State of Maine Department of Health and Human Services Block Grant Review and Recommendations for SSBG, CCDF, TANF

Public Consulting Group, Inc.

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Final Report

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Introduction

The Maine Department of Health and Human Services (DHHS) contracted with Public Consulting Group (PCG) in October 2014 to conduct a block grant review and analysis of three federal block grant programs – Social Services Block Grant (SSBG), Child Care Development Fund (CCDF), and Temporary Assistance for Needy Families (TANF). The goal of this engagement was to provide a thorough review of allowable programs, analyze recent block grant expenditures, and make recommendations on ways in which Maine can use current block grant funding to meet DHHS strategic goals. PCG was also tasked with closely exploring the eligibility determination process for the Child Care Subsidy Program (CCSP) funded by CCDF and offer recommendations for improving the business process flow and experience of families.

To accomplish these goals the PCG team conducted on-site interviews with staff at DHHS, the Office of Child and Family Services (OCFS), and the Office for Family Independence (OFI). These visits were followed by deep review and analysis of supporting program reports, budgets, and financial statements. The PCG team continued to contact state staff in Maine as questions arose to inform the content of this report. This report includes our initial findings, areas of concern, and recommendations for each block grant reviewed. The scope of our analysis, being limited to these three block grants, means that there may be additional concerns, efficiencies, or recommendations if the state of Maine casts a wider net to include analysis of other state and federal funding sources, including child welfare funding, MaineCare, state general funds, and other block grants.

The impetus for this project was concern at the Department of Health and Human Services that the federal blocks were not being fully utilized and that the benefits and outcomes of programs funded through these grants were not being fully captured. These areas of programmatic outcomes and DHHS strategic goals were discussed in early December 2014, when PCG facilitated strategic visioning sessions with DHHS staff and the DHHS Commissioner, Mary Mayhew. The goal of these sessions was to review the goals, allowable use, and restrictions of SSBG, CCDF, and TANF as well as lead a discussion of potential funding changes to re-align with DHHS strategic goals and improve efficiency. Day one focused on the Child Care Subsidy Program and other child care programs funded through DHHS. An in depth summary and recommendations from day one can be found in Section 2 of this report. Day two delved into SSBG, CCDF, and TANF in more detail and included a strategic visioning session on DHHS goals and funding re-alignment. An in depth summary of this meeting and additional recommendations can be found in Section 4 of this report.

Section 1. Social Services Block Grant (SSBG)

Overview of SSBG

The Social Services Block Grant (SSBG) (CFDA # 93.667) is a federally funded block grant allocated to each state by the Administration for Children and Families (ACF) under the Department of Health and Human Services (DHHS). SSBG was initially authorized through the Omnibus Budget Reconciliation Act of 1987 (PL 97-35) which amended Title XX of the Social Security Act (1975) to establish an entitlement block grant to states for social service programs.

SSBG is broadly defined to provide funding for social service programs that meet various needs of individuals residing in a state. SSBG is one of the most flexible federal block grants and places very few limitations on allowable use nor does it require a state Maintenance of Effort (MOE) to receive full federal funding. The goals of SSBG as defined by the law[1] include:

Social Services Block Grant Goals

- Achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;
- Achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
- Preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families;
- Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and
- Securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

Additionally, during times of crisis the Federal government has used the SSBG to pass emergency funds through to states as was the case following Hurricane Sandy in 2013. The SSBG has also been vulnerable to across the board reductions in the amount states receive with current consideration for total elimination.

Oversight

States are required to submit an annual pre-expenditure report to ACF due at least 30 days prior to the start of the new Federal Fiscal Year (FFY) and may use any reporting format they choose. States are required to submit a revised report if there are any changes in how funds will be used. States are required

[1] Public Law 97-35

to submit a post-expenditure report on a standardized form within six months of the end of the reporting period. SSBG expenditures can fall into any of the 29 federally defined service categories listed below:

Social Services Block Grant Service Categories	
Adoption Services	Independent/Transitional Living Services
Case Management	Information & Referral
Congregate Meals	Legal Services
Counseling Services	Pregnancy & Parenting
Day Care - Adults	Prevention & Intervention
Day Care - Children	Protective Services - Adults
Education and Training Services	Protective Services - Children
Employment Services	Recreation Services
Family Planning Services	Residential Treatment
Foster Care Services - Adults	Special Services - Disabled
Foster Care Services - Children	Special Services - Youth at Risk
Health-Related Services	Substance Abuse Services
Home-Based Services	Transportation
Home-Delivered Meals	Other Services (must be listed)
Housing Services	

Allowable Use[2]

The federal government does not establish any eligibility criteria, either financial or demographic, for recipients of programs funded by SSBG. However, states are allowed to establish their own eligibility criteria and many choose to limit certain programs based on poverty levels.

States generally have very broad discretion in selecting which programs to fund with SSBG dollars as long as they fall within the 29 categories described above. Funding may be spent on administration of programs, planning, evaluation, and/or training costs.

[2] Lynch, K. (2012). *Social Services Block Grant: Background and Funding.* Congressional Research Service. Accessed online on October 15, 2014: http://fas.org/sgp/crs/misc/94-953.pdf

Restricted Use[3]

Prohibited use includes:

1. Purchase of land, construction, or major capital improvements
2. Cash payments as a service or for costs of subsistence or room and board (other than costs of subsistence during rehabilitation, temporary emergency shelter provided as a protective service, or in the case of vouchers for certain families as allowed under welfare reform)
3. Payment of wages as a social service (except wages of welfare recipients employed in child day care)
4. Most medical care (except family planning, rehabilitation services, initial detoxification of certain individuals, or medical care provided as an "integral but subordinate component of a social service")
5. Social services for residents of institutions (including hospitals, nursing homes, and prisons)
6. Educational services generally provided by public schools
7. Child care that does not meet applicable state or local standards
8. Services provided by anyone excluded from participation in Medicare or certain other Social Security Act programs
9. Items or services related to assisted suicide (this provision was added in 1997, under P.L. 105-12)

Under extraordinary circumstances, the law does allow HHS to waive two of these prohibitions (use of the SSBG for the purchase of land or capital improvements, or for the provision of medical care).

Transfers

There is a federal provision that allows states to transfer up to 10 percent of their Temporary Assistance for Needy Families (TANF) block grant to SSBG. If states make this transfer the funds allocated to SSBG programs must meet the eligibility criteria for TANF (200% FPL) and are subject to the same restrictions that apply to SSBG funds as well as the match for regular TANF funding before it's transferred to SSBG.

States are also allowed to transfer up to 10 percent of the original SSBG allocation to other block grants (Preventive Health and Health Services Block Grant; Maternal and Child Health Services Block Grant; and Alcohol, Drug Abuse, and Mental Health Services Block Grant) for health activities or to the Low-Income Home Energy Assistance Program.[4]

SSBG Administration in Maine

In the state of Maine the Social Services Block Grant is monitored by the Office of Child and Family Services (OCFS) Division of Community Partnerships, Community Services Unit. The Maine Department of Health and Human Services is the cognizant agency for SSBG.

Maine does not impose any income eligibility for programs providing services to individuals who have an open Child Protective Services case plan, who are receiving sexual assault or domestic violence services, or who are elderly receiving nutrition services.

[3] Lynch, K. (2012). *Social Services Block Grant: Background and Funding.* Congressional Research Service. Accessed online on October 15, 2014: http://fas.org/sgp/crs/misc/94-953.pdf
[4] Ibid.

Maine does establish income eligibility limits for other programs at 125% FPL including Family Planning and Transportation Services. TANF and SSI recipients are categorically financially eligible for these programs as they exceed income requirements.

Allocations and Transfers

Table 1.1 below outlines the total spending reported by the Maine Department of Administrative and Financial Services to ACF. Additionally, the table outlines the amount of TANF transfer reported in recent years.

Table 1.1

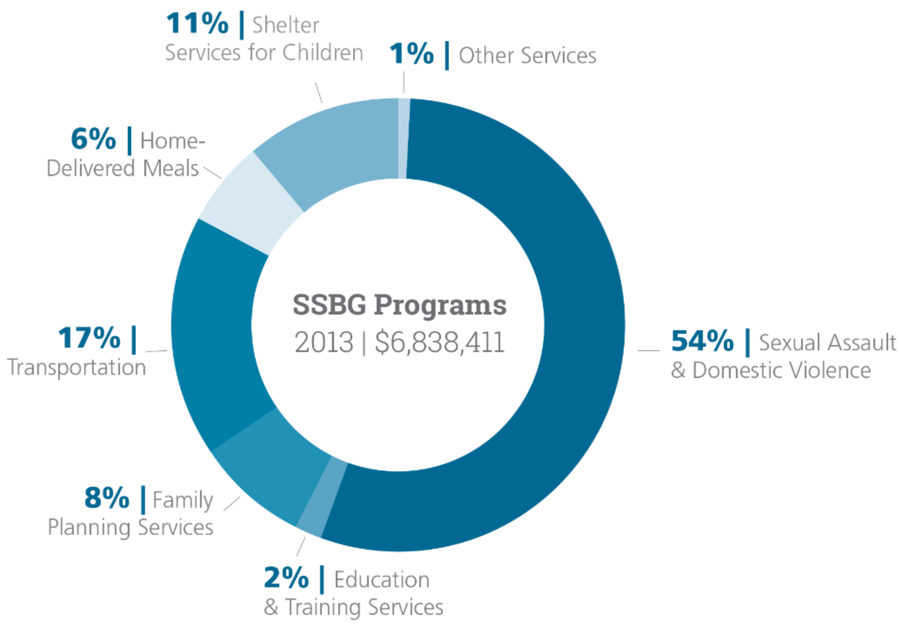
Federal Fiscal Year	SSBG Award	SSBG TANF Transfer
2012	$7,273,294	$0
2013	$6,838,411	$7,812,089
2014	$6,642,639	$7,437,155

Maine has not historically transferred any funds out of SSBG to other health or low-income energy assistance programs.

Programs

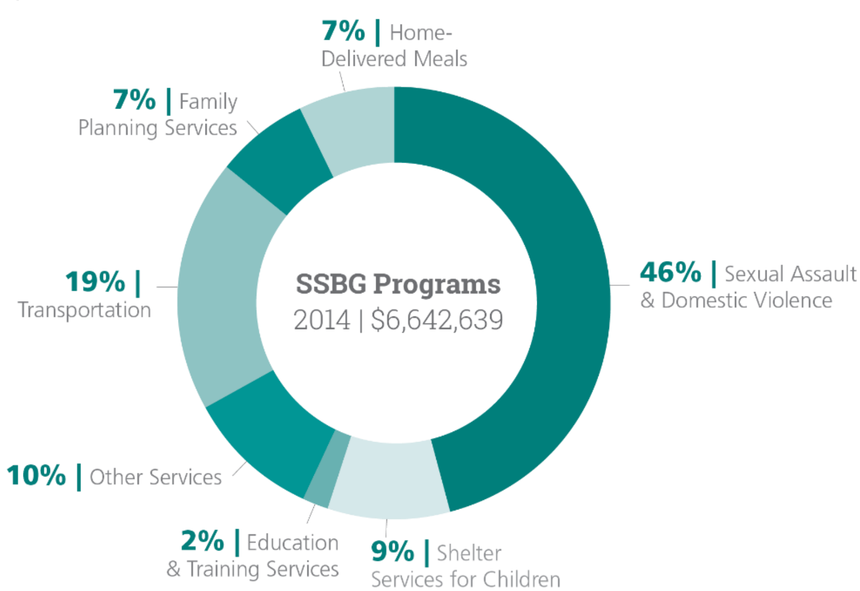
Maine has historically funded the same program service areas year to year including: Family Planning Services, Home-Delivered Meals, Sexual Assault & Domestic Violence Services, Shelter Services for Children, and Transportation. In years in which a TANF transfer has occurred those funds have been completely allocated to the child welfare program. Below are charts (Figures 1.1, 1.2, 1.3) displaying the percentage of total SSBG funding that has been allocated to each of these program areas for fiscal years 2013-2015 (excluding any TANF transfers).

Figure 1.1



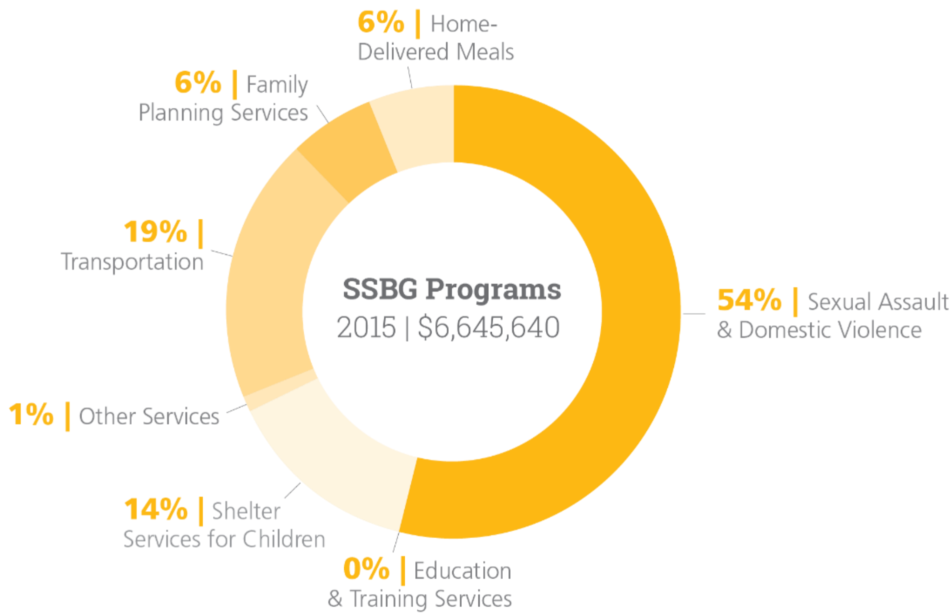
Allocations for FY2013 are reported post-expenditures.

Figure 1.2



Allocations for FY2014 are reported pre-expenditures and will be updated when available.

Figure 1.3



Allocations for FY2015 are reported pre-expenditures.

Alignment with DHHS Strategic Goals

The Maine Department of health and Human Services Strategic Plan 2013-2015 outlines six statewide goals that support the mission*: To promote safe, healthy, independent lives for all, while ensuring efficient and effective use of resources for Maine's most vulnerable.*

The Prevention and Intervention service area which funds sexual assault and domestic violence programs directly aligns with the **DHHS Strategic Goal #3 to improve the safety of individuals and communities**. In particular, this program area corresponds to the key initiative to *provide continued support of programs around the state to end domestic violence and sexual assaults and support for statewide hotline for domestic violence and sexual assault report.*

Other programs funded by SSBG are peripherally related to the DHHS Strategic Goals are described in the figure below:

DHHS Strategic Goal		Related SSBG Service
Goal 1	Improve individual and public health	Family Planning Services - aims to promote healthy pregnancy and provide contraception services. Transportation Services - allows individuals to access social and medical services that can improve health and well-being.
Goal 3	Improve safety of individuals and communities	Shelter Services for Children - provides temporary shelter to vulnerable teens and young adults.
Goal 6	Increase quality and access to Long-Term Care Services and Supports	Home-Delivered Meals - provides nutritious meals to elderly and disabled residents.

Analysis of SSBG in Maine

Staff in the Office of Child and Family Services and the Department of Health and Human Services have related a number of concerns about the array, quality, and type of programs historically funded by the Social Services Block Grant. Furthermore, there are a number of emerging needs in the state of Maine that could be addressed through SSBG if funds were made available. The summary below highlights these challenges, potential areas for future investment, and in the next section, recommendation to address these challenges and goals.

Challenges

1) *Allocations to specific service areas have remained unchanged over many years.*
   Historically, the SSBG has been used to fund sexual assault and domestic violence services, transportation, meals for the elderly, shelters services for youth, and family planning services without consideration of the changing demographics of the state. Other populations, particularly the growing elderly population, may be underserved. Additionally, the population of Maine continues to consolidate in urban areas and decrease in rural areas. Programs may be concentrated in areas that do not have the greatest need for these services. OCFS staff are also concerned about the redundancy of services by different providers which may lead to inefficiency as well as increased administrative costs.

2) *Programs have operated without measurable goals or oversight.*
   The process for selecting programs has become uncompetitive and the expectations for the services to be provided have remained the same, despite potential changes in best practice. It is difficult for OCFS to hold providers accountable for outcomes without a clear contract or agreement in the RFP. Furthermore, programs with funding that passes through OCFS to other offices (Meals on Wheels and family planning services) have even less oversight by OCFS. Additionally, some SSBG funded programs, such as transportation, may be receiving funding from multiple government sources; but without cross-agency collaboration and communication, it is difficult to monitor services or institute changes.

3) *OCFS is not fully utilizing the RFP process.*
   OCFS is moving towards an RFP process for all SSBG funded programs but staff report that the process of adding or amending an RFP is slowed by state processes which makes it cumbersome for staff and an inefficient means of producing change on the part of contracted providers. Ideally, the RFP can be used as an instrument to change the array of services funded, but providers are resistant to broad changes therefore OCFS reported in October 2014 that they plan to issue RFPs for some programs in their current as-is state and move towards changes in future years.

4) *The annual TANF transfer is unpredictable.*
   A lack of transparency about who makes the decision to transfer funds from TANF to SSBG, what criteria are used, and when the decision is made creates a feeling unpredictability for staff at OCFS. They are unable to plan accordingly in the SSBG pre-expenditure report and allocate funds to current or new programs because of this uncertainty as well as a hesitancy to promise funding one year, only to have it unavailable the next. In years when the transfer has occurred OCFS allocates 100% of this transfer to child welfare to address budgetary shortfalls which also ensures that these funds are put towards an allowable purpose.

5) *The provider community appears to hold more power than one would typically expect.*
   OCFS reports that the provider community that serves sexual assault and domestic violence includes two strong and separate coalitions that have been unable or unwilling to work together to provide bundled services or programs. OCFS also reports that providers in Portland are willing to forego SSBG funding so as not to draw away support from established providers of shelter services to youth in Lewiston and Bangor. This has led to an uncompetitive RFP process and a possibility that youth may be underserved in the Portland area. PCG did not speak with anyone in the provider community to corroborate these reports.

6) *Inconsistent financial records.*
   During the course of this engagement PCG examined financial records provided by OCFS and the Department of Administrative and Financial Services (DAFS). The process for reporting on SSBG expenditures is somewhat fragmented with OCFS reporting to ACF on program specific funding and DAFS managing the final accounting for the state. ACF is receiving inconsistent information from two state agencies because the reporting processes are not identical.

Areas for Future Investment

OCFS and DHHS have highlighted several programmatic areas where future investment of SSBG funds could be beneficial. These include:

- Community Partnerships for Protecting Children (CPPCs)
- Evidence based practices
- Parent education
- Child abuse and neglect prevention and early supports
- Transition aged youth and developing executive functioning skills
- Post-adoption support
- Support for children without a mental health diagnosis

Preliminary Recommendations

Recommendations are followed by an estimate of the timeframe required to implement these changes as follows: ***Immediate*** – could be implemented in the next three to six months, ***Short Term*** – could be implemented in the next six to twelve months, ***Long Term*** – could be implemented but will require substantial planning in the next year to begin.

1) OCFS should develop and implement assessments to determine how the changing population's needs are being met, or could be met. These assessments should include but not be limited to:

    - A comprehensive statewide needs assessment focusing on the population of homeless and at-risk transitional aged youth across the state. ***Short Term***

    - A cross-agency evaluation of transportation services with MaineCare, child welfare, Veteran's services, the Office of Aging and Disability Services and other agencies as needed. This evaluation should identify inefficiencies, opportunities to reduce administrative costs, and recommend accurate performance measures for contracted transportation providers regardless of funding source including measures to ensure program integrity. Potential benefits of this type of statewide evaluation may include: increased administrative efficiency; decreased reliance on general funds; increased federal revenue; improved quality service delivery; and improved access in rural or underserved areas. ***Short Term***

2) The SSBG Accountability Template created by DHHS is a step in the right direction towards evaluating measurable outcomes in SSBG funded programs. The targets for these measures must be continually reviewed and updated in conjunction with providers as goals are met. If programs are struggling, OCFS should work with providers to institute plans of action to achieve these goals. OCFS staff also should spend more time conducting on-site reviews of SSBG funded programs, which they report have declined in recent years. OCFS staff may benefit from training to help them provide technical assistance to providers which may include organizational effectiveness, planning, financial management, data collection and analysis and other skills. This TA should be provided in a supportive manner, rather than strictly administrative oversight. ***Short Term***

3) DHHS should work with OCFS to identify bottlenecks in the RFP process. OCFS may benefit training on how to develop effective RFPs that include performance measurements and reporting by providers. OCFS should work with other offices and agencies that administer SSBG funded programs (Meals on Wheels and family planning services) to establish outcomes and accountability measures. OCFS should continue to move towards RFPs and models that support pay for performance contracts. ***Immediate***

4) DHHS should work with OFI to identify ways to be more thoughtful about the annual TANF transfer that will allow OCFS to plan for this funding source. DHHS, OFI, and OCFS should engage in a planning conversation at the start of the federal fiscal year about a potential TANF transfer that occurs quarterly. OCFS should create a list of high priority populations and pilot projects that could be quickly funded and implemented if/when TANF funds are transferred. These could be with currently contracted service providers to avoid the need for an RFP. OCFS should establish an understanding with providers that subsequent funding would be based on success of the pilot and availability of funds in future years. ***Immediate***

5) OCFS would benefit from an outside assessment of the current provider landscape, particularly in regards to sexual assault and domestic violence services and services for homeless youth. This evaluation, if combined with a needs assessment, would help OCFS determine where program inefficiencies exist, administrative costs could be reduced, additional funding sources could be accessed, and best practices could be implemented. ***Short Term***

6) OCFS and DAFS should work together to improve communication and OCFS should supply DAFS with SSBG Pre and Post Expenditure Reports to increase transparency. Cross-training on financial reporting formats and requirements should occur between OCFS and DAFS. A process should be developed wherein OCFS submits the Pre-Expenditure SSBG report to DAFS each year. DAFS should create a cross-walk of SSBG programs and the categories in the Budget Variance Report. This will allow DAFS to return regular reports to OCFS that reflect spending in each SSBG program category and ensure consistency between OCFS and DAFS reporting to the federal government. ***Immediate***

Section 2. Child Care Development Fund (CCDF)

Overview of CCDF

The Child Care Development Fund (CCDF) is the main source of federal funding to states for improving access to high quality child care for low income families. The term CCDF actually refers to multiple funding streams – the Child Care Development Block Grant (CCDBG), the Child Care Entitlement to States Mandatory and Matching Funds (CCES), and Temporary Assistance for Needy Families (TANF) funds transferred to the CCDBG. These streams are funded under separate authorities but administered under the same rules (the CCDBG Act). Due to this arrangement, the terms CCDF and CCDBG are sometimes used interchangeably despite some important distinctions.

Child Care Development Fund (CCDF)		
Child Care Development Block Grant (CCDBG)	Child Care Entitlement to States Mandatory and Matching Funds (CCES)	TANF funds transferred to CCDBG

On November 19, 2014 reauthorization of CCDBG was completed when President Obama signed the Child Care Development and Block Grant Act of 2014. Although this report does not constitute a comprehensive analysis of the impact of CCDBG Reauthorization, selected areas in which this recently-passed legislation impact CCDF-funded programs will be highlighted. Table 2.1 below summarizes the funding components, authorities, formulas, and requirements for state contributions for the CCDF.

Table 2.1

	Mandatory CCES	Discretionary CCDBG	Matching CCES
Funding Authority	Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, Pub. Law 104-193	Section 658B of the Child Care and Development Block Grant (CCDBG) Act of 1990[5]	Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, Pub. Law 104-193
Basis for Allocation	Federal share of funding for the repealed AFDC-linked child care programs (AFDC/JOBS Child Care, Transitional Child Care, and At-Risk Child Care). The share is based on Federal funds received in FY 1994, FY 1995, or an average of funds received in FY 1992–1994, whichever is greater.	Formula that considers: • Children < 5 • # children w/ free/reduced lunch • State per capita income	State's share of children < 13

[5] Reauthorized with the CCDBG Act of 2014 on 11/18/14

	Mandatory CCES	Discretionary CCDBG	Matching CCES
State Spending Requirements	None, 100% Federal	None, 100% Federal	• Meet CCDF MOE • Match fed $ at FMAP rate (61.55% for ME in FY14) No more than 30% of match requirement may be met with State Pre-K funds
Other		• Subject to annual Congressional appropriation • TANF transfers become part of this fund	State MOE levels are based on the Federal share of funding for the old AFDC-related CC programs.
Maine FY 14 Allocations	$3,018,598	$7,629,066	$5,872,411 (fed share)
Maine FY 14 MOE/Match	N/A	N/A	$1,749,818 (MOE) $3,668,468 (state match)

Oversight

On the federal level, the CCDF is administered through the Office of Child Care (OCC, formerly the Child Care Bureau) within the Department of Health and Human Services' Administration for Children and Families. States are required to submit CCDF Plans to the OCC – these have been required every 2 years, modified to every three years under CCDBG Reauthorization.[6] Unlike the flexibility afforded states with respect to TANF State Plans, the CCDF Plan is both highly prescriptive and detailed, and CCDBG Reauthorization includes several additional areas that these plans must address.

In addition to the State Plan (also referred to as ACF-118), states are required to submit reports in the following areas:

- Quarterly Financial report (ACF-696)
- Annual Aggregate Data Report (ACF-800)
- Quarterly[7] Case-Level Data Report (ACF-801)
- Triennial Error Rate Reports (ACF-400, 401, and 402)

[6] The effective date of the law is the date the bill was signed; however, various provisions of reauthorization have differing required implementation dates. The State Plan currently in place applies to FFYs 2014-15 – the next plan (due in July 2015) will cover FFYs 2016-18.
[7] Or monthly, at state option.

Allowable Use

Allowable uses of CCDF funds are most simply divided into two categories – spending to improve access to child care through subsidies (direct services) and spending to improve the quality of child care.

Subsidies

States are allowed to expend CCDF funds to subsidize child care for families with incomes up to 85% of the State Median Income (SMI) for the corresponding family size. To be eligible, parents generally must be working or engaged in activities leading to employment (education/training) and be the caretaker of a child under 13 (or under 19 if the child is unable to provide self-care or is under court supervision). In addition, states may spend CCDF funds on children in protective services without regard to the parents' work/education status.

The issues of work and training requirements for the parents of children receiving CCDF subsidies has been an area of interest and focus, particularly as research has expanded regarding the importance of continuity of care for young children. CCDBG Reauthorization has addressed this issue by mandating twelve month eligibility periods, limiting the frequency that working parents have to interrupt work schedules to complete an eligibility determination. Also, a subsidy cannot be ended due to an increase in income prior to the end of a 12 month eligibility period unless the income exceeds 85% of the SMI. Finally, states are given the option to continue child care assistance for three months following the loss of employment or the end of a work/training activity.[8]

Quality Improvement

States are required to spend a portion of CCDF dollars on programs and activities that improve the quality of child care. 45 CFR 98.51[9] describes quality/availability activities as including (but not limited to):

- Comprehensive consumer education to parents and the public;
- Efforts to increase parental choice;
- Provision of resource and referral information to parents and providers;
- Programs designed to assisting providers in meeting local standards;
- Initiatives to improve monitoring, compliance, and enforcement of local child care requirements or standards;
- Training and technical assistance for child care services; and
- Efforts to improve the pay of the child care workforce.

[8] Note current policy per Maine CCDF State Plan @ 4.03: Interim child care may be provided for up to two months for current recipients who have lost work who have completed school and are looking for work.
[9] http://www.gpo.gov/fdsys/pkg/CFR-2010-title45-vol1/pdf/CFR-2010-title45-vol1-sec98-51.pdf

In addition, CCDF funds can be used in any other way that is consistent with the intent of the regulations related to improving quality of child care. ***However, in the context of overall flexibility, CCDF is rather limited in its scope, particularly in comparison to the SSBG and TANF block grant***.

Restricted/Required Use

As noted above, the allowable uses of CCDF funds are limited to providing subsidies and improving the quality of and access to child care. There are additional limits, restrictions, and minimum requirements – some of which have been impacted by CCDBG Reauthorization – and are captured in Table 2.2 below.

Table 2.2

	Current Law	Maine Spending FY 13[10]	CCDBG Reauthorization
Minimum Quality Expenditure	4%	$1,825,131 11%	• 7% (first 2 years after enactment) • 8% (3rd and 4th year after enactment) • 9% (5th year after enactment and each succeeding year) By the second full year after enactment, 3% of these total must be expended on activities related to quality infant and toddler care.
Administrative cost cap Also See 45 CFR 98.53	5% (Pertains to aggregate CCDF funds, including federal funds and required State Matching funds, but not State Maintenance-of-Effort expenditures)	$243,287[11] 1.41%	No change
Direct Services Spending	70% of Mandatory and Matching funds	$13,486,519 78%	No Change

Transfers

No provisions are in place to allow transfers from CCDF to other funding sources; however, TANF regulations include the following guidance regarding TANF transfers ***to*** CCDF:

[10] Combined Federal and State funds
[11] These are discretionary funds; Maine also spent $1,749,818 in MOE toward admin.

…In compliance with section 404(d)(1), a State may not transfer more than 30% of its total annual TANF funds. A State may transfer this entire amount to the ***Discretionary Fund***[12] ***of the CCDF program****. All funds transferred to the Discretionary Fund of the CCDF program take on the rules and regulations of that recipient Fund in place for the current fiscal year at the time when the transfer occurs. A State can transfer current-year Federal TANF funds only. The State may not transfer prior year unobligated balances to the CCDF.*[13]

CCDF Administration in Maine

In Maine, the CCDF block grant is administered by the Office of Child and Family Services (OCFS) within the Department of Health and Human Services (DHHS). The components of the CCDF dedicated to quality improvement are housed solely in OCFS; on the other hand, the eligibility process for CCDF-funded subsidies (the Child Care Subsidy Program, or CCSP), while administered through OCFS and primarily delivered through that office, is intertwined with Office for Family Independence (OFI). Furthermore, the eligibility processes for the CCSP and TANF-funded child care (TANF/ASPIRE and Transitional Child Care) are different in many ways as will be addressed in this report.

Allocations and Transfers

Table 2.3 below captures allocations across the three CCDF funding streams for the previous three fiscal years. Note that these figures do not include state match or MOE, only federal dollars.

Table 2.3

Federal Fiscal Year	Mandatory	Federal Share of Matching	Discretionary (including Targeted Funds)	Total Federal-only Funds
2012	$3,018,598	$6,025,942	$7,791,183	**$16,835,723**
2013	$3,018,598	$5,922,420	$7,216,862	**$16,157,880**
2014	$3,018,598	$5,872,411	$7,629,066	**$16,520,075**

Reauthorization includes annual increases in discretionary funding of 5, 2.5, 2.5, 2.5, and 3 percent for fiscal years 2016-2020.

In FY 2014, no TANF was transferred to CCDF; in FY 2013, $2 million was transferred. Table 2.4 illustrates the maximum that may be transferred, and the amount of federal TANF that was spent on child care in Maine.[14]

[12] CCDBG
[13] Appendix D-Section 2—Instruction For Completion of Form ACF–196
[14] ACF-196 Financial Report

Table 2.4

FY 2014 TANF Award	**$78,120,889**
30% of TANF Award	$23,436,267
FY 2014 Federal TANF spent on child care[15]	$324.764[16]

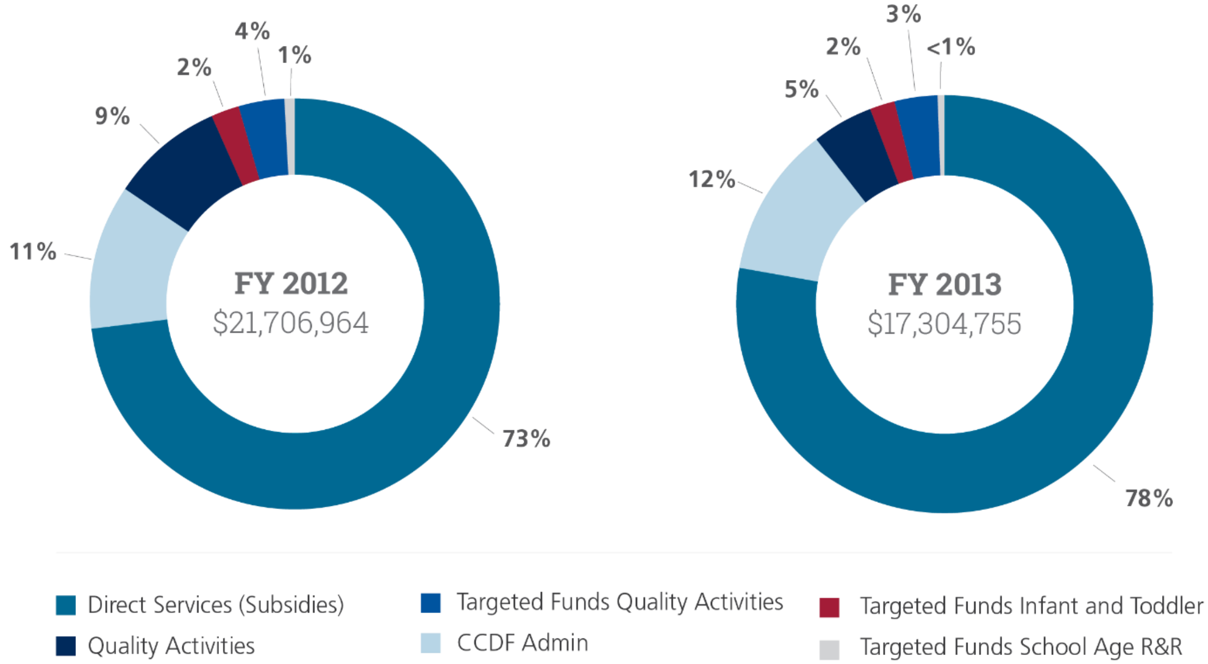
Programs

The charts below in Figure 2.1 illustrate Maine's CCDF expenditures for FY 2012 and 2013. The most recent ACF-696 expenditure report did not represent final expenditures for that fiscal year, and therefore is not included in this analysis.

Quality

Funds designated to improve quality, expended across four categories, are displayed in Figure 2.1 below and described in Table 2.5 that follows.

Figure 2.1
Maine CCDF Expenditures



[15] A much larger amount of state dollars, used as TANF MOE, were spent on TANF-related child care.
[16] The CCDF State Plan for FFY 14-15 projected a much higher level of Direct Federal Spending on Child Care for FY 14 ($20,691,243)

Table 2.5

Funding Category	Description[17]
Targeted Funds/Infant Toddler	• Quality differential incentives to encourage licensed centers and certified homes to invest in improving the quality of care • Training and Development for the child care workforce
Targeted Funds School-Age R & R	• Quality differential incentives to encourage licensed centers and certified homes to invest in improving the quality of care for school age children • Consumer Education / access to child care and parenting resources
Targeted Funds Quality Activities	• Training and Development for the child care workforce[18]
Quality Activities	• Child Care Licensing (health/safety of children in licensed center and certified homes)

With the increase in the spending dedicated to quality mandated by CCDBG Authorization, it is relevant to analyze historic spending levels to assess the impact of the recent statutory changes.

As illustrated below in Table 2.6, Maine would have also met the nine percent quality threshold mandated in the new law in fiscal years 2012 and 2013.

Table 2.6

	Total Expenditures	Quality Expenditures	Percent
FY 2012	$21,686,964	$3,348,528	15.4%
FY 2013	$17,304,754	$1,825,131	10.5%

Child Care Subsidy Program

The Child Care Subsidy Program, or CCSP, provides low-income families in Maine assistance in paying for child care. Families eligible for a subsidy are responsible for a co-pay fee not to exceed 10% of the family gross income for all their children receiving assistance.

Two key factors drive expenditures in subsidy programs – who is eligible for and receives the assistance, and the amount that providers are paid for eligible children (reimbursement rates).

Maine's income eligibility standards fall only slightly below the maximum allowed by CCDF (85% of the State Median Income) as reported in the Table 2.7 below:

[17] Source: CCDF State Plan 2014-15
[18] DHHS contracts with The University of Southern Maine Muskie School of Public Service to coordinate child care provider training and technical assistance activities

Table 2.7

Family Size	Maximum Monthly Income	Percent SMI[19]
1	$2,396	78%
2	$3,233	80%
3	$4,069	82%
4	$4,910	83%
5	$5,746	83%

Even with relatively high income standards - which open up the CCSP to a larger population - OCFS reports that there is no current waiting list for low-income working families to access child care subsidies. The following information in Table 2.8 compares Maine's income standards and waiting list status to other New England states, using most recent available data across all states (2013) for consistency.[20]

Table 2.8

State	Maximum income for family of three (Percent SMI)	Waiting list? (Y/N)
ME	80%	N
MA	50%	Y
NH	62%	N
VT	57%	N
CT	50%	N

With respect to the second factor - reimbursement rates – Table 2.9 below illustrates Maine's position in relation to other New England states.[21] Note that there is no mandated standard per CCDF as to the percentile at which reimbursement rates are set.

Table 2.9

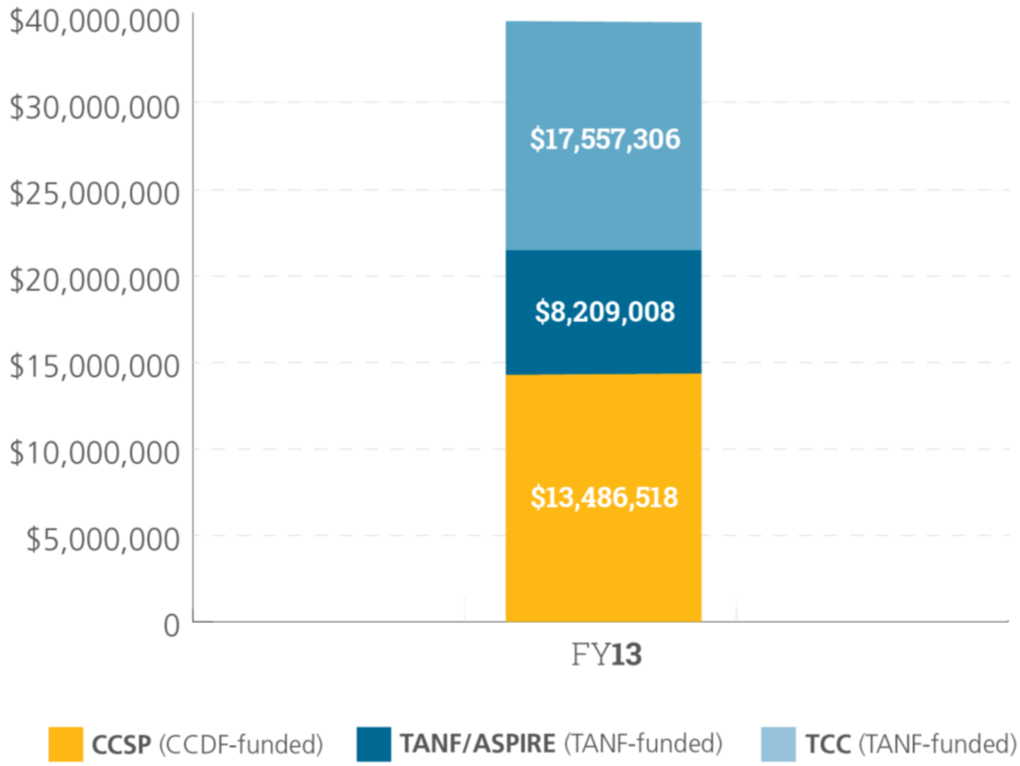
State	Percentile of Market Rate Reimbursed	Based on Market Rate in
ME	50th	2013
MA	3rd -43rd	2010/11
NH	50th	2009
VT	At or below 75th	2008
CT	65th	2001

[19] Maine CCDF State Plan 2014-15
[20] National Women's Law Center. Pivot Point, State Child Care Assistance Policies 2013: http://www.nwlc.org/sites/default/files/pdfs/final_nwlc_2013statechildcareassistancereport.pdf
[21] National Women's Law Center. Pivot Point, State Child Care Assistance Policies 2013: http://www.nwlc.org/sites/default/files/pdfs/final_nwlc_2013statechildcareassistancereport.pdf

Maine's Quality Rating and Improvement System (Quality for ME) rates providers at four quality levels. Providers at the three highest rating levels receive a differential payment or "quality bump" in their reimbursement of 2%, 5%, and 10% respectively.

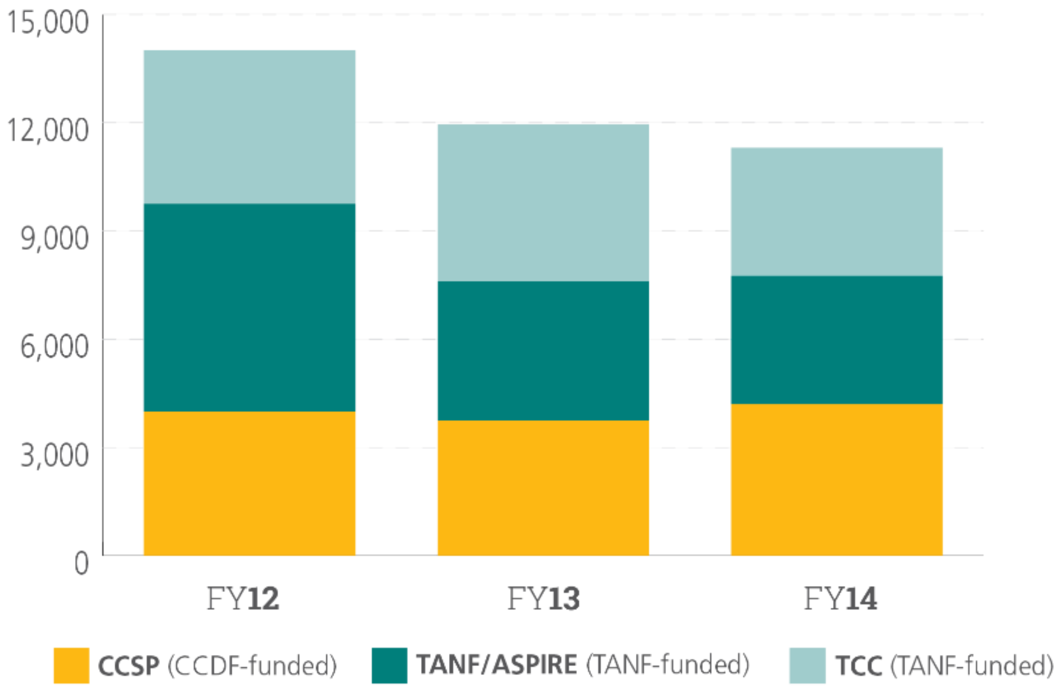
To provide a complete picture of spending on child care subsidies for working families and those taking part in training or other programs designed to lead to employment, it is important to view both CCDF and TANF expenditures in the same context as shown in Figures 2.2 and 2.3 below.[22, 23]

Figure 2.2
Spending on Child Care by Funding Source



[22] Sources: ACF-196, ACF-696
[23] Due to reporting inconsistencies spending on child care by funding source is only available for FY 2013 at this time.

Figure 2.3
Number of Children Served by Funding Source



Subsidy Processes across TANF and CCDF

The children represented in Figure 2.3 above have much in common – their parents are on the low end of the income scale and are either working or taking part in activities that lead to work and a greater level of self-sufficiency. However, due to differences in the way child care subsidies are provided to families with a TANF/ASPIRE connection and those without any affiliation to the cash welfare program, these families (and the providers caring for the children) experience child care subsidies in significantly different ways. The figure on the following page captures the flow for both the CCSP and TANF/ASPIRE child care from the point of application, through eligibility determination, the provider payment process, and client redetermination. In addition, areas of concern are noted where inconsistencies or inefficiencies are present.

Program	Office Responsible	Application	Financial Eligibility & Notification	Program Eligibility & Notification	Provider Selection	Provider Payment	Re-Eligibility Determination 6 months	Re-Eligibility Determination 12 months
Child Care Subsidy Program (CCDF)	OFI	Family submits financial eligibility application at OFI thru kiosk or My Maine Connection	OFI determines financial eligibility and sends letter to family directing them to complete process with OCFS					12 month financial eligibility review based on proof of employment or school enrollment
	OCFS		OCFS recieves notice of financial eligibility and sends out packet to determine program eligibility	Family completes program eligibility and waits for OCFS to determine eligible and notify them	Family can select unlicensed provider if they are not in the family home, or licensed child care provider	OCFS pays providers directly bi-weekly after services are provided. Providers must maintain attendance records	6 month program eligibility review based on proof of employment or school enrollment	12 month program eligibility review based on proof of employment or school enrollment
Areas of Concern		*OFI TANF application refers families to CCSP for child care subsidy*	*Letter can be confusing to families* *Original signature required from program eligibility application*	*Providers express frustration with establishment of start date for payment*	*Information regarding availability of resource & referral line may not be provided at the time most need by parents looking for child care.*	*Providers may not charge families in excess of their CCSP voucher. Contractual relationship between provider and OCFS*		*Family submits identical documentation to OFI and OCFS*
TANF/ASPIRE Child Care	OFI	Family submits application for ASPIRE	Singular program and financial eligibility determination process completed by OFI		Family can select an unregulated provider, or licensed child care provider	Paid in advance weekly. Benefits paid directly on EBT card or family may opt to have OFI pay provider directly	Dependent on TANF eligibility and participation in programs	
Transitional Child Care (TANF)	OFI	Process driven by closure of ASPIRE cash assistance due to employment					Re-determined annually based on program participation	
Areas of Concern						*Providers may charge families in excess of their child care benefit. No contract between providers and OFI* *No "quality bump" for children enrolled in centers or homes participating in the QRS*		

The figure above illustrates that within the CCSP, the financial and program eligibility is bifurcated, with two separate offices responsible for related tasks. Additionally, the diagram references the key differences in how subsidies are administered depending on whether a client enters through the "TANF door" or the "low-income working parent door":

- ***Different policies guide eligibility start dates.*** TANF-related child care is effective the date a client applies; for the CCSP, the assistance is effective the date the application is processed.
- ***The "quality bump" is paid only for children in the CCSP, not for children receiving a TANF-funded subsidy.*** At minimum, this sends a message that the quality of care provided to a segment of the population is less important than for another group.
- ***Provider payment processes differ significantly.***
  - Depending on whether a child is receiving TANF-related child care or is eligible through the CCSP, the provider will receive payment weekly in advance (TANF) or bi-weekly after the care is provided and following submission of attendance information (CCSP).
  - Payments are generated through two different systems (ACES for TANF, MACWIS for CCSP).
  - Different standards are in place with respect to child attendance - no attendance reporting is required for TANF, while CCSP payments are based on actual time in care as reported by providers and processed by OCFS.
- ***Parents in very similar or identical situations may be charged different amounts by a provider.*** Providers that accept CCSP children sign a provider agreement that prohibits them from charging in excess of the state reimbursement rate (if their private-pay rates are higher). However, a parent eligible for TANF-funded Transitional Child Care is not subject to this restriction – the provider would be allowed to charge them the difference between the reimbursement rate and what a private-pay parent is charged. So, two parents with identical employment income and work schedules would be subject to different policies - this not only raises a question of equity, but is certainly confusing for the child care provider45.

In total, these differences represent real obstacles to achieving the most efficient and equitable child care subsidy system for program recipients and child care providers. Furthermore, the current system prevents state staff managing the programs from taking a holistic approach to improving the quality and accessibility of care. Aligning the programs to eliminate these differences will lead to a subsidy system that best supports all stakeholders.

Alignment with DHHS Strategic Goals

The Maine Department of Health and Human Services Strategic Plan for 2013-2015 outlines six statewide goals that support the Department's mission - *To promote safe, healthy, independent lives for all, while ensuring efficient and effective use of resources for Maine's most vulnerable.*

The programs funded through the CCDF achieve a degree of alignment with goals articulated in the Strategic Plan, as described in the figure below.

DHHS Strategic Goal		Related CCDF Program
Goal 2	Improve self-sufficiency of individuals and communities	Subsidies provided through the CCSP allow families to work and/or attend school/training, reducing their reliance on other government programs.
Goal 3	Improve safety of individuals and communities	Quality activities, particularly those that support licensing activities designed to ensure health and safety.
Goal 4	Improve school-aged children's ability to succeed	Quality activities that impact school-readiness

Analysis of the CCDF Block Grant in Maine

Challenges

1) The CCDF affords states a degree of flexibility, but only within the context of improving child care quality and affordability. Identifying the appropriate mixture of the two (while meeting minimum expenditure requirements) and creating programs that have measureable impacts on quality are key challenges for the state.

2) The challenges posed by Maine's bifurcation of TANF-related child care subsidies and the CCSP are significant. The state has attempted to create a "no wrong door" approach in that non-TANF clients may access low-income child care at OFI – the information is passed on to OCFS following OFI's financial eligibility determination. However, the eligibility process as a whole still contains duplication and does not address the differences discussed above in the way clients and providers experience other aspects of the programs.

Areas for Future Investment

DHHS expressed an interest in funding child care health consultants with CCDF. Although there is no single definition of this role, it is likely that activities associated with these positions would be consistent with 45 CFR 98.51(a)(2)(vi), which allows funds to be used for activities designed to improve the quality of child care.

Preliminary Recommendations

Recommendations are followed by an estimate of the timeframe required to implement these changes as follows: ***Immediate*** – could be implemented in the next three to six months, ***Short Term*** – could be implemented in the next six to twelve months, ***Long Term*** – could be implemented but will require substantial planning in the next year to begin.

1) **DHHS should develop block grant level outcomes-based performance measures that align to the strategic goals. *Immediate***

Indicators that investments in quality and affordability are paying dividends might be the percentage of providers achieving a designated QRIS level, or the percentage of children enrolled in providers at a certain level. Setting goals and expectations around these types of measures would support DHHS' strategic goal of improving school-aged children's ability to succeed, as the success in later years is tied to laying the foundation early in a child's life.

Another outcome-based measure, related to changes in eligibility determination processes, might be related to a reduction in the number of CCSP overpayments.

2) **As spending on TANF-related child care continues to decrease, DHHS should consider the availability of CCDF to subsidize care for this population. *Long-Term***

Because of the flexibility afforded to TANF funds, there may be opportunity to use the more-restrictive CCDF dollars on child care assistance for TANF families, freeing up the TANF dollars previously spent on new programs developed with the Department's strategic goals in mind. For further information on this recommendation see Section 4.

3) **DHHS should explore options to create a more uniform approach to service delivery and policy within and/or across subsidy programs.**

At the outset of this engagement, the Department had indicated an interest in creating efficiencies for families receiving child care subsidies from the state. Initially, the primary focus of possible improvements was the CCDF-funded CCSP only; however, in the course of PCG's block grant review and facilitated discussions, information accumulated that suggested the state should also consider a more global perspective on the provision of child care assistance in order to provide services efficiently, equitably, and in a manner that supports high quality care for children regardless of the source of funding. Acknowledging that significant change requires long-term planning and commitment of resources, a set of options of varying complexity and timeframes for completion have been identified, and is illustrated here as points on a continuum:

These options run a wide spectrum - from small modifications to the existing structure to transformational change – and are addressed below. As to be expected, the options become progressively more complex and time-consuming moving from left to right.

- **<u>Status quo with some improvements: Immediate</u>**

Small improvements that do not require significant resources to implement could positively impact efficiency and customer service in the CCSP. Steps have already been taken to t adopt or consider some of these changes, and are noted

- o Eliminating the requirement for applicants to provide an original signature as part of the program application for CCSP. This option is currently being pursued - To ensure audit compliance, OCFS is working with the director of Audit to confirm the ability to accept electronic signatures.
- o Revising the TANF application to more clearly direct clients to the appropriate entry point for child care subsidies. The application currently refers clients to the CCSP for a child care subsidy, even though they would be referred directly back to OFI to complete the financial eligibility portion of eligibility determination.
- o Facilitating permission for OCFS/CCSP staff to have direct access to ACES to view and modify family employment and training information for the purposes of verifying program eligibility based on information collected to financial eligibility by OFI. OCFS subsidy managers met with OFI in late October 2014 to explore the option of greater ACES access, and efforts will continue to pursue this option.

- **<u>Integration of financial and program eligibility for CCSP: Short-Term</u>**

The eligibility process for the CCSP is currently divided into two parts and completed by different offices within DHHS. The following two options would integrate the eligibility process so that one office has responsibility for both the program and financial eligibility components.

1) *Move financial eligibility to OCFS*

OCFS already completes program eligibility, and many of the same documents needed to determine the hours of care required as part of that process (e.g. check stubs) are also used to calculate financial eligibility. Combining these activities so that a single worker completes both eligibility components would streamline the process and potentially reduce the burden on clients who may be required to provide the same information twice under the current process.

2) *Move program eligibility to OFI*

Conversely, OFI could complete program eligibility at the same time financial eligibility is established. As in the previous example, this model would potentially reduce the burden on the applicant/recipient who currently must provide similar documents to two entities both within DHHS.

- **<u>Move CCSP to OFI: Long-Term</u>**

This model would build on the move of program eligibility to OFI by also transferring responsibility of other components of the CCSP to OFI, including processing attendance and payments currently carried out by OCFS. To implement this model, OFI staff would need to be trained on the systems used to administer CCSP (MACWIS) as well as the policies and procedures of the CCSP. In this model, the administration for the quality-related components of the CCDF would remain with OCFS and the policies that guide the CCSP would not necessarily change, but the processes for generating CCDF-funded subsidies would be the responsibility of OFI.

- **<u>Transformational Re-design of Child Care Subsidy Programs: Long-Term</u>**

The preceding options have the potential to streamline processes in child care subsidy determination *within* the CCSP; however, they do not address the fundamental differences between the CCSP and TANF-funded child care. In presenting options to DHHS in facilitated sessions on December 3rd and 4th 2014, participants identified a desire to think more broadly about child care subsidy programs *<u>across</u>* funding sources. For this reason, we also propose the option of instituting transformational change in Maine's child care programs for low-income families. This change is based on the assertion that the experience for parents and providers should be largely identical regardless of the source of a child's subsidy funding, and that the administration and eligibility functions of these programs should be integrated within one office at DHHS to facilitate efficiency and consistency.

In fact, Maine State Statute describes DHHS' responsibilities with respect to child care funding as a whole. This language could be interpreted as a requirement to achieve a greater level of coordination (emphasis added):

> *"To the extent permitted by federal law, the department shall **coordinate** and administer **all available federal and state child care funds**, including, but not limited to, those available under the United States Social Security Act; the federal Omnibus Budget Reconciliation Act of 1990, Section 5081; and the federal Child Care and Development Block Grant Act of 1990, as amended by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, 110 Stat. 2105."*[24]

Furthermore, Section 3732 states the Department is to allocate resources under chapter 1052-A so as to promote a set of principles, including that child care programs "must be coordinated to ensure the most effective use of federal and state funds."[25]

There are many factors to consider regarding this option. TANF and CCDF-funded child care are currently administered with different policies, processes, infrastructure, and statutory requirements and consolidation would require multiple decisions across these areas. A key next step for DHHS is to make decisions on a variety of components that make up the subsidy system - whether to adopt the existing policies and procedures currently in place for TANF or CCSP, create a hybrid, or articulate a new vision. The following table captures differences between TANF and CCDF funding sources, decision points or considerations for program consolidation, and applicable State laws and/or rules to assist in that decision-making process. It should be noted that the statutory and rule analysis presented here should not be considered exhaustive, and that DHHS legal staff should conduct additional review of the legal implications of each change to the subsidy system.

[24] http://legislature.maine.gov/statutes/22/title22sec3733.html
[25] http://legislature.maine.gov/statutes/22/title22sec3732.html

Program Component	TANF/ASPIRE and TCC *(TANF-funded)*	CCSP *(CCDF-funded)*	Decision Point/Considerations	Applicable Statute / State Rule
Eligibility System	ACES	MACWIS	• Existing systems have different provider payment functionality; • ACES supports financial eligibility, MACWIS supports program eligibility A consolidated subsidy system would likely use a common system; decisions about other components of a consolidated system might be used as a guide for which system to utilize.	No language found with respect to child care eligibility system requirements in CCSP or TANF rules or statute.
Provider Agreements	Not required	Required	In a consolidated system, providers would sign agreements that apply to all children in their care who receive a subsidy regardless of the funding source.	CCSP State Rules at 10-148 Chapter 6, 7.00 addresses the Provider Agreement in the CCSP. ASPIRE-TANF Rules at 10-144 Chapter 607, 14-2 (II)(A) addresses eligible providers and includes no reference to provider agreements.
Payments to Providers	Made 1 week in advance – generally directly to parents	Biweekly, after service is rendered	In a consolidated system, payments would be on the same schedule regardless of funding source.	Title 22, Section 3737 prohibits cash payments in advance in the CCSP. CCSP Rules at 8.06 address provider billing procedures.

Program Component	TANF/ASPIRE and TCC *(TANF-funded)*	CCSP *(CCDF-funded)*	Decision Point/Considerations	Applicable Statute / State Rule
“Quality Bumps”	Not paid to providers	Paid to providers per statute	In a consolidated system providers would be eligible to receive additional payments based on their QRIS rating regardless of a child’s funding source. Fiscal implications would be significant to make these payments for TANF-funded children.	Title 22, Section 3737 Includes the establishment of QRIS “quality bumps” for providers serving CCSP children; law does not expressly prevent payment of quality bumps paid via TANF. However, ASPIRE-TANF Rules at 10-144 Chapter 607, 14(II)(A)(4) state “ASPIRE-TANF will not provide a quality stipend for children enrolled in centers or homes participating in the Maine Child Care Quality Rating System.”
Attendance	Not tracked	Collected from provider	In a consolidated system, attendance tracking can be used to ensure provider payment integrity. Would have to align with payment after services are rendered or would require state to seek repayments.	CCSP rules at 9.014 (revised) require child care providers to maintain daily attendance records and retain them for three years; 9.015 states “Parents and Child Care Providers are required to sign attendance sheets weekly, at a minimum.”
Provider Excess	Providers allowed to charge rate in excess of subsidy to reach level of private pay client	Provider agreement prohibits providers from charging more than subsidy (parents are still responsible for co-pay)	Current Inconsistency in this area results in different treatment for parents who are in essentially identical situations.	CCSP: 11.02.1 of State Rules states a Provider’s Agreement is to be immediately terminated by the Department for fee collections in excess of the assessed parent fees as stipulated in the award letter (Exception is in place for one-time deposit /registration /application fees and special activity fees).

Program Component	TANF/ASPIRE and TCC *(TANF-funded)*	CCSP *(CCDF-funded)*	Decision Point/Considerations	Applicable Statute / State Rule
Offices Involved in Eligibility Process	OFI	OFI and OCFS	In a consolidated system, program and financial eligibility would occur in tandem. Although there would likely be some policy differences between TANF-funded and CCDF-funded child care programs, eligibility determination would be housed in a single branch of DHHS.	No applicable language identified.
Effective Date of Subsidy	Effective the date need begins	Date eligibility process is completed (no "backdating"	A consolidated system might retain the existing policy distinctions.	CCSP rule at 2.04 (proposed language): "Subsidy is only paid and payments are only made once eligibility is determined for both the Parent and the Child Care Provider."

While Maine has maintained separate administration and reporting of its TANF and CCDF-funded child care subsidies, many states "pool" these and other funds to create efficiency and consistency in their child care assistance programs. This is illustrated through states' use of a "pooling factor," which allows for reporting on subsidy programs across funding sources on the annual (ACF-801) and monthly (ACF-800) child care data submissions. The pooling factor represents the percentage of CCDF funds that make up the larger pot across funding sources. In FY 2010, thirty-one states reported a pooling factor of less than 1.0[26], meaning that at least some of the children reported on the ACF-800 and 801 were funded with non-CCDF dollars.

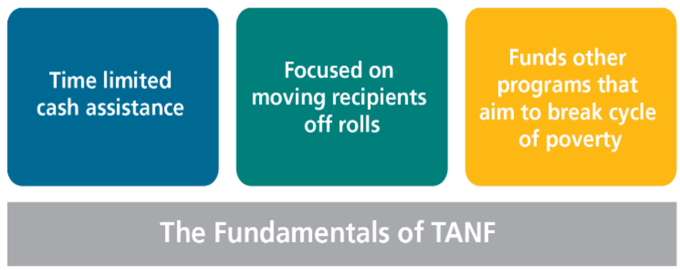
[26] The CCDF Policies Database Book of Tables: Key Cross-State Variations in CCDF Policies as of October 1, 2013.

Section 3. Temporary Assistance for Needy Families (TANF)

Overview of TANF

Temporary Assistance for Needy Families (TANF) is the country's welfare program, providing cash assistance and employment services to low-income families. This federal funding is provided to states in the form of a block grant, which provides significant flexibility to states to fund a broad array of programs aimed at breaking the cycle of poverty. The program is overseen by the Administration for Children and Families (ACF), which is a division of the U.S. Department of Health and Human Services.

The TANF block grant program was initiated in 1996 through the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), replacing the Aid to Families with Dependent Children (AFDC). The Deficit Reduction Act of 2005 (DRA) signed in 2006 contained several changes to TANF, including more stringent work participation requirements that went into effect October 1, 2006. In February 2008, ACF released a Final Rule that clarified some of the provisions of the DRA.



TANF Funding

Federal funding for TANF has held steady since 1996 with no adjustment for inflation, economic cycles, or caseload. Total federal funding for the program is $16.4 billion, with each state receiving its share based on 1994 spending levels under the previous AFDC entitlement program.

States are required to share TANF costs through Maintenance of Effort (MOE) spending. MOE requirements are also based on 1994 spending: States must maintain at least 80% of their 1994 spending levels. If states meet federal Work Participation Rates[27] (WPR), their MOE requirement is lowered to 75% of 1994 spending levels.

States must spend TANF and TANF MOE dollars to help eligible families consistent with core purposes of TANF. Both TANF and MOE expenditures may come from programs that can be "**reasonably calculated**" to meet TANF goals.

[27] All work-eligible adults who receive TANF cash assistance are required to participate in Welfare to Work programs, where they participate in work activities that are designed to lead to self-sufficiency.

Oversight

States are required to submit biennial TANF State Plans which outline their cash assistance programs, the eligibility requirements, and other components of the program. Per Section 402 of the Social Security Act, the State Plan must include the following information:

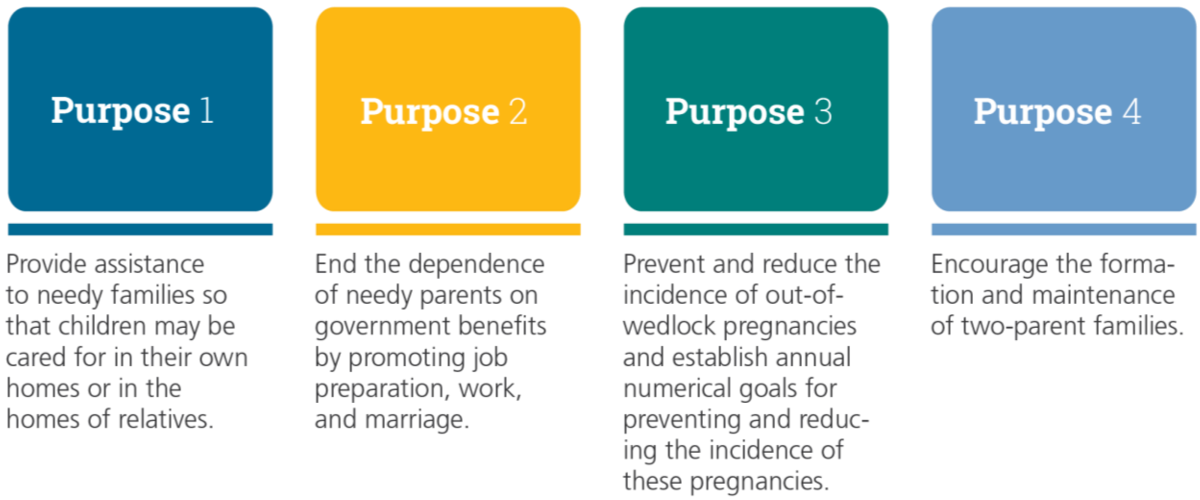
TANF State Plan Requirements
TANF and Welfare to Work program design
Work requirements for parents, including allowable work activities
Confidentiality measures
Goals to prevent and reduce the incidence of out-of-wedlock pregnancies
Description of statutory rape education and training program
Plan to prevent use of EBT cards in unauthorized locations
Plan to ensure recipients can access cash grants with minimal fees
Provisions on how specific applicants will be treated, including non-citizens
Various certifications: • that the state will operate a child support enforcement program • that the state will operate a foster care and adoption assistance program • that the state will administer the TANF program • that the state will provide Indians with equitable access to assistance • standards and procedures to ensure against program fraud and abuse • optional certification of standards and procedures to ensure that the state will screen for and identify domestic violence

States must submit a State Plan every two years. A state may amend the State Plan at any time, and all revisions and amendments are subject to public comment.

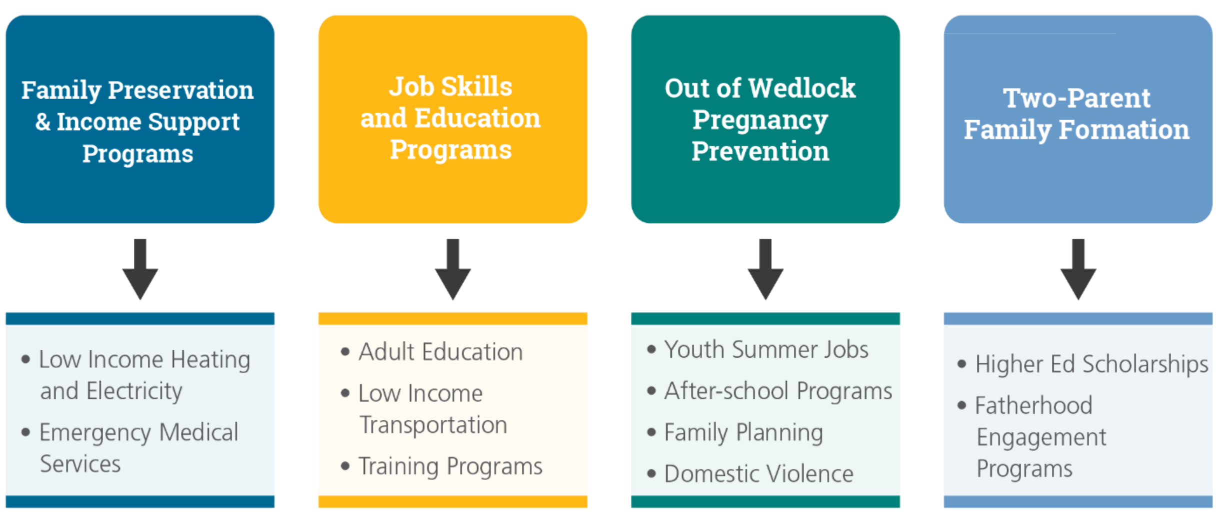
Allowable Use

Title IV-A of the Social Security Act outlines four goals or purposes that govern the TANF program[28]:

TANF Goals



These four goals are the cornerstones of the TANF program, and all programs funded with federal TANF dollars or claimed as Maintenance of Effort (MOE) for the program must be justifiably linked to at least one purpose. Since the TANF program started in 1996, a broad array of programs have been determined to meet TANF goals, as shown in the following graphic:



[28] 45 CFR 260.20

Important Criteria for TANF and TANF MOE

Eligible Families

States face several challenges when identifying TANF and MOE-eligible expenditures. The expenditures must meet one of the four TANF purposes. Detailed data must be collected on the recipients for expenditures under Purposes 1 and 2 because these goals stipulate that spending is directed toward "needy families" or "needy parents." As a result, states may only claim as TANF or TANF MOE the portion of a program that benefits low-income households with children.

MOE expenditures, regardless of the goal, also carry a strict three-part eligibility test. States must be able to document that spending serves "eligible families," which must:

1. Include citizens or non-citizens who are lawfully in the country
2. Include a child living with a custodial parent or other adult caretaker relative (or consist of a pregnant individual); and
3. Be financially eligible according to the appropriate income and resource (when applicable) standards established by the State and contained in its TANF plan.[29]

Every state has the freedom to define the income threshold it uses for MOE services.

Assistance vs. Non-assistance

TANF and TANF MOE expenditures are divided into two over-arching categories: assistance and non-assistance.

Assistance includes:

> …cash payments, vouchers and other forms of benefits designed to meet a family's on-going basic needs, i.e., for food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses.[30]

Child care and transportation services for unemployed families also must be counted as assistance. All other expenditures, including child care and transportation for employed families, are considered non-assistance.

Assistance is **time-limited…**

[29] 45 CFR 263.2
[30] 45 CFR 260.31

- Time limits for assistance vary by state, but the cap on federally funded TANF assistance is 60 months.
- If state spending classifies as assistance, the state must keep track of each month that a family receives that assistance so that they know when that family has reached its state and federal cap.
- From the family's perspective, receiving assistance "runs their clock," meaning that any assistance received in a month counts and comes out of their lifetime limit.

…and brings much more **demanding reporting requirements**.

- Families receiving assistance are factored into the state's work participation rate, which is the percentage of work-eligible individuals who meet the federal work requirement.
- From the state's perspective, this means that the work participation status of any family who receives assistance must be tracked.
- This puts a much more onerous reporting responsibility on assistance programs than on non-assistance ones.
- Families receiving assistance must also comply with the state's child support assignment program.
- The state's reporting burden for assistance recipients thus trickles down to the programs that deliver assistance as well.

Table 3.1 summarizes the different rules that apply to the beneficiary depending on whether TANF "assistance" is funded by state or federal dollars:

Table 3.1

Requirement	TANF	Segregated State TANF Expenditures	Separate State Program	Contingency Fund	Emergency Contingency Fund
Funding Authority	Federal	State*	State	Federal	Federal
ACF Column	A	B	C	D	E
Work Requirements	✓	✓	✓	✓	✓
Child Support	✓	✓		✓	✓
Data Collection	✓	✓	✓	✓	✓
Time Limits	✓	✓		✓	✓

Comingled state and federal dollars claimed in Column B follow the federal Column A rules. The Emergency Contingency Fund was only available in FFY 2009 and FFY 2010.

TANF Block Grant dollars not spent in the first year may be carried forward into future years. While there were originally restrictions on how states could spend carry-forward dollars, the American Recovery and Reinvestment Act amended the Social Security Act Section 404(e) to allow carry-forward dollars to be spent for any allowable TANF purpose.[31] The only restriction is that carry-forward dollars may not be transferred to either CCDF or SSBG.

TANF Work Participation Rate (WPR)

The TANF program has two national performance indicators: the All Family Work Participation Rate and the Two-Parent Work Participation Rate.

The WPRs are calculated by identifying the percentage of work-eligible adults who are participating in the required number of hours per week of allowable work activities. In general, work-eligible individuals include all *parents* receiving assistance, unless they are federally exempt due to having a new baby, being disabled, or caring for a disabled family member. The allowable work activities are reported in Table 3.2 below:

Table 3.2

Core Work Activities	Non-Core Work Activities
• Unsubsidized employment • Subsidized private sector employment • Subsidized public sector employment • Job search and job readiness assistance (time limited) • Work Experience • Community Service • Vocational Education (12 month lifetime limit) • On-the-job training • Provide child care for individual engaged in community service	• Job skills training directly related to employment • Education directly related to employment • Satisfactory attendance at secondary school or in a GED course for those who do not yet have a high school diploma

The required hours following in Table 3.3 below:

Table 3.3

Family Type	Hourly Requirement	Core Requirement
Single parent households	30 hours per week	20 hours in a core work activity

[31] TANF-ACF-PI-2010-04. Use of Federal TANF Carry-Over funds for any allowable TANF benefit, service, or activity. http://www.acf.hhs.gov/programs/ofa/resource/policy/pi-ofa/2010/pi201004/pi201004

Family Type	Hourly Requirement	Core Requirement
Single parent household with child under age 6	20 hours per week	20 hours in a core work activity
Two-parent families receiving child care	55 hours a week	50 hours in a core work activity
Two-parent families not receiving child care	35 hours a week	30 hours in a core work activity

Work participation is based on a weekly average of participation. States that miss either WPR are subject to steep financial penalties, in the form of a lowered TANF block grant and a requirement to replace those funds with state dollars (without counting them as MOE).

Restricted Use

There are several federal restrictions on TANF expenditures including:

- Recipients of assistance must be citizens or qualified aliens
- No assistance for families without a minor child
- Families receiving assistance must cooperate in establishing paternity and obtaining child support. Families must assign the right to collect child support to the state.
- No assistance for teenage parents who do not attend high school or other equivalent training program. No assistance for teenage parents not living in an adult-supervised setting.
- No medical services
- No assistance for more than 5 years
- No assistance for fugitive/felons and probation and parole violators

Please note that Maine's laws governing TANF mirror these federal restrictions.

Certain limitations on TANF expenditures do not apply to MOE, for example:

- States may count spending on families after they reach the 60-month time limit;
- States may fund services for non-qualified aliens; and
- States may fund medical services to eligible families if these services are in accordance with the TANF goals 404(a)(1) and are not being claimed under the Medicaid program.

In addition, the "new spending" rule stipulates that TANF MOE expenditures on programs that were not part of the state's old AFDC system can be counted only to the extent that they are higher than state spending on that program in FY 1995. States must compare current-year spending on TANF-eligible families with total program expenditures in fiscal year 1995, and only the amount of the increase may be counted as MOE.

Transfers

There is a federal provision that allows states to transfer up to 30 percent of its TANF State Family Assistance Grant to other programs. Specifically, a state may transfer:

- Up to 30 percent to the Child Care Development Fund Block Grant, if no funds transferred to SSBG
- Up to 10 percent to the Social Services Block Grant

Funds that are transferred take on the requirements of those program, with some exceptions and restrictions, which are described in the SSBG and CCDF sections of this report.

TANF Administration in Maine

In the state of Maine, the TANF block grant is administered by the Office for Family Independence (OFI). The Maine Department of Health and Human Services is the cognizant agency for TANF.

The state's TANF program serves a relatively small caseload in the TANF cash assistance and ASPIRE programs as shown in Table 3.4:

Table 3.4

Category	December 2013 Caseload
TANF Cases	7,982
Two-parent ASPIRE Cases	635
Child-Only TANF Cases	2,021
Worker Supplement Benefit Cases	approximately 19,000

Maine's TANF block grant, also called the State Family Assistance Grant (SFAG) is $78,120,889 a year.

Table 3.5 below shows Maine's MOE requirements:

Table 3.5

	80% Level	75% Level
Maine	$40,025,539	$37,523,943

The bulk of Maine's spending is for basic assistance, including those on the TANF program, and the Worker Supplement Program, which provides a small amount of enhanced food stamp benefits for working families who meet the TANF Work Participation Rate.

The figures below show the spending from the FFY 2013 and 2014 block grant. This spending spans approximately 17 months. Maine does not spend its full block grant each year; following the "first in first out" model, the state spends the carry forward first. As a result, DHHS did not start spending the FFY 2014 block grant until spring 2014.

The first figure, 3.1, shows the split in spending between assistance and non-assistance, for combined TANF and MOE dollars. Maine's spending is more heavily dedicated to assistance than the national average; nationwide, only one quarter of the TANF and MOE dollars are spent on assistance.

Figure 3.1: **TANF & MOE Spending**

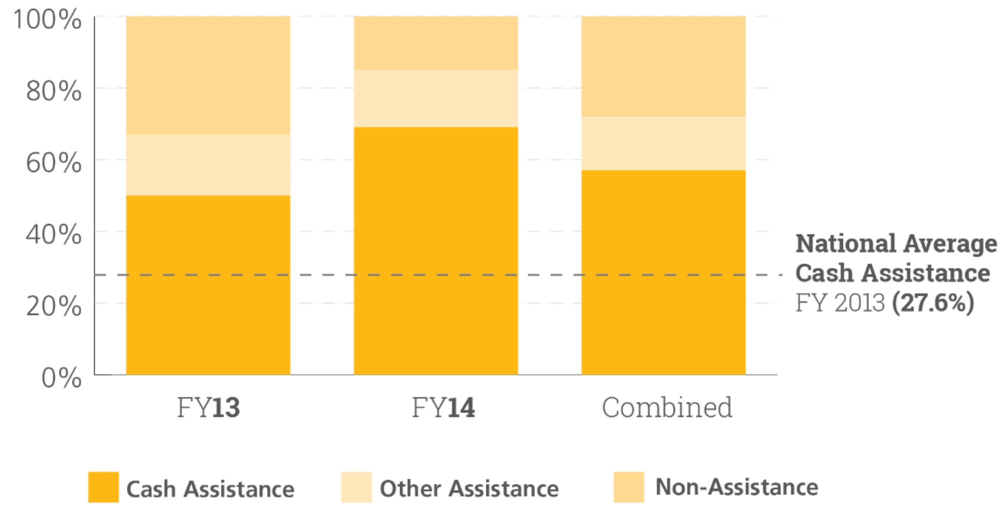


Figure 3.2 below shows the breakdown of how Maine spends its TANF and MOE funds.

Figure 3.2

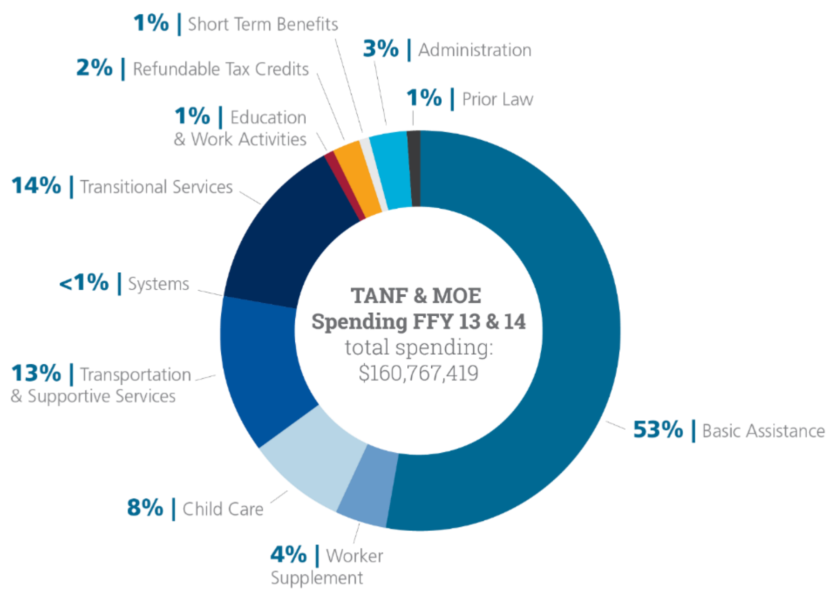


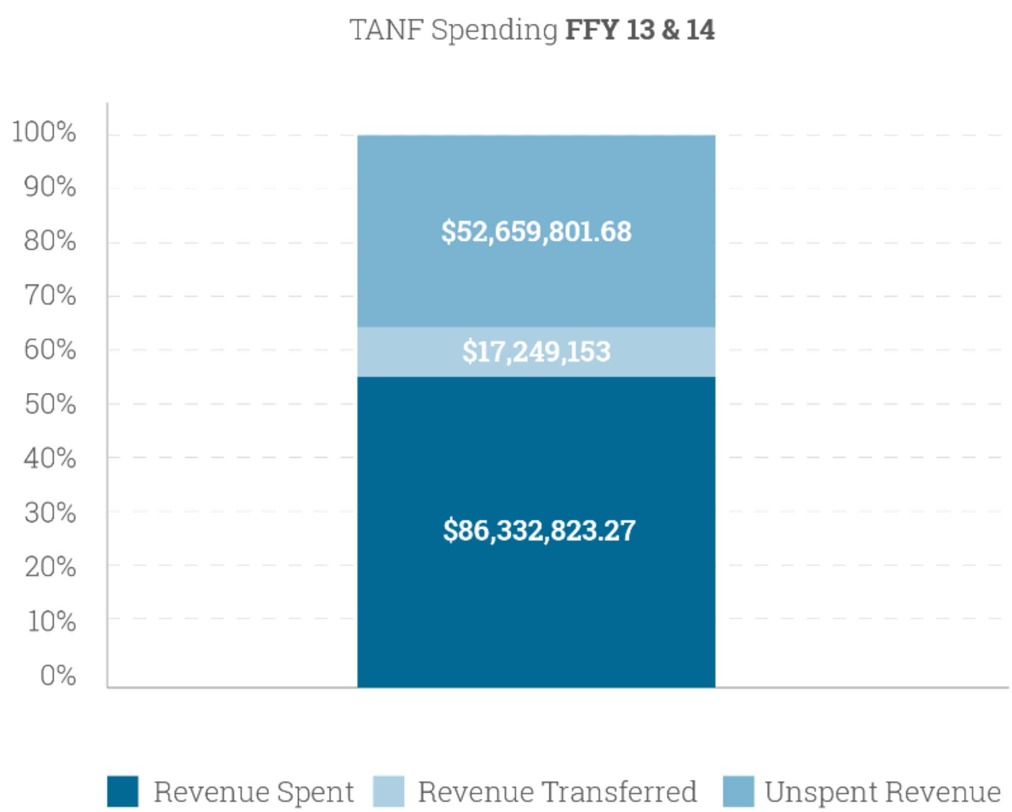
Figure 3.2 shows that some of the other categories of spending in Maine are on par with national averages. For example, Maine spends 8 percent on child care; nationwide child care accounts for 12 percent of federal and state spending in the TANF program.

Other categories that account for significant spending throughout the country, like prevention of out-of-wedlock pregnancies (9 percent nationwide) and other (15 percent), do not appear in Maine's spending pattern. Maine also spends less than 1 percent on programs authorized under prior law, whereas that figure is 5 percent nationwide.

The charts above describe Maine's current TANF spending, but do not show the full picture. The state currently underspends its TANF block grant each year, carrying forward a significant amount of federal funds from year to year.

Table 3.7 shows the amount of federal TANF that was spent in during the two year period spanning October 1, 2012 to September 30, 2014 (or the period of FFY 2013 and FFY 2014).[32] As the chart below shows, the state spent a little more than half of the two year's block grants during that period, not counting the funds transferred to CCDF and SSBG.

Figure 3.3



[32] The vast majority of this spending was from the 2013 and 2014 block grants, although a small amount of the FFY 2012 block grant ($4.6 million) was also spent during this period.

With the change in regulations governing TANF carry forward, Maine does not face any restrictions on how it can spend the federal funds carried forward from year to year.

Allocations and Transfers

Maine transfers funds each year to the SSBG grant, and occasionally to the CCDF program. Table 3.6 below shows the transfers from the FFY 2013 and 2104 block grants:

Table 3.6

Program	FFY 2013	FFY 2014
SSBG	$7,812,089	7,437,064
CCDF	$2,000,000	$0

Programs

Maine's TANF program is mostly comprised of the cash assistance program and the ASPIRE welfare to work activity, which aims to move people into self-sufficiency. The main programs funded by TANF are:

- Cash assistance for TANF
- ASPIRE Welfare to Work, including child care, transportation and other supportive services
- Transitional services, such as child care and transportation
- Worker Supplement Program
- Parents as Scholars
- TANF Diversion
- Systems and Administration
- Programs authorized under prior law[33]

In FFY 2014, OFI funded two new contracts to increase services in the ASPIRE program. Specifically, it funded a contract with the Department of Labor to increase the use of work experience to help TANF clients gain employability skills. It also funded a program with the Maine Medical Center to perform vocation assessments on new ASPIRE participants to help determine the services they need from the program.

[33] PCG recommends that DHHS review the programs funded under "prior law" as TANF and the funds claimed under the TANF Transfer to SSBG, which are similar programs. The state would be prudent to confirm the dollars are being claimed accurately. Of concern, PCG should note that OFI sent a version of the AFDC plan that was dated in the 2000s as backup for a prior law claim, when the law says the state has to use the AFDC plan that was in effect *before* TANF was implemented in the late 1990s.

Alignment with DHHS Strategic Goals

The programs currently funded with TANF clearly align with **DHHS Strategic Goal #2: Improve self-sufficiency of individuals and families.** Specifically the TANF program and the partnership with the DOL are called out by DHHS as strategies for meeting this goal.

By virtue of having a federally mandated performance measure to which it must adhere, the program also meets some of the tenets of **DHHS Strategic Goal #5: Ensure efficient use of resources to achieve quality outcomes.**

Additionally, the TANF program is designed to break the cycle of poverty. By helping parents move toward self-sufficiency and by providing quality child care for children while their parents work, the programs funded with TANF also touch on **DHHS Strategic Goal #4: Improve school-aged children's ability to succeed.**

Given that the program itself meets one of the core DHHS Strategic Goals, the next step is for OFI to improve its Work Participation Rate and move more families into employment.

Reported Challenges and Goals for TANF Programs in Maine

The primary challenge for the Maine TANF program is failure to meet the two-parent WPR, and the subsequent federal penalties. Furthermore, the state is only meeting its all-family WPR through the Worker Supplement Program, which provides a small monthly food benefit to working families without the benefit of the ASPIRE program. A report from earlier 2014, written by PCG, may provide additional recommendations for addressing the Work Participation Rate and other programmatic changes.

Other reported challenges for the TANF program are:

1. **Work activities:** OFI reports that there are not enough work activity placements for ASPIRE clients. The department is expanding its services through a partnership with the Department of Labor, but the state does not currently offer subsidized employment, which has proven to be successful in moving TANF clients to work in other states.

2. **Transportation:** OFI provides some transportation benefits, but they do not meet the needs of all clients. In a state with limited public transportation, especially in the rural areas, personal vehicles are the primary means of transportation, but OFI no longer has a program to help families purchase cars.

3. **Transition off benefits:** OFI provides generous transitional benefits for working families leaving TANF, particularly through Transitional Child Care. However, those families are left to navigate the post-benefit world on their own. Given that there is a “cliff” effect, both real and perceived, it is difficult for families to get *and stay off benefits.*

4. **Worker Supplement Program (WSB):** The WSB program is the sole reason that the state is meeting its all-family WPR. However, the benefit is very small and not seen as a true benefit for the families.

5. **Transfers to CCDF and SSBG:** These transfers seem to be decided late in the year, which does not afford OFI or OCFS predictably or the ability to plan ahead. The transfers often happen in the last month of the fiscal year.

Preliminary Recommendations and Analysis for TANF

Recommendations are followed by an estimate of the timeframe required to implement these changes as follows: ***Immediate*** – could be implemented in the next three to six months, ***Short Term*** – could be implemented in the next six to twelve months, ***Long Term*** – could be implemented but will require substantial planning in the next year to begin.

PCG offers the following recommendations for DHHS related to the TANF block grant. The first five relate back to the challenges listed above.

1. **Work activities:** The ASPIRE program could benefit from more available work activities. Specifically:

    - The state should consider establishing a subsidized employment program – perhaps in partnerships with the DOL – to provide more employment opportunities to its clients. The most successful subsidized employment programs funded during the ARRA period had the following characteristics:
        - The employer hires the participant directly, rather than using a third-party employer of record.
        - Programs provide a tiered subsidy to allow the clients and the employer to adjust to working together. For example, the first two months might be 100 percent subsidized, but by the six month, the subsidy is decreased to 25 percent, with the employer bearing most of the responsibility for the employee.
    - A job search program that combines health and wellness. This kind of a program could offer maximum benefits to clients, helping them move toward self-sufficiency and better health.
    - A training program specifically training clients for jobs in the elder care and home health industry. Maine has a growing elderly population, so this is a field that will be hiring in the years to come. It is also something that is specifically encouraged by the federal government, as evidenced by Section 402(a)(1)(B)(v):

        (v) The document shall indicate whether the State intends to assist individuals to train for, seek, and maintain employment—

(I) providing direct care in a long-term care facility (as such terms are defined under section 2011); or
(II) in other occupations related to elder care determined appropriate by the State for which the State identifies an unmet need for service personnel, and, if so, shall include an overview of such assistance

Again, this is an opportunity to work with DOL and leverage the workforce system. ***Short Term***

2. **Transportation:** Maine should review its options to provide more meaningful transportation assistance, especially for those clients without access to public transit. For example, the state could consider reimbursing for mileage, establishing a vehicle repair program, or creating Individual Development Accounts to provide clients with savings outside the TANF asset limit. These IDAs could be matched by the state or a philanthropic organization to give clients the ability to purchase their own vehicle. ***Immediate***

3. **Transition off benefits:** Maine's transitional benefits are fairly generous. The state could augment those financial supports by providing clients access to ASPIRE case management services post-closure. These case managers could provide coaching to help the client keep their job and improve their skills. The state could also learn from the Vocational Rehabilitation programs and provide "benefits counselors" who are certified in providing advice to clients about their full portfolio of services. This could help address the "cliff" effect, as clients could prepare for the impact on their other benefits (like SNAP and housing) when their TANF eligibility ends. ***Short Term***

4. **Worker Supplement Benefit:** This program was designed to help the state meet its WPR, and it is accomplishing that goal. If the state wants to increase the benefit of the program, it could consider increasing the monthly benefit so that it is more meaningful for the families receiving it. This would help the program be more in line with the DHHS strategic goal of improving the self-sufficiency of individuals and families. ***Short Term***

5. **Require Medical Review of TANF Exemptions:** One significant issue that hampers Maine's ability to meet the WPR is the number of clients who are exempted from work by virtue of a temporary or permanent disability. In our TANF consulting practice around the country, PCG has often seen states granting exemptions based on limited information provided by clients' doctors. There are several ways in which Maine could change the way it grants medical exemptions, which would likely require more families to participate in ASPIRE activities and seek employment. First, the state could require a medical review (likely by a public health nurse) before the exemption is granted. This would require that a public health nurse review the medical records or do a physical review of the client. Second, the state could edit its medical exemption forms to ask what clients can do, as opposed to what they cannot do. This has worked in other states to engage more disabled clients in work activities. ***Immediate to Short Term***

6. **Develop and track more performance measures for TANF, outside of the federally required Work Participation Rate.** Some suggestions of performance measure to consider are:

   - Number of ASPIRE clients who become employed
   - Number of ASPIRE clients who keep a job for 30, 60, and 180 days
   - Increase the number of ASPIRE clients who gain employment skills (soft skills, hard skills, certifications, etc.)
   - Decrease in TANF recidivism
   - Decrease the number of children who are removed from their home
   - Link employment outcomes and health and wellness to expand the TANF program to meet the first and third DHHS Strategic goals (#1 Increase individual and public health and #3 Improve safety of individuals and communities)

   Maine would need to consider whether ACES can track these data points. The state has started to create a performance dashboard, and these elements could be incorporated into that so that they become part of the everyday operation of the TANF and ASPIRE programs. ***Immediate***

Section 4. Strategic Vision

DHHS Strategic Goals

In December 2013, the Maine Department of Health and Human Services established a two-year Strategic Plan developed around six strategic goals. These goals, referred to in Sections 1-3 above and detailed in Table 4.1 at the right, form the foundation of decision-making and permeate the agency's culture and practice at all levels.

Table 4.1

DHHS Strategic Goals

Goal 1	Improve individual & public health
Goal 2	Improve self-sufficiency of individuals & families
Goal 3	Improve safety of individuals & communities
Goal 4	Improve school-aged children's ability to succeed
Goal 5	Ensure efficient use of resources to achieve quality outcomes
Goal 6	Increase quality and access to Long-Term Care Services & Supports

Overlaps and Opportunities

One of the benefits of a large umbrella agency such as DHHS is that many programs that serve the same populations and have similar objectives are funded and managed under one cognizant agency. This presents an opportunity to look across funding streams for areas of overlap of programs or populations served by multiple sources, as well as opportunities for allowable use where some programs may be funded in new ways.

PCG presented a matrix of funding overlaps and opportunities, shown in Table 4.2, during our strategic sessions with DHHS leadership. This table is meant to be illustrative of the opportunities and not to suggest that all overlap in funding is bad or to be avoided. Our goal in this table is to identify overlaps where there is duplication and where realignment could maximize funds, eliminate policy barriers, or otherwise improve services for Maine.

Table 4.2

Overlaps and Opportunities			
	SSBG	CCDF	TANF
Child Care	O	✓	✓
Child Welfare	✓		O
Family Planning	✓		O
Domestic Violence	✓		O
Education/Training	✓	✓	✓
Shelter Services	✓		O
Employment Services	O		✓
(Quality) Early Education & Care	O	✓	O
Information & Referral	O	✓	O

Key ✓ Current Funding Source O Opportunity

Whenever a state agency considers realigning funding to meet strategic goals, to increase efficiency, or to manage budget shortfalls, caution is required. DHHS must consider the restrictions and allowable use of these block grants or others sources of funding that fall outside the purview of this report. Additionally, any changes in funding will cause ripples in program administration, reporting requirements, provider contracts, service delivery, and ultimately, client experience.

There are likely many additional funding sources that address the DHHS strategic goals in Table 4.1, additional goals in Table 4.2, and the overlap of existing programs funded by SSBG, CCDF, and TANF in Table 4.3. While a full review of these sources was outside the scope of this project, commonly used sources of funding include Medicaid, Community Services Block Grant, Maternal and Child Health Services Block Grant, Preventive Health and Health Services Block Grant, Community Mental Health Block Grant, and Substance Abuse Prevention Treatment Block Grant.

Options for Maximizing Revenue

Maine is not currently maximizing its revenue within the three block grants reviewed during this project. PCG has identified two potential strategies for the state to maximize federal revenue:

1. **Maximize CCDF by paying for some TANF and TANF MOE funded child care with CCDF federal and state dollars.** Currently Maine is not maximizing the full funding potential of CCDF because the full match has not been met. As a result, the state has had to leave federal funds on the table. If Maine were to use CCDF funds to pay for some or all ASPIRE and TCC licensed child care, the state could fully leverage its CCDF potential. Because the state is currently funding these services

with a mix of federal TANF and state MOE dollars, the state could potentially make this change without increasing the amount of state general funds required.

2. **Maximize the opportunities with the SSBG by paying directly for some child welfare services with the TANF block grant.** A very small portion of Maine's TANF block grant is currently used to fund child welfare services directly, unlike many states. However, the full TANF transfer to SSBG is used to fund child welfare services. At the same time, SSBG programs and priorities have remained largely unchanged, which makes it difficult for Maine to leverage SSBG funds, the most flexible, to support anything other than what has been historically funded. If Maine paid for child welfare services directly with TANF, it could free up the TANF Transfer to SSBG to fund a wider variety of services.

This transfer process is described in Figure 4.1 below and the two-step process is described in Figures 4.2 and 4.3 following.

Figure 4.1

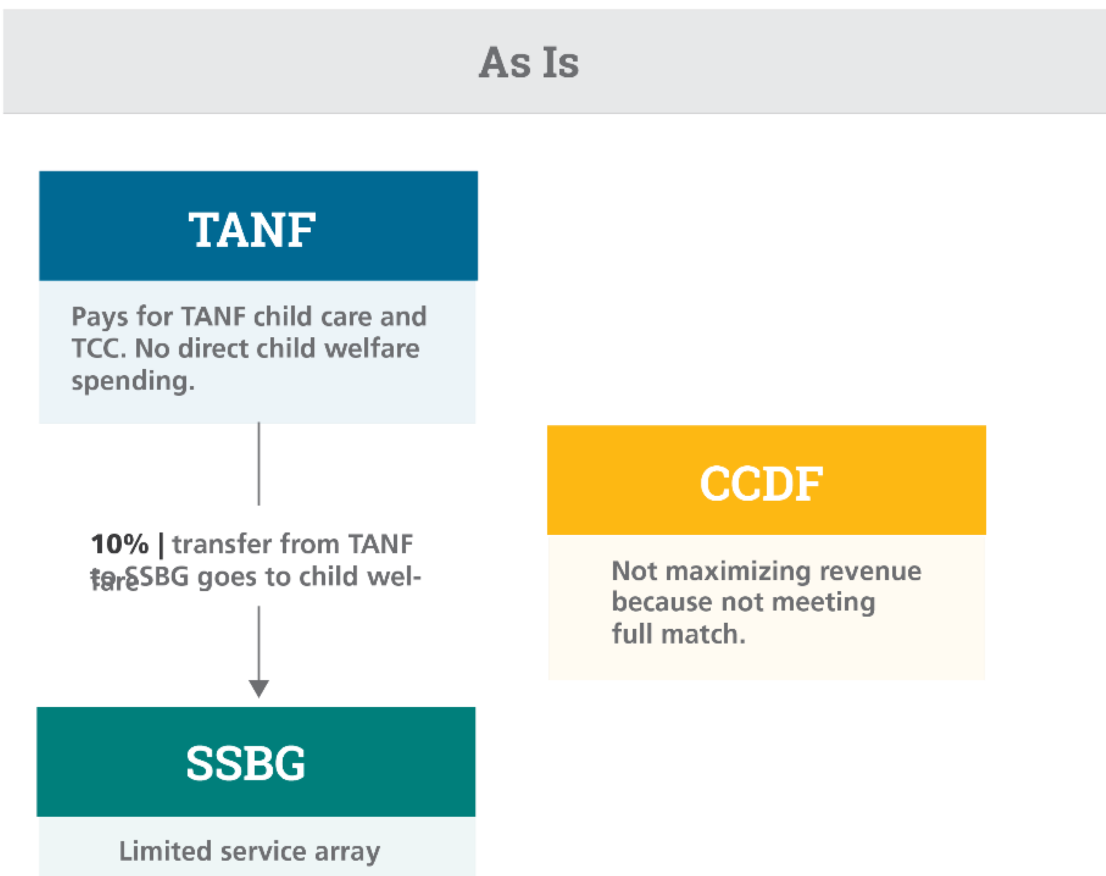
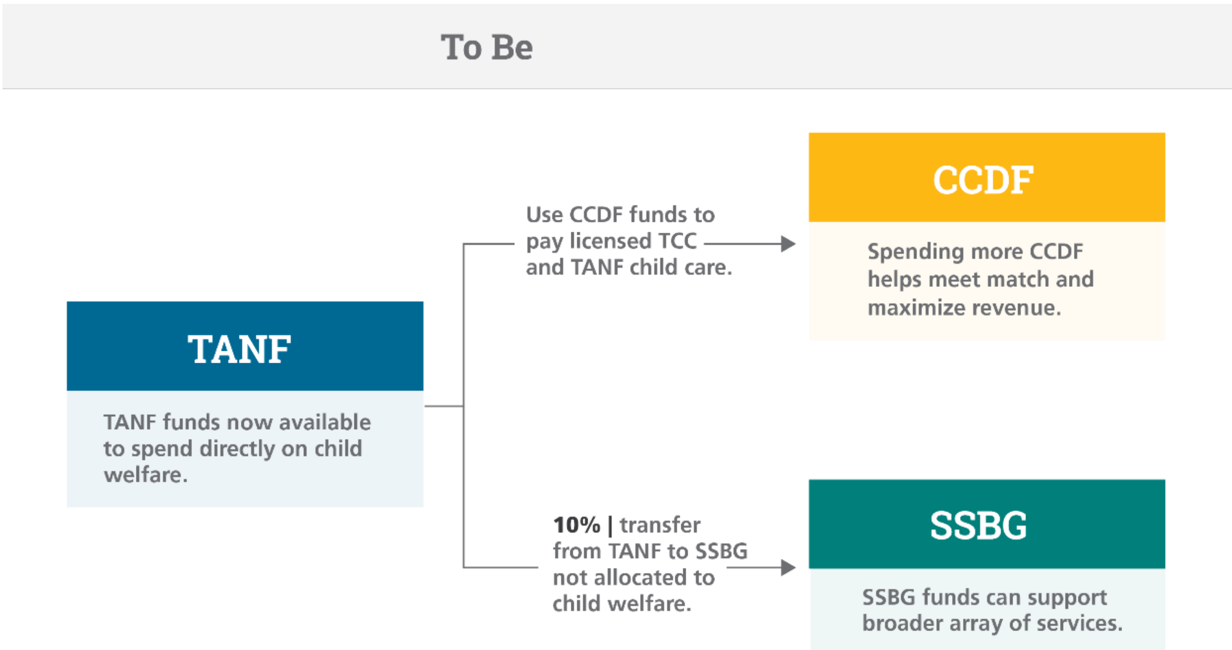


Figure 4.1 (cont)



Strategy 1	**Maximize CCDF**
Problem	Maine is leaving **$4M** of CCDF Matching funds on the table due to lack of expenditures. Would require **$2.5M** in state match.
Background	• Maine spends approximately **$12M** in TANF federal funds on child care programs each year. • An additional **$3M** of TANF Separate State Program MOE is spent on child care. • Approximately **57%** of children in ASPIRE and TCC are in licensed placements.
Solution	1. Shift **$4M** in spending from TANF to CCDF Matching. 2. Shift **$2.5M** in spending from TANF MOE Separate State Program to meet CCDF match requirement.
Benefit	State maximizes federal revenue.
Considerations	• CCSP and ASPIRE/TCC child care have different policies. Would need to either align program policies or amend Maine's state rules for CCSP to allow ASPIRE/TCC to continue with current rules. • TANF MOE would need to be replaced. Could consider third-party opportunities for TANF MOE.

Strategy 2	**Leverage SSBG by funding child welfare directly with TANF block grant**
Problem	Maine would like to free up funding to spend on other programs and services and reduce burden on General Fund for social service programs.
Background	• Maine currently uses TANF Transfer to SSBG to support child welfare services **($7M)** exclusively. • Currently, Maine is applying TANF "prior law" rules to the TANF Transfer, which are unnecessarily restrictive. • TANF Transfer to SSBG has two limitations: funds must be spent on children and their families and the beneficiaries must be at or below **200%** FPL. • Some services currently funded with regular SSBG (domestic violence, family planning, and shelter services for homeless youth) appear to meet a TANF goal and total approximately **$3M.**
Solution	1. Shift **$7M** for child welfare services authorized under prior law from TANF Transfer to the regular TANF block grant. 2. Continue TANF Transfer to SSBG to support wider array of programming. 3. Use either direct TANF or TANF Transfer to fund domestic violence, family planning and shelter services.
Benefit	State maximizes federal revenue. PCG estimates that approximately $3M of SSBG programming could be funded with TANF Transfer to SSBG, "freeing" those dollars up for other programs and services. Maine would have an additional $4M to fund other services under TANF Transfer to SSBG.
Considerations	• Confirm availability of income data to support TANF Transfer claim for domestic violence, family planning services, and/or shelter services. • Validate expenditures currently funded with TANF Transfer to confirm compliance with prior law.

Matrix of DHHS Strategic Goals and Block Grant Funding

PCG approached the two-day strategic visioning sessions in December 2014 with the DHHS Strategic Goals outlined in Table 4.1 above at the forefront of our analysis and discussion. On day two PCG facilitated a discussion to identify additional goals that focus on key populations and problems for Maine. Numerous goals and desired outcomes were identified for each of the three block grants:

SSBG	CCDF	TANF
Provide education and training for childless adults	Increase program integrity	Provide a two generation approach (engage youth)
Increase number of seniors who are nutritionally secure	Provide child care and increase quality	Increased employment outcomes, including subsidized employment
Decrease instances of children removed from home because of child, abuse, and neglect	Improve safety, as measured by a decrease in findings	Increased number of people moving from welfare programs to self-support
Replace/limit General Fund use for some goals	Parent(s) employed/career improvement	Decrease recidivism
Provide financial management training	Children enter school with no undetected developmental delays or chronic health conditions	Decrease 2nd/3rd generation reliance on TANF
Address homeless challenges – children	All children in state care (custody) are in early childhood education settings that meet minimum standards of quality (Step 1 or higher on QRIS)	Increase financial literacy and asset building
Prevent institutionalization	No wait list, meeting need	Decrease average number of months on program
	Increase percentage of parents who report that child care is not a barrier to employment	Increase number of families are able to meet their own basic needs (in shorter time)

PCG then worked with DHHS leadership to narrow these to the top five desired outcomes, which were then mapped to the DHHS strategic goals, potential indicators of success, and which of the three block grants included in this review (SSBG, CCDF, or TANF) are potential funding sources.

The purpose of this matrix is to assist DHHS leadership in making future funding decisions.

It is important to note that some DHHS Strategic Goals, such as improving individual and public health, are typically funded by sources that were not within the purview of this block grant review such as Medicaid, and that additional sources of funding may also address these goals and key desired outcomes.

Key Desired Outcomes	Potential Indicators	SSBG	CCDF	TANF
DHHS Goal # 1 Improve individual and public health		✓		
DHHS Goal # 2 Improve self-sufficiency of individuals and families				
Increase employment outcomes	• Improved work participation rate • Decreased TANF recidivism • Decreased length of time on TANF	✓	✓	✓
DHHS Goal # 3 Improve safety of individuals and communities				
Decrease child abuse and neglect	• Decreased out of home placements • Decreased referrals for CAN	✓		✓
DHHS Goal # 4 Improve school-aged children's ability to succeed				
Increase quality and safety for children in child care	• Decrease in safety findings • Increased percentage of children in high quality child care		✓	✓
DHHS Goal # 5 Ensure efficient use of resources to achieve quality outcomes				
Improve alignment of spending with goals	• Increase number of providers with performance goals in contracts • Increase use of data indicators in daily operation of programs • Decrease in duplicative spending in key areas (i.e., transportation)	✓	✓	✓
DHHS Goal # 6 Increase quality and access to Long-Term Care Services and Supports				
Decrease institutionalization of the elderly	• Increased percentage of elderly who are nutritionally secure • Increased numbers of elderly receiving home and community based supports	✓		

Next Steps

Now that DHHS has identified its top five desired outcomes, the state should consider next steps to implementing changes related to these goals. PCG recommends that Maine consider the following next steps, drawing from both the block grant review and the strategic visioning session:

- Review child welfare spending for TANF eligibility, both under prior law and within the current purposes of the program. This review should include a comprehensive analysis of the funds currently being claimed as TANF and TANF Transfer to SSBG to ensure accuracy and compliance with the regulations. There is potential for immediate funding changes in this area that OFI should consider.

- Develop a plan for use of the TANF transfers to SSBG and CCDF so that DHHS, OFI and OCFS have predictability earlier in the fiscal year.

- Make determination about appropriate course of action for the child care program, including convening meetings with appropriate stakeholders and completing statutory and regulatory review.

- Convene transportation study that includes all health human services funding sources, to determine if the state could create efficiencies in how it provides and pays for transportation for the low-income population in Maine.

- Design, implement and evaluate a subsidized employment program for the ASPIRE participants. Consider other program designs to increase employment opportunities for this population.

- Determine if needs assessments should be conducted for specific services, such as homeless youth services or domestic violence, and start that process.

- Review recommendations and develop processes for making determinations as to next steps for each one, including assigning responsible parties.

Appendix

Summary of Recommendations

Description & Report Section	Timeframe	Agencies Impacted
Address transportation barriers to employment through IDAs or other mechanisms (TANF)	Immediate	OFI
Develop and track more performance measures for TANF, outside of the federally required Work Participation Rate (TANF)	Immediate	OFI
Identify and address challenges to using RFP process with SSBG providers (SSBG)	Immediate	OCFS, DHHS
Prioritize programs for TANF transfer and engage in planning earlier in fiscal year (SSBG)	Immediate	OCFS, OFI, DHHS, DAFS
Improve communication and financial reporting processes (SSBG)	Immediate	OCFS, DAFS
Eliminate the requirement for applicants to provide an original signature as part of the program application for CCSP (CCDF)	Immediate	OCFS
Revise the TANF application to more clearly direct clients to the appropriate entry point for child care subsidies (CCDF)	Immediate	OFI
Facilitate permission for OCFS/CCSP staff to have direct access to ACES (CCDF)	Immediate	OCFS, OFI
Develop block grant level outcomes-based performance measures for CCDF that align to the strategic goals (CCDF)	Immediate	OCFS
Require medical review of TANF exemptions (TANF)	Immediate/Short	OFI
Design and implement additional ASPIRE work activities, including subsidized employment programs, a job search program that integrates health and wellness, or training programs to support jobs in elder care (TANF)	Short Term	OFI
Provide transitional case management services for clients leaving ASPIRE (TANF)	Short Term	OFI
Increase WSB to meaningful amount (TANF)	Short Term	OFI

Description & Report Section	Timeframe	Agencies Impacted
Conduct comprehensive statewide needs assessment of homeless and at-risk transitional aged youth (SSBG)	Short Term	OCFS, DHHS
Conduct cross-agency evaluation of transportation services and funding (SSBG)	Short Term	DHHS, OFI, OCFS others
Staff provide support to help SSBG providers set and meet performance goals (SSBG)	Short Term	OCFS
Conduct assessment of sexual assault and domestic violence provider systems (SSBG)	Short Term	OCFS
Integrate financial and program eligibility for CCSP in either OFI or OCFS (CCDF)	Short Term	OFI, OCFS
Utilize CCDF funding to pay the costs of some TANF ASPIRE and Transitional Child Care (CCDF)	Long Term	OCFS, OFI
Move CCSP to OFI (CCDF)	Long Term	OCFS, OFI
Begin transformational re-design of child care subsidy programs across funding sources (CCDF)	Long Term	DHHS, OCFS, OFI
Shift funding between block grants to maximize CCDF, support child welfare and create more flexibility in SSBG programs (Strategic Vision)	Long Term	DHHS, OFI, OCFS

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