

Proposal from the Minnesota Family Investment Program to participate in the federal TANF pilots

Submitted September 3, 2024

State Name: Minnesota

Agency Contact: Jovon Perry, Director, Economic Assistance and Employment Supports

On behalf of:

- Dr. Shaneen Moore, Assistant commissioner for Family Wellbeing and
- Tikki Brown, Commissioner, Minnesota Department of Children, Youth, and Families

Contact Information: jovon.perry@state.mn.us

651-529-2839

Please copy on all communications:

Pamela McCauley, MFIP manager

Pamela.mccauley@state.mn.us

I. Theory of Change

Minnesota anticipates that replacing the federal process measure with actual outcome measures will refocus our service system more clearly on effectiveness by creating the opportunity for:

- Frontline employment counselors to more effectively engage the parents turning to the Minnesota Family Investment Program
- Local counties, tribes and employment services agencies to implement and develop more innovative service strategies focused on employment, earnings, job retention and career pathways.
- The Minnesota Department of Children, Youth and Families¹ to solve systemic barriers to ensuring families receive the resources that should be available to them.

Challenges/Issues Addressed

Parents turn to the Minnesota Family Investment Program under two roughly defined conditions (which can overlap):

- low wage workers in volatile sectors of the labor market where high turn-over and unsteady part-time schedules are common² and
- parents with significant health and life challenges.

¹ The Department of Children, Youth, and Families was opened in July 2024 and is now the Minnesota state agency responsible for the administration of the Minnesota Family Investment Program.

² The largest share of parents turning to the Minnesota Family Investment Program are low wage workers during spells of unemployment. An analysis that looked at the work history of more than 79,000 parents who enrolled in MFIP in the 32 quarters between 2010 and 2017 found that up to 63 percent of parents enrolling MFIP were employed in the quarter prior to employment and “participants’ employment prior to entry tends to mirror the overall trend of the Minnesota labor market.” Employment and Earnings of Participants in the Minnesota Family Investment Program, Ben Jaques-Leslie and Joseph A. Ritter, December 2023.

Families in these situations need:

- resources to weather the instability of low wage jobs in sectors like the retail, hospitality and health care industries
- support in changing conditions in their lives, such as securing stable housing, transportation, mental health care, assistance in resolving family violence, or increasing their skills and abilities through education and training.

Rationale for Pilot Approach:

The Work Participation Rate is a process measure that has consumed significant frontline time and state agency focus without any evidence of affecting employment or income outcomes for participants.³ Successful employment counseling requires engaging the people being served. Early in the Minnesota Family Investment Program’s implementation, a series of focus groups with participants of different racial and ethnic backgrounds found that “The difference that most commonly separates positive from the more negative experiences is the participants’ perception of whether the worker is on their side; that, whether the participants’ perception of whether the worker sees their job as helping the participant more than controlling him or her.”⁴

But the requirements of the Work Participation Rate contribute significantly to what the people being served saw as a negative experience. After the introduction of the more onerous documentation of

³ “Programs with the largest participation impacts, however, do not necessarily have the largest employment or welfare (exit) impacts.”, Promoting Participation: How to Increase Involvement in Welfare to Work Activities, Hamilton and Scrivener, MDRC, September 1999.

⁴ The Issues Behind the Outcomes for Somali, Hmong, American Indian and African American Welfare Participants in Minnesota, Wilder Research, April 2003.

activities required by the federal rules for the Work Participation Rate in the 2005 Deficit Reduction Act, employment counselors spent a little more than half their time on program documentation requirements, leaving less than half their work hours available for direct services, according to a survey done in 2008.⁵ “You meet more resistance with clients more now. You keep asking for more and more and more and give them less to do it with. It turns into an us vs them situation,” said one employment counselor who had been surveyed.⁶

Likewise, a focus on caseload reduction and meeting activity targets has created no impetus for the state to ensure families are getting the comprehensive resources necessary to meet their economic and family needs. The resources families need exist within and outside the Minnesota Family Investment Program. The state has often had to consider whether receipt of TANF funded assistance would undermine its Work Participation Rate. Connecting state resources outside the program boundaries requires time and effort in partnering and negotiating with other state programs, solving system barriers, and measuring whether changes are effective.

Interventions

Minnesota proposes interventions at two levels: at the frontline delivery of employment services and at the state-level set of policies and procedures that should ensure access to resources. The proposed interventions will not change eligibility for the Minnesota Family Investment Program.

⁵ The Flexibility Myth: How Organizations Providing MFIP Services are Faring Under New Federal Regulations”, Dani Indovono et al, A professional Paper by graduate students at the Humbert H. Humphrey Institute of Public Affairs, University of Minnesota.

⁶ Ibid, page 28.

Pilot Intervention #1: Local service innovations

Minnesota is a state-supervised, county/tribal-administered state. Minnesota also has contracts with three tribal organizations to provide employment services to tribal members not served by tribal TANF programs but instead receiving financial assistance through counties. This structure creates the opportunity for local counties and tribes to propose changes in their service models intended to best respond to their regional labor market and to reach families facing particular challenges to stability. The structure also allows multiple concurrent innovations and pilots to occur in Minnesota during the pilot period.

Analysis done by Minnesota over the years has indicated that the conditions of the labor market in a particular time or region have the most significant impact on employment outcomes for the caseload of families served by the Minnesota Family Investment Program.⁷ The labor market will continue to be a key driver of outcomes for this program. But when our focus steps away from looking at the caseload as a whole, we see uneven outcomes, particularly by race and ethnicity. That indicates that different groups of families within the larger caseload could benefit from more flexible and customized services. The state-developed Self Support Index and our annual characteristics report on families receiving assistance through the Minnesota Family Investment Program, for instance, suggest a focus on:

- African American and American Indian families, for whom the program has failed to produce equitable outcomes;
- families without high school degrees,

⁷ Graph by Mark Kleczeski showing inverted relationship between the state's unemployment rate and the Self Support Index, 1998-2012. *Isn't there an old evaluation note on this as well?*

- families who experience or have experienced family violence,
- families without housing
- families in which the parents grew up in a household that had to turn to assistance during their childhood.

And since the conditions of Minnesota's labor markets are not consistent across the state, we will expect different counties and tribes to shape their employment services differently to meet those conditions.

The state agency will issue an invitation to counties and tribes for proposals that are likely to:

- More successfully engage the families they serve.
- Change their services to respond to particular challenges facing the families they serve.
- Deliver more equitable outcomes across racial and ethnic groups.

The local counties and tribes will be required to engage the families they serve in planning the service changes. Engagement of families at the local level ensures that families can address the very specific service issues they encounter, including what services they receive, in what manner they can access services and in evaluating whether the changes have worked as hoped.

Preliminary examples of initial ideas for service changes local managers have suggested to the state in recent weeks include:

- Supporting and encouraging self-employment when appropriate
- Conducting weekly one-on-one sessions with jobseekers focusing on their strengths and career interests

- Promoting family bonding and community activities
- Collaborating with agencies that have the expertise to address barriers to all services (housing, mental health, child care, etc.)
- Fully assessing family needs using social determinants of health as a guideline
- Learning from Housing first models or Whole Family System approaches
- Emphasizing long-term economic self-sufficiency by allowing participants more flexibility in engaging with educational opportunities, vocational training, or other activities that may not currently count toward the required work hours
- Providing benefits coaching and providing financial assistance directly to families to smooth out any gaps they experience as they increase their earnings, and their benefits are cut as a result

We share the examples above to indicate that there is energy at the local level for providing a different quality of service. Pursuing these and other ideas expected to surface in a full planning phase will move us from a system designed around compliance to a limited set of activities to a system focused on doing what it takes to help parents get and keep a job that supports their family.

To identify service and engagement strategies likely to be effective, we will use the national research literature, learnings from other states such as Colorado’s Family Voice Compass, outcomes of former local Minnesota service strategies innovations, and analysis of local initiatives in 2014 and 2016 that had been designed to address racial inequities⁸.

⁸ [Minnesota Family Investment Program: Racial Equity Project – Preliminary Findings for a 2014-2016 MFIP Innovation Project, Minnesota Department of Human Services, September 2017.](#)

Pilot Intervention #2: State-level systems change to improve families' access to necessary resources

Having resources adequate to meeting basic needs has been shown to increase employment outcomes.

- Research shows that income supports like the Earned Income Tax Credit and Children's Tax Credit both boost employment rates among parents and have long-term positive impacts on children — including better school performance — that can translate into higher earnings when the children become adults.⁹
- “Low wage workers in poverty in the previous year are less likely than other low wage workers to move to better wages”¹⁰ according to research by Michael Schultz who concludes that “Low-wage workers in households falling into poverty who receive greater income support are more likely to not only remain employed, but also start earning higher wages.”¹¹

To produce strong results in the Whole Family Median Income Through Work measure, the state must ensure that eligible families are able to access and maintain federally and state funded resources. We are particularly interested in focusing on:

- Health insurance coverage for families while receiving assistance through the Minnesota Family Investment Program as well as maintaining coverage, either through continued

⁹ Various Supports for Low Income Families Reduce Poverty and Have Long Term Positive Effects on Families and Children, Sherman, Trisi and Parrott, Center for Budget and Policy Priorities, July 30, 2013.

¹⁰ Bring the Households Back In: The Effect of Poverty on the Mobility of Low Wage Workers to Better Wages, Michael A. Schlultz, Washington Center for Equitable Growth,

¹¹ Income Support Programs Boost Earnings for Low Wage Workers by Reducing Household Poverty in the United States, Michael A. Schultz, University of Texas at Austin, August 26, 2021.

Medical Assistance coverage, transitioning smoothly to the public health care exchange or employer-sponsored coverage after they leave the program

- more timely access to child care assistance for the families who choose to use the state subsidy program when enrolling on the Minnesota Family Investment Program
- fewer administrative complexities that result in eligible families losing or not accessing assistance
- outreach to families not receiving assistance through the Minnesota Family Investment Program who either turn up in homeless shelters or receive Supplemental Nutrition Assistance Program benefits while reporting no or very low income
- state efforts to explore whether we can determine what proportion of families served by the Minnesota Family Investment Program receive state child tax credits and work in jobs with access to paid family leave.

Minnesota is embarking on several significant policy changes that should result in more consistent receipt of assistance. But these changes are likely to negatively impact our Work Participation Rate. Participating in the pilot project will allow the state to focus exclusively on access for eligible participants without work arounds to manage the work participation rate – work arounds that become just the sort of unproductive administrative burden on frontline workers or the families that we are hoping to eliminate. The changes include:

- introducing six-month budget periods that more closely match the policies used by the Supplemental Nutrition Assistance Program in Minnesota (in effect in March 2025)

- eliminating a second, short-term TANF non-assistance program, the Diversionary Work Program (in effect in March 2026)
- simplifying the state's sanction policies (in effect in May 2026)

Anticipated Technical Assistance Needs

Minnesota would like federal assistance with

- providing technical assistance on how the state can identify families receiving the Minnesota State Child Tax Credit and Minnesota Family Investment Program assistance and stay within data privacy regulations of TANF and the Supplemental Nutrition Assistance Program (SNAP) in order to ensure that families who may not typically file taxes take advantage of the credit, and to understand the impact of the credit on household income and participation in TANF programs.
- understanding how federal child care assistance program requirements can still be met while improving timely access to eligible families
- providing technical assistance on how the state can identify families receiving Minnesota Family Investment Program assistance but not covered by Medical Assistance and stay within data privacy regulations in order to evaluate efforts to ensure families have health coverage.
- learning about service innovations from other sites.

Minnesota would welcome a partnership in evaluation with Health and Human Services in order to get the most robust analysis possible.

II. Family Stability and Well-being outcomes

We propose that the following state specific outcome measures:

- For economic well-being
 - Using the TANF-to-Poverty ratio to measure how effectively the Minnesota Family Investment Program contributes to a wider state objective to ensuring that children and their families can meet their basic needs, based on the information earlier in this proposal that connects ability to meet basic needs to stronger employment outcomes

- For family stability well-being:
 - health Insurance access
 - timeliness of access to child care assistance.

We would also like to explore the possibility of adding two state-specific elements to the measure of Increasing Whole Family Income through Work. We want to investigate whether it will be possible to document what proportion of families served by the Minnesota Family Investment Program receive the state's new child tax credits and end up in jobs with access to the state's new paid family leave program. This exploration will require determining whether complex data sharing and data matching agreements across state agencies can occur. The policies for the child tax credit, for instance, direct that it does not count against the Minnesota Family Investment Program benefits. That information, therefore, will not be recorded in the eligibility information system, MAXIS.

Data sources will include:

- Eligibility and assistance data for the Minnesota Family Investment Program and the Supplemental Nutrition Assistance Program from the state’s mainframe eligibility management system, MAXIS.
- Activities in family engagement plans from the state’s workforce services case management system, Workforce One.
- Data about enrollment in public health care programs through the state’s Medicaid Management Information System (MMIS) and the state exchange (METS)
- Data about enrollment in the state’s child care subsidy program through the Minnesota Eligibility for Child Care System (MEC²)
- Changes in local employment outcomes and in equity outcomes through the state’s Self-Support Index, a longitudinal measure taking into account local labor market conditions and participant demographics to set expected ranges for performance outcomes that vary by quarter.

The Self-Support Index can support a sophisticated analysis of impact and will be useful to determining which innovations make the most difference. It disaggregates outcome data by local jurisdictions and offers Minnesota an important tool in assessing whether changing local practices impact outcomes, including by race and ethnicity. If a local county or tribe opts to provide a new service strategy for a defined population of families they serve, Minnesota can disaggregate data to evaluate those local pilots and can also show how service changes impact fast and slower leavers. Because the measure looks at cohorts of participants by quarter and over three-year periods, it clears some of the distraction of just

counting employment outcomes of leavers at a particular point in time – which are likely to be more determined by immediate labor market conditions.

III. Service Population

Minnesota's TANF population

State efforts to increase income and economic resource supports would target all the families receiving the Minnesota Family Investment Program.

To be eligible for assistance through the Minnesota Family Investment Program at enrollment, families must have incomes at or below the following levels:

Family Size	Maximum Monthly Family Income (between 50 and 75% of the poverty line, depending on family size)
1	\$711
2	\$1,173
3	\$1,506
4	\$1,811
5	\$2,091
6	\$2,417
7	\$2,631

The families receiving assistance through the Minnesota Family Investment Program are described in annual characteristics reports. The [most recent published characteristics report](#) is for the caseload in December 2022. Most parents are female, have completed high school, are single parents, and are citizens¹². The median age of parents is 32. African American and American Indian families, the same communities most likely to be in poverty in Minnesota¹³, have to turn to MFIP in higher proportions than their share of the general population.

Local efforts to improve services would focus on the families served by a local county or tribal agency. That could include all families served by that local agency or distinct groups within the local population.

We will also invite specific service innovation efforts to focus on:

- African American or American Indian families or other racial or ethnic groups showing poorer outcomes within a local area.
- Families enrolled in the state’s Family Stabilization Services where the need for sophisticated services driven by expertise in mental health, physical health, disability and other arenas are needed.

¹² Only 8% of parents receiving assistance are not currently citizens. Non-citizens who receive assistance must be documented and must be in a limited number of immigration statuses, such as refugee, in order to be eligible.

¹³ “Poverty rates [in Minnesota] were highest for those who are American Indian (34%), Black (27%), and Hispanic (19%), three to four times higher than the rates of non-Hispanic White Minnesotans (7%).”, Key Findings from the 2018 American Community Survey for Minnesota, <https://mn.gov/admin/demography/data-by-topic/income-poverty>

IV. Implementation Capacity

The state agency has the following tools and capacity to support this initiative:

1. A community engagement specialist who can provide technical assistance training to local agencies as they engage the families they serve.
2. The Employability Measure, a tool designed to capture 11 domains of families' lives – such as housing stability, education level, transportation, health conditions – that impact their ability to reach economic and family stability. The state is in the process of deploying technology that will make that tool, which has been a fairly static tool, a more dynamic tool and will encourage local agencies to have the parents being served to take the lead on which domains they feel should be addressed first.
3. A sophisticated outcome measurement tool – The Self-Support Index – that provides a longitudinal report of outcomes for quarterly cohorts of families and is a tool that can measure impact and analyze where service changes have made the most impact.
4. State agency staff prepared to shift their roles to take on more facilitation and support of learning among local agencies, transitioning out of a role that has been primarily overseeing fidelity of implementation with state policies. For instance, staff responsible for developing the required federal review of Work Participation documentation through file review, have long seen service practices that concern or impress state staff. Refocusing on using those file reviews to look for effective and less effective service practice can support a new focus on service effectiveness over compliance.
5. Access to a strong, internal research and analysis team which has demonstrated quality in house analysis and has partnered effectively with outside researchers.

6. An MFIP Innovation Fund that is an ongoing allocation to the program that can provide at least \$2 million a year to support local counties and tribes in launching service changes under the pilot.

Resource Requirements:

To participate in this pilot, the Economic Supports and Employment Services Division will have to assign:

- The division director and the Minnesota Family Investment Program manager will have to shape and participate in ongoing collaborative oversight of the pilot with local counties and tribes
- Analysts and researchers to conduct impact analyses and inform data sharing conditions.
- Policy staff will have to provide information and support and facilitation for local program improvement initiatives.
- The state's information system for workforce case management services will have to make programming changes to include a broader list of employment plan activities
- Staff responsible for reporting federal data on the state's Work Participation Rate will have to shift to reporting identifying data to support the federal government's tracking of employment and earnings data.

IV. Collaboration and Partnerships

1. A state-local agency oversight committee would create a forum for implementing local changes in the pilot. This would create a forum to allow local agencies to be in partnership with the state in planning the pilot, ensuring that their expertise, their implementation needs and their resource opportunities and constraints are ingredients in plans that affect their operations.

The state's role in that body would be to:

- set the key objectives, such as participant engagement, inequity reduction, outreach to families for planning and implementation, etc.
- ensure tools are available to local agencies to support more customized engagement plans
- to evaluate the effectiveness of local innovations.

The local agencies' roles would be to:

- engage the families they serve in planning and giving feedback on implementation.
- propose and roll out new ways of serving families in response to the families' situations and local community conditions.

Shared roles would be to:

- Share learnings and experiences with other counties and tribes.

2. The state will consult with:

- counties, tribes and employment services agencies through regularly established meetings called by statewide county, tribal, employment services and workforce agencies

- advocacy organizations that engage in work to shape MFIP state policy.
3. The Economic Assistance and Employment Services section would incorporate aspects of this pilot into the Whole Family focus of the new Department of Children, Youth and Families, especially the child care assistance and child support team.
 4. The Department of Children, Youth, and Families will explore data sharing and/or outreach strategies with the health care programs at the Minnesota Department of Human Services, the child tax credit team at the Minnesota Department of Revenue and the division responsible for rolling out the Paid Family Leave Program at the Minnesota Department of Employment and Economic Development. (We have not yet engaged those two departments because of the short timeline for submitting this proposal and the reality that they are in the midst of their planning to launch the two new programs.)

We anticipate that local counties and tribes will develop local collaborations necessary to support their changes in service delivery. And, as we have said elsewhere, will communicate the requirement that counties and tribes engage the families they serve in their planning.

VIII. FRA Pilots Federal Implementation and Outcomes Study

- **Statement of Willingness:** The Minnesota Department of Children, Youth, and Families is willing and excited to participate in the federal implementation and outcomes study for this FRA-authorized pilot program to test new performance and accountability measures for the Temporary Assistance to Families Program.

Work is underway to draft legislative language to be presented in the 2025 legislative session authorizing Minnesota’s participation in the TANF pilot authorized by the Fiscal Responsibility Act of 2023. The state agency received legislative authorization in 2013 for such efforts, but that section of statute needs to be updated to address the specifics of this opportunity. We will propose updates to Minnesota statute [256J.78](#).¹⁴

¹⁴ **256J.78 TANF DEMONSTRATION PROJECTS OR WAIVER FROM FEDERAL RULES AND REGULATIONS.**

Subdivision 1. Duties of the commissioner.

The commissioner of human services may pursue TANF demonstration projects or waivers of TANF requirements from the United States Department of Health and Human Services as needed to allow the state to build a more results-oriented Minnesota Family Investment Program to better meet the needs of Minnesota families.

Subd. 2. Purpose.

The purpose of the TANF demonstration projects or waivers is to:

- (1) replace the federal TANF process measure and its complex administrative requirements with state-developed outcomes measures that track adult employment and exits from MFIP cash assistance;
- (2) simplify programmatic and administrative requirements; and
- (3) make other policy or programmatic changes that improve the performance of the program and the outcomes for participants.

Subd. 3. Report to legislature.

The commissioner shall report to the members of the legislative committees having jurisdiction over human services issues by March 1, 2014, regarding the progress of this waiver or demonstration project.