



MEDICAID WORK REQUIREMENTS IN TENNESSEE

PART 2 OF 3: LESSONS FROM TENNESSEE'S WELFARE-TO-WORK EXPERIENCE

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KEY TAKEAWAYS

- The Families First work requirement combines benefit sanctions and time limits with support services to both incentivize and aid employment among certain program recipients.
- Families First has consistently met federal work participation rate targets. However, federal data may provide an incomplete picture of the number of recipients engaged in work-related activities.
- Over the longer term, Families First has helped some recipients find employment, but their wages are often below the poverty level. Some former recipients may need additional help to become self-sufficient.
- Implementing work requirements and support services in Families First took significant effort and funding.

The Trump administration has opened the door to letting states require some Medicaid enrollees to work or engage in work-related activities. **This report analyzes Tennessee's experience with welfare-to-work and summarizes TennCare's new Employment and Community First (ECF) CHOICES program.** [Part 1 in this series](#) examined recent proposals for Medicaid work requirements from other states, their policy rationale, and the populations most likely to be affected if implemented in Tennessee. Part 3 will summarize key points to consider if TennCare explores a potential work requirement. Together, these reports seek to help interested parties weigh the trade-offs of a Medicaid work requirement.

WHAT IS WELFARE-TO-WORK?

"Welfare-to-work" programs aim to transition enrollees from public assistance to self-sufficiency through participation in the labor market. To receive benefits, specified enrollees must typically work or engage in activities like job search, training, or education. An example of an existing welfare-to-work program in Tennessee is [Families First](#).

FAMILIES FIRST AND ITS WORK REQUIREMENT

Tennessee policymakers thinking about adding a work requirement to TennCare may look to the state's experience with **Families First**, our Temporary Assistance for Needy Families (TANF) program. Implemented in 1996 under President Bill Clinton and Governor Don Sundquist, Families First represented a shift in focus from pure cash welfare to supporting "work, personal responsibility, and parenting" for welfare recipients. (1) The state describes Families First as "a workforce development and employment program" that "is temporary and has a primary focus on gaining self-sufficiency through employment." (2)

This report analyzes 3 primary questions about Tennessee's TANF program. The information below summarizes the key findings for each question. More information on each of these topics is included in the **Appendix**.

1) HOW IS THE FAMILIES FIRST WORK REQUIREMENT STRUCTURED?

The Families First work requirement combines benefit sanctions and time limits with wrap-around services to both incentivize and support employment among certain program recipients.

In 2016, 42% of Families First recipients were subject to a work requirement under federal law. (3) Some groups of recipients are explicitly excluded from the work requirement by law. All other recipients must meet work requirements after 24 months or when the state deems them ready for work — whichever comes first.

Most Families First recipients subject to work requirements must participate in 30 hours of work activities per week. Eligible activities include not only employment but also activities like training and job search.

When calculating eligibility, Families First disregards some income earned from work to help individuals transition to work without affecting their benefit amount or eligibility (sometimes referred to as the "benefit cliff"). Governor Haslam in 2017 proposed adding a transition period for recipients whose income from work exceeds program limits. (4)

In addition to cash assistance, Families First provides support services to help recipients find employment and gain self-sufficiency. These services include transportation, child care assistance, job training, and more and account for about 2/3 of the Families First budget.

2) WHAT ARE THE EMPLOYMENT OUTCOMES FOR FAMILIES FIRST RECIPIENTS?

Our analysis relies on federal program data, which are publicly available and consistently collected over time, but these data have limitations. For example, states and the federal government may have different definitions of what should count as work activities and who should be exempt from them. Because of this tension, the underlying definition of who and what counted towards meeting federal targets changed for Tennessee in 2007—limiting the ability to make meaningful comparisons of the data over time.

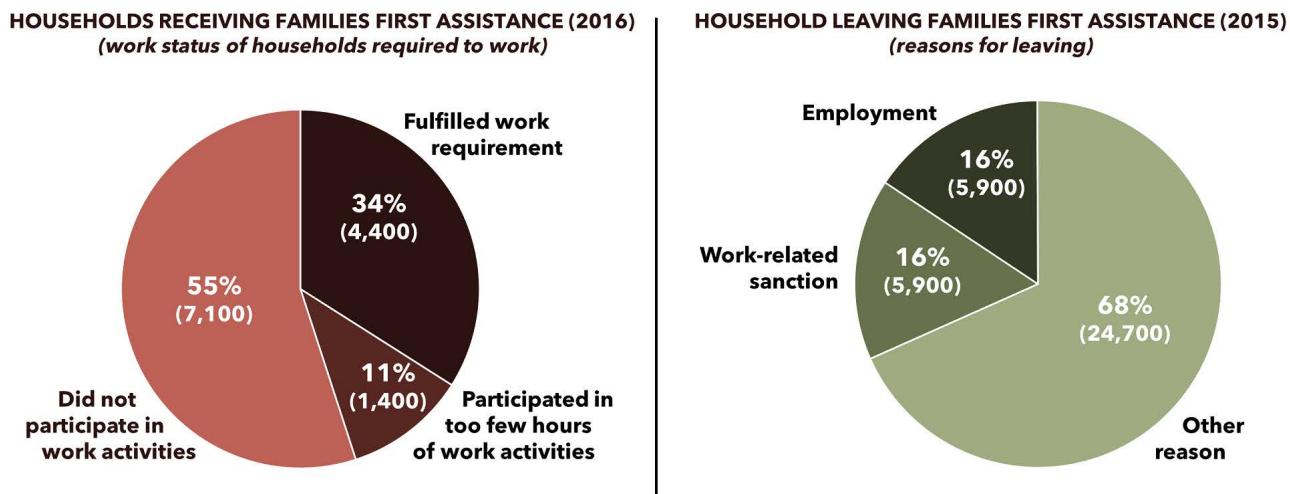
Since the inception of the work requirement, Tennessee has consistently met federal targets for work participation. (5) The federal government holds each state to a state-specific target for the share of families that must participate in work activities.

34% of non-exempt Families First households in 2016, (or 4,400 households) fulfilled the federal work requirement in Tennessee. Another 11% participated in work activities but did not meet the required number of hours. (3) The earnings of working Families First recipients have generally hovered around 60% of the poverty level for a family of 3. (6) (7)

16% of Families First households that left the program in 2015 did so for employment, and another 16% left because they failed to meet work requirements. The remainder left for other reasons. (8)

Evaluating long-term outcomes for TANF recipients is difficult. Tennessee-specific studies have found some improvements in the economic well-being of former Families First recipients who work but many continue to fall below the poverty level. (9)(10) Other national studies have found that employment increased following enactment of work requirements, but former TANF recipients struggle to keep jobs, face stagnant wages, and need additional help to become self-sufficient. (11)(12)(13)

FIGURE 1. WORK-RELATED OUTCOMES OF TENNESSEE'S FAMILIES FIRST RECIPIENTS



Sources: U.S. Department of Health and Human Services, Administration for Children and Families' Office of Family Assistance, TANF Work Participation Rates - FY 2016 (3) and Characteristics and Financial Circumstances of TANF Recipients - FY 2015 (8)

3) HOW WAS THE FAMILIES FIRST WORK REQUIREMENT INITIALLY IMPLEMENTED?

The implementation of Families First in 1996 required significant effort and funding. Implementing the program and its work requirement involved additional spending, new state law and regulations, and more local coordination. For example, recurring state and federal funding in Tennessee's budget grew by more than \$70 million in FY 1996-1997 to implement the program.

DO LESSONS FROM FAMILIES FIRST APPLY TO TENNCARE?

Families First may provide some insights to help weigh a potential TennCare work requirement, but there are limitations to their applicability due to the differences in the programs. In general, the two cases have some similarities because the Families First experience involved integrating a work component by reforming an existing program, as would be the case for TennCare. At the same time, however, TANF and Medicaid have important differences.

- **Program Goals:** The transition to Families First represented a fundamental shift in the goals of the welfare program. Under the 1996 reforms and implementation of the work requirement, the goal of what is now Families First became to help low-income families gain self-sufficiency through employment. TennCare's focus is providing access to health care for certain low-income Tennesseans who may not be able to afford or access private insurance.
- **Income Eligibility:** TANF eligibility is limited to families and caregivers of children with incomes just above the federal poverty level (e.g. no more than \$23,600/ year for a family of 3). (14) [TennCare eligibility](#) for adults largely depends on factors like age, pregnancy, and disability status in addition to income. For example, pregnant women must have household incomes below 195% of poverty (about \$39,800 for a household of 3) to qualify for TennCare. Meanwhile, adults serving as family caregivers have lower income limits for TennCare than TANF. (15)
- **Enrollment and Intake Process:** Families First applicants are required to complete both an application and an in-person interview with a caseworker to determine eligibility and household-specific needs. TennCare enrollment is largely automated through healthcare.gov and does not require an in-person interview.

- **Program Size:** Families First served just over 56,000 Tennesseans in June 2017, including about 12,000 adults. (16) In the same month, TennCare enrollment exceeded 1.4 million. (17)
- **Duration:** The implementation of Families First involved instituting a time limit for benefits. Individuals are limited to 60 months of Families First benefits throughout their lifetimes. TennCare has no similar limit.
- **Support Services:** Although Families First is often thought of as a cash assistance program, it often serves as an entry point to other support services like child care, transportation, and nutrition assistance that may be more valuable to recipients. The delivery of these diverse services requires significant case management to administer and track progress towards employment goals. TennCare does not currently provide this level of case management.

TENNCARE'S EMPLOYMENT AND COMMUNITY FIRST CHOICES PROGRAM

TennCare's new Employment and Community First (ECF) CHOICES program includes a supported work component, but without more data, it may be difficult to draw insights for broader TennCare work-related activities. Launched in 2016, ECF CHOICES aims to help Tennesseans with an intellectual or developmental disability (ID/DD) "live as independently as possible at home or in the community." (18) Early data on enrollees' experiences are not yet available, and it is too soon to get data on long-term outcomes for employment, independence, and consumer and family satisfaction. As the program continues to develop, additional analysis will be possible.

Enrollees in ECF CHOICES must be interested in working or open to exploring the option of employment. The program combines coverage for health care and home- and community-based long-term services and supports with efforts to help enrollees find and keep employment. (19) (20) ECF CHOICES offers 14 distinct employment services and supports, including:

- Help with job development plans
- Job coaching
- Vocational training
- Opportunities to try out different jobs
- Career advancement services (19) (21)

Services also include benefits counseling to help enrollees understand how new income could impact their eligibility for TennCare and other programs. Private health insurance companies that contract with TennCare (known as managed care organizations or MCOs) coordinate all services.

Developing and implementing ECF CHOICES took several years. TennCare began working with stakeholders and planning for the program as early as 2013, and enrollment opened on July 1, 2016 to about 1,700 people.

PARTING WORDS

Tennessee policymakers weighing the trade-offs of adding a work requirement to TennCare may look for insights in Tennessee's prior experience with welfare-to-work. Tennessee's Families First experience may hold important lessons, but the differences should also be understood.

The information above supplements an earlier report examining Medicaid work requirement proposals, their policy rationale, and the populations most likely to be affected if implemented in Tennessee. The third installment in this series will summarize key points for policymakers to consider regarding a potential TennCare work requirement.

APPENDIX: WORK REQUIREMENTS IN TENNESSEE'S FAMILIES FIRST PROGRAM

This appendix complements and expands upon information provided in **Medicaid Work Requirements in Tennessee Part 2 of 3: Lessons from Tennessee's Welfare-to-Work Experience**. Specifically, the appendix provides more detailed answers to 3 questions about Families First, Tennessee's Temporary Assistance for Needy Families (TANF) program.

1. HOW IS THE FAMILIES FIRST WORK REQUIREMENT STRUCTURED?

The Families First work requirement combines benefit sanctions and time limits with wrap-around services to both incentivize and support employment among certain program recipients. The availability of these services and how work-related sanctions are applied are defined by the parameters for who must work, how much they must work, and what counts as work.

Families First had state-defined work requirement-related parameters before 2007, when the work requirement began conforming to federal parameters. Families First was conceived and created before federal welfare reforms were passed in 1996. As a result, Tennessee operated Families First under a federal waiver between 1996-2006, which allowed the state to deviate from certain federal law requirements. Under the waiver, Families First recipient work requirements (e.g. grace periods, required weekly hours) were stricter than under the 1996 federal law, but the definitions of what counted as work activities, exemptions from the requirement, and the wrap-around support services were broader. (22)(23) In 2007, Tennessee's waiver ended, and Families First began conforming to federal law requirements. (24)

WORK REQUIREMENTS UNDER TANF WAIVER (1996 - 2006)

Under the waiver, all eligible parents and caretakers were required to participate in 40 hours of work activities per week. Individuals had to immediately participate in work activities after entering the Families First program.

Countable work activities included job searching (short-term and long-term), community service, education and job training, and Adult Basic Education (ABE) for individuals functioning below 9th grade level in reading or math. (22)

Families First recipients explicitly exempt from the work requirements under the waiver included: (22)

- Caretakers who care for an in-home relative with a disability or child less than 16 weeks old
- Caretakers age 60+, with a disability, or who are temporarily incapacitated
- Individuals with a lack of child care or transportation
- Victim of domestic violence or whose health or safety is at risk
- Individuals with a substance abuse or mental health problem

Beginning in 2000, Tennessee also provided completion bonuses to recipients if they achieved various training and employment goals like receiving a high school diploma, getting a 35 hour a week, or leaving Families First and maintaining a job for 6 months. (23)

POST-WAIVER WORK REQUIREMENTS FOR FAMILIES FIRST (2007 - PRESENT)

Today, most Families First recipients subject to work requirements must participate in 30 hours of work activities per week. The rule is 20 hours for single parents with one or more children under 6.

Work requirements apply when the state determines recipients are ready to work or after 24 months — whichever comes first. (25) Although there is an overarching policy, the determination process is highly individualized to each person's unique situation based on intensive case management and individual-level tracking of compliance with and progress toward employment goals. Families First uses federal definitions of work activities, which include:

- Unsubsidized employment
- Subsidized employment in the public or private sector if funding is available
- Job search and job readiness assistance
- Community service
- Work experience
- Vocational education training
- Job skills training directly related to employment
- Adult education directly related to employment
- Vocational rehabilitation (25)

Families First recipients explicitly exempt from the work requirements include:

- Caretakers age 65+
- Caretakers with a disability
- Caretakers who are temporarily incapacitated
- Individuals caring for an in-home relative with a disability
- Single-parent caretakers caring for an infant less than 1 year old
- Two-parent households caring for an infant less than 16 weeks old (25)

The state provides work activities and other support services through Employment and Case Management Services (ECMS) Contractors. The contractors assess each recipient and help them develop an Individualized Career Plan. Under the waiver, Tennessee had 5 regional Contractor Zones. (24) Tennessee is currently divided into 8 Contractor zones. (25) Contractors receive payments based on recipient job retention and meeting required work participation rates and face fiscal penalties for not meeting performance goals. (24)

HOW WORK IMPACTS FAMILIES FIRST ELIGIBILITY

When calculating TANF eligibility, many states disregard some earned income in an effort to ease recipients' transition to work. In Tennessee, Families First disregards:

- \$250/month in earned income for all recipients, which amounts to \$3,000/year.
- The spouse and spouse's income in the 3 months after a recipient gets married.
- \$200/month per child under 2 and \$175/month per child over 2 for recipients without state-funded child care assistance. (25)

EARNED INCOME

Generally, income from wages or owning a business. Generally not included: investment income, child support, alimony, or most payments from public-assistance programs like Social Security & unemployment insurance. (36)

Families First recipients who become ineligible for cash benefits due to employment may remain eligible for TennCare, child care assistance, transitional supplemental nutrition assistance program (SNAP) benefits, or other programs. (2)

Policy discussions about public assistance programs often use the term "**benefit cliff**" to describe becoming ineligible for benefits as income increases.

Governor Haslam in 2017 introduced a proposal to further help Families First recipients' transition to work. The proposal, which the state legislature may consider in 2018, would allow Families First households to continue receiving benefits and child care for 6 months after exceeding the program's income limits. (4)

2. WHAT ARE THE EMPLOYMENT OUTCOMES FOR FAMILIES FIRST RECIPIENTS? FEDERAL WORK PARTICIPATION TARGETS

The share of TANF families that must participate in eligible work activities under federal law varies by state. In every state, federal rules technically require 50% of non-exempt TANF households and 90% of 2-parent households to participate in work activities — thresholds which were phased in over time. However, states can reduce these targets by 1 percentage point for every 1% drop in their caseloads (i.e. caseload reduction credits) compared to 2005 levels (not counting declines caused by a change to eligibility rules). States face financial penalties if they do not meet these targets. (26)(27)(28) Under the 1996-2006 waiver, Families First was subject to federal work participation targets, but the underlying definition of who and what counted towards those targets was different than it is today.

There is no up-to-date research to help policymakers define and determine a work participation rate for a "successful" welfare-to-work program. The 50% federal work participation rate was informed by pre-1996 evaluations of welfare reform experiments. (29) These evaluations found that states' average work participation rates ranged from 14-44% (depending on how the rate was measured). The 50% federal work participation target was considered aspirational because it exceeded the rate that even the most successful state programs had achieved at the time. Between 2002 and 2015, 25% of work-eligible individuals in TANF households participated in work activities. Research suggests that the underlying reasons for these rates of participation are complex and difficult to measure. (30)

Caseload reduction credits were intended to reward states for moving people from welfare to self-sufficiency. There has been concern that these credits have resulted in states reducing their caseloads even when population need grows (e.g. fewer eligible people receiving benefits, increasing child poverty rates) while removing states' incentive to involve more recipients in work activities. Legislation has been proposed in the past to replace the caseload reduction credits with credits for transitioning people off of TANF into employment, but those bills did not pass Congress. (29)

TANF caseloads have declined in Tennessee and nationally, which has reduced federal work participation targets. Factors that influence TANF caseloads include:

- **Earned Income Tax Credits (EITCs)** – Expansions of federal and state EITCs have reduced TANF caseloads by increasing employment and income among low-income single mothers. (31)(32)
- **State-Specific Policies** – TANF benefit time limits, eligibility sanctions for failure to meet program requirements, and financial incentives can affect caseloads. (32) Eligibility sanctions include making recipients' eligibility contingent upon fulfilling certain requirements.
- **The Economy** – Caseloads tend to grow during recessions and fall during economic recoveries. (32)
- **Solely State-Funded (SSF) Programs** – Tennessee and other states have moved some TANF cases to SSF programs that provide similar benefits (i.e. child care, transportation, cash assistance) but are not subject to federal TANF rules or work participation targets. SSF cases do not count toward TANF caseload numbers. (32)

IMPORTANT CONSIDERATIONS FOR MEASURING WORK PARTICIPATION RATES

Federal work participation rates may underestimate the number of recipients that are actually engaged in work-related activities. The federal definition of countable work activities does not include all of the activities that states may consider work-related activities. For example, many states considered seeking physical or mental health treatment, locating child care, and participating in other support activities either fulfilled the requirement or warranted an exemption. Although these activities may help recipients achieve long-term success and self-sufficiency, they are not considered countable work activities under the federal definition. (28)

Tennessee's calculation of work participation rates changed in 2007 when the Families First waiver ended and Tennessee began conforming to federal guidelines. Because data before and after this time are not comparable, this program change makes it difficult to examine long term-trends in federal work participation rates. For example, in 2001, 32% of eligible adults participated in countable work activities based on the federal definition of work, but 87% of adults participated in countable work activities based on Tennessee's definition. (22)(37) Data that allow for more recent comparisons of federal and state work activity participation are unavailable.

Federal program data and state program data provide different insights about work participation in Families First. Our analysis of work participation rates relies heavily on federal data because it is publicly available and consistently collected over time. State program data were not available. The overall impact of federal data use is likely an underestimation of the number of Families First participants that are participating in work-related activities.

FAMILIES FIRST WORK PARTICIPATION RATES

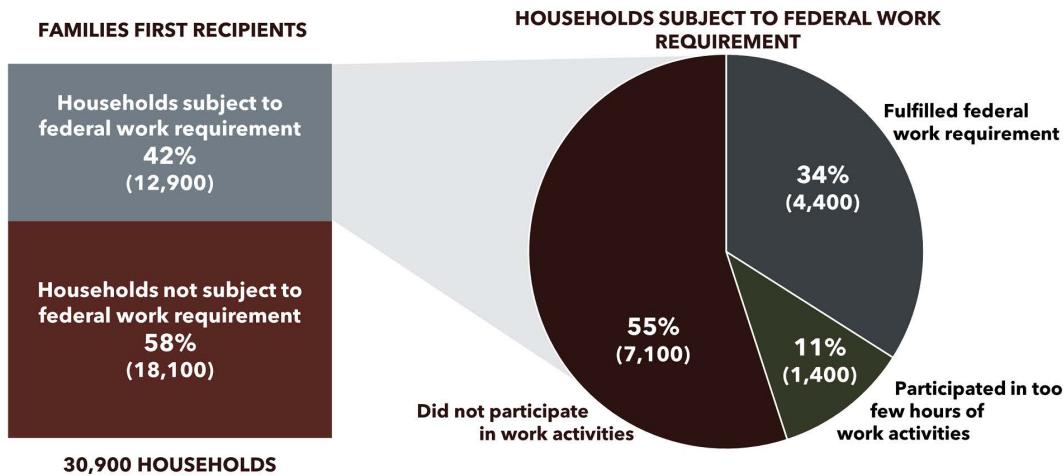
In Tennessee, 34% of non-exempt Families First households fulfilled the federal work requirement in 2016 (Figure A1). Based on federal program data, 30,900 households received Families First benefits in federal FY 2016, and 12,900 (48%) were subject to the work requirement. (3) Of those 12,900 households:

- 4,400, or 34%, fulfilled the requirement. (14% of all FF households)
- 1,400, or 11%, participated in work activities but did not meet the required number hours. (4% of all households.)
- 7,100, or 55%, reported no work activities. (23% of all households.)

Nationally, 56% of households that got TANF or SSF benefits in federal FY 2016 were subject to a work requirement. 52% of non-exempt households fulfilled the requirement. (3)

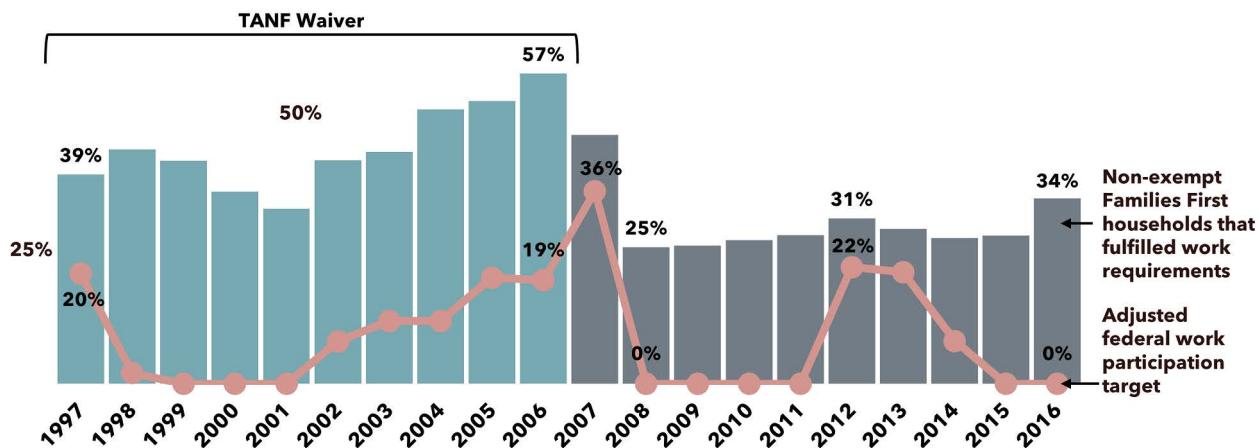
The adjusted federal work participation target for Families First ranged from 36% to 0% from 1997 to 2016 (Figure A2). Tennessee met the target each year, with the share of non-exempt households that fulfilled the work requirement ranging from 57% to 25%. (5) Federal work participation rates began to decrease in 2007, which may be due to narrower definitions of countable work activities under federal guidelines. Note that Tennessee was subject to alternative guidelines under a waiver until 2007.

FIGURE A1. TENNESSEE HOUSEHOLDS RECEIVING FAMILIES FIRST BENEFITS (2016)



Source: U.S. Department of Health and Human Services, Administration for Children and Families' Office of Family Assistance, TANF Work Participation Rates - FY 2016 (3)

FIGURE A2. FEDERAL WORK PARTICIPATION RATES AMONG NON-EXEMPT FAMILIES FIRST HOUSEHOLDS IN TENNESSEE (1997-2016)



Note: Prior to 2007, Families First operated under a TANF waiver, which had different requirements and definitions for work activities. Adjusted federal work participation target includes caseload reduction points. This data only include households that are subject to work requirements.

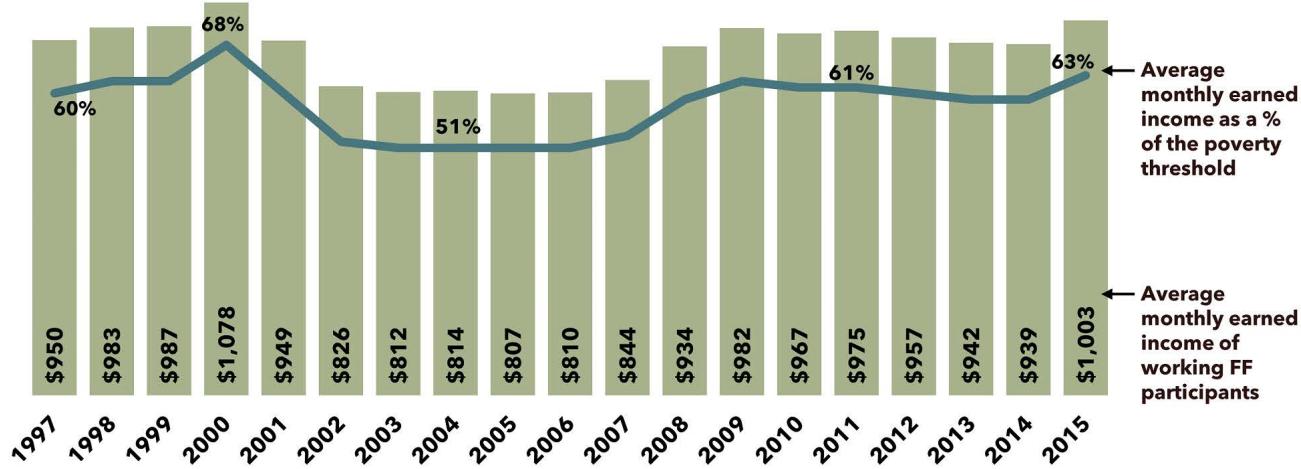
Source: U.S. Department of Health and Human Services, Administration for Children and Families' Office of Family Assistance, TANF Work Participation Rates - FY 1997-FY 2016 (5)

HOW WORK IMPACTS FAMILIES FIRST RECIPIENTS' INCOMES & ENROLLMENT

The earnings of working Families First recipients have generally hovered around 60% of the poverty level for a family of 3, with high and low exceptions in the early 2000s (Figure A3). Average monthly earnings of working recipients grew about 6% from 1997 to 2015 when adjusted for inflation. (6) (7)

Some working Families First recipients transition out of the program after finding work, while some recipients become ineligible for failing to meet requirements. Employment led 16% of Families First households in 2015 to leave the program (Figure A4). (8) Another 16% left because they failed to meet work requirements. The proportion of households leaving Families First for these 2 employment-related reasons has varied significantly over time (Figure A5). (33)

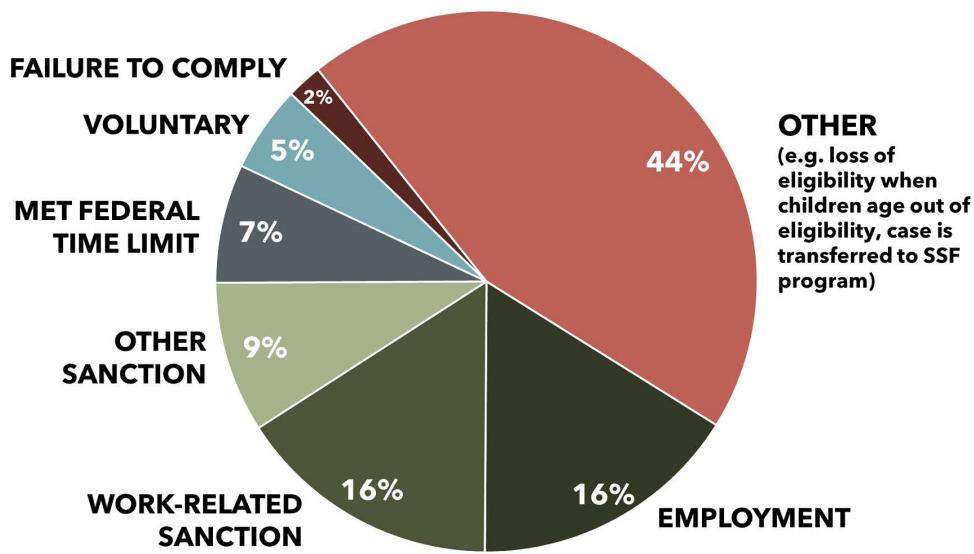
FIGURE A3.
EARNINGS OF WORKING FAMILIES FIRST RECIPIENTS IN TENNESSEE (1997-2015)
(IN 2015 DOLLARS)



Note: The poverty threshold used here is for a household of 1 adult and 2 children. Data are adjusted for inflation and presented in 2015 real dollars.

Source: U.S. Department of Health and Human Services, Administration for Children and Families' Office of Family Assistance, Characteristics and Financial Circumstances of TANF Recipients - FY 1997-FY 2015 (6) and U.S. Census Bureau (7)

FIGURE A4. REASONS FOR LEAVING FAMILIES FIRST IN TENNESSEE (2015)

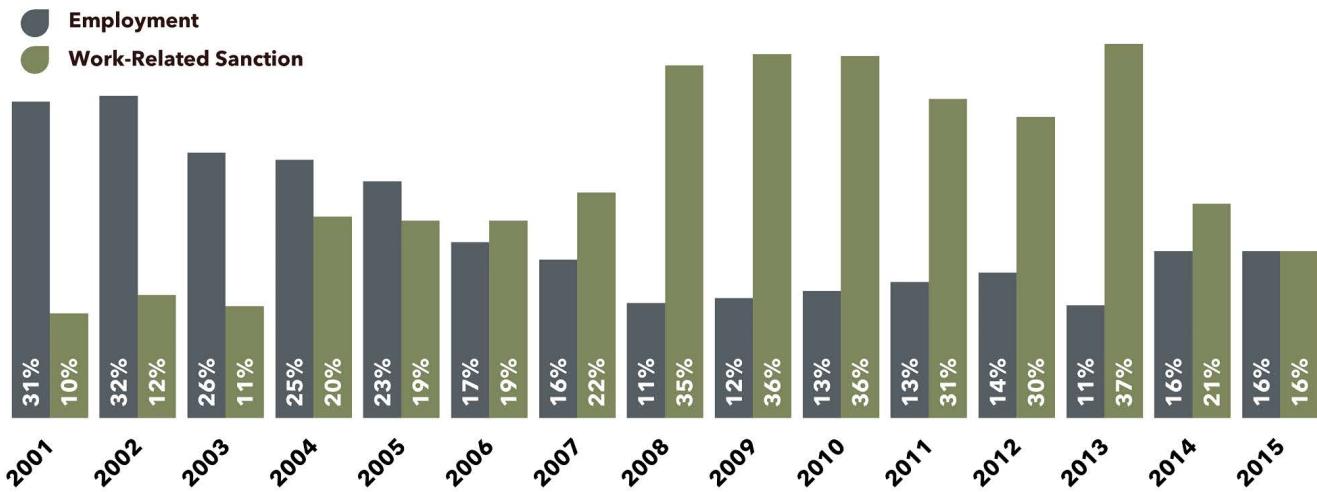


Note: "Failure to Comply" includes failure to appear at an eligibility appointment, submit required verification materials, and/or cooperate with eligibility rules. "Other Sanction" includes failure to meet requirements related to child support, school attendance and/or living arrangements for teen parents, developing individual responsibility plans, or other behavioral requirements.

Source: U.S. Department of Health and Human Services, Administration for Children and Families' Office of Family Assistance, Characteristics and Financial Circumstances of TANF Recipients - FY 2015 (8)

- 91% of leavers were on TennCare

FIGURE A5. REASONS FOR LEAVING FAMILIES FIRST IN TENNESSEE (2001-2015)



Note: Complete program data are unavailable prior to 2001.

Source: U.S. Department of Health and Human Services, Administration for Children and Families' Office of Family Assistance, Characteristics and Financial Circumstances of TANF Recipients - FY 1997-FY 2015 (33)

LONG-TERM OUTCOMES OF TANF WORK REQUIREMENTS

Evaluating long-term outcomes for TANF recipients is difficult. Researchers must find, follow-up with, and collect personal information about individuals who have left the program. In addition, individuals' reasons for participating (or not) in these evaluations may skew the findings. Variations in states' TANF policies create additional challenges for nationwide studies.

One Tennessee study found that Families First helped some recipients find employment, but their wages were often below the poverty level. The evaluation of 400 families who left the program (or "leavers") between 1996 and April 2001 and had not received Families First cash assistance for at least one year found: (10)

- 69% left due to a new job or a raise.
- 67% of people who left for work were employed full-time.
- Those who left for work earned an average of \$1,200 in the previous month. That was about \$15,000/year and about 98% of the federal poverty line in 2002 for a household of 3.
- 20% of those who left later had to move in with someone else.
- 50% of people who left remained below the federal poverty line.
- Many who left reported trouble paying bills (33%), affording food (46%) and paying for child care (42%).

Other Families First evaluations found that former recipients continued working after leaving the program and saw some improvements in their economic well-being. These studies also found that the vast majority of leavers continued to rely on TennCare for health coverage. The Tennessee Family Assistance Longitudinal (FAL) study collected data on former Families First participants from 2001 to 2011. Data from the first 5 waves of data collection found: (9)

- 58% of leavers were employed and worked an average of 35 hours per week
- 55% of leavers obtained some benefits through their employer (e.g. health coverage, life insurance, paid holidays, paid sick time)
- 80% reported feeling better about their housing situation after leaving the program
- 91% of leavers were on TennCare

More recent data from the FAL study, which ended in 2011, are unavailable.

These studies' findings about the proportion of ex-Families First recipients who work or left the rolls for work differs significantly from the federal program data shown in **Figure A5**. These differences may result from the differences between survey, federal program, and state administrative data — underscoring the challenges of evaluating long-term outcomes for TANF recipients.

Nationwide studies suggests employment among recipients increased following TANF enactment, but former TANF recipients may struggle to keep jobs, face stagnant wages, and need additional help to become self-sufficient. (13) A 2012 review of nationwide studies found that working former TANF recipients' wages did not grow over a three-year period. It was also unclear if they remained employed long-term. (11) Another 2002 study estimated 18-37% of those who leave TANF return within in a year, which suggests they have trouble making ends meet through work alone. Skill-building programs, addressing employment barriers, access to a car, and access to health care may all help former TANF recipients become self-sufficient. (12) (34)

3. HOW WAS THE FAMILIES FIRST WORK REQUIREMENT IMPLEMENTED?

The implementation of Families First in 1996 required significant effort and funding. Implementing the program and its work requirement involved additional spending, new state law and regulations, and more local coordination. (1)

- **Additional Funding:** Recurring state and federal funding in Tennessee's budget grew by more than \$70 million in FY 1996-1997 to help Families First recipients transition to work. (1) Over \$50 million was state money. (35) Of the total increase, nearly \$45 million went to child care, while \$25 million paid for job training, transportation, and other support services. System changes needed for implementation account for the remainder. (1)
- **New State Policies:** Tennessee passed the Families First Act to specify the work requirements, exemptions, and penalties for failure to meet the requirements. As part of implementation, the state also developed new regulations, manuals, and staff training. (1)
- **Local Coordination:** The implementation of Families First required extensive coordination with county-level offices, who are responsible for working with recipients and overseeing work-related activities. Each county developed its own implementation plan. A Local Level Task Force helped assess staff development needs and created mechanisms to balance the implementation of work requirements with existing program duties. (1)

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