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OFFICE OF THE STATE COMPTROLLER

June 6, 2002

Ms. Linda Angello
Commissioner
New York State Department of Labor
Building 12, State Office Campus
Albany, NY 12240

Mr. Brian Wing
Commissioner
New York State Office of Temporary and Disability Assistance
40 North Pearl Street
Albany, NY 12243

Re: Report 2001-F-64

Dear Ms. Angello and Mr. Wing:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution, and Article II, Section 8 of the State Finance Law, we have reviewed the actions taken by officials of the New York State Department of Labor (Department) and the New York State Office of Temporary and Disability Assistance (OTDA) as of April 5, 2002, to implement the recommendations included in our prior audit, *Welfare Reform: Assessing Education and Training Needs of Temporary Assistance For Needy Families Recipients*, (Report 99-J-1). That report, issued August 11, 2000, reviewed whether the Department and OTDA had adequately monitored districts' efforts to assess the skills, work experience and employability of recipients, some of whom may have needed additional education or training if they were to be placed in jobs that would likely have resulted in long-term economic self-sufficiency, the overall goal of welfare reform legislation.

Background

In August 1996, the Federal government enacted the Personal Responsibility and Work Opportunity Reconciliation Act (Federal Act), which fundamentally altered the nature of the public assistance programs commonly known as welfare and replaced it with a block grant program known as Temporary Assistance for Needy Families (TANF). The purpose of these changes was to encourage public assistance recipients to become economically self-sufficient. TANF generally limits lifetime benefits to 60 months per recipient, and generally requires that recipients either work or participate in activities that can lead to work (such as education, job readiness training or vocational training) in order to maintain their full benefits. In August 1997, New York State passed its own Welfare Reform Act (State Act), which closely mirrored the Federal Act.

The Federal Act specifies the types of activities that may be counted as work activities, including educational, vocational training, job readiness training, job search activities, unpaid work experience, community services and unsubsidized employment by a private business. The Federal Act also requires that states assess the skills, work experience and employability of TANF recipients. These assessments can help states place recipients in jobs that match their skills and work experience, and enable the states to identify recipients who need additional education or training if they are to be placed in jobs that will likely result in long-term employment and economic self-sufficiency. If the recipients' skills and prior experiences are not taken into account during job placement, or if significant barriers to employment are not identified and addressed, even if recipients are initially able to be placed in jobs, they may be less likely to maintain employment and more likely to remain on or return to public assistance.

In New York State, employment and training programs for public assistance recipients are overseen by the Department of Labor and are directly administered by the 58 local social services districts (districts), which consist of 57 counties and New York City. The assessments of the recipients' skills, work experience and employability are conducted by the districts. The districts are also required to develop a written employment plan for each recipient. This plan is to describe the recipient's employment goal and the services to be provided by the district. Each district is also required by the State Act to develop a district-wide plan, and to submit this plan for the Department's approval every two years.

Summary Conclusions

In our original report, we concluded that TANF recipients' skills and experience were not always taken into account during job placements, and significant barriers to employment may not have been identified and addressed through education and training. As a result, we determined that recipients may have been at risk of not obtaining long-term employment and economic self-sufficiency. We also found that monitoring responsibilities regarding exemptions from work activities needed to be clarified between the Department and OTDA.

In our follow-up review, we found that the Department has taken steps to track the use of the lifetime exemption from work activities. We also found that, except for New York City, the Department has improved its monitoring of the districts' preparation and use of employability assessments and employment plans. We are, however, concerned that the Department has not developed a performance measurement system that incorporates outcome measures, and accumulates data that it can use to evaluate the results of its education and training initiatives. Also, we continue to disagree with the Department's position that it does not have the statutory authority to supervise the activities of local districts.

Summary of Status of Prior Audit Recommendations

Department officials have implemented one recommendation, partially implemented five recommendations, and have not implemented four of the ten prior audit recommendations addressed to them. An eleventh recommendation, addressed to both the Department and OTDA, has been partially implemented.

Recommendation 1

Review district procedures relating to the employability assessment and employment plan process to ensure that they are consistent with the requirements in the manual.

Status – Partially Implemented

Agency Action – During the 12 months ended May 2001, the Department’s Bureau of Policy and Program Operations conducted a review of each district, except New York City. The Department indicated that New York City will be reviewed when staff time allows. Officials further indicated that an integral part of the Department’s review of New York City’s employability assessment and employment plan process is the Department’s review of the proposed assessment/employment plan Policy Directives prepared by New York City staff. Technical assistants, using a questionnaire, survey each district’s employability assessment and employment plan, and policies and procedures for adherence to Department requirements. In addition, through a contract with SUNY Albany, the Department has initiated a “Welfare to Work” course designed to introduce new employment workers to employment programs and procedures, including the assessment and employability plans. We believe it is important that the Department review New York City operations, as it is the largest district in the State in terms of the number of participants.

Recommendation 2

Monitor the districts to ensure that employability assessment and employment plans are completed for each TANF recipient.

Status – Partially Implemented

Agency Action – As part of the Department’s Bureau of Policy and Program Operations review of each district (except New York City), a sample of cases were reviewed to determine whether district workers completed employability assessments and employment plans for TANF recipients. The Department indicated that New York City will be reviewed as staffing permits.

Recommendation 3

Establish performance measures for evaluating the extent to which the districts match recipients’ skills and abilities to work activities that will maximize their opportunity to achieve long-term self-sufficiency.

Status – Not Implemented

Agency Action – The Department believes performance measures may have a negative impact on district flexibility to best achieve the goals of the Personal Responsibility and Work Opportunity Act and the State Welfare Reform Act (i.e., helping as many public assistance recipients as possible achieve self-sufficiency as soon as possible). Department officials indicated they have not been provided with information that would indicate that individuals who are placed in work activities that are directly related to skills and abilities recorded on

recipients' employment assessments will necessarily "maximize their opportunity to achieve long term self-sufficiency." We believe that performance measures would provide the Department with information that management could use to monitor the results of district progress and help measure their operations. We are concerned that the Department does not recognize the benefits that would accrue to the State as a result of assessing the qualitative results provided by performance measurement.

Recommendation 4

Work with the districts to identify and analyze the risks associated with the employability assessment process for TANF recipients.

Status – Partially Implemented

Agency Action – The Department has implemented this recommendation as part of their survey of districts (except New York City) completed in May 2001. Areas of risk identified through the survey process have been addressed through a training contract with SUNY Albany and revisions to the Welfare to Work training manual including the assessment process and the employability planning process.

Recommendation 5

Modify the Manual to include the requirement that employment worker activities and decisions are reviewed by the supervisor and this supervisory review be adequately documented in the case record.

Status – Not Implemented

Agency Action – While the Department sees value in supervisory reviews, officials state that there is no statutory or regulatory authority for them to require local districts to conduct supervisory reviews. In addition, the Department does not believe it should micromanage district employment worker activities to this extent. In our prior report, we found no evidence of supervisory review in 186 (93 percent) of the 200 cases in our sample. In the absence of adequate supervisory review, any inappropriate actions taken or decisions made by district employment workers are less likely to be detected or corrected. Further, we requested and obtained an opinion from the Office of the State Comptroller's Counsel concerning this matter. They opined that the Department does, in fact, have the statutory authority to require supervisory review of employment caseworker activities.

Recommendation 6

Require the district to document that placement decisions in employment plans consider information obtained from the employability assessments, and monitor district compliance with this requirement.

Status – Partially Implemented

Agency Action – Department district reviews analyze recipient interviews for employment placement and assure that information obtained from an assessment is considered when placing participants in work activities. The Department’s regulations allow districts to make work activity assignments prior to completing the assessment and require districts to meet federal and state participation rate requirements which justifies making assignments that are not consistent with information contained in the individual’s employment plan. However, the Department has not developed a formal monitoring system to ensure that these activities are occurring on an on going basis.

Recommendation 7

Aggregate data from employability assessments to identify the types of training and education programs that are needed by recipients in specific geographical areas.

Status – Not Implemented

Agency Action – The Department disagrees that there is a need to aggregate such data. However, officials indicated that they would assist a local district aggregate data, if the district felt it was necessary. Further, Department officials pointed out that training and education programs are dictated by the Legislature, not the Department. We believe the Department needs to aggregate employability assessment data, to support any recommended program changes and to better focus available resources in areas with the most demonstrated need.

Recommendation 8

Monitor district efforts to assess the educational status of 16 and 17 year-old children of TANF recipients.

Status – Partially Implemented

Agency Action – The Department, during district reviews (except New York City), determines if district procedures ensure all 16 and 17 year-old children of TANF recipients, not in school, receive employability assessments within 90 days of eligibility.

Recommendation 9

Conduct a statewide study to determine the extent to which adult TANF recipients without a high school diploma or its equivalent are placed in educational programs, and on the basis of this study, consider whether additional emphasis should be given to placing such recipients into educational programs.

Status – Not Implemented

Agency Action – Department officials indicated they find value in the recommendation for a statewide study, however they do not believe that conducting such a study in the near future would result in the best use of their limited resources.

Recommendation 10

Monitor the districts to ensure that they track recipients' use of the 12-month lifetime exemption for the care of a child under one year old.

Status – Implemented

Agency Action – The Department developed and began using a statewide system, to track recipients' use of the 12-month lifetime exemption from work activities for the care of a child under one year of age.

To DOL and OTDA:

Recommendation 11

Work together to ensure that exemptions from work activities are adequately supported in the case record, and temporary exemptions are appropriately monitored by the districts.

Status – Partially Implemented

Agency Action – The Department monitored the district's activity as part of their review of each district (except New York City) during the 12 months ended May 2001, through the use of two formal review instruments. Also, the Department, OTDA, the Office of Children and Family Services, and the Department of Health meet monthly to discuss these and other Welfare Reform-related issues.

Major contributors to this report were Richard Sturm, Donald Geary, and Robert Mainello.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also thank the management and staff of the Department and OTDA for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

William P. Challice
Audit Director

cc: David Dorpfeld
Karen Stackrow
Deirdre Taylor