



# SNAP Employment and Training

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## Minnesota's Pay-for-Performance Pilot Program

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SNAP Employment & Training (E&T) is an important component of SNAP (Supplemental Nutrition Assistance Program, formerly known as the Food Stamp Program) that supports a variety of education, training, employment, and related services for SNAP recipients. It gives recipients opportunities to gain skills, training, or experience that will improve their employment prospects and reduce their reliance on SNAP benefits. Moreover, it may help SNAP recipients who are subject to work requirements meet those program stipulations.<sup>1</sup>

The U.S. Department of Agriculture's Food and Nutrition Service (FNS) provides state agencies grant money (commonly called "100 percent money") to cover the program costs of SNAP E&T. States may also claim 50 percent reimbursements on additional spending, including covering participants' tuition, support services such as dependent care, and transportation expenses. Through a partnership with the Greater Twin Cities United Way (GTCUW), Minnesota is using SNAP E&T funds to provide career navigation and other support services for SNAP recipients who participate in select career pathways programs under the Minnesota FastTRAC (Training, Resources, and Credentialing) Adult Career Pathways initiative.<sup>2</sup>

While the program is fairly new, Minnesota's SNAP E&T pay-for-performance pilot, which includes three career pathway programs, is already sparking interest as an innovative strategy. Career pathways combine integrated basic-skills education and career-specific training in high-demand occupations with wrap-around services designed to help participants succeed. The pilot involves employer outreach and engagement; soft skills training and career navigation; and a form of intensive student-centered support that includes: individual assessment, service coordination, early intervention, navigation of financial and academic resources, job search assistance, and retention and advancement services. These programs are designed to help low-income students with low job skills find well-paying jobs with advancement potential while also meeting the needs of businesses.<sup>3</sup>

SNAP E&T funding allows these programs to provide more intensive services to SNAP recipients than would otherwise be possible while also expanding services to more participants. Although Minnesota's SNAP E&T pilot does not currently reimburse participants for tuition costs, child care, transportation, and other direct costs of education and training, the pilot intends to pursue reimbursement for some or all of these opportunities moving forward, with the approval of the submitted federal fiscal year 2015 state plan.<sup>4</sup>

<sup>1</sup> Helly Lee, *SNAP Works: SNAP Work Requirements and Time Limits*, CLASP, June 2013, <http://www.clasp.org/resources-and-publications/files/SNAP-Work-Requirements-and-Time-Limits-ABAWD.pdf>.

<sup>2</sup> Andrea Ferstan and Rachel Speck. Phone Interview by Elizabeth Lower-Basch, Helly Lee and Lavanya Mohan, June 12, 2014. For more information on Minnesota's FastTRAC programs, please see: "Minnesota FastTRAC," accessed June 23, 2014, <http://www.mnfasttrac.org>.

<sup>3</sup> For more information on career pathways, please see: *Shared Vision, Strong Systems: The Alliance for Quality Career Pathways Framework Version 1.0*, Alliance for Quality Career Pathways, June 2014, <http://www.clasp.org/resources-and-publications/files/aqcp-framework-version-1-0/AQCP-Framework.pdf>.

<sup>4</sup> Ferstan and Speck, phone interview, and "Minnesota FastTRAC," <http://www.mnfasttrac.org>.

In the “Pay-for-Performance” model, the community-based organizations (CBOs) providing services are paid by the state based on outcomes achieved, as opposed to activity hours. For instance, CBOs are reimbursed for their navigation services when participants achieve specified milestones, including credential attainment, job placement, and 90-day job retention.<sup>5</sup> In order to prevent “creaming” (serving only more job-ready participants), GTCUW issues service providers bonus payments when the specified milestones are achieved by participants identified as members of harder-to-employ groups, such as ex-offenders. These bonuses are not claimed for SNAP E&T reimbursement but rather are funded with philanthropic dollars. The Pay for Performance initiative, like the state’s SNAP E&T coordination, is administered through Minnesota’s Department of Employment and Economic Development, as opposed to the state’s Department of Human Services.<sup>6</sup>

## Enrollment Process

Low-income, low-skilled adults are eligible to enroll in FastTRAC programs regardless of SNAP receipt. Participants may be referred to FastTRAC programs by county SNAP E&T programs (which are funded with 100 percent federal SNAP E&T funds). Participants may also learn about career pathways programs through referrals from Workforce Centers,<sup>7</sup> nonprofit service providers, adult basic education programs, or simply word of mouth. In such cases, interested participants are screened for SNAP receipt and can receive application assistance if they appear to be eligible for SNAP or are currently enrolled. Students enrolled in SNAP E&T are evaluated to see if their individualized plan would benefit from Career Navigator services. If so, these students can enroll in the FastTRAC program.<sup>8</sup>

## Data Management

Participating nonprofit FastTRAC partners that provide skills training and navigation services, record and track participant activities and wrap-around services through Minnesota’s WorkForce One (WF1) database. The metrics tracked include demographic information of participants, job placement and retention, and graduation milestones. Support services are also documented in WF1 for reimbursement purposes. On a regular basis, participating nonprofit partners provide participant data to the state agency for verification of SNAP E&T enrollment. The state agency cross-references the Minnesota Department of Human Service (DHS) data warehouse to confirm that participants are currently enrolled in SNAP and notifies the nonprofit provider.

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<sup>5</sup> Suzanne Perry, “Minnesota Explores ‘Pay for Performance’ Bonds,” *The Chronicle of Philanthropy*, March 24, 2011, <http://philanthropy.com/blogs/state-watch/minnesota-explores-pay-for-performance-bonds/397>. The Minnesota Pay-for-Performance model is similar to a Social Impact Bond model, leveraging private funds to support pilot programs through an intermediary wherein the state pays back investors based on a program’s performance. To raise funds for the initiative, GTCUW issues bonds purchased by private and philanthropic investors. As the initiative produces results based on specified metrics, the state pays the non-profit provider which in turn pays back investors at an agreed upon rate of return. For more information on Pay-for-Performance and Social Impact Bonds, please see: *Social Impact Bonds: Overview and Considerations*, Elizabeth Lower-Basch, CLASP, March 7, 2014, <http://www.clasp.org/resources-and-publications/publication-1/CLASP-Social-Impact-Bonds-SIBs-March-2014.pdf>.

<sup>6</sup> “Minnesota Department of Employment and Economic Development,” accessed June 23, 2014, <http://mn.gov/deed> and *Minnesota Adult Career Pathway Navigator Wraparound Services: SNAP Employment and Training 50% Reimbursement Funding Proposal*, Minnesota Department of Employment and Economic Development, October 30, 2012.

<sup>7</sup> Established under the 1998 Workforce Investment Act, One-Stop Workforce Centers provide a range of services for job seekers which includes training referrals, career counseling, job listings, and similar employment-related services.

<sup>8</sup> Ferstan and Speck, phone interview, and *Minnesota Adult Career Pathway Navigator Wraparound Services: SNAP Employment and Training 50% Reimbursement Funding Proposal*.

On a quarterly basis, nonprofit providers submit documentation to the state to facilitate reimbursement from GTCUW. After receiving verification, GTCUW pays out reimbursements to participating providers for all student outcomes achieved, and then submits documentation to the state for SNAP E&T reimbursements.<sup>9</sup>

## By The Numbers

- **Year started:** Program design began in 2012 and enrollment began in the third quarter of 2013.<sup>10</sup>
- **Approximate number of active participants:** As of December 2013, between 70 to 80 total participants have participated each quarter; approximately 15 to 25 of these have been SNAP-enrolled during each quarter.
- **Performance Measures:**
  - Industry-recognized credentials earned (all participants): 55
  - Number of jobs obtained (all participants): 69
  - Number of jobs retained for 90 days (all participants): 48.<sup>11</sup>

### Overview of SNAP E&T

Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) funds can be used to support education, training, employment, and related services for SNAP recipients.

To participate in SNAP E&T, an individual must be a recipient of SNAP benefits and not Temporary Assistance for Needy Families (TANF). The majority of SNAP recipients are either working—but earning so little that they still qualify for benefits—or are not expected to be employed, mostly due to age or disability. Working-age SNAP recipients who are not employed and do not qualify for an exemption must meet certain requirements.

States may operate voluntary or mandatory SNAP E&T programs (or a combination of both) and may limit eligibility to certain types of SNAP recipients or to those who live in certain areas. SNAP E&T funds can support operating costs of job search services, work experience, education and training programs, support services for participants, and job retention services for up to 90 days. Additional activities may be allowed under new pilot projects authorized under the Farm Bill. For more information, see [SNAP E&T](#).

## Crucial Innovations

**Career navigation and career pathways are cutting-edge workforce services.** The hypothesis is that in combination, services will be more effective than they would be as a stand-alone activities, opening doors for low-income, low-skilled students who could not otherwise access or complete postsecondary learning opportunities. Integrating services that assist participants in determining a career path, understanding the requirements for the jobs they seek, and accessing the education and training needed can help them achieve their goals.

**The SNAP E&T pilot is one of the first of its kind to leverage the Pay-for-Performance model.** With tight budgets and increased skepticism about the effectiveness of government-funded programs, the idea of paying only for proven results has broad appeal. This model eases the burden on states in providing up-front

<sup>9</sup> Ferstan and Speck, phone interview, and *Minnesota Adult Career Pathway Navigator Wraparound Services: SNAP Employment and Training 50% Reimbursement Funding Proposal*.

<sup>10</sup> Ferstan and Speck, phone interview.

<sup>11</sup> *Minnesota Adult Career Pathway Navigator Wraparound Services: SNAP Employment and Training 50% Reimbursement Funding Proposal*.

funds, as payments are made only when specific milestones are achieved. It also alleviates the burden on service providers by eliminating tracking of activity hours. While not required, an intermediary or service provider that is willing and able to provide the initial funding and absorb the risk of non-performance, can be instrumental in facilitating this type of innovation.

## Challenges

**A pay-for-performance schedule increases the risk of non-payment for nonprofit providers and/or intermediaries.** The program requires significant up-front investment by the intermediary to reduce the risk to nonprofits of non-payment. GTCUW covers quarterly costs for career navigation administered by nonprofit providers, but requires state authentication of outcomes achieved by students, including SNAP recipients, in order for payments to qualify for federal reimbursement.<sup>12</sup> As programs begin to access reimbursements and are better able to assess future reimbursement levels, GTCUW anticipate that the need for up-front investment will begin to diminish.

**The process of enrolling in SNAP can create barriers for potential participants due to administrative lag and the burden of providing documentation for Able-Bodied Adults Without Dependents.** The application to enroll in SNAP is lengthy and includes significant documentation requirements. Further, submitted applications may have longer-than-expected wait times to process through county agencies. Some participants find this process cumbersome. As Minnesota recently reverted to a mandatory SNAP E&T participation for Able-Bodied Adults Without Dependents (ABAWDs), more participants are required to submit information on a monthly basis to continue receipt of SNAP benefits, a burden for busy adults engaged in full-time postsecondary education or employment. This requires increased coordination between County staff and Navigators to share and document required student hours. Participants who obtain jobs—and thus receive reduced SNAP benefits—may also allow their SNAP enrollment to lapse, making them ineligible for SNAP E&T retention services.<sup>13</sup>

## For More Information

### Visit

<http://www.mnfasttrac.org>

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<sup>12</sup> Ferstan and Speck, phone interview.

<sup>13</sup> Ibid.