent section). At this stage State performance will be monitored according to these *operational standards*. Certification at this stage will make States eligible for further incentives. Failure to achieve certification shall result in some penalties, and proactive measures taken by the Federal government to assist States in achieving certification.

NOTE: See **TECHNICAL ASSISTANCE** section. The Secretary shall assess State's needs in order to provide technical assistance during implementation *prior* to certification.

- (d) Require States to achieve second stage certification within 12 months of issuance of *implementation standards*.
- (e) Require States to achieve full certification within 24 months of issuance of *operational standards*.

2. MEASURES AND STANDARDS FOR IMPLEMENTATION (Program Performance)

Current law requires the Secretary (in consultation with the Secretary of Labor, representatives of organizations representing Governors, State and local program administrators, educators, State job training coordinating councils, community-based organizations, recipients, and other interested persons) to develop performance standards with respect to the JOBS program. These performance standards are to be based on studies conducted under the Family Support Act, initial State evaluations, and information collected from the States. The Secretary is required to make a recommendation to Congress for appropriate legislative action. The Secretary is also required to review such performance standards periodically and provide technical assistance to States to enable States to meet such standards.

Issues

DRAFT - for discussion only

ISSUE 1: How will performance standards take into account for State-to-State differences? Will performance standards be national standards or will they be set accordingly for each State?

OPTION: Develop national measures, but modify standards according to the circumstances of every State.

ISSUE 2: Currently, there is no consensus regarding how to distinguish the difference between process measures and outcome measures. It is recognized that both types of measures are crucial. The following option incorporates both types of variables.

OPTION: Create measures and phase-in standards over a period of time: *Implementation measures* would be identified and implemented for the purpose of providing useful feedback. Accordingly, *implementation standards* would be derived (based on feedback and information obtained from the measures) and codified in regulation by which States would be held accountable at the second stage of certification. Following a similar process, *operational measures* would be identified and implemented for the purpose of informing the process of identifying standards. Accordingly, *operational standards* would be identified and codified by which States, upon full certification of their JOBS program, would be held accountable. (Note, see CERTIFICATION SECTION. Draft specifications reflect this option)

NOTE: A measure is defined as information which indicates the level of intensity of a variable. A standard is defined as a set level of intensity of a variable by which performance is determined to be acceptable.

NOTE: These measures and standards will not solely focus on State practices but shall also examine Federal government practices in such areas as developing information systems, developing automated systems and prototypes, and providing technical assistance.

Drafting Specs

- (a) The Secretary of DHHS, with input from the States and representatives of appropriate parties, will promulgate *implementation measures* for those public agencies operating under regulations to enact a self-efficiency based, time-limited assistance program. The *implementation measures* will be for the purpose of providing useful information regarding the administration and implementation of the transitional assistance program, and for the purpose of identifying *implementation standards*.
- (b) The Secretary shall prescribe these *implementation measures* and the mechanisms for measuring them will be developed within 6 months from the date of enactment of this Act.
- (c) The Secretary of DHHS, with input from the States and representatives from appropriate parties, will promulgate *implementation standards* for those public agencies operating under

regulations to enact a self-sufficiency based, time-limited assistance program. These shall be derived from information obtained from the *implementation measures*. The *implementation standards* shall be for the purpose of monitoring State performance and to measure how well the new system is being implemented.

- (d) The Secretary shall prescribe these *implementation standards* and the mechanisms for measuring them will be developed and implemented within 12 months from the date of enactment of *implementation measures*.
- (e) The Secretary shall conduct a review of the *implementation measures* and *implementation standards* and shall modify them as appropriate.
- (f) Modify current language in SSA section 487 (b) to be more broad by eliminating the reference to specific information to be collected by the Secretary of HHS for the purposes of developing performance standards.

3. MEASURES AND STANDARDS FOR PROGRAM OPERATION (Program Performance)

Issues

- ISSUE 1:** What are the goals of an outcome-based system? For example:
- human capital development (i.e., educational attainment, etc);
 - self-sufficiency; (i.e., increased earnings, reduced length of AFDC spell and need for services, family stabilization, etc)
 - employment;
 - other outcomes related to child care;
 - other outcomes related to child support; and
 - other outcomes related to welfare receipt, customer satisfaction, etc.
- ISSUE 2:** How should such outcome-based standards be determined?
- regulation vs. legislation
 - in consultation with specific parties
 - inter-agency task force
- ISSUE 3:** Are the resources available for successful implementation?
- ISSUE 4:** Will separate performance measures/standards be formulated for child care and child support in addition to the revised JOBS program? Will this be a separate track?

Drafting Specs

- (a) The Secretary, with input from the States and representatives from appropriate parties, shall promulgate a set of *operational measures* designed to measure systems outcomes of State JOBS programs for those public agencies operating a self-sufficiency based, time-limited assistance program. The purpose of these *operational measures* shall be to provide useful

information regarding the impact of transitional assistance programs and for the purpose of identifying feasible standards.

- (b) The Secretary shall prescribe these *operational measures* and the mechanisms for measuring them will be developed within 6 months from the date of enactment of this Act.
- (c) The Secretary, with input from the States and representatives from affected Federal agencies, shall promulgate a set of *operational standards* for the purpose of monitoring the performance of State transitional assistance programs. The *operational standards* shall be derived from information obtained from the *operational measures* and shall reflect the impact of program participation.
- (d) Such *operational standards* shall be identified and implemented within 24 months of enactment of *operational measures*.
- (e) The Secretary shall conduct a periodic review of the *operational measures* and *operational standards* and shall modify them as appropriate.

4. FEDERAL MONITORING (Program Integrity)

ISSUES

- ISSUE 1: What measures shall be available to the Secretary when States fail to meet performance expectations. Additionally, what incentives shall be available to promote State performance?
- ISSUE 2: What will be the vehicle for monitoring State performance? Current specifications assume an enhanced QC system but have not specified additional reporting requirements for States.
- ISSUE 3: Will a new system require additional Federal resources (i.e., staff)? To what extent can current resources be shifted to meet new needs?
- TASK: Identify: What information will be needed for adequate Federal monitoring to ensure State compliance. What information will be needed which will be useful for successful and/or improved administration at the State and local level?
- NOTE: Provisions in this section should be coordinated with section on INFORMATION SYSTEMS.
- OPTION: Publish a "report card" of States' performance in meeting implementation and operational standards, and/or the results of implementation and operational measures.
- OPTION: A quasi-governmental agency could be created for the purpose of conducting performance monitoring.

DRAFT - for discussion only

- (a) The focus of Federal monitoring of State transitional assistance programs will focus on *implementation standards*. Upon final certification of the States' transitional assistance programs, the focus shall include *operational standards*.
- (b) The Secretary of HHS shall take appropriate action if the State fails to meet the requirements of certification. Such actions shall be defined in regulation and shall include but shall not be limited to appropriate fiscal sanctions, enhanced technical assistance, and other measures designed to help States achieve certification.
- (c) The Secretary of HHS shall ensure that an appropriate methodology for evaluating the process and outcome measures is developed by some specified date, and that sufficient resources are allocated to this task so that the Department is able to meet management responsibilities in this area.

5. QUALITY IMPROVEMENT SYSTEM (Program Integrity and Other Goals)

Vision

The Quality Improvement system will be broadened to encompass the entire transitional assistance program. The focus of this system will be determined by the implementation and operational measures and standards formulated under this proposal.

Issues

- ISSUE 1:** By what method will States be held accountable to Federal standards? The system of quality improvement ought to be consistent with the new mission of the transitional assistance program. Will we utilize the current Quality Control (QC) system as the basis, or part of the basis, for quality assurance and other measurement of performance?
- ISSUE 2:** To what degree are we seeking to replace the current QC system, mission, and terminology with new functions? To what degree will we maintain a residual QC system which maintains its current focus on payment accuracy?
- ISSUE 3:** How broad should the system of quality control be (should the system encompass child support, child care and other aspects of the program in addition to the revised JO program)? Will data collection for a broader system of quality assurance be feasible? To what extent will the system be case-based? What level of Federal oversight of reporting requirements is envisioned?
- NOTE:** FNS does not support abolishing the entire QC system which is integrated with the current Stamp QC system, and proposes instead that a revised system be adapted from the current system.

DRAFT - for discussion only

NOTE: Issues regarding how information will be gathered and by whom will be covered in the **INFORMATION SYSTEMS** section, which follows. This issue is central to Options 1 and 2.

Drafting Specs

(a) A new Quality Improvement system will be developed by DHHS to promote program improvement and will focus on program performance, program management, client satisfaction, and program integrity in all aspects of the new transitional assistance system.

OPTION 1: **Improve current system of reporting requirements:** The Federal government establishes reporting requirements. The Federal government will determine State performance based on evaluations of data collected by the States. The Federal government will provide technical assistance and resources necessary for States to submit useful and accurate data.

OPTION 2: **Draw sample data to determine performance:** The Federal government would draw a sample of case files, similar to current QC practice, in order to determine State performance.

6. TECHNICAL ASSISTANCE

Vision

Under this proposal, States have been given greater flexibility to implement these provisions and operate transitional public assistance programs. The changes proposed in this Act are sweeping. The role of the State is to operate a transitional assistance system which maximizes the quality of services to recipients during the time of their participation. The role of the Federal government will increasingly become one of articulating objectives, providing resources to help States obtain these objectives, and monitoring how well States perform. In order for the implementation of these changes to be successful, an activist program of technical assistance to the States will be required. The Federal government must proactively seek to establish good working relations between the States and the Federal government by, for example, implementing these provisions in a constructive and non-adversarial manner. The Federal government can use technical assistance to stake its role as an equal partner with States in achieving the goals of this Act.

Issues

ISSUE 1: How can the Federal government successfully affect the culture of the local welfare agencies without undermining State flexibility or exceeding resources.

ISSUE 2: To what extent should the statute prescribe Federal responsibilities and/or accountability?

(a) The Department of Health and Human Services shall provide guidance and technical assistance to enable States to redesign the "culture" of their welfare offices and achieve the

DRAFT - for discussion only

requirements of this act. This shall include an assessment of States' needs and performance of implementing the provisions of this Act in order to provide technical assistance. This assessment and assistance shall commence prior to certification of a State's transitional assistance program.

- (b) The Department will prepare manuals and other training devices on certain topics including but not limited to the following:
 - (1) Staff recruitment and training.
 - (2) How to best organize resources.
 - (3) Optimizing collaboration among related systems.
 - (4) How to organize resources in ways sensitive to differences in client needs.
- (c) The Department, will identify "best practices" that emerge and help those States and agencies that wish to introduce those practices.
- (e) Particularly in the area of case management automation, the Department must develop prototypes that can be adapted to local needs and circumstances.
- (f) The Secretary of HHS will measure the impact of technical assistance in order to improve Federal efforts to help States.

[C. INFORMATION SYSTEMS] and [D. FRAUD, WASTE & ABUSE] - specs follow here

DRAFT

WR-SPECS
Perf.
stds.

[DRAFT - December 6, 9:30pm]

C. PERFORMANCE STANDARDS, ACCOUNTABILITY, AND STATE FLEXIBILITY

In order to create a new organizational culture for programs designed to assist low-income families, new ways of managing public agencies and monitoring progress must be developed. These new approaches encompass the institution of performance standards as an integral part of program management, the creation of performance-based incentive systems, and the development of a new federal-state relationship.

1. Administration

Issues:

ISSUE 1: For purposes of creating an outcome-based incentive system, performance standards should be made an integral part of program management systems, specifically the quality control system. To what degree does the Federal government wish to dictate the intended outcomes and how these outcomes are to be achieved?

Drafting Specs

- (a) Modify the requirement for States to submit comprehensive JOBS program plans for the area served to the Secretary of HHS to include, but not be limited to performance measures and requirements defined by HHS regulations. For example:
 1. procedures for serving and defining target groups, and implementation strategies; and
 2. procedures for determining which participants would have priority for services in the event of resource limitations or other constraints.

2. Performance Standards

ISSUES:

ISSUE 1: What is the goal of an outcome-based system? For example, it could be:

- human capital development;
- self-sufficiency;
- employment.

?! |

ISSUE 2: It may be useful to maintain the distinction between intended outcomes for clients (i.e., self-sufficiency) versus performance variables which supposedly measure the progress of the State. We recommend language that creates both of these types of performance variables.

ISSUE 3: By what process should we define the performance variables (both sets)? We recommend language that allows for input from interested parties, as defined under current law.

OPTION: States would be held accountable for process-based performance standards until "certified" by the Secretary of HHS (i.e., the State's JOBS program has met certain minimal requirements involving, for example, stages of implementation and other process based performance measures. Upon certification, the performance of States would be evaluated according to the *outcome-based* variables. The language we recommend reflects this option (see also the Quality Control section).

Drafting Specs

- (a) The Secretary of DHHS, with input from the states and representatives from affected Federal agencies, will promulgate two new sets of performance standards for those public agencies operating under regulations to enact a self-sufficiency based, time-limited assistance program.
- (b) The first set of standards are designed to measure how well the new system is being implemented and should be constructed in a way that will provide constructive feedback to state and federal officials. These *process* or *implementation* standards and also mechanisms for measuring them will be developed by within 12 months from the date of enactment of this Act. Illustrative variables on which such *process* standards might be based include:
 - (1) the percentage of the target population participating in a program leading to self-sufficiency.
 - (2) the median number of days from application to the signing of a social contract for those in the targeted group.
 - (3) the proportion of the target group who hit the time limit.
- (c) The second set of standards are design to measure systems outcomes. These standards will be developed within 24 months of the enactment of this Bill. Illustrative variables on which such *outcome* standards might be based include:
 - (1) the proportion of participants who fall into key outcome statuses: i. private sector employment; ii. "work" program employment; iii. or non-employment.
 - (2) measures of employment quality: i. hours; ii. compensation; iii. employment-related benefits; iv. advancement potential; etc.
 - (3) duration and continuity of employment;
 - (4) family economic and social well-being.

3. Federal Monitoring and Quality Control

ISSUES:

ISSUE 1: By what method will States be held accountable to Federal requirements? The system of quality assurance ought to be consistent with the new mission of the

JOBS program. Will we utilize the Quality Control (QC) system as the basis for quality assurance and other measurements of performance?

ISSUE 2: To what degree are we seeking to replace the current QC system, mission, and terminology with new functions? To what degree will we maintain a residual QC system which maintains its current focus?

Drafting Specs

- (a) The Secretary of HHS shall ensure that an appropriate methodology for evaluating the process and outcome measures noted in part 2 above is developed by some specified date, and that sufficient resources are allocated to this task so that the Department, or a neutral third party selected by the Department, is able to meet management responsibilities in this area.
- (b) The focus of Federal monitoring of new JOBS agencies will focus on process measures for the first two years of the operation of the new program and will shift to a focus on outcomes by year three, though process related data will continue to be collected and used for management purposes at the local level and for monitoring purposes at the federal level.
- (c) The current federal quality control program will be significantly revised. The emphasis on assessing the correctness of eligibility for income support transfers and benefit calculations will be de-emphasized (or eliminated).
- (d) A new Quality Assurance system will be developed by DHHS to evaluate agency/client performance relative to the self-sufficiency standards set out above. This system will focus on evaluating performance related to both process and outcome standards.

4. Technical Assistance

ISSUES:

ISSUE 1: How can the Federal government successfully alter the culture of the local welfare agencies (i.e., the system) without undermining State flexibility or exceeding available resources.

- (a) The Department of Health and Human Services shall provide guidance and technical assistance in helping States redesign the "culture" of their welfare offices.
- (b) The Department will launch a number of demonstrations and pilot programs to reduce management uncertainty in key areas. Note, many demonstrations are described elsewhere in this document.
- (c) The Department will prepare manuals and other training devices in certain areas including but not limited to the following:
 - 1. Staff recruitment and training.
 - 2. How to best organize resources.

3. Optimizing collaboration among related systems.
 4. How to differentiate among subgroups within the general target population and organize resources in ways sensitive to differences that may exist.
- (d) The Department, or its chosen neutral vendor, will identify "best practices" that emerge and help those states and agencies that wish to introduce those practices.
- (e) Particularly in the area of case management automation, the Department must develop prototypes that can be adapted to local needs and circumstances.

OPTION: Enhanced (automated) Case Management

- (a) The Department shall develop (see part 4 below) and the states shall implement enhanced automated case-management systems to assist in the administration of the new JOBS program. This enhanced case management system shall have certain capabilities in order to appropriately assist in the administration and monitoring of a *human development* as opposed to an *income support* system. While income support systems are "Point-In-Time" oriented (each monthly accounting period is conceptualized as a discrete event) human development systems are longitudinal in character. A "Point-In-Process" conceptualization is needed where progress through a system can be monitored and individual and family change detected. This requires a longitudinal perspective. Illustrative characteristics are:
1. to measure (on a micro, or individual, and macro, or aggregate, basis the attributes of new entrants;
 2. to measure the proportion of new entrants who actively participate and the time lapse between initial agency contact and the completion of key gatekeeping activities (e.g., assessment, orientation, social contract, initial activity involvement, etc.);
 3. to be able to retrieve, on a real time basis, micro information on case status—what activities has a client completed, the current developmental stage of the client, and in what activities a client is scheduled to participate;
 4. to have some ability to determine whether progress is being made.

NO