

Workgroup on Michigan Works! Job Readiness Programs

(FY2016 Appropriation Bill - Public Act 84 of 2015)

December 1, 2015

Sec. 229 *Unless already provided in the previous fiscal year, the department shall submit to the senate and house appropriations subcommittees on the department budget, the senate and house fiscal agencies, the senate and house policy offices, and the state budget office by December 1 of the current fiscal year a report on the recommendations of the workgroup established in section 229 of article X of 2014 PA 252 on aligning spending on Michigan Works! job readiness programs with the declining family independence program caseload. The report shall include, but is not limited to, the proposed amount of TANF funding provided to Michigan Works!*



Michigan Department of
Health & Human Services

RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

Workgroup on Michigan Works! Job Readiness Programs

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Background

The federal government provides the *Temporary Assistance for Needy Families* (TANF) block grant to states to assist low-income families and the Michigan Department of Health and Human Services (MDHHS) distributes some of these funds to eligible families via the Family Independence Program (FIP). The FIP provides temporary cash assistance for low-income families with minor children or pregnant women. As a condition of receiving the TANF funds and providing cash assistance, all states must administer a work participation program and meet the federally required percentage of participants engaged in work activities.

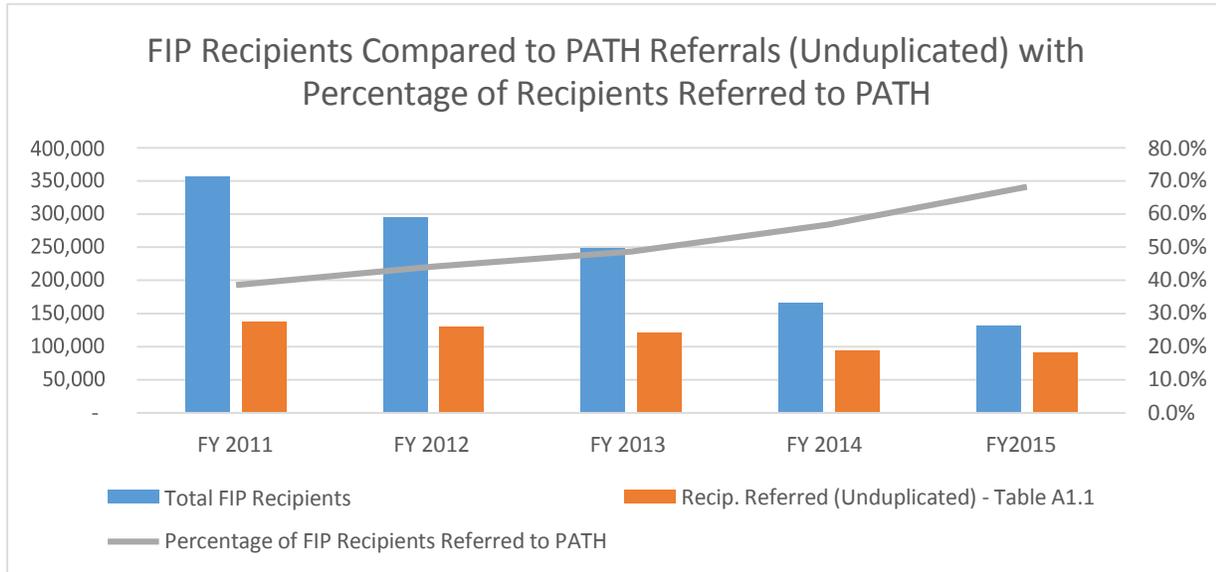
In January of 2013, PATH - Partnership. Accountability. Training. Hope., Michigan's current work participation program, was implemented. The PATH Program has been instrumental in increasing the effectiveness of Michigan's work participation program and meeting the federally required work participation rate or WPR. As a condition of receiving FIP assistance, recipients must participate in PATH and are required to be engaged at Michigan Works! Agencies (MWAs) in specific, allowable activities each week, such as:

- Job Search/Job Readiness
- Unpaid Work Experience
- Unpaid Community Service

With the implementation of PATH in January of 2013, a new 21-day application eligibility period (AEP) was instituted for FIP applicants. Prior to the implementation of the 21-day AEP, applicants were immediately added to the FIP caseload following a 1-day orientation. With the implementation of the 21-day AEP, FIP applicants are not added to the FIP caseload until they successfully complete the 21-day AEP.

During this 21-day period, MWAs spend a significant amount of staff time and resources providing customized, intensive services to help the individual achieve employment. This can result in the applicant achieving employment or becoming a better PATH participant by demonstrating the willingness to fully engage in the PATH program. When individuals do not complete the 21-day AEP, their case does not open and therefore is not being added to the FIP caseload. Though this contributes to a decrease in the FIP caseload, it is not indicative of reduced MWA activities and costs associated with providing the customized and intensive services during the 21-day AEP.

Issue: Michigan’s Family Independence Program (FIP) caseload has steadily declined since 2011. How should the decrease in FIP cases be addressed in the level of funding for PATH?



The chart above demonstrates all of the following:

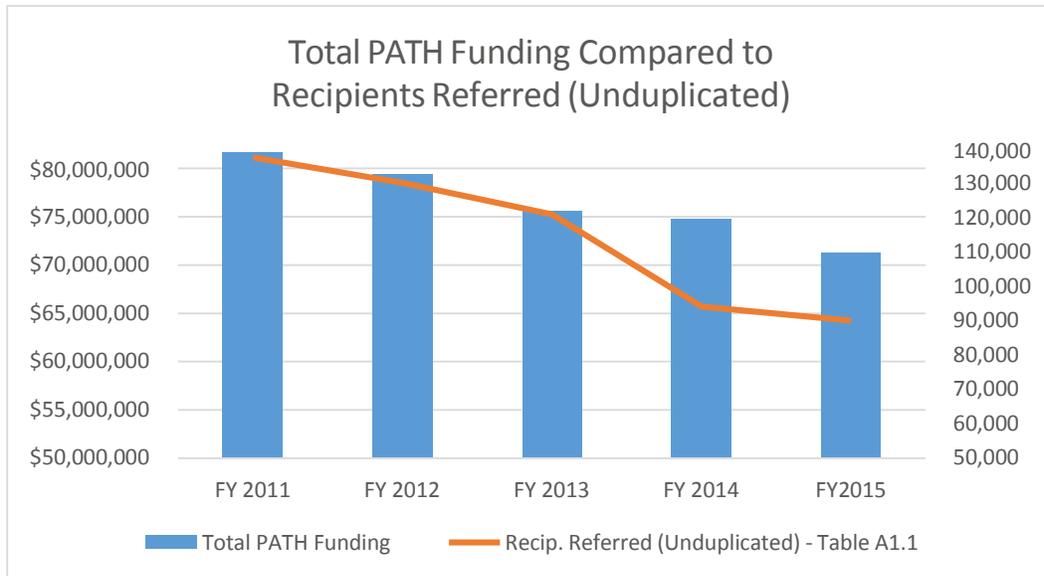
- The reduction in the number of FIP recipients (Blue Bars) to the reduction in the number of PATH referrals (Orange Bars);
- The greater percentage of FIP applicants and recipients referred to the MWAs from the overall number of FIP recipients (Grey Line);
- The MWAs serving a relatively constant number of referrals, independent from the number of FIP recipients state-wide;
- The increase in the percentage of referrals to FIP recipients state-wide (Grey Line) which indicates individuals that may have been granted PATH exemptions or program deferrals in the past and are now referred to the PATH Program; and
- The reduction in exemptions and deferrals has resulted in the inclusion of those referrals with the greatest barriers to employment.

Addressing barrier identification, reduction, and removal are a costly exercise. During Fiscal Year 2015, PATH participants identified barriers at the following rates:

Transportation	25.8%
Education/Work Skills	15.4%
Situational	14.4%
Child Care	11.8%
Personal/Health	11.3

Although removing participant barriers is a focus of the 21-Day Applicant Eligibility Period (AEP), almost 47% of PATH Participants continue to report a barrier after placement into PATH. To adequately remove barrier(s) requires significant time and resources by the MWAs. Interviews and assessments are conducted to identify the barrier(s) and an individual strategy is implemented. Barrier reduction lessens the likelihood of multiple referrals. The table below compares the downward rate of total PATH/AEP Referrals (line) over the last five years to the reduction in PATH/AEP program funding for the same period (Blue Bars).

	Total PATH Funding	Recip. Referred (Unduplicated) - Table A1.1
FY 2011	\$81,618,000	137,653
FY 2012	\$79,374,334	130,329
FY 2013	\$75,583,000	121,117
FY 2014	\$74,786,468	94,244
FY 2015	\$71,217,200	90,161



A review of the PATH Program funding levels by year (Blue Bars) versus the annual number of FIP applicants and recipients referred to the MWAs (Orange Line), illustrates the PATH program funding is no-longer in line with the number of FIP recipients served. It can be concluded that the PATH Program’s success is evident in the reduction of the number of unduplicated referrals to the program. This has resulted in an increase in funding per referral, as illustrated in the table above. The cash per referral funding increase has allowed the PATH program to achieve levels of performance never previously experienced.

Fiscal Year	Total Employed	Employment Rate	WPR
2011	20,058	30.1%	26.8%
2014	21,365	43.6%	62.3%
2015	16,890	54.6%	69.2%

With Michigan now exceeding the federal minimum work participation requirement by nearly 20%, now is the time to invest in this population and Michigan's future. Investment in the form of increased focus on education, employability training for in-demand jobs, and an increased focus on GED attainment is a means to prepare this workforce for the needs of Michigan's employers. Increased focus on education and training activities, as well as certification attainment can be accomplished through program delivery and changes in policy. Current program savings should be *re-invested* back into the PATH program, in the form of increased opportunities for education, employment related training, and subsidized employment, with the goal of significantly reducing the number of Michigan residents requiring public assistance.

The MDHHS and the Talent Investment Agency (TIA) are cooperatively working together to redirect the focus of the PATH program in an effort to prepare this population for meaningful employment in Michigan's employer demand-driven economy. Through this partnership, MDHHS and TIA are working to move the PATH program forward to better serve participants and meet employer needs in the future economy. This workgroup is committed to partnering on desired program outcomes and appropriate measures for tracking outcomes achieved. As a result of the progress being realized by the workgroup, no change in funding is recommended at this time.