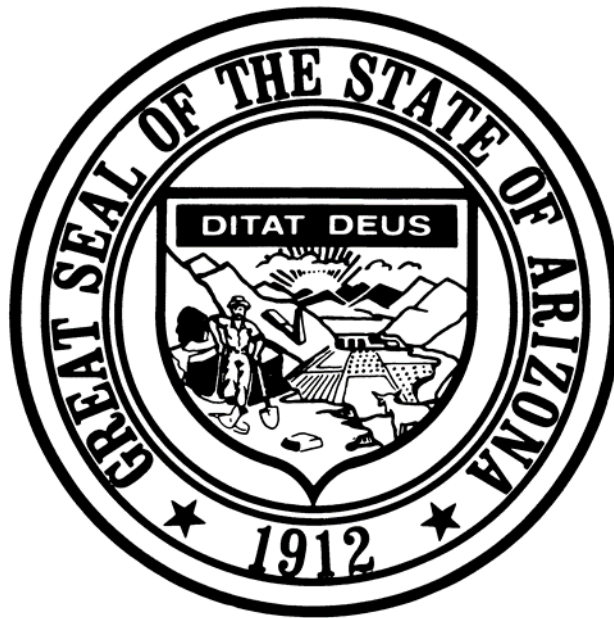


State of Arizona

Temporary Assistance for Needy Families (TANF)

WORK VERIFICATION PLAN

Effective January 1, 2018



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

Division of Employment & Rehabilitation Services

Workforce Development Administration

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ADMINISTRATION FOR
CHILDREN & FAMILIES

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January 3, 2018

Mr. Michael Wisheart, Assistant Director
Division of Employment and Rehabilitation Services
Arizona Department of Economic Security
P.O. Box 6123
Phoenix, AZ 85005

Dear Mr. Wisheart,

We have completed our review of Arizona State's amendment to the Temporary Assistance for Needy Families (TANF) Work Verification Plan submitted on October 30, 2017. This amendment makes the following adjustments:

- Adjusts the methods of verification for work participation hours to include electronic means and well-documented phone calls;
- Allows all clients to participate in distance learning opportunities and adds verification methods to confirm participation hours;
- Adds degree programs to Vocational Educational Training for individuals with an existing enrollment and not funded through TANF.
- Provides other minor updates for clarity.

We have determined that the amended plan meets the requirements of Section 402 of the Social Security Act, 45 CFR 261.62(b), and applicable guidance issued by the Office of Family Assistance. We are approving the plan with an effective date of January 1, 2018, as you requested, with the understanding that the plan will be fully implemented on that date.

If we have misconstrued or overlooked some provision of this plan and subsequently find that this is inconsistent with provisions of the Social Security Act, the Deficit Act, Federal regulations, or guidance issued by the Office of Family Assistance, we reserve the right to require the state to amend this plan.

Sincerely,

Susan Golonka, Deputy Director
Office of Family Assistance

cc: Julie Fong, TANF Regional Program Manager, ACF Region 9

Arizona Temporary Assistance for Needy Families Work Verification Plan

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Overview

The Arizona Department of Economic Security (ADES) is responsible for the implementation of Arizona's state-operated Temporary Assistance for Needy Families (TANF) Program.

The TANF Cash Assistance Program is administered collaboratively by two Divisions within the Department. While the Division of Benefits and Medical Eligibility (DBME) Family Assistance Administration (FAA) is responsible for the TANF eligibility determination, the Division of Employment and Rehabilitation Services (DERS) Workforce Development Administration (WDA) is responsible for the Jobs Program, which oversees the case management and employment services contractors, and the TANF work activity participation requirements.

Arizona Revised Statute § 46-301.01 required ADES to privatize the Jobs Program case management and employment services during state fiscal year 2007. ADES contracts include requirements mandated by the United States Department of Health and Human Services (DHHS) for the implementation and operation of the TANF Jobs Program.

The Arizona Work Verification Plan (WVP) is not applicable to federally recognized Tribal TANF programs.

Holding All Work-Eligible Individuals to Work Rate Requirements

In Arizona, work-eligible individuals strive to improve their level of self-sufficiency through participation in work activities. Although some work-eligible individuals may be exempt or deferred from participation for periods of time, all clients are encouraged to seek and maintain employment as quickly as possible.

I. Countable Work Activities

Federally mandated work activities are the only activities considered in the calculation of Arizona's Work Participation Rate (WPR). These include the two types of federal work activities - **Core Activities** and **Non-core Activities**. Arizona policy follows the federal guideline that work activities may be assigned separately or in combination.

II. Hours Engaged In Work

Absences from scheduled paid work hours for employed individuals, including paid leave, count as actual hours of participation. For individuals in unpaid work activities, up to 10 holidays and up to 80 hours of additional excused absences in

the preceding 12-month period, of which no more than 16 hours can occur during a month, may count as actual hours of participation. Excused absences will count as long as the individual was scheduled to participate when the absence occurred.

Excused Absences

Excused absences can include sick days, medical appointments for the individual or their family members, required appointments with other services providers, court dates, and job interviews. Any other absence that does not result in disciplinary action or termination by the work activity provider will also be considered an excused absence.

Holidays

Arizona identifies the following 10 holidays to be countable if the individual is scheduled to participate:

Holiday	Date
New Year's Day	<i>January 1</i>
Martin Luther King, Jr./Civil Rights Day	<i>3rd Monday in January</i>
Lincoln/Washington/President's Day	<i>3rd Monday in February</i>
Memorial Day	<i>Last Monday in May</i>
Independence Day	<i>July 4</i>
Labor Day	<i>1st Monday in September</i>
Columbus Day	<i>2nd Monday in October</i>
Veterans Day	<i>November 11</i>
Thanksgiving Day	<i>4th Thursday in November</i>
Christmas Day	<i>December 25</i>

When any of the holidays listed fall on a Sunday, the following Monday is observed as a holiday. Saturday holidays are observed on Friday.

FLSA Deeming

Arizona received approval to operate a "mini" Simplified Food Stamp (Nutrition Assistance) program in February 2008. Arizona implemented the deeming option effective April 1, 2008. Jobs Program staff take the following steps when assigning an individual to work experience or community service activities:

- Determine the total of the combined Nutrition Assistance allotment and the TANF grant;
- Divide the total by the state minimum wage; and

The result determines the number of hours Arizona can require an individual to perform in a work experience or community service activity.

Any one or two-parent family that participates for the maximum number of hours allowed under the FLSA has satisfied their respective weekly core activity requirements if the actual participation hours fall short of their weekly core activity requirement.

III. Work-eligible Individual

A work-eligible individual is defined as an adult or minor child head of household receiving TANF Cash Assistance or SSP-MOE assistance, or a non-recipient parent who lives with a child who receives TANF Cash Assistance or SSP-MOE assistance, unless the parent meets any of the following:

- A minor parent and not the head of household;
- A non-citizen who is ineligible to receive assistance due to his or her immigration status;
- A recipient of Supplemental Security Income (SSI), unless the recipient is employed and meeting the WPR; or
- A parent, otherwise mandated to participate in the work activities, who is providing care for a family member with a disability living in the home, provided the need for such care is supported by medical documentation.

Arizona considers a participant who is a recipient of Social Security Disability benefits as a work-eligible individual. As part of the TANF benefit eligibility determination process, the eligibility worker verifies the relationship of the applicant and any other adult to the dependent minor child(ren) living in the home. The

relationship of the TANF applicant to the dependent minor child(ren) must be verified before the TANF benefit can be approved. Verification of relationship is usually accomplished using birth certificates or adoption records. Specific codes are used in the eligibility system to identify the relationship. System programming logic identifies the adults (or minor parents), including drug felons, fleeing felons, and SSI recipients, to be included in the WPR denominator.

SSI Recipients

As needed, Arizona will consider employed SSI recipients as "work-eligible individuals" and count the months they are employed toward the WPR. In order to accurately include only appropriate SSI recipients in the work rate denominator, ADES will complete all of the following:

- Identify the population as a sub-group of the SSI recipients in a TANF household through a centralized report cross referencing data with the TANF eligibility determination system;
- Match the sub-group against the National Directory of New Hires (NDNH) report;
- Complete the necessary steps to obtain verification of employment by contacting employers or individuals to obtain verification of the dates of hire, actual hours of employment, ongoing wages; and
- Upon receipt of the employment verification, input the participation hours in the automated system.

Caretaker of a Family Member with a Disability

A parent, otherwise mandated to participate in the work activities, who is providing care for a family member who lives in the home and has a disability, provided the need for such care is supported by medical documentation, is considered "non-work eligible" and is excluded from the WPR denominator. **Disabled** is defined as a physical or mental condition that is expected to last 30 days or more as supported by medical documentation. **Family member** includes any individual living in the home that is related to the parent or parents through blood, marriage, or adoption.

To be excluded from the work requirement, the caretaker must provide verification from a medical practitioner that they are required to be the caretaker of the family member with a disability. The verification must:

- Identify, by name, the person who is to be cared for;

- Specify the period of disability;
- Establish that the identified caretaker is needed full-time; and
- Provide a prognosis of the family member's recovery or the date of re-examination.

In order to accurately exclude caretakers from the WPR denominator, the case manager completes all of the following in JAS and documents the case record at the time the case status changes:

- Change the work-eligible identifier to "non-work eligible" by keying the caretaker exemption code, including the exemption end date or date of re-examination;
- Monitor the monthly system-generated report to identify the end date of the exclusion;
- Notify the caretaker within one month of the end of the exemption and set an appointment to ensure timely engagement in appropriate work activities; and
- Develop an employment plan to ensure work activities are added in a timely manner or obtain documentation to support continued exclusion.

See Sections IV and V for descriptions of how Arizona ensures data integrity, tracking hours, and reporting accuracy.

IV. Internal Controls

Monthly Performance Reviews

ADES has enhanced its contract monitoring process and monitors the contractual compliance of Jobs Program contracted providers. The Quality Assurance Team (QA) provides technical assistance and objective assurance to assist the Department to improve operations. The QA section monitors, on a monthly basis, administrative controls for programmatic compliance. The internal controls for the Jobs Program contracted providers are monitored in two distinct ways. The QA section utilizes *case record reviews* and *data report analyses* to assist the contractors with meeting the WPR. Through utilization of monthly performance reviews, the Department ensures that any issues derived through internal control monitoring are addressed and resolved.

The QA Section conducts monthly case record reviews of five percent of the total Jobs Program provider's caseload within a performance year. Case record selection is performed through automation, which uses random sampling methodology for identifying active and closed Jobs Program cases. The review examines records for evidence that demonstrates adherence to the WVP and ADES Principles including whether: the individual was engaged promptly; the Employment and Career Development Plan was appropriate and current; services matched the individual's goals and situation; appropriate supportive services were offered; and actions are well documented. To ensure only verified hours are reported for WPR calculation purposes, hours are removed from the automated system when verification does not substantiate the participation hours recorded in JAS.

In addition, the state requires that the Jobs Program contracted providers develop internal procedures to assess and ensure staff knowledge, and interpretation of policies and procedures to include, but not limited to, training and quality assurance.

Data report analyses are completed monthly. Statistical reports are generated that display the actual performance achieved by service delivery area and contractor local office. Reports are available through the Jobs Integrated Reporting System (JIRS) for the service/contractor providers and agency. The monthly performance reports allow both ADES and the service/contractor provider to identify successes and potential challenges early on.

Unreported Employment Verification

As needed, QA staff identify and capture employment that may have been previously unknown by data mining the NDNH, which includes the State Directory of New Hires (SDNH) and internal system reports generated by the ADES DERS Information Technology Section. The QA has centralized the statewide activity of data mining the unreported client participation. The objective is to verify and capture participation hours for work-eligible individuals with unreported income on the earliest date possible and, when appropriate, report the verified information that could reduce the TANF Cash Assistance payment and/or close the TANF case for the first benefit month possible. When unknown employment is found in open TANF cases, participation is captured for the Jobs Program and the change information is reported for the eligibility of the TANF Cash Assistance case.

To ensure data integrity, the QA staff follows specific procedures when gathering data and verifying participation hours. When the Jobs Program discovers and verifies participation activity that occurred more than 90 days in the past, the

participation information is forwarded to the QA on a Participation Record Update form. The QA staff updates the JAS with verified hours of work participation information.

The QA uses the NDNH and the Unemployment Insurance Base Wage report to "data mine" for unreported employment. The file is then converted to a mail merge that produces letters to the reporting employers. The process of letter generation and mailing is completed on a monthly basis for the new hire reports and quarterly for the Unemployment Insurance Base Wage report.

The employer is asked to provide the follow details of employment:

- Employment hire date;
- Hourly wage;
- Rate of pay;
- Number of hours worked weekly;
- Date of first paycheck; and
- Employer health insurance provisions.

When employment has terminated, the employer also includes the termination date and reason for termination.

When the verification of employment letter is returned, QA staff researches the TANF case to identify the months that TANF payments were received. Every letter verifying employment is entered into JAS, notating the name, phone number and address of the employer, hourly wage and number of hours worked per week. The hire and termination date (when applicable) are entered in the comments area, annotated by the QA staff as the verification source. All employment participation entered by the QA staff is verified prior to entering the data, and copies of the employment letters are forwarded to local offices to file in the individual case records while the originals are maintained on file with the QA.

V. Verification of Other Data Used in Calculating the Work Participation Rate

Under the "complete and accurate" standard for reporting, states are directed to validate all data submitted in their TANF Data Report and, if applicable, the SSP-MOE Data Report. In addition to work activities, the following data elements are used by ADES in calculating the work participation rates. The ADES staff that input

the data required for these fields document the verification used to validate this data.

Supervisory staff conducts case reading of activities by eligibility workers and Jobs Program case managers. In addition to these two steps, ADES has automated data validation procedures for each element as follows:

- Reporting Month
 - Programming logic in the Universe file ensures that the reporting month matches the data in the file associated with that month.
- Stratum
 - This field is associated with a sampling process, which ADES does not currently utilize.
- Case Number
 - The case number is a unique number assigned by the Department's TANF eligibility automated system, Arizona Technical Eligibility Computer System (AZTECS). This is pulled into the TANF Data Report when the Universe runs.
- Disposition
 - This field is associated with a sampling process, which ADES does not currently utilize.
- Type of Family of Work Participation
 - This data is validated through editing on the AZTECS Setup Participation (SEPA) screen, where client participation and relationships are entered. Also, editing on the SSN/Date of Birth/Sex (SSDO) screen is used, where disability indicators are keyed. Additional information is later entered in JAS for Data Element # 49, when the family participates in allowable work activities. JAS is used by the Jobs Program to monitor the employment and training activities of clients.
- Amount of Nutrition Assistance

- This is validated using programmed calculations based on federal guidelines and stored in the AZTECS databases. The guidelines are included in AZTECS tables that are referenced by AZTECS to determine the amount of assistance based on income, family size, and other eligibility factors.
- Receives Subsidized Child Care
 - This information is provided by the Child Care Administration (CCA) eligibility system known as the Arizona Child Care Automated Tracking System (AZCCATS). All TANF recipients receiving child care assistance from CCA are defaulted to a "yes". If no amount is provided, then a "no" is coded.
- Amount of TANF (and SSP-MOE) Assistance
 - This is validated using programmed calculations based on state and federal guidelines stored in the AZTECS databases. The guidelines are included in AZTECS tables that are referenced by AZTECS to determine the amount of assistance based on income, family size, and other eligibility factors.
- Family Affiliation Code
 - This is established on the AZTECS SEPA screen, where participations and relationships are entered after being verified by eligibility workers. Editing is used to validate the entries.
- Non-custodial Parent Indicator
 - An indicator is entered by the worker that indicates a non-custodial parent. This indicator is stored in an AZTECS database.
- Date of Birth (Adult)
 - This data is verified through the Wire Third Party Query (WTPY) process, which is an interface with the Social Security Administration (SSA) used to verify social security numbers. AZTECS transmits the social security number, last and first name, date of birth, and gender to SSA, who then sends a response back verifying the accuracy of this information. Any discrepancy results in an electronic alert that requires resolution by the eligibility worker.

- Relationship to the Head of Household
 - This information is verified by the eligibility worker and entered on the SEPA screen. Editing on the screen is used to validate the data, which is then stored in AZTECS databases.
- Parent with Minor Child
 - Relationship information is entered on the SEPA screen after it has been verified by the eligibility worker. Specific editing exists to ensure correct coding and validation of minor parent cases. The data is then stored in AZTECS databases.
- Work-eligible Indicator
 - This indicator is populated during the data conversion process that formats the file into the federal format, using AZTECS and JAS data for case participation, citizenship/alien status, work program exemptions, sanctions, Jobs Program status codes, and time limit counter status, based on criteria outlined in the TANF Final Rules released in February 2008, effective October 1, 2008.
- Date of Birth (Child)
 - This data is verified through the WTPY process, an interface with the SSA used to verify social security numbers. AZTECS transmits the social security number, last and first name, date of birth, and gender to SSA, who then sends a response back verifying the accuracy of this information. Any discrepancy results in an electronic alert that requires resolution by the eligibility worker.

The data elements described above provide the Department with the capacity to break out TANF families with a work-eligible individual by the case characteristics that relate to the special rules and conditions of participation, such as: receipt of child care, age of child, age of adult or teen parent, number of months under a sanction, adult or teen parent with satisfactory school attendance, and families with a family member (adult or child) with a disability.

Programming logic in JAS and AZTECS contains system editing that prevents eligibility workers and Jobs Program case managers from entering inconsistent data. When inconsistencies are discovered, system staff from the FAA, the DERS, and the Systems Interface and Reporting Unit (SIRU) research the data in question

and determine the cause of the inconsistency. When the cause has been determined, system staff submit program change requests to prevent future inconsistencies in their respective automated systems. All findings produced through the internal control processes are maintained and are available for review for auditing purposes.

VI. TANF Reporting Data Flow Process

Federal mandates require ADES to collect case record information on families receiving assistance from programs funded with TANF dollars. This data is collected for active clients and those closed for the report month. The data is collected on a monthly basis (for most source systems) and transmitted via two files to the DHHS on a quarterly basis. These files contain demographic and financial data that is collected from the following systems: AZTECS, JAS, AZCCATS, and the Department Child Safety's (DCS) Children's Information Library and Data Source (CHILDS). The Jobs Program contractors use JAS.

The eligibility determination system, AZTECS, is the driver system for all the TANF reporting data. AZTECS determines eligibility for Cash Assistance and Supplemental Nutrition Assistance. A monthly Universe file is created from AZTECS data which includes demographic and financial data on cases that have received a benefit "in the month for the month". Once the monthly universe file is created, the work activity and child support information is added by extracting data from JAS and the Division of Child Support Service's ATLAS, respectively, on a monthly basis. This process continues each month, accumulating three separate Universe files for a quarter. At the end of a quarter, a job is run to merge the monthly files into one quarterly file. After the quarterly file has been created, AZCCATS (child care) and the DCS CHILDS (foster care) data is added to the quarterly file. A preliminary file is then created which is sent to the FAA Central Office for review and validation of tribal data. Once reviewed, and once any changes or discrepancies are corrected regarding tribal data, the final quarterly Conversion file is created. This file converts required data elements into federal values, the tribal files are then stripped off the state's Conversion file, and all final files are sent back to the FAA Central office for review and transmittal.

There are very few edits/defaults once all the data has been converted to the federal values. Items such as missing county, state and zip codes are defaulted to common Arizona values, which can happen when a client who receives assistance in Arizona moves out of state in the month of payment and the system does not recognize the out of state information. All critical data is transmitted exactly as it is recorded in the contributing systems.

Closing

The Arizona Department of Economic Security is committed to ensuring the accuracy of work participation information submitted through TANF Data Reports, and to adhering to the provisions outlined in this amended TANF Work Verification Plan.