



Montgomery County Government

A REPORT ON THE FAMILY INDEPENDENCE PROJECT

EXECUTIVE SUMMARY

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I. AUTHORITY, SCOPE, AND METHODOLOGY

A. Authority

Council Resolution No. 12-144, CY 1991 Work Program of the Office of Legislative Oversight, adopted March 26, 1991.

B. Scope

The Family Independence Project (FIP) was initiated in 1985 as a pilot project in the Department of Family Resources (DFR) to assist long-term Aid to Families with Dependent Children (AFDC) recipients and low-income teen parents become self-sufficient. On July 1, 1988, the pilot phase of FIP was concluded, and operating responsibility and funds for FIP were transferred from DFR to the Department of Social Services (DSS).

This OLO study tracks the funding, staffing, and structure of the Family Independence Project from its inception in FY86 to the present. The primary purpose of this study is to examine the process of implementing a program that was developed as a pilot project in one department (DFR) and transferred to another department (DSS).

It is important to note that the scope of this OLO study is not intended to include an evaluation of the impact of the Family Independence Project on those who participated in it.

C. Methodology

This project was conducted between October and December 1991 by Karen Orlansky, OLO Program Evaluator, with assistance from Debra Cammer, OLO Public Administration Intern,

The study included document and file reviews, and interviews with current and former staff members from the following County Government offices and departments: Department of Family Resources; Department of Social Services; Health Department; Office of Management and Budget; Office of the County Attorney; Office of Personnel; and Office of the County Council. In addition, OLO interviewed staff from the Housing Opportunities Commission and Montgomery Education and Training (MET); and several independent consultants. A list of persons interviewed is included at APPENDIX A.

D. Acknowledgements

Throughout this study, OLO received full cooperation from all parties; OLO especially appreciated the candor of those interviewed. OLO extends a special thanks to: Charles Short, Director, Department of Family Resources; Carol Johnson, Deputy and Acting Director, Department of Social Services; Robert Caulk, former Director of Social Services; and Robert DeBernardis, Chief, Division of Program Development, Department of Family Resources.

E. Organization of Report

This report is organized as follows:

- Chapter II describes the Family Independent Project as a Department of Family Resources (DFR) pilot project, FY86-FY88;
- Chapter III describes the Family Independent Project as a Department of Social Services (DSS) program, FY89-FY92;
- Chapter IV summarizes the major similarities and differences between FIP as a DFR pilot project and FIP as a DSS program; and analyzes the major factors that influenced the evolution of FIP; and
- Chapter V contains OLO's findings.

II. THE FAMILY INDEPENDENCE PROJECT AS A DEPARTMENT OF FAMILY RESOURCES PILOT PROJECT, FY86-FY88

A. The Origin of the Family Independence Project (FIP)

1. The FY86 Operating Budget Includes Funding for "A Better Way." In preparing the County Government's FY86 operating budget, County Executive Gilchrist challenged his staff to develop a local initiative to help long-term recipients of Aid to Families with Dependent Children (AFDC) break-out of the welfare cycle. Also during this time period, the County submitted a grant proposal to the State Department of Human Resources requesting funding to pilot a County project aimed at assisting selected AFDC applicants and recipients obtain and maintain unsubsidized employment.

Reflecting the County Executive's interest in a local welfare reform initiative, the FY86 operating budget included funding for a pilot project called "A Better Way". The FY86 budget described "A Better Way" as a program "to demonstrate a new approach to promoting self-sufficiency among individuals now dependent on two or more public services."

The budget proposed administering the pilot program in a new division in the Department of Family Resources (DFR), the Division of Program Development. This Division was created in the FY86 budget to serve as the incubator for the development of new program initiatives.* As outlined on Table 1 (page 4a), the FY86 budget was approved with \$413,750 in County Funds allocated to "A Better Way". In addition to County funds, a \$110,500 State grant was made available for the pilot project.

* In FY86, in addition to "A Better Way", the Division on Program Development was charged with managing a pilot child care assistance program.

2. The Family Independence Project (FIP) is Designed, and DFR Contracts with the Cooperative Extension Service. During the Fall of 1985, DFR contracted with the Manpower Demonstration Research Corporation (MDRC) to assist with the development of the Family Independence Project.* (The project was renamed the Family Independence Project when it was learned that "A Better Way" had a copyright on it.) MDRC produced a series of discussion papers that addressed the design, administration, and implementation of FIP.

DFR decided to contract out the management of FIP to the University of Maryland's Cooperative Extension Service (CES).** The CES contract was closely supervised by the Chief of DFR's Division of Program Development. This structure afforded the pilot project direction from DFR yet also provided the flexibility deemed necessary to implement some of the more innovative features of the project. In addition, CES assumed responsibility for hiring the staff to administer and manage FIP.

CES began the hiring of FIP staff in early 1986. The original FIP pilot staff included a director, an assistant director, and four case managers. Enrollment of FIP clients began officially in March of 1986.

B. Description of the Family Independence Project as a DFR Pilot

The Family Independence Project operated as a DFR pilot program from March 1986 until July 1988. The following description of FIP as a DFR pilot project is based upon the written operating guidelines and procedures developed for the project, and interviews with staff involved directly with the FIP pilot.

1. The Goal of the FIP Pilot. The goal of the FIP pilot was to assist long-term AFDC recipients and low-income teen parents achieve personal and economic self-sufficiency through educational attainment and stable employment. This goal was to be achieved by providing FIP participants with comprehensive support services through intensive case management, which focused on each of the participants' individual needs, and prepared them to enter and remain in the labor market. The goal for individual FIP participants was to:

- Acquire knowledge and skills and utilize community support services, e.g., health care, day care, transportation, counseling;

* According to DFR staff, MDRC is a nationally recognized authority in the field of program design and evaluation of welfare, employment and training, and education systems. MDRC has conducted dozens of major social research studies, which are frequently cited at all levels of government. In particular, MDRC's studies of welfare employment initiatives were used during the federal legislative debate over welfare reform, which led to the passage of the Family Support Act in 1988.

** Technically, the County entered into a Memorandum of Understanding with CES for the staffing of FIP, and a separate contract with the Cooperative Extension Advisory Board, Inc. for the management of funds allocated for the purchase of client support services.

- Acquire knowledge, skills and changed behaviors that are required to manage daily tasks as a single, employed parent, i.e., parenting, nutrition, financial management, time management, and personal development skills; and
- Acquire the knowledge, skills, and changed behaviors that are required to become employable, and to obtain and retain a job.

It is important to note that the FIP pilot did not emphasize immediate job placement or immediate reductions in welfare receipts for FIP participants. As stated in FIP's first annual report:

FIP has many unique features that distinguish it from previous efforts to serve this population. Strong emphasis is placed on self-sufficiency as the ultimate goal rather than employment. Intensive support services, training, education, counseling, and follow-up are viewed as equally important ingredients in the recipe for long-term self-sufficiency.

2. The FIP Budget. The Family Independence Project (FIP) is an example of an initiative that was established through the budget process. Each year (FY86-FY92), the County Executive included funding for FIP in his recommended operating budget for the County Government. The Council in turn demonstrated its support for FIP by approving appropriations for the Executive Branch, based upon a proposed budget that included funding for FIP. (For a more detailed explanation of the respective roles of the County Executive and County Council with respect to programs created through the budget process, see APPENDIX B.)

As outlined on Table 1, (page 4a) between FY86 and FY88, DFR's appropriations were approved with \$1.6 million budgeted for the Family Independence Project (\$524,250 in FY86, \$528,770 in FY87, and \$577,630 in FY88). The data indicate, however, that the actual amounts spent for FIP were less than the amount budgeted. In particular, between FY86 and FY88, of the \$1.6 million budgeted for FIP, only \$1.1 million was actually spent. The approximately \$500,000 budgeted for FIP but not spent were returned by DFR to the General Fund.

The data on Table 1 indicate that between FY86 and FY88, more than 90 percent of actual FIP expenditures were operating costs. This is because, as explained earlier, DFR decided to contract out the administration of FIP, and the payments to the Cooperative Extension Service appear as operating and not direct salary expenditures. For FY87 and FY88 (the two years in which the FIP pilot operated for the entire fiscal year), approximately \$250,000 was spent on the hiring of FIP staff. Actual salary and fringe expenditures listed on Table 1 represent the DFR staff time dedicated to overseeing the FIP contract.*

* This amount does not include the staff costs of the Division Chief, whose salary was funded through the Division of Program Development's administration budget. In addition to FIP, the Division Chief supervised the development of the Working Parents Assistance Program and other projects.

According to DFR staff, the primary reason that FIP underspent its budget each year was that FIP staff were able to obtain support services for less than the amount budgeted. The increase in support service expenditures between FY87 and FY88 was due to the County's entering into a contract with the Center for Prepaid Health Care Research to provide health benefits for FIP participants (see page 6).

3. FIP Participants. DFR's pilot project was designed for a maximum of 100 participants. Participation was limited to two hard-to-employ subgroups of the County's AFDC population: long-term AFDC recipients (defined as those who had been receiving AFDC for at least 24 out of the past 30 months); and welfare-eligible teen parents between the ages of 16 and 19. Of the 100 program slots, 25 were set-aside for teen parents.

Persons who met the eligibility requirements were referred to FIP on an individual basis primarily by Department of Social Services Income Maintenance staff, the Housing Opportunities Commission staff, and Government Service Center staff. In order to be enrolled in the FIP pilot, an individual had to demonstrate interest and motivation to participate in the program.

4. The Intensive Case Management Approach. The FIP pilot was structured such that the four FIP case managers would each have a maximum of 25 clients. Within 30 days of enrollment, each FIP participant had to work with his/her case manager to complete an Individual Development Plan (IDP), which outlined the participant's service needs, and the timing and duration of those services. Although designed to be flexible, it was expected that every IDP would include a schedule for participation in each of four core program elements:

- Education: Clients not already in receipt of a high school diploma or equivalency should be enrolled in school to pursue their high school diploma or GED.
- Employment-related activities: Vocational training, job search workshops, and/or employment counseling.
- Life management activities: Educational programs in subjects such as parenting skills, good nutrition, consumer skills, family financial budgeting.
- Necessary support services: This included activities such as health care, individual counseling, child care subsidies, assistance with housing, and assistance with transportation.

Incentive rewards were provided for successful completion of certain goals listed in the IDP. Incentive rewards in the FIP pilot were provided in the form of vouchers that could be used for a preselected option, e.g., partial rent payment, car insurance payment, the purchase of a new suit for a new job. The design of the FIP pilot also included regularly scheduled award luncheons to recognize FIP clients who were making progress.

The written guidelines for the FIP pilot allowed participants to remain in the program for a maximum of two years. A participant was considered positively terminated or "graduated" only if the participant's IDP was successfully completed, and it was agreed that additional program

assistance was unnecessary. The low client-to-staff ratio and the ability to stay with a client for more than two years provided FIP case managers with the opportunity to become very familiar with the specific problems and needs of individual FIP participants.

According to several FIP case managers, there was a high level of clinical supervision provided during the pilot project. Case managers met regularly with the project's assistant director to discuss individual clients, and a consultant was brought in once a month to render advice on clients who had more challenging problems.

5. Providing Support Services. The FIP staff itself was not expected to provide the support services needed by FIP participants. Instead, FIP case managers would broker support services for their clients from existing government programs and other services in the community. DFR staff negotiated formal Memorandums of Understanding (MOUs) with seven agencies: Department of Social Services, Housing Opportunities Commission, Work Incentive Program of Department of Employment and Training, Job Training and Partnership Act Program, Cooperative Extension Service, Department of Addiction, Victims and Mental Health Services, and Department of Health-WIC.

One unique aspect of FIP was a contract with the Center for Pre-paid Health Care Research to provide health care services. Under the contract, individual FIP clients were able to obtain health benefits (paid for jointly by the client and the County) after they left AFDC and became ineligible for Medicaid coverage. The Center also provided all FIP participants with health education and counseling.

In addition, other public and non-profit agencies such as the Mental Health Association, Community Psychiatric Clinic, Family Services of Montgomery County, Community Ministries, Family Therapy Institute, Manna Food, and others provided free or reduced cost services for FIP participants.

C. Evaluating the Pilot Family Independence Project

1. General. Working on contract to DFR, Manpower Demonstration Research Corporation (MDRC) prepared a discussion paper that set forth basic criteria for the County to consider in determining the effectiveness of FIP. MDRC advised that, given the objectives for FIP articulated by DFR, the County's assessment of FIP's performance should focus on three issues:

- The extent to which participants enrolled in FIP are within the priority target groups identified;
- The extent to which participants receive necessary services for the duration of their stay in the program; and
- Whether the program achieves the outcomes desired.

With respect to outcome measurements, MDRC recommended that FIP establish program goals that reflect true improvements in participants' lives. Specifically, MDRC recommended that goals be established that demonstrate incremental advances made by participants that would lead to self-sufficiency. In addition to looking at the placement of participants

into unsubsidized employment, job retention, and educational outcomes, MDRC recommended that DFR also look at the progress participants make on removing barriers to self-sufficiency such as the lack of child care, health care, and transportation. In terms of looking at reductions in welfare receipt, MDRC wrote the following:

Given the duration of the FIP treatment and the lack of emphasis on immediate job placement, it is not expected that FIP will lead to immediate reductions in welfare receipt. Therefore, the time horizon over which welfare reductions should be examined is at least a year and preferably two years or more.

MDRC advised the County that, given the diverse needs of FIP participants, any single outcome measure is likely to be incomplete. In addition, MDRC recommended that the evaluation criteria should recognize that FIP was still in its early start-up phase, and that it could take a year or two for the program to mature and fully address the early issues that often arise in a program of this type.

2. DFR's Process Evaluation of the FIP Pilot. During 1987, DFR hired an outside consultant to conduct a process evaluation of FIP based upon the project's first eighteen months of operation. The intent of this evaluation was to review the design of FIP, examine how it was implemented, assess its operations, and make recommendations for improvement.

The process evaluation of FIP (completed in December 1987) identified many positive characteristics of the pilot program, and encouraged DFR to explore the possibility of developing a new non-profit entity to manage FIP on an ongoing basis. With the caveat that it was difficult to formulate recommendations for improvement because FIP was a dynamic program still evolving, the study offered a number of recommendations concerning: FIP's office and equipment, staffing, child care and health services available to FIP, and the management of FIP groups.

With respect to a possible transfer of FIP to the Department of Social Services, the consultant noted that integrating FIP into DSS had the potential for improving coordination and continuity of service. The consultant, however, also expressed concern that the character, flexibility, and effectiveness of FIP could be jeopardized if it became submerged in a large bureaucracy.

D. The Pilot Phase of FIP Concludes and FIP is Transferred to the Department of Social Services (DSS)

The organizational structure of FIP within DFR's Division of Program Development was never intended to be permanent. As noted earlier, DFR's Division of Program Development was established to oversee the development of new programs and then to pass them on to other divisions or agencies.

During FY88, the decision was made to conclude the pilot phase of FIP, and to make FIP an ongoing program. As stated in DFR's portion of the FY89 operating budget:

A process evaluation conducted by an outside consultant and internal assessments conducted by the Division of Program Development indicate that FIP is conceptually sound and has had significant influence in helping long-term welfare recipients begin their long road back to self-sufficiency.

A number of alternative locations for FIP were considered including: the Department of Social Services (DSS); another division within DFR; and either an existing or newly created non-profit organization.

The proposed FY89 operating budget incorporated the County Executive's decision to transfer FIP to the Department of Social Services (DSS), and to staff FIP with County employees instead of contract employees. The decision to transfer FIP to DSS was recommended by the DFR Director, and supported by the DSS Director. The FY89 operating budget approved by the Council included the transfer of \$410,000* from DFR to DSS.

According to those involved with the decision, DSS was identified as the logical agency to administer the FIP program because DSS was the agency through which a new State welfare reform initiative, Project Independence would be administered. Although the details of Project Independence were not known at the time FIP was transferred to DSS, it was expected that Project Independence was, similar to FIP, being designed as a self-sufficiency program for welfare recipients. In addition, the placement of FIP within DSS made sense to those proposing the transfer because: most FIP participants were referred to FIP by DSS case managers; FIP participants were already being served by DSS in some way; and locating FIP in DSS offered the potential for improving the coordination of services to clients. Finally, the new Director appointed to DSS in July of 1987 was viewed as a strong, creative manager interested in making new ideas work.

At the time of the transfer decision, several Councilmembers voiced their reservations about moving FIP from DFR where it was seen as working well. In May of 1988, one Councilmember's concern was expressed in the form of a written request to the County Executive that an assessment be performed in six to eight months after FIP was transferred, in order to determine how well the project was operating within DSS.**

* \$410,000 equaled the amount spent by DFR in FY88 to staff FIP and to provide support services to program participants.

** In response to the Councilmember's request, the County Executive asked the Department of Family Resources to conduct an assessment of FIP six months after its transfer to DSS. DFR staff conducted the follow-up study and completed a draft report in early 1989. It is OLO's understanding that DFR's assessment remained an internal Executive Branch document.

E. Expectations

Based upon interviews conducted by OLO, it is apparent that at the time the decision was made to transfer FIP to DSS, DFR and FIP pilot staff fully expected that the FIP program to be lodged at DSS would be similar (if not identical) in structure and operation to the FIP pilot that had been administered by DFR. Except for the decision to staff FIP with County employees instead of contract employees, and to expand the number of FIP participants, there is no evidence that DSS had immediate plans to modify the basic structure of the FIP pilot.

As noted earlier, at the time FIP was transferred to DSS, there was limited knowledge of the State's welfare reform initiative Project Independence. As stated in DSS' portion of the FY89 budget, at the time of the transfer decisions, it was expected that FIP would serve as a model for the implementation of Project Independence:

This program (FIP) has proven to be effective in encouraging clients to achieve economic self-sufficiency, and will serve as a cornerstone and model for the State's employment initiative, Project Independence. The program projects an expansion from the 100 clients planned to be served in FY88 to 175 clients in FY89.

The FY89 budget included sufficient funds for DSS to hire enough FIP case managers in order to maintain the 1:25 staff-to-client ratio.

III. THE FAMILY INDEPENDENCE PROJECT IN THE DEPARTMENT OF SOCIAL SERVICES

A. Overview

The FY89 operating budget incorporated the County Executive's recommendations: to end the pilot phase of the Family Independence Project (FIP); to transfer FIP to the Department of Social Services (DSS); and to staff FIP with County employees instead of contract employees. Proposed and approved operating budgets for the past four fiscal years, (FY89-FY92), have included the allocation of County funds to DSS for the operation of FIP.

According to the DSS Director at the time,* senior DSS management interpreted the decision to transfer FIP as giving DSS the responsibility and resources to administer a County-funded program to foster self-sufficiency in long-term welfare recipients. In addition, the former DSS Director interpreted his department's responsibility to include integrating FIP into Project Independence, the new State welfare reform initiative expected to begin in 1989.

The former DSS Director recalls having a number of specific objectives for integrating FIP into Project Independence:

* Mr. Robert Caulk served as DSS Director from July 1987 until September 1991.

- To maintain the identity of the FIP program;
- To improve the results of the program in terms of job placements for FIP participants; and
- To, wherever possible, substitute Federal and State funds for County funds.

It is important to emphasize that the former DSS Director did not interpret the transfer of FIP as a mandate to administer FIP exactly as it had been developed during its pilot phase.* According to the former DSS Director, after reaching the conclusion that certain aspects of the FIP pilot should be changed, the DSS Director consulted with the County Executive and received direction to modify FIP as he saw fit.

Although it is difficult to reconstruct exactly when specific changes occurred, the evolution of FIP within DSS can be described in three phases:

- July 1, 1988 - June 30, 1989: FIP's first year of transition within DSS and planning for Project Independence.
- July 1, 1989 - March 1991: FIP was integrated with Project Independence and the Cash Incentive Demonstration Project.
- March 1991 - Present: FIP was transferred from the Income Maintenance Division to the Emergency Services Division, the number of FIP staff was reduced, and the remaining staff reassigned.

The remainder of this chapter discusses the operation of FIP within DSS since its transfer to DSS in July of 1988. Following a general discussion of the FIP budget, the operation of FIP is reviewed chronologically through each of the three phases identified above.

B. A Summary of the Family Independence Project Budget: FY89-FY92

As noted in the previous chapter, FIP is an example of an initiative that was established and maintained through the budget process. Each year (FY86-FY92), the County Executive included funding for FIP in his recommended operating budget for the County Government. The Council, in turn, demonstrated its continued support for FIP by approving appropriations for the Executive Branch, based upon proposed budgets that included funding for FIP.

1. Budgeted vs. Actual Expenditures. Table 2 (page 10a) lists the annual budget and actual expenditures for FIP for the past four fiscal years. Between FY89 and FY92, appropriations for DSS were approved with a total of \$2.5 million in County funds budgeted for FIP: \$523,100 in FY89, \$855,130 in

* As discussed in the previous chapter (see page 9), DFR staff had expected that FIP would be administered by DSS very similar to, if not identical to, how it had been administered within DFR.

FY90, \$724,420 in FY91, and \$399,750 in FY92. Table 2 also indicates that between FY89 and FY92, the County received almost \$890,000 in Federal Financial Participation Funds as reimbursement for administrative costs associated with FIP.

The data on Table 2 indicate that, similar to the pilot phase of FIP, actual amounts spent on FIP were less than the total amount budgeted. Between FY89 and FY91, the difference between budgeted and actual expenditures for FIP totalled \$488,560 (\$123,427 in FY89, \$229,857 in FY90, and \$135,236 in FY91). For this fiscal year (FY92), DSS staff estimate that actual FIP expenditures will be approximately \$181,500 less than budgeted.

According to senior DSS management, there are several reasons why actual FIP expenditures have consistently been less than the amount budgeted. The primary explanation is that, beginning in FY90, most FIP client services costs were obtained through Montgomery Employment and Training (MET), which meant that County funds budgeted for FIP client services were replaced with State and Federal funds.* Also beginning in FY90, most of FIP's overhead costs (i.e., telephones, printing) were charged to the State Income Maintenance program administered by DSS.

Another reason that actual FIP expenditures were less than budgeted was that, beginning in FY90, more funds were added to the FIP budget for the Cash Incentive Demonstration Project than ended up being used by the Demonstration Project. Finally, in FY91 and FY92, the difference in budgeted vs. actual expenditures reflect the decision of DSS management to transfer staff resources from FIP to help meet the increasing demand on the Department for crises intervention services.

According to senior DSS management, the excess funds budgeted for FIP were transferred each year to meet other pressing needs of DSS. According to DSS' budget office, the records indicate that between FY89 and FY92, excess FIP funds were transferred and used within DSS for the following purposes: to provide grants to prevent homelessness; to house homeless families and children; and to meet increased costs of DSS' Income Maintenance Supplements.

2. Staffing and Workyears. The approved County Government personnel complements for FY89-FY92 depict the organizational location and number of staff assigned to the Family Independence Project.

In FY89, FIP was located in the Office of the DSS Director; the FIP staff was composed of eight full-time positions; one program manager, an assistant program manager, five counseling specialists, and one administrative aide. The following fiscal year, FY90, FIP was located in the Income Maintenance Division with a total of ten full-time and two part-time positions. In FY90, the FIP staff included the same eight full-time positions as the year before, plus two full-time and one part-time social workers. Although they were organizationally depicted as belonging to the FIP staff, the social workers added in FY90 were part of a separate program focused upon working with single parent families; the social worker positions were transferred to FIP from the Family Services Division of DSS.

* Since FY90, MET has received approximately \$750,000/year for training, education, and support services provided to Project Independence clients. This change is discussed in greater detail later in this chapter.

In FY91, FIP continued to be located in the Income Maintenance Division. For FY91, the FIP staff is shown with nine full-time and one part-time positions; this reflected the elimination of one of the FIP program manager positions.

The FY92 approved personnel complement shows the relocation of FIP to the Emergency Services Division. It also shows the reduction of FIP staff from nine full-time and one part-time positions to four full-time and one part-time positions. As will be discussed later in this chapter, the remaining positions were either abolished or transferred.

C. July 1, 1988 - June 30, 1989: FIP's First Year of Transition and Planning for Project Independence.

1. Organization and Staffing. The decision to transfer the Family Independence Project (FIP) from DFR to DSS included a subsidiary decision to staff FIP with County employees instead of contract employees. To assist with the transfer of FIP, a DSS employee was deployed to work with the FIP pilot beginning in early 1988.

DFR's contract with the Cooperative Extension Service to staff FIP was extended for several months into FY89 to provide DSS with the time needed to hire new FIP staff. As indicated above, the approved FY89 personnel complement indicated a FIP staff of eight full-time County positions: a program manager, an assistant program manager, five counseling specialists (case managers), and one administrative aide.

Most members of the Cooperative Extension Service staff who had worked on the FIP pilot competed for the new FIP positions. Two of the case managers from the FIP pilot were hired by DSS to work as FIP counseling specialists.

FIP was initially placed under the direct supervision of the DSS Director's Office, although the FIP staff itself was decentralized and located in three different DSS offices: Silver Spring, Wheaton, and Rockville. Before the end of FY89, FIP was officially transferred to DSS' Income Maintenance Division. In practice, however, even after the bureaucratic location of FIP was moved to the Income Maintenance Division, the DSS Director's Office continued to be directly involved in the supervision of FIP.

During its first year within DSS, FIP had three different program managers. The first FIP program manager hired by DSS served from August 1988 until early 1989. An acting program manager was appointed for the following five month period, after which FIP was reorganized under a newly created Workstart Unit (and a newly hired Workstart Director); the Workstart Unit included FIP, Refugee Services, and DSS' Child Care Assistance Program.

2. Similarities to the FIP Pilot. Senior DSS management viewed FY89 as a year of transition for FIP and a year for planning how best to integrate FIP into Project Independence, which was scheduled to begin in July of 1989. According to senior DSS management, the FIP operated by DSS during FY89 was similar to the FIP pilot in the following respects:

- FIP continued to be a program whose goal was to assist welfare dependent families become self-sufficient, by providing access to comprehensive supportive services;
- Target populations for FIP continued to be long-term AFDC recipients and teen parents;
- The structure of FIP continued to be based on an intensive case management model, with a relatively small number of clients assigned to each FIP counselor;
- FIP counselors still had the ability to link their clients with a range of support services, including assistance with transportation and child care; and
- AFDC recipients who participated in FIP were expected to: increase their knowledge; develop and improve their life skills; increase their employability; and substantially reduce or eliminate their dependence on public assistance.

3. Differences from the FIP Pilot. While certain characteristics of FIP remained the same, by the end of FY89, the FIP administered by DSS also differed from the FIP pilot in a number of ways. Some changes to FIP were implemented almost immediately after FIP transferred to DSS, and other changes occurred later in the year. This section identifies the major aspects of FIP that changed during FY89, and explains what motivated DSS management to implement such changes.

a. Emphasis on job placement. Based upon interviews with those involved, there appears to be a general consensus that the most significant change in FIP was a basic change in how senior management defined program success. As explained earlier (see page 6), during the pilot stage, the success of FIP was defined by DFR's senior management as the incremental progress that individual FIP participants were making towards eliminating their personal barriers to self-sufficiency; in addition to becoming employed, this included overcoming barriers such as the lack of transportation, child care, and/or health care. During FY89, FIP success was defined by DSS' senior management as the aggregate number of job placements and reductions in welfare receipts of FIP participants.

The increased emphasis on job placement for FIP participants was based upon the former DSS Director's philosophy that achieving "self-sufficiency" meant first and foremost obtaining stable employment. According to the former DSS Director, his philosophy was in accord with federal welfare reform legislation (The Family Support Act), which directed states to establish programs that promote self-sufficiency for welfare recipients through employment.

According to the former DSS Director, after FIP was officially transferred to DSS, he focused his attention on data available about the FIP pilot. The Director recalls concluding that, in his judgment, the FIP pilot had not been successful because it had not resulted in a larger

number of participants obtaining and retaining jobs. It was based upon this assessment that the former DSS Director deliberately set about changing the structure of FIP to place greater emphasis on job placement for FIP participants.

b. Who FIP served. During FY89, although the target FIP population continued to be long-term AFDC recipients and teen parents, participation in FIP was expanded. A draft FIP enrollment policy document dated February 1989 stated that recruitment and outreach for FIP was extended to all eligible AFDC recipients in the County. As of February 1989, participation in FIP was allocated as follows:

- 75 slots were reserved for long-term AFDC recipients, defined as those who have been receiving AFDC for 24 out of the past 36 months;
- 25 slots were reserved for teen parents who were receiving AFDC regardless of the duration; and
- 75 slots were reserved for any other AFDC recipient.

According to senior DSS management, the population FIP served was expanded in FY89 to improve services to other groups who would benefit from what FIP had to offer. Beginning in FY90, who FIP served was modified again by the mandates of Project Independence, see page 17.

c. Intake and orientation. The FIP pilot had been administered such that the intake of potential clients was handled on an individual basis. Soon after FIP transferred to DSS, while assessments continued to be conducted on an individual basis, a group orientation to FIP replaced the individual intake approach. According to senior DSS management, the group orientation was implemented as a more efficient way to manage program intake.

d. FIP's formal connections to other agencies/services. During the FIP pilot, eight formal Memorandums of Understanding (MOUs) between FIP and other agencies/programs had been negotiated by DFR staff (see page 6). All but one of these MOUs were not renewed after the project transferred to DSS.

According to senior DSS management, the only MOU that continued to be needed was the one with the Housing Opportunities Commission, which was renewed during FY89. Because DSS has ongoing working relationships with other County agencies (e.g., Health, DAVMHS), and because Montgomery Employment and Training (MET) was mandated to work with DSS clients, senior DSS management determined that formal MOUs with these entities were no longer necessary. In addition, the MOUs were seen as extraneous because each FIP counselor was expected to be familiar with existing resources and capable of negotiating individually for client services.

e. The provision of job training services. Soon after FIP transferred to DSS, FIP counselors were directed to rely upon Montgomery Employment and Training (MET/JTPA) for providing job training, job

development, and job placement services to their clients.* This contrasted to the use of MET's services during the pilot phase, during which MET had been used by FIP case managers as one of a number of job training and placement options for their clients.**

According to senior DSS management, this change was motivated by the Department's concerted effort to substitute State and Federal funds for County funds wherever possible. Beginning in 1989, MET has received approximately \$750,000 each year in State/Federal funds to provide training, education, and support services.***

f. The health benefits component. As part of the FIP pilot, FIP clients were able to obtain health benefits (paid for jointly by the client and the County) through a contract negotiated through the Center for Prepaid Health Care Research. DSS management chose not to renew the County's contract with the Center. In addition to determining that the health benefits component of FIP had been very costly, the need for it had diminished because federal regulations were amended to extend Medicaid benefits for an additional six months after a former AFDC recipient became employed.

g. FIP's award luncheons. During the FIP pilot, there had been regularly scheduled award luncheons to recognize FIP clients who were making progress on their Independent Development Plans. Those who had participated in the FIP pilot saw these luncheons as a small but important piece of the program for providing support and encouragement to FIP participants. Soon after the FIP program was transferred to DSS, these award luncheons were discontinued because the former DSS Director believed they rewarded clients, not for becoming self-sufficient, but for achieving only relatively minor objectives. FIP's award luncheons were replaced with several award dinners, at which FIP clients were recognized for completing training or obtaining a job.

* At present, by agreement between the County Executive and the Private Industry Council, Montgomery College is the administrative entity and recipient of federal Job Training Partnership Act (JTPA) funds coming to Montgomery County; and Montgomery Employment and Training (MET) is the unit of Montgomery College assigned to administer the JTPA-funded programs. The employment and training programs offered by MET are referenced as the Private Industry Council/Service Delivery Area (PIC/SDA) programs. This organizational structure is in the process of changing, and as of July 1, 1992, it is anticipated that the Private Industry Council will become the administrative entity and recipient of JTPA funds.

** All of the FIP counselors interviewed expressed frustration with the directive to rely upon MET to provide all employment and training services. Their frustration was based upon the counselors' view that what MET had to offer did not always match the needs of FIP participants.

*** The FY91 budget included a reduction of \$167,680 in FIP operating expenses. The budget explains the reduction as an offset for increased allocation from the State and Federal governments in the JOBS program.

5. Staff and Management Perceptions of FIP During FY89. Based upon interviews with senior DSS management and FIP staff, it appears that FY89 was a year in which FIP struggled to fit into a new department, and senior DSS management and FIP staff conflicted over the role and day-to-day operating guidelines of the program. In particular, FY89 was a year characterized by confusion within the FIP staff concerning: who FIP was supposed to serve; how FIP was to receive its clients; and what support services were to be made available to FIP participants. The FIP counselors interviewed by OLO shared a common perception that the rules appeared to be constantly changing about how FIP fit into DSS, and what resources were at the disposal of FIP staff.

Senior DSS management recall feeling equally frustrated at the apparent resistance to change exhibited by some members of the FIP staff. During FY89, senior DSS management hired an outside consultant to facilitate a two-day FIP planning session. The following excerpt from a letter that the consultant sent to the Department about the retreat is consistent with the view that FY89 was a difficult transition year:

As I understand it, up until now FIP has been floundering: working under an unclear mandate and changing leadership, the staff has moved in individual directions without confidence and with increasing frustration. . . . The purpose of the retreat will be to help staff make a fresh start. The aim will be to arrive at an understandable mission statement, some time-bound objectives for the next few months, and a clearer understanding of the basic case methods to be used in the project.*

D. July 1, 1989 - March 1991: FIP was integrated with Project Independence and the Cash Incentive Demonstration Project

1. Organization and Staffing. The FY90 operating budget reflected the reorganization of FIP within DSS from the Office of the Director to the Income Maintenance Division. FIP was incorporated into a newly created Workstart Unit, which included FIP, refugee services, and DSS' child care assistance program.

As shown on Table 2 (page 10a), the FY90 budget allocated \$855,130 for FIP, included an increase of \$160,000 in operating expenses (redirected from DSS County salary supplements) to support the Cash Incentive Demonstration Project. As noted earlier in this chapter, the additional two full-time and one part-time social worker positions were single parent workers transferred from the Family Services Division to FIP. These single parent workers were organizationally considered part of the FIP staff because their clients were FIP participants.

2. Project Independence and the Cash Incentive Demonstration Project. July 1, 1989 marked the beginning of two projects that affected FIP: Project Independence and the Cash Incentive Demonstration Project.

* Source: April 19, 1989 letter from the consultant to the Department of Social Services.

a. Project Independence. Officially launched in Montgomery County on July 1, 1989, Project Independence is a State welfare reform initiative. Project Independence was developed in response to federal welfare reform legislation (The Family Support Act) that requires states to establish work programs that promote self-sufficiency for welfare recipients. As mentioned earlier, one of the major reasons behind the decision to transfer FIP to DSS was that the goals of Project Independence were seen as similar to those of FIP, and there was an expectation that FIP could serve as a model for the implementation of Project Independence.

As DSS staff explained in a briefing to the County Council in October 1989, the statewide mission of Project Independence is, "to move Department of Social Service welfare clients from welfare dependency to a position leading to employment and economic self-sufficiency." Project Independence had a specific objective of reducing the State's AFDC caseload by ten percent within its first year.

Although DSS received no additional staff to implement Project Independence, the initiative was financially supported indirectly through the allocation of additional State and Federal funds to Montgomery Employment and Training (MET) for training, education and support services, and to DSS' child care subsidy program. In addition, federal regulations were amended to extend Medicaid benefits for another six months after a former AFDC recipient became employed.

A local plan for Project Independence is developed annually by the Department of Social Services, the Montgomery County Private Industry Council, the Office of Economic Development, Montgomery College, and the Montgomery County Public Schools. When it was initially implemented in July of 1989, the components of Project Independence included: an orientation; three weeks of job readiness classes; job placement counseling; and either on-the-job training or individual referral training. Each client was also provided with assistance to help remove any barriers to employment such as the need for transportation and child care.

The State mandated that certain target groups of AFDC recipients participate in Project Independence. This included:

- Long-term public assistance clients (36 out of the last 60 months);
- Clients under age 24 who have not obtained a high school diploma;
- Clients who are within two years of becoming ineligible for AFDC (youngest child is 16 years old); and
- Clients whose youngest child is over three years of age.

The State allowed that any remaining Project Independence slots could be filled by non-target group volunteers.

With the start of Project Independence in July of 1989, staff of the Family Independence Project (FIP) officially became a component of Montgomery County's Local Project Independence Plan. The County's 1990 Plan described FIP as "the supportive services component" of Project Independence, with FIP counselors assigned to case managing a selected number of Project Independence clients, and specifically stated that:

The counselors of the Family Independence Program will provide intensive (28 clients/worker ratio) supportive, one-on-one assistance to Project Independence clients. These counselors will assist clients in eliminating barriers to participation, in providing case management services, in referring clients, and in supporting job development and placement efforts of the Private Industry Council/SDA.*

From July 1989 until March 1991, the general role of FIP staff was to provide intensive case management to a subset of Project Independence participants. According to the FIP counselors, FIP participants were primarily those Project Independence clients assessed as most in need of extensive social casework services. When a client's major issues shifted from social problems to training/employment related issues, FIP staff were directed to transfer the responsibility for primary case management to Montgomery Employment and Training (MET).

b. The Cash Incentive Demonstration Project. July 1, 1989 also marked the beginning of the Cash Incentive Demonstration Project. The intent of this three-year project was to test whether cash incentives would have any impact on clients with long-term dependency on welfare programs. In particular, the project was structured to test the effect of cash incentives (ranging from \$25 to \$200) on the motivation of Project Independence participants to progress towards their educational, training, and employment goals.

In accordance with the design of the Cash Incentive Project, Project Independence clients were randomly selected to participate in the experiment. Half of the participants were selected to receive cash incentives for completing specific goals, while the other half (the control group) were selected to participate in Project Independence but did not receive cash incentives for completing specific goals.

During 1988, DSS staff had applied for and successfully obtained permission from the federal government to operate the Cash Incentive Demonstration Project. Specifically, the federal Department of Health and Human Services agreed not to reduce welfare payments to recipients of the cash awards. (The federal government normally reduces federal benefits by the amount of a cash award.)

* Montgomery County Project Independence Local Plan, October 1, 1990 - September 30, 1991. For an explanation of PIC/SDA, see footnote on page 15.

The Cash Incentive Demonstration Project affected FIP in a number of ways:

- County funds for the Cash Incentive Demonstration Project were included in the FIP operating budget;
- During the first year of the Demonstration Project, FIP counselors were the staff designated as responsible for giving out the cash incentives; and
- The rules for the Cash Incentive Demonstration Project were in addition to the rules for Project Independence, and further complicated questions of which clients were to become FIP participants, and what services FIP counselors were expected to and able to provide to their clients.

3. Differing Perceptions of Senior DSS Management and FIP Staff.

According to senior DSS management, the integration of FIP into the State's welfare reform initiative, Project Independence, was logical and appropriate. Without providing local Departments of Social Services with additional staff, Project Independence established certain requirements that local Departments of Social Services throughout the State were mandated to meet. (As noted earlier, the State's financial support for Project Independence was primarily in the form of additional funds to MET to provide training, education, and support services to Project Independence clients.)

The view of senior DSS management in Montgomery County was that FIP counselors would help the County fulfill its Project Independence requirements. FIP staff would provide intensive case management to Project Independence clients who needed social work in addition to job readiness and job training; this would improve DSS' capability to send Project Independence participants onto MET job training classes when the clients were ready. As described in the 1990 Project Independence Local Plan:

DSS identifies and maintains the flow of client referrals to PIC/SDA employment and training programs. DSS also provides supportive services and intensive case management for clients with barriers preventing their participation. The result of combined efforts is to lead to closure of AFDC cases or reduction of AFDC grant amounts paid to Project Independence clients.*

Interviews with FIP staff, however, indicate that FIP's relationship to Project Independence continued to cause confusion and disagreement at the staff level. In particular, according to FIP counselors, there continued to be confusion over which Project Independence clients should become FIP clients; and disagreements over whether the Income Maintenance

* Montgomery County Project Independence Local Plan, October 1, 1990 - September 30, 1991.

Workers, the FIP counselors, or the MET counselors were the primary case managers of individual Project Independence participants. According to several FIP counselors, the operating guidelines for FIP were never finalized, and most direction was issued either orally or in draft written form.

It was also the view of a number of FIP staff that the mandated nature of participation in Project Independence adversely affected what the FIP counselors were trying to accomplish. In particular, it was seen as difficult to assist clients with their problems when many of the clients were not participating in the program by choice.

Based upon interviews, it is apparent that the Cash Incentive Demonstration Project was not consistently well received at the staff level. In addition to complicating the issue of which Project Independence clients were to be selected for participation in FIP, counselors found it difficult to accept the concept of providing cash incentives to some clients and no cash incentives to others (the control group). Another practical problem seen with the Cash Incentive Demonstration Project was that its guidelines (concerning which clients were supposed to receive how much for what) continued to change, as the managers of the Demonstration Project attempted to improve its design and implementation.

D. March 1991 - Present: FIP was Transferred from the Income Maintenance Division to the Emergency Services Division, and FIP Staff was Reduced and Reassigned.

1. Organization and Staffing. The next major sequence of changes to FIP occurred in March of 1991, when FIP was transferred within DSS from the Income Maintenance Division to the Emergency Services Division, the number of FIP staff was reduced, and the remaining FIP staff reassigned. In particular, two FIP counselor positions were transferred to work in Crisis Intervention, and two other FIP positions were abolished. From March 1991 until November 1991, there remained two FIP counselor positions. In November 1991, one of the two remaining FIP counselor positions was also transferred to Crisis Intervention to help meet the unprecedented demand on DSS for emergency services.

The FY92 proposed operating budget described the following incremental changes to FIP:

- A reduction of \$83,290 in FIP operating expenses. The budget explains the reduction as the completion of the Cash Incentive Demonstration Project.
- The abolishment of 2.5 workyears from the Workstart Unit, one program manager and 1.5 counseling specialists. (Although not explicitly stated in the budget, these 2.5 workyears had been FIP staff positions.)

The approved FY92 personnel complement continues to list four full-time and one part-time position assigned to the Family Independence Project, which is shown as part of the Emergency Services Division.

2. Characteristics of FIP Since March 1991. According to senior DSS management, the reduction in FIP staff in 1991 was based upon the fiscal constraints in the County, and an assessment that the intensive case management being provided by FIP staff was not as high a priority for DSS as providing crises intervention services. March of 1991 also marked the end of FIP staff assigned to provide intensive case management to selected Project Independence clients.

At the same time that FIP was transferred to the Emergency Services Division, the first phase of Project Independence was modified to place an immediate emphasis on developing job skills through work experience. Since March of 1991, following a four-day orientation that includes testing and assessment, Project Independence clients are placed in a 90-day work experience with weekly peer support groups. Work experience is a volunteer work assignment (25-30 hours per week) that is designed to help Project Independence participants develop basic work skills and good work habits in a structured work environment. Since March of 1991, the FIP counselor positions that remained in the Emergency Services Division have been assigned to assist with this front-end assessment and work experience component of Project Independence.

After the first several weeks of work experience, DSS case managers and Montgomery Employment and Training (MET) counselors meet with each client to develop a plan for training and/or employment opportunities that will follow the work experience. MET continues to have the responsibility for providing job training and job placement services to all Project Independence participants.

According to senior DSS management, although FIP continues to be listed in the FY92 operating budget, FIP has not existed as a discrete program since March of 1991. In practice, there are no longer any staff considered part of a FIP staff. The single FIP counselor position that technically remains is now considered a member of the Workstart Unit.

IV. DISCUSSION OF FACTORS THAT INFLUENCED THE EVOLUTION OF THE FAMILY INDEPENDENCE PROJECT

The previous two chapters described FIP as a pilot DFR program (FY86-FY88), and FIP as a DSS program (FY89-FY92). This chapter summarizes the major similarities and differences between FIP as a DFR pilot project and FIP as a DSS program, and discusses the factors that affected the evolution of FIP within DSS. The term "evolution" is chosen deliberately because, as evidenced by the description of FIP in the previous chapters, the staffing, structure, and role of FIP changed more than once since the program officially transferred from DFR to DSS in July of 1988.

A. Summary of Major Similarities and Differences

1. July 1, 1988 - June 30, 1989. As reviewed in the previous chapter, by the end of FY89 (one year after the transfer of FIP from DFR to DSS), the Family Independence Program administered by the Department of Social Services was similar in some respects and different in others from the pilot Family Independence Project administered by the Department of Family Resources between FY86 and FY88.

According to senior DSS management, during FY89, FIP continued to be a program whose goal was to assist welfare dependent families become self-sufficient. Specific characteristics of FIP within DSS that remained similar to the pilot were:

- Target populations for FIP continued to be long-term AFDC recipients and teen parents;
- The structure of FIP continued to be based on an intensive case management model, with a relatively low client-to-staff ratio;
- FIP counselors continued to have the ability to link their clients with a range of support services, including assistance with transportation and child care; and
- Similar to the FIP pilot, AFDC recipients who participated in FIP were expected to: increase their knowledge; develop and improve their life skills, increase their employability; and substantially reduce or eliminate their dependence on public assistance.

The most notable differences between the FIP pilot and FIP operated by DSS during FY89 were:

- An expanded FIP enrollment policy, both in terms of the number and characteristics of FIP participants;
- A change from individual to group orientation;
- An increased emphasis on job placements for FIP participants;
- A reliance upon Montgomery Employment and Training (MET/JTPA) to provide job training, job development, and job placement services for FIP participants;
- The non-renewal of most of the formal Memorandums of Understanding between FIP and other public and non-profit agencies that had been negotiated during the FIP pilot stage; and
- The termination of the health benefits component of FIP that had operated during the FIP pilot stage.

Although not as tangible as the above list of changes, based upon interviews with those involved, there was also a change during FY89 in how senior management defined program success for FIP. During the pilot stage, the success of FIP was defined by DFR's senior management as the incremental progress that individual FIP participants were making towards eliminating their personal barriers to self-sufficiency, which included the lack of employment along with the lack of other things such as transportation, child

care, health care, motivation, and employment skills.* During FY89, the measure of FIP success became defined by DSS' senior management as the aggregate numbers of job placements and reductions in welfare receipt of FIP participants.

2. July 1, 1989 - March 1991. As reviewed in the previous chapter, the role and structure of FIP within the Department of Social Services continued to change during FY90-FY92. During FY90, the major changes to FIP were that it became part of Project Independence, and also part of the Cash Incentive Demonstration Project.

As part of Project Independence, FIP was integrated into a State welfare reform initiative that, similar to the original FIP, was established with the goal of promoting self-sufficiency in welfare recipients. The role of FIP remained similar to the extent that FIP counselors continued to provide intensive case management to a relatively small number of clients, and continued with their efforts to link FIP participants with support services necessary to remove their barriers to self-sufficiency, e.g., lack of transportation, child care.

Becoming part of Project Independence, however, altered the structure of FIP in terms of who FIP served, and the responsibilities of FIP counselors. A fundamental difference was that Project Independence mandated the participation of certain AFDC recipients. From the vantage point of the FIP counselors, working with clients whose receipt of welfare benefits was dependent upon their participation in FIP was a major change from working only with clients who had voluntarily chosen to participate. For the most part, FIP clients became those Project Independence clients who were assessed as most in need of extensive social casework services.

As part of Project Independence, the basic responsibility of FIP counselors became one of preparing clients to participate in employment and training programs offered by Montgomery Employment and Training (MET). During the pilot phase, the FIP counselors' role had been to remain as the primary case manager from the time a participant entered the program until he/she had successfully become employed. When FIP became part of Project Independence, FIP counselors were directed to transfer the responsibility of primary case management to MET once a client's issues shifted from social problems to training/employment related issues.

3. March 1991 - Present. Since March of 1991, FIP has not existed within DSS as a discrete program. In March of 1991, all but two of the FIP positions were either abolished or transferred to work in crises intervention. The role of the two FIP counselors that remained changed from providing intensive case management to assisting with the front-end assessment and work experience component of Project Independence. Although a number of DSS staff were budgeted as "FIP" staff in the FY92 budget, in practice, there is no longer a FIP office or FIP unit within DSS; the two counselors (reduced to one counselor position in November 1991) are considered part of the Workstart Unit.

* See page 6 for a more detailed explanation of how DFR assessed the effectiveness of FIP.

B. Factors that Influenced the Evolution of FIP within DSS

This section identifies the different factors that influenced the evolution of the Family Independence Project within the Department of Social Services.

1. The Absence of a Law or Executive Regulations for FIP. FIP was an Executive Branch initiative that was established and maintained through the budget process. The transfer of FIP was accomplished through a budget action of shifting funds from the Department of Family Resources (DFR) to the Department of Social Services (DSS).

The transfer of funds from DFR to DSS to operate FIP was not accompanied by the passage of a law or the adoption of written program guidelines or regulations. Although written program guidelines for FIP had been developed during the pilot stage, there was no official action to transfer the written guidelines with the funds for the program. The absence of a document that outlined what the transfer of the pilot program meant provided the Executive Branch with greater discretion over how funds allocated to FIP were spent.

2. The DSS Director's Interpretation of the Transfer Decision. The DSS Director did not interpret the decision to transfer FIP from DFR to DSS as a mandate to DSS to administer the same program as it had been operated by DFR. Instead, the former DSS Director interpreted the transfer decision as being given the resources and responsibility to administer a program to assist welfare recipients achieve self-sufficiency. In addition, the former DSS Director interpreted the transfer as being given the responsibility to integrate FIP into the State's welfare reform initiative, Project Independence.

3. Different Views of Program Success. Another key factor that influenced the evolution of FIP was a difference in how senior management defined FIP's success.

As reviewed earlier, during the FIP pilot phase, based upon advice received from Manpower Development Research Corporation (MDRC), DFR management measured the effectiveness of FIP as the incremental progress that individual FIP participants were making towards achieving self-sufficiency. Although obtaining stable employment was considered an important aspect of becoming self-sufficient, the FIP pilot placed equal emphasis on eliminating other barriers to self-sufficiency, e.g., lack of transportation, lack of child care, lack of motivation. Before recommending that FIP be transferred to DSS, DFR staff had concluded that FIP's structure was conceptually sound and that FIP had significant influence in helping long-term welfare recipients begin to achieve self-sufficiency.

The former DSS Director, who inherited the responsibility for FIP in July of 1988, held a different definition of FIP's success. Instead of incremental progress being made by individual FIP participants, the former DSS Director believed that in order to be deemed successful, FIP needed to demonstrate that its participants were being placed in jobs and reducing their welfare dependency; according to the former DSS Director, his philosophy was in accord with new federal mandates, which emphasized job placement for welfare recipients.

When FIP was transferred to a department where a key measure of program success became the number of aggregate job placements for FIP participants, the emphasis in the program changed to reflect this priority. The increased emphasis on aggregate job placement for FIP participants in turn explains a number of changes in the day to day operation of the program, e.g., who FIP served, the guidelines for providing support services.

4. Project Independence. The State's welfare reform initiative, Project Independence, also influenced the evolution of FIP. The advent of Project Independence was one of the key factors surrounding the County's decision to transfer FIP from DFR to DSS. Although the details of Project Independence were not known at the time FIP was transferred, it was generally believed that the goals of the programs would be similar enough that FIP could serve as the model for Project Independence.

As it turned out, the FIP pilot did not become the model for Project Independence. Instead, FIP was modified to become part of Project Independence, and to assist the County comply with the State-mandated goals of Project Independence. Becoming part of Project Independence: revised the definition of who was to be served by FIP; increased the number of clients served by FIP counselors; changed most participation in FIP from voluntary to mandated; and modified the role of FIP counselors to be one of assisting a subgroup of Project Independence become better prepared to participate in the job training and job placement activities of Montgomery Employment and Training (MET).

The federal welfare reform legislation (The Family Support Act), which required the State to develop Project Independence also affected the health benefit component of FIP. In particular, the Family Support Act extended Medicaid benefits to former-AFDC recipients for an additional six-month period after they stopped receiving AFDC payments. This change was a factor that influenced DSS' decision not to extend FIP's contract with the Center for Pre-Paid Health Care Research.

5. DSS' Concerted Effort to Substitute Federal/State Funds for County Funds. According to the former DSS Director, one of his management priorities was to develop approaches for substituting Federal and State funds for County funds. When FIP had been a pilot project, it had been almost entirely County-funded.* Particularly as the scale of FIP grew within DSS, the former DSS Director consciously altered the program in order to substitute the expenditure of County funds with available Federal and State funds.

DSS' concerted effort to substitute Federal and State funding for County funding was reflected by DSS senior management's directive to FIP staff to rely upon Montgomery Employment and Training (MET) for all of their clients' job training and job placement support. As explained earlier, during the FIP pilot, MET was used as one of a number of job training options available to FIP clients; within DSS, MET eventually became the sole job training option available to FIP participants. In addition, beginning in FY91, DSS was able to substitute some client support service dollars available through MET for County funds.

* The exception being a \$110,500 State grant in FY86 and FY87.

A related factor is that DSS has sought federal reimbursement for certain County expenditures associated with FIP. As shown on Table 2 (page 10a), retroactive County claims have been submitted for a total of almost \$890,000 in Federal Financial Participation (FFP) funds. (FFP allows for the reimbursement of administrative costs to the County for managing certain entitlement programs that receive federal funding, including AFDC and food stamps).

6. The Cash Incentive Demonstration Project. The Cash Incentive Demonstration Project was another factor that influenced the evolution of FIP. The decision to begin the Demonstration Project simultaneous with the beginning of Project Independence affected FIP primarily in that it further complicated the day-to-day operating responsibilities of FIP staff.

The relationship between FIP and the Cash Incentive Demonstration Project was also affected by the decision to incorporate the budget for the Demonstration Project into the FIP budget. One apparent result of this decision was that the identity and purpose of FIP became associated with the identity and purpose of the Cash Incentive Demonstration Project.

7. The County's Fiscal Situation and Competing Priorities of DSS. The major factors that influenced the March 1991 changes to FIP (the reduction and reassignment of FIP staff) were the County's fiscal situation and an increase in demand for other DSS services. During FY91, DSS was under dual pressure to reduce expenditures and meet increasing needs, especially in the area of crises intervention services. During FY91, senior DSS management made the decision to eliminate two FIP positions and to transfer two FIP counselors to work in the Emergency Services field offices in crises intervention.

Contributing to the decision that meeting the need for crises intervention services was a higher priority than FIP was an assessment by senior DSS management that the outcomes of Project Independence did not justify continued funding of FIP. According to the DSS Director, the Board of Social Services and the County Executive also endorsed the Department's priority of maintaining core services for those most in need. An internal DSS document describes the reasoning behind the 1991 changes to FIP as follows:

In the latter half of the fiscal year (FY91), based on the fiscal constraints in Montgomery County and outcomes of Project Independence, it was determined that the savings were not sufficient to continue the level of County funding in FIP. The FIP program was transferred to the Emergency Services Division and downsized.*

* Source: A DSS staff working paper, prepared in the Fall of 1991 by the Workstart Division, that describes the Family Independence Project.

V. FINDINGS

- 1. The Family Independence Project (FIP) was an Executive Branch initiative established and maintained through the budget process. FIP operated as a Department of Family Resources (DFR) pilot project between FY86 and FY88, and a Department of Social Services (DSS) program from July of 1988 until March of 1991.**

The Family Independence Project was initiated in 1985 as a DFR pilot project to assist long-term AFDC recipients and low-income teen parents become self-sufficient, through providing intensive case management and support services. On July 1, 1988, the pilot phase of FIP was concluded, and funds for FIP were transferred from DFR to the Department of Social Services (DSS). DSS administered FIP from July of 1988 until March of 1991. Although the approved operating budget continues to show workyears allocated to FIP, in practice, FIP has not existed as a discrete program since March of 1991.

The Family Independence Project (FIP) is an example of an initiative that was established and maintained through the budget process. Each year (FY86-FY92), the County Executive included funding for FIP in the Executive's recommended operating budget for the County Government. The Council in turn demonstrated its support for FIP by approving appropriations for the Executive Branch, based upon a proposed budget that included funding for FIP.

- 2. Between FY86 and FY92, actual expenditures for the Family Independence Project were less than the amounts budgeted.**

Between FY86 and FY92, Executive Branch operating budgets were approved with \$4.1 million in County funds allocated to the Family Independence Project (FIP). Of the \$4.1 million budgeted for FIP, actual expenditures for FIP totalled an estimated \$2.9 million, or approximately 70 percent of the total budgeted amount.

During the pilot stage of FIP (FY86-FY88), a total of \$1.6 million was budgeted for FIP, of which \$1.1 million was spent on FIP and the remaining \$500,000 returned to the General Fund. According to senior DFR staff, the primary reason that FIP underspent its budget during the pilot phase was that FIP staff were able to obtain client support services for less than the amount budgeted.

During the time that FIP was administered by DSS (FY89-FY92), a total of \$2.5 million was budgeted for FIP, of which an estimated \$1.8 million was spent on FIP and the remaining \$700,000 transferred within DSS to meet other Departmental demands. According to DSS' budget office, the records indicate that between FY89 and FY92, excess FIP funds were transferred and used within DSS for the following purposes: to provide grants to prevent homelessness; to house homeless families and children; and to meet increased costs of DSS' Income Maintenance Supplements.

3. **The Family Independence Project administered by the Department of Social Services (DSS) between FY89 and FY91 was similar in some respects and different in others from the FIP that had been piloted by the Department of Family Resources (DFR) between FY86 and FY88. The structure of FIP changed a number of times within DSS.**

As described in Chapters II and III of this report, the Family Independence Project administered by DSS was similar in some respects and different in others from the FIP that had operated as a DFR pilot project.

Until March of 1991, FIP continued to be a program whose goal was to assist welfare dependent families become self-sufficient, through providing intensive case management and access to support services. The target population for FIP continued to be long-term AFDC recipients, and similar to the FIP pilot, AFDC recipients who participated in FIP were expected to: increase their employability; develop and improve their life skills; and reduce or eliminate their dependence on public assistance.

During this time, however, the staffing, structure, and role of FIP within DSS was modified in a number of ways. By the end of FY89 (one year after the transfer), the structure of FIP had been changed to place greater emphasis on job placement for FIP participants. In addition, the program was modified with respect to who was enrolled in FIP, and how support services were provided to FIP clients. In FY90, who FIP served and the role of FIP counselors continued to evolve as FIP officially became the supportive services component of Project Independence (the State's welfare reform program), and many FIP participants became part of the Cash Incentive Demonstration Project.

In March of 1991, DSS implemented a number of changes such that FIP ceased to exist as a discrete program. Two FIP positions (including the program manager position) were abolished and two other FIP positions were transferred to work in Crises Intervention. The two FIP counselor positions that remained were transferred to the Emergency Services Division, where their responsibilities changed from providing intensive case management to assisting with the front-end assessment and work experience component of Project Independence.

4. **A number of different factors explain why the Family Independence Project Administered by DSS was not identical to the FIP pilot administered by DFR.**

As discussed in Chapter III of this report, a number of different factors influenced the evolution of the Family Independence Project within DSS:

- The fact that FIP was an initiative established through the budget process, which provided greater administrative flexibility than if the structure and role of FIP had been mandated by law or regulation;
- The former DSS Director's interpretation that the transfer of FIP to DSS was not a mandate for DSS to administer FIP exactly as it had been administered by DFR during its pilot phase;

- The former DSS Director's view that his responsibility for FIP included integrating FIP with Project Independence;
- The former DSS Director's view that FIP's success should be measured in terms of the aggregate number of job placements and welfare reductions for FIP participants;
- The decision to make FIP part of the Cash Incentive Demonstration Project;
- The decline in County revenues combined with an increase in demand for crises intervention services; and
- The assessment made by senior DSS management (and endorsed by the Board of Social Services and County Executive) that providing crises intervention services was a higher priority than providing intensive case management to selected Project Independence participants.

5. The status of the Family Independence Project during the past four fiscal years cannot be tracked solely by reviewing the County Government's proposed and approved operating budget documents.

With respect to the Family Independence Project, the FY89-FY92 annual recommended and approved operating budgets for DSS provided information about the bureaucratic location, staffing, and proposed incremental changes to the proposed budget for FIP. However, perhaps because the nature of the budget documents is to focus on incremental budget decisions, the proposed budget provided only limited information about actual FIP expenditures or specific programmatic changes made to FIP.

In particular, the budget documents did not report how much actual expenditures on FIP had differed from the prior year's budget; and did not highlight the changes made to FIP with respect to factors such as: who FIP served; how support services were provided; how the program had been changed to place greater emphasis on immediate job placement for participants; or what it meant for FIP to become part of Project Independence and the Cash Incentive Demonstration Project.

Of particular note is how the recommended FY92 operating budget does not explain that FIP had ceased to exist as a discrete program. The recommended FY92 operating budget document reviewed by Council and the approved FY92 personnel complement continue to show the Family Independence Project on DSS' organizational chart, and continue to show four workyears allocated to FIP. As noted earlier, FIP has not existed as a discrete program since March of 1991.

6. Strong and divergent feelings continue to exist about the Family Independence Project.

Based upon the numerous interviews conducted by OLO during the course of this study, it is evident that strong and divergent feelings continue to exist about the Family Independence Project. Department of Family Resources' (DFR) staff, who were involved in the pilot phase of FIP, continue to believe

that the structure of the FIP pilot (which was designed with assistance from Manpower Development Research Corporation) was conceptually sound. DFR staff also continue to believe that the decision to transfer FIP to the Department of Social Services (DSS) was a decision to transfer FIP program intact, as it had been administered by DFR. A number of staff communicated their view that the changes implemented by DSS were neither warranted nor constructive.

When interviewed about FIP, the former DSS Director also has strong views about the program. The former DSS Director continues his view that the transfer of FIP to DSS was a decision to provide DSS with the funding and responsibility to administer a self-sufficiency program for welfare recipients that was also integrated with the State's welfare reform initiative, Project Independence; the DSS Director firmly believes the transfer decision was not a mandate to administer FIP in the same way as it had been administered by DFR. The former DSS Director continues his view that the FIP pilot was not conceptually sound, and needed to be modified in order to place greater emphasis on job placement and reductions in welfare receipt for FIP participants. In addition, the former DSS Director maintains that changes to FIP were inevitable in order to integrate FIP into Project Independence.

7. The experience of the Family Independence Project provides some guidance for future decision-making.

The experience of the Family Independence Project is undoubtedly unique in certain respects. However, the story of FIP may nonetheless provide some guidance for future decision-making. In particular, the experience of FIP, as outlined in this report, demonstrates:

- That the absence of a law and/or regulations for a program provides an agency with greater discretion over how appropriated County funds are spent;
- That when funds for a program are transferred from one department to another, there is a need to articulate, preferably in a written form, what is expected about the future operation of that program;
- That elected and appointed officials should discuss and agree upon how the success of a new program is going to be measured;
- That a program administered by one department will not necessarily be administered the same way by another department, especially if the department directors have different views about how a program should be administered;
- That the mandates imposed by the State and Federal government can affect significantly the structure and management of locally-funded programs;
- That there are trade-offs for substituting Federal and State funding for County funding;
- That the operating budget documents do not always provide total information about the status of individual programs; and
- That a better system should be developed for tracking programs that are of particular interest to Councilmembers.

VI. RELATED ISSUE: THE ECONOMIC EMPOWERMENT DEMONSTRATION PROJECT

During 1991, the Housing Opportunities Commission, in partnership with the State Department of Human Resources and Private Industry Council of Montgomery County, applied for and received funding from the federal Department of Health and Human Services to undertake the Economic Empowerment Demonstration project (EED) and the Job Opportunities for Low-Income Individuals Demonstration project (JOLI).^{*} HOC plans to implement the project at the Middlebrook Square public housing development.

This initiative is mentioned here because it is interesting to note that many aspects of the EED and JOLI proposals are similar to the original Family Independence Project pilot. As stated in HOC's grant application:

The goal of the EED project is to help low-income families move towards economic self-sufficiency and independent living. The key strategy for fostering self-sufficiency is to deliver comprehensive on-site support services to AFDC recipients living in public housing. The welfare-to-work assistance will include remediation, basic and advanced education, vocational training, on-the-job training, work experience of several kinds, job search instruction, and support throughout the process. Employment services will be complemented by a full array of supportive services such as child care, parenting education, transportation, counseling, health care, substance abuse treatment, and recreational activities.

According to County staff who worked with the FIP pilot and who are currently involved with EED and JOLI, the most striking similarities between them are: a low client-to-worker ratio; a long-term approach to assisting participants; the flexibility to provide a broad range of services; and the holistic approach being taken to the needs of clients and their families.

^{*} EED will be receiving \$200,000 each year for the next three years; and JOLI will receive \$500,000 during this same time period.

Persons Interviewed/or Consulted

Unless otherwise indicated, following each person's name is the agency that the individual is currently affiliated with.

Eileen Abbey, HOC	Tanya Jones, DSS
Elizabeth Beninger, Council Office	Doug Katz, Consultant
David Bernstein, OMB	Paula Keller, Commission for Women (former CES, DSS)
Ben Bialik, Council Office	Dennis Misler, Office of Personnel
Ed Bouton, DSS	LaFrance Muldrow, DSS
Janice Burton, DSS	Suzanne Muncy, Health Department (former OMB)
Robert Caulk, DSS*	Carol Pearson, DSS
Dorothy Cockrell, Council Office	Mary Pelz, DSS (former CES)
Pat Davis, DSS	Carol Rohr, MET
Robert DeBernardis, DFR	Debbie Shepard, DFR
Linda Decker, OMB	Mark Sheppard, DSS*
Yvonne Dodd, DSS	Charles Short, DFR
Michael Faden, Council Office	Patricia Scissors, HOC
Ruth Galvin, MET	Doug Smarte, DSS*
Jeff Goshell, Consultant	Rosalind Smith, DFR
Homer Hammond, DSS	Arthur Spengler, Council Office*
Mark Hanson, Office of the County Attorney	Corinne Stevens, DSS
Candace Harrington, DSS (former HOC)	Charlotte Taylor, DSS
Barbara Infante, DSS	Walter Wolff, DFR
Carol Johnson, DSS	Marcie Zvara, DSS
Andrea Jolly, DFR	

* Indicates that person is no longer employed by the County.

CES = Cooperative Extension Service
 DFR = Department of Family Resources
 DSS = Department of Social Services
 HOC = Housing Opportunities Commission
 MET = Montgomery Employment and Training