

TESTIMONY
OF
LAWRENCE PERRY
ACTING DISTRICT OF COLUMBIA AUDITOR
COMMITTEE ON HUMAN SERVICES
COUNCIL OF THE DISTRICT OF COLUMBIA
NOVEMBER 21, 2014

CHAIRMAN GRAHAM AND MEMBERS OF THE COMMITTEE ON HUMAN SERVICES: I am Lawrence Perry, Acting District of Columbia Auditor. Accompanying me today is Laura Hopman, Assistant Deputy Auditor, and Ingrid Drake, Program Analyst. Thank you for the opportunity to appear before the Committee to present testimony on our November 4, 2014 report entitled, “Outcomes of the Temporary Assistance to Needy Families (“TANF”) Employment Program (“TEP”)”.

The objectives of this examination were to determine outcomes resulting from DHS’s 2012 restructured TEP. We limited our focus to the outcomes of TEP customers who have been receiving TANF for more than 60 months, as of October 24, 2014.

In conducting this examination, we reviewed data provided solely by DHS on TEP (Work Readiness & Job Placement) and non- TEP (DHS programs, home visit providers, and/or other District agencies) participation levels and outcomes. Given our limited timeframe to produce this report, we did not conduct a data reliability assessment or otherwise verify the information

provided by DHS. Therefore, in most cases, the numbers in our report and this testimony should be seen as unaudited estimates.

In 2012, DHS redesigned TEP to focus on helping TANF customers remove barriers to employment, educational enhancement and skills acquisition. DHS identified six outcomes to measure the effectiveness of the redesigned TEP with the goal of increasing the number of TANF customers who: 1) overcome education and skill barriers to become employable; 2) meet work participation requirements; 3) gain employment; 4) secure high wage jobs; 5) retain jobs; and 6) move off TANF.

At the time of the TEP restructuring in 2012, DHS reported that the heads of 10,900 District TANF households were required to meet TEP participation requirements. DHS determined which services were most appropriate for each customer, either: job placement; work readiness; barrier removal and work support; or barrier removal and financial support. This resulted in a referral to a vendor and/or to another District agency or service provider.

There are two types of vendors providing services to DHS under the TEP. These are Work Readiness and Job Placement service vendors. Work Readiness vendors are responsible for **both** preparing customers for employment and for providing job placement services, whereas Job Placement vendors are primarily responsible for providing job placement services. Generally, customers who require who may need additional education and skills are assigned to a Work Readiness vendor and those with higher levels of education and skills are assigned to Job Placement vendors.

In 2012, DHS established human care agreements with six Work Readiness vendors and five Job Placement vendors. As indicated in our November 4, 2014 report, the District has spent \$38

million on these TEP vendors since the launch of the restructured program in 2012. We want to clarify that these \$38 million in expenditures were not spent solely on customers who have been on TANF for 60 months or more. Furthermore, we did not look at the overall costs of TEP, but only looked at the amount spent on the vendors during our scope.

Because the TEP is such a fluid program and the manner in which DHS and the vendors maintain their records for payment, on November 4, 2014 we reported on the outcomes by number of occurrences, and not by number of customers. For example a customer may have met many of the outcomes (job placement, completion of job readiness training, etc.) on numerous occasions during the two year scope of our review. Given the interest in the number of actual individuals served by TEP we conducted additional data sorting subsequent to our November 4 report and in our testimony today, are able you with a closer estimate of the number of actual customers who were served by the TEP.

Subsequent to our published report, DHS informed us that, as of November 10, 2014 there were 5,550 customers currently assigned to TEP vendors, and of those:

- 3,110 were assigned to Work Readiness vendors; and
- 2,440 were assigned to Job Placement vendors.

We also determined that of the 5,550 customers assigned to vendors 689 customers completed training and education programs, which represents 12% of the customers assigned to Work Readiness vendors

DHS also provided us with an estimated number of the customers who had been on TANF for more than 60 months and that have exited TANF since the TEP restructuring in 2012. According

to DHS since 2012, 3,076 customers left TANF, the majority of whom began to earn enough income that made them ineligible for TANF.

Since the February 2012 redesigned TEP, 4,349 customers had obtained jobs. Of those, 1,698 were full-time, 2,281 were part-time and 369 were seasonal. The data provided by DHS indicated that of the 4,349 customers, who obtained jobs, 35% of these customers retained that job for more than one month and 15% retained that job for more than six months. The average hourly wage was \$10.58 for TEP customers and the median hourly wage was \$10. Our report November 4 report indicates that there were 2,976 TANF customers employed on October 24, 2014.

Mr. Chairman, this concludes my prepared remarks. I will respond to any questions that you have at this time.