CONTRACT #24
RFS # 345.30-009
FA # 07-20561

Department of Human Services

VENDOR:
East Tennessee State University

STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES
CITIZENS PLAZA BUILDING
400 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1403

TELEPHONE: 615-313-4700 FAX: 615-741-4165
TTY: 1-800-270-1349
www.state.tn.us/humanserv/

PHIL BREDESEN
GOVERNOR

VIRGINIA T. LODGE
COMMISSIONER

April 11, 2008

RECEIVED
APR 14 2008
FISCAL REVIEW

Mr. James W. White, Executive Director
Tennessee General Assembly
Fiscal Review Committee
320 Sixth Ave., N.
8th Floor Rachel Jackson Building
Nashville, TN 34243

Dear Mr. White:

Accompanying this correspondence are five *Request: Non-Competitive Amendment* forms, which are all pertinent to contracts resulting from Request for Proposals (RFP) 345.30-001 for Families First Employment Preparation, Placement, and Retention Services. This RFP was issued in 2006 for the purpose of competitively procuring services to clients receiving Temporary Assistance to Needy Families (TANF) benefits in five zones throughout the state. As a result of the RFP, five contracts were awarded to provide these services statewide.

One component of the contracts is the payment of capitation rates which are intended to provide the contractor with a source of ongoing capital necessary to establish and maintain an operating infrastructure sufficient for providing client services. The RFP was crafted to include a maximum limit on what proposers were allowed to bid as their capitation rate. As a result, all of the proposers who responded bid their capitation rate at the maximum amount allowed in the RFP. The contractors developed their service infrastructure and projected commensurate costs for it based on estimates of client referrals which were provided by the State during the RFP process. Because the number of client referrals drives the total capitation payments received by the contractor, any fluctuation in the number of these referrals has a considerable impact on their operations. Since the awarding of each of the contracts, there has been a significant decline in the number of TANF client referrals, which has resulted in a corresponding negative impact on contractor resources for maintaining operating infrastructure.

Based on our experience with these contracts over the past nine months, the Department realizes that it erred in establishing a static capitation rate that fails take into consideration a fluctuating TANF client population. Because these contracts are vital to this agency's ability to provide services to TANF clients, it has become necessary to modify the capitation rates to address this error. The amendments sought via

these requests seek to make this change. Given that the Department limited the capitation rate, that every proposer without exception bid the maximum rate, and that no proposer could have had visibility into this information, we would submit that these amendments do not adversely impact the competitive nature of the contracts resulting from this procurement. Absent such amendments, the contractors' infrastructure could erode to the point that they falter in their ability to provide services, thus making the State vulnerable to significant Federal sanctions and penalties. These amendments do not change the term or the maximum liability of the contracts.

Due to the urgent need to address the impact of a declining TANF population on our contractors and protect the best interests of the State, I am respectfully requesting that you dispense with the requirement for submitting this request sixty days before the effective date. Thank you for your consideration of this request.

Sincerely,

Virginia T. Lodge
Commissioner

Enclosures

VTL:SRG

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED
Commissioner of Finance & Administration Date:

EACH REQUEST ITEM BELOW MUST BE DETAILED OR ADDRESSED AS REQUIRED.	
1) RFS #	345.30-009-07
2) State Agency Name :	Department of Human Services
EXISTING CONTRACT INFORMATON	
3) Service Caption :	Families First Case Management and Employment Services
4) Contractor :	East Tennessee State University
5) Contract #	ED 07-20512
6) Contract Start Date :	April 1, 2007
7) Current Contract End Date IF all Options to Extend the Contract are Exercised :	June 30, 2012
8) Current Total Maximum Cost IF all Options to Extend the Contract are Exercised :	$57,416,000.00
PROPOSED AMENDMENT INFORMATON	
9) Proposed Amendment #	01
10) Proposed Amendment Effective Date : (attached explanation required if date is < 60 days after F&A receipt)	March 1, 2008
11) Proposed Contract End Date IF all Options to Extend the Contract are Exercised :	June 30, 2012
12) Proposed Total Maximum Cost IF all Options to Extend the Contract are Exercised :	$57,416,000.00
13) Approval Criteria : (select one)	☒ use of Non-Competitive Negotiation is in the best interest of the state
	☐ only one uniquely qualified service provider able to provide the service

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FISCAL REVIEW

14) Description of the Proposed Amendment Effects & Any Additional Service :

This amendment will create a correlation between the Temporary Assistance to Needy Families (TANF) population and the capitation rate to be paid to the Contractor. It adds no additional service requirements to the current contract.

15) Explanation of Need for the Proposed Amendment :

The current contract includes a capitation rate which was intended to provide the contractor with a source of ongoing capital necessary

to establish and maintain an operating infrastructure sufficient for providing services to Temporary Assistance to Needy Families (TANF) clients. The RFP was crafted to include a maximum limit on what proposers were allowed to bid as their capitation rate. All of the proposers who responded bid their capitation rate at the maximum amount allowed in the RFP. The contractors developed their service infrastructure and projected commensurate costs for it based on estimates of client referrals which were provided by the State during the RFP process. Because the number of client referrals drives the total capitation payments received by the contractor, any fluctuation in the number of these referrals has a considerable impact on their operations. Since the awarding of each of the contracts, there has been a significant decline in the number of TANF client referrals, which has resulted in a corresponding negative impact on contractor resources for maintaining operating infrastructure.

16) Name & Address of Contractor's Current Principal Owner(s) :
(not required if proposed contractor is a state education institution)

N/A

17) Documentation of Office for Information Resources Endorsement :
(required only if the subject service involves information technology)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

18) Documentation of Department of Personnel Endorsement :
(required only if the subject service involves training for state employees)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

19) Documentation of State Architect Endorsement :
(required only if the subject service involves construction or real property related services)

select one:	☒ Documentation Not Applicable to this Request	☐ Documentation Attached to this Request

20) Description of Procuring Agency Efforts to Identify Reasonable, Competitive, Procurement Alternatives :

Not applicable. Please see number 15. Given the nature and purpose of these amendments, no logical alternatives to the proposed approach are available.

21) Justification for the Proposed Non-Competitive Amendment :

Based on our experience over the past nine months with this and other contracts awarded via the same RFP, the Department realizes that it erred in establishing a static capitation rate that fails take into consideration a fluctuating TANF client population. Because these contracts are vital to this agency's ability to provide services to TANF clients, it has become necessary to modify the capitation rates to address this error. The amendment sought via this request seeks to make this change. Given that the Department limited the capitation rate, that every proposer without exception bid the maximum rate, and that no proposer could have had visibility into this information, we would submit that these amendments do not adversely impact the competitive nature of the contracts resulting from this procurement. Absent this amendment, the contractor's infrastructure could erode to the point that they falter in their ability to provide services, thus making the State vulnerable to significant Federal sanctions and penalties. This amendment does not change the term or the maximum liability of the contract.

REQUESTING AGENCY HEAD SIGNATURE & DATE :
(must be signed & dated by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR— signature by an authorized signatory will be accepted only in documented exigent circumstances)

Agency Head Signature	Date
[signature]	4-14-08

CONTRACT SUMMARY SHEET

121107

RFS #	Contract #
345.30-009-07	ED 07-20512-01

State Agency	State Agency Division
Department of Human Services	Family Assistance

Contractor Name	Contractor ID # (FEIN or SSN)
East Tennessee State University	x C- or [ ] V- C626021046-00

Service Description

Client Services

Contract BEGIN Date	Contract END Date	Subrecipient or Vendor?	CFDA #
April 1, 2007	June 30, 2012	Vendor	93.558

Mark Each TRUE Statement

[ ] x Contractor is on STARS

x Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
345.30	136	089	11	n/a	n/a

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007	$378,450.00	$1,135,350.00	$0.00	$0.00	$1,513,800.00
2008	$3,079,330.00	$9,237,990.00	$0.00	$0.00	$12,317,320.00
2009	$2,825,515.00	$8,476,545.00	$0.00	$0.00	$11,302,060.00
2010	$2,741,935.00	$8,225,805.00	$0.00	$0.00	$10,967,740.00
2011	$2,682,655.00	$8,047,965.00	$0.00	$0.00	$10,730,620.00
2012	$2,646,115.00	$7,938,345.00	$0.00	$0.00	$10,584,460.00
TOTAL	**$14,354,000.00**	**$43,062,000.00**	**$0.00**	**$0.00**	**$57,416,000.00**

— COMPLETE FOR AMENDMENTS ONLY —

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
TOTAL	$0.00	$0.00
End Date		

State Agency Fiscal Contact & Telephone #

Karen Hall (615) 313-5416

State Agency Budget Officer Approval

Jeffrey W. Roberts

Funding Certification (certification, required by T.C.A., § 9-4-5113, that there is a balance in the appropriation from which the obligated expenditure is required to be paid that is not otherwise encumbered to pay obligations previously incurred)

Contractor Ownership (complete for ALL base contracts — N/A to amendments or delegated authorities)

[ ] African American	[ ] Person w/ Disability	[ ] Hispanic	[ ] Small Business	[ ] Government
[ ] Asian	[ ] Female	[ ] Native American	[ ] NOT Minority/Disadvantaged	[ ] Other

Contractor Selection Method (complete for ALL base contracts — N/A to amendments or delegated authorities)

[ ] RFP	[ ] Competitive Negotiation*	[ ] Alternative Competitive Method*
[ ] Non-Competitive Negotiation*	[ ] Negotiation w/ Government (ID,GG,GU)	

Procurement Process Summary (complete for Non-Competitive Negotiation, Competitive Negotiation, OR Alternative Method)

OCR
APR 07 2008
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AMENDMENT # 01
TO CONTRACT ED 07-20512

This Contract Amendment is made and entered by and between the State of Tennessee, Department of Human Services, hereinafter referred to as the "State" and EAST TENNESSEE STATE UNIVERSITY, hereinafter referred to as the "Contractor." It is mutually understood and agreed by and between said, undersigned contracting parties that the subject Contract is hereby amended as follows:

1. The text of Contract Section C.3.a. is deleted in its entirety and replaced with the following:

C.3.a. Service Units/Milestones

The Contractor's compensation shall be contingent upon the satisfactory completion of the following units of service or project milestones. The Contractor shall be compensated based upon the following Service Rates:

SERVICE UNIT/MILESTONE	AMOUNT
CAPITATION RATES	
The State will pay the Contractor a monthly capitation amount to assist in providing services to each client (further defined in section C.3.b below).	
Initial Capitation Rate	$100-$300/month dependent on the caseload
Monthly Maintenance Capitation Rate equal to 40% of the Initial Capitation Rate	$40-$120/month dependent on the caseload
WORK RETENTION PAYMENTS	
TIER ONE: ENHANCED RETENTION PAYMENTS	
The State will make Enhanced Retention Payments when the Families First client employment income is sufficient to close the case (further defined in C.3.c.(i) and (iv) below.	
1-month Enhanced Retention Payment equal to 5% of the Total Enhanced Retention Rate	$ 230
3 month Enhanced Retention Payment equal to 10% of the Total Enhanced Retention Rate	$ 460
6 month Enhanced Retention Payment equal to 15% of the Total Enhanced Retention Rate	$ 690
9 month Enhanced Retention Payment equal to 70% of the Total Enhanced Retention Rate	$ 3,220
WORK RETENTION PAYMENTS	
TIER TWO: RETENTION PAYMENTS	
The State will make Retention Payments when the Families First client employment income is not sufficient to close the case (further defined in C.3.c.(ii) and (iv) below.)	

1 month Retention Payment equal to 60% of the 1-month Enhanced Retention Payment	$ 138
3 month Retention Payment equal to 60% of the 3-month Enhanced Retention Payment	$ 276
6 month Retention Payment equal to 60% of the 6-month Enhanced Retention Payment	$ 414
9 month Retention Payment equal to 60% of -the 9-month Enhanced Retention Payment	$ 1,932

Annual Retention Cap: The total amount paid for services provided pursuant to the Tier One: Enhanced Retention Payments and the Tier Two: Retention Payments described above shall not exceed the following amounts for each year of the contract, unless the performance benchmarks defined in Section C.3.d are surpassed:

FY 2007-2008	FY 2008-2009	FY 2009-2010	FY 2010-2011	FY 2011-2012
$6,237,200	$6,237,200	$6,237,200	$6,237,200	$6,237,200

GED Completion Payment (further defined in C.3.c(v) below)	$1
Vocational Education Completion and Placement Payment (further defined in C.3.c(vi) below)	$1

The Contractor shall submit monthly invoices, in form and substance acceptable to the State, with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

2. The text of Contract Section C.3.b. is deleted in its entirety and replaced with the following:

C.3.b. The Contractor shall be paid a monthly capitation amount to assist in providing services to each client. The initial capitation rate shall be paid for the first three months following referral. After three months, the Contractor shall be paid a monthly maintenance capitation rate equal to 40% of the initial capitation rate. The State will pay the initial capitation rate for the first three months for all clients referred beginning May 1, 2007, and will pay the monthly maintenance capitation rate thereafter, for only those clients who are scheduled to participate in core or non-core activities. In the event that a client's Families First case closes for at least three months and that client returns to the Contractor, that Contractor shall be allowed to again bill the initial capitation rate for the first three months the client is engaged before returning to the maintenance capitation rate.

The initial capitation rate shall be no lower than $100 per month, nor shall it be higher than $300 per month. The State will adjust the initial capitation rate no less frequently than semi-annually beginning March 1, 2008, for changes in the Contractor's caseload over time.

3. The text of Contract Section C.3.c.(i) and subsequent subsections are deleted in their entirety and replaced with the following:

C.3.c.(i) Tier One: Enhanced Retention Payments-paid when client employment income is sufficient to close the case.

C.3.c.(i)(A) Enhanced Retention Payments for working clients shall be paid when the Contractor assists in securing the client a job for at least 30 hours per week resulting in case closure due to income. In the case of clients whom the Contractor assists in securing a job for less than 30 hours per week resulting in case closure due to income,

the Contractor shall be paid the Enhanced Retention Payment only when the client's earned income from the employment is sufficient by itself to close the client's case due to income. In the case of clients who are referred to the Contractor with a job, the Contractor is not eligible for Enhanced Retention Payments. However, the Contractor shall be eligible for Enhanced Retention payments by assisting that client in securing a new job, position, or increase in hourly rate of pay resulting in an increase in gross weekly income and closure of the Families First case due to income.

C.3.c.(i)(B) When a client moves from one Contractor Zone to another Contractor Zone, the original Contractor may continue to support the client for Enhanced Retention and invoice the State as described herein. The new Contractor shall also qualify for Enhanced Retention payments if, and only if, the Contractor assists the client in securing a new job, position, or increase in hourly rate of pay resulting in an increase in gross weekly income.

C.3.c.(i)(C) In order for the Contractor to qualify for an Enhanced Retention payment, the client must be continuously employed for the period for which the Enhanced Retention payment is claimed. Notwithstanding the foregoing, the State will allow one two-week break (14 consecutive calendar days) from employment during the nine-month period, as long as the Contractor assists the client in starting a new job within two weeks of separation from the previous job (If the 14th day falls on Saturday, Sunday or a State-recognized holiday, the Contractor shall have until the following business day).

C.3.c.(i)(D) The Total Enhanced Retention rate shall serve as the basis for making incremental retention payments as outlined below. In the event that the employment enhanced retention payment is scheduled to be made subsequent to the contract expiration date, the Contractor will accrue and continue to receive payment from the State pursuant to the invoicing procedures indicated in the following sections:

C.3.c.(i)(D)(1) 1-month Enhanced Retention payment equal to 5% of the Total Enhanced Retention rate- After the client has been employed for 1 month in a job that qualifies for an Enhanced Retention payment, the Contractor may invoice the State.

C.3.(c)(i)(D)(2) 3-month Enhanced Retention payment equal to 10% of the Total Enhanced Retention rate- After the client has been employed for 3 months in a job that qualifies for an Enhanced Retention payment, the Contractor may invoice the State.

C.3.(c)(i)(D)(3) 6-month Enhanced Retention payment equal to 15% of the Total Enhanced Retention rate- After the client has been employed for 6 months in a job that qualifies for an Enhanced Retention payment, the Contractor may invoice the State.

C.3.(c)(i)(D)(4) 9-month Enhanced Retention payment equal to 70% of the Total Enhanced Retention rate- After the client has been employed for 9 months

in a job that qualifies for an Enhanced Retention payment, the Contractor may invoice the State.

4. The text of Contract Section C.3.c.(ii) and its subsections are deleted in their entirety and replaced with the following:

C.3.(c)(ii) Tier Two: Retention Payments-paid when client employment is not sufficient to close the case for income.

C.3.(c)(ii)(A) Retention payments shall be paid when the Contractor assists in securing the client a job for at least 30 hours per week. In the case of clients who are referred to the Contractor with a less than 30-hour per week job at the time of referral, retention payments shall be paid only when the Contractor assists in securing the client a job for at least 30 hours per week. In the case of clients who are referred to the Contractor with a 30-hour or greater per week job, the Contractor is not eligible for Retention Payments. However, the Contractor shall become eligible for Retention payments by assisting that client in securing a new job, position, or increase in hourly rate of pay resulting in an increase in gross weekly income, or for Enhanced Retention payments by assisting that client in securing a new job, position, or increase in hourly rate of pay resulting in an increase in gross weekly income and closure of the Families First case.

C.3.(c)(ii)(B) When a client moves from one Contractor Zone to another Contractor Zone, the original Contractor may continue to monitor the client for retention and invoice the State as described herein. The new Contractor shall also qualify for Retention payments if, and only if, the Contractor assists the client in securing a new job, position, or increase in hourly rate of pay resulting in an increase in gross weekly income.

C.3.(c)(ii)(C) In order for a job to qualify for a Retention payment the client must be continuously employed for the period for which the Retention payment is claimed. Notwithstanding the foregoing, the State will allow one two-week break (14 consecutive calendar days) from employment during the nine-month period, as long as the Contractor assists the client in starting a new job within two weeks of separation from the previous job (If the 14th day falls on Saturday, Sunday or a State-recognized holiday, the Contractor shall have until the following business day).

C.3.(c)(ii)(D) The schedule and percentage of payments for Retention is outlined below. In the event that the employment retention payment is scheduled to be made subsequent to the contract expiration date, the Contractor will accrue and continue to receive payment from the State pursuant to the invoicing procedures indicated in the following sections:

C.3.(c)(ii)(D)(1) 1-month Retention payment equal to 60% of the 1-month Enhanced Retention Payment- After the client has been employed for 1 month in a job that qualifies for a Retention payment, the Contractor may invoice the State.

C.3.(c)(ii)(D)(2) 3-month Retention payment equal to 60% of the 3-month Enhanced Retention payment- After the client has been employed for 3 months in a job that qualifies for a Retention payment, the Contractor may invoice the State.

C.3.(c)(ii)(D)(3) 6-month Retention payment equal to 60% of the 6-month Enhanced Retention payment- After the client has been employed for 6 months in a job that qualifies for a Retention payment, the Contractor may invoice the State.

C.3.(c)(ii)(D)(4) 9-month Retention payment equal to 60% of the 9-month Enhanced Retention payment- After the client has been employed for 9 months in a job that qualifies for a Retention payment, the Contractor may invoice the State.

5. The text of Contract Section E. 2. is deleted in its entirety and replaced with the following:

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by EMAIL or facsimile transmission with recipient confirmation. Any such communications, regardless of method of transmission, shall be addressed to the respective party at the appropriate mailing address, facsimile number, or EMAIL address as set forth below or to that of such other party or address, as may be hereafter specified by written notice.

The State:
Graham Prichard, Director, Adult and Family Services Contracts
Department of Human Services
400 Deaderick Street
Citizen Plaza Building - 12th Floor
Nashville, TN 37248
E-mail: Graham.Prichard@state.tn.us
Telephone Number (615) 313-5786
Facsimile Number (615) 313-6619

BCT for UTG
initial initial INITIAL

The Grantee: **Administrative Contact:**
Donna M. Szabo, J.D.
Assistant Director for Contract Management
East Tennessee State University
Office of Research & Sponsored Programs
Box 70565, 100 CR Drive
Johnson City, TN 37614
Email: szabo@etsu.edu
Telephone: (423) 439-6045
Facsimile: (423) 439-6050

The Grantee: **Services Contact:**
Robert G. Leger, Assistant Vice-President for Community Outreach
East Tennessee State University
100 CR Drive
P.O. Box 70254
Johnson City, TN 37614
E-mail: leger@mail.etsu.edu
Telephone Number: (423) 439-6061
Facsimile Number: (423) 439-6070

All instructions, notices, consents, demands, or other communications shall be considered effectively given upon receipt or recipient confirmation as may be required.

The revisions set forth herein shall be effective March 1, 2008. All other terms and conditions not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF:

EAST TENNESSEE STATE UNIVERSITY:

Paul E. Stanton 3/28/08

DR. **PAUL E. STANTON, JR., PRESIDENT** **DATE**

DEPARTMENT OF HUMAN SERVICES:

Virginia T. Lodge /SCT 4/4/08

VIRGINIA T. LODGE, COMMISSIONER DATE

APPROVED:

M. D. GOETZ, JR., COMMISSIONER DATE
DEPARTMENT OF FINANCE AND ADMINISTRATION

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

CONTRACT SUMMARY SHEET

060706

RFS #	Contract #
345.30-009	FA-07-20512-00

State Agency	State Agency Division
DEPARTMENT OF HUMAN SERVICES	FAMILY ASSISTANCE SERVICES

Contractor Name	Contractor ID # (FEIN or SSN)	
EAST TENNESSEE STATE UNIVERSITY	☒ C- or ☐ V-	C626021046-00

Service Description:

CLIENT SERVICES

Contract Begin Date	Contract End Date	SUBRECIPIENT or VENDOR?	CFDA #
April 01, 2007	June 30, 2012	VENDOR	

Mark Each TRUE Statement:

☐ Contractor is on STARS ☐ Contractor's Form W-9 is on file in Accounts

Allotment Code	Cost Center	Object Code	Fund	Funding Grant Code	Funding Subgrant Code
345.30	136	089	11	29A	SC1

FY	State	Federal	Interdepartmental	Other	TOTAL Contract Amount
2007	$378,450.00	$1,135,350.00	$0.00	$0.00	$1,513,800.00
2008	$3,079,330.00	$9,237,990.00	$0.00	$0.00	$12,317,320.00
2009	$2,825,515.00	$8,476,545.00	$0.00	$0.00	$11,302,060.00
2010	$2,741,935.00	$8,225,805.00	$0.00	$0.00	$10,967,740.00
2011	$2,682,655.00	$8,047,965.00	$0.00	$0.00	$10,730,620.00
2012	$2,646,115.00	$7,938,345.00	$0.00	$0.00	$10,584,460.00
TOTAL:	**$14,354,000.00**	**$43,062,000.00**	**$0.00**	**$0.00**	**$57,416,000.00**

OCR RELEASED
APR 2007
TO ACCOUNTS

COMPLETE FOR AMENDMENTS ONLY

FY	Base Contract & Prior Amendments	THIS Amendment ONLY
TOTAL:	$0.00	$0.00
End Date:		

State Agency Fiscal Contact & Telephone:

Karen Hall
400 Deaderick Street, Citizens Plaza Building - 5th Floor, Nashville, TN 37248
(615) 313-5416

State Agency Budget Officer Approval:

Jeffrey W. Roberts March 21, 2007

Funding Certification: certification required by TCA 9-4-5113 that there is available appropriation for this contract, subject to amounts required by the certifier to be encumbered or paid on prior contracts.

Contractor Ownership: (complete only for base contracts with contract type = A or GR)

☐ African American ☐ Person w/ Disability ☐ Hispanic ☐ Small Business ☒ NOT minority/disadvantaged
☐ Asian ☐ Female ☐ Native American ☐ OTHER minority/disadvantaged—

Contractor Selection Method: (complete for ALL base contracts — N/A for amendments or delegated authorities)

☒ RFP ☐ Competitive Negotiation ☐ Alternative Competitive Method
☐ Non-Competitive Negotiation ☐ Negotiation w/ Government (e.g., ID, GG, GU) ☐ Other-

Procurement Process Summary: (complete for Selection by Alternative Method, Competitive Negotiation, Non-Competitive Negotiation OR Other)

DIRECTOR OF ACCOUNTS
APR 12 2007

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF HUMAN SERVICES
AND
EAST TENNESSEE STATE UNIVERSITY

This Contract, by and between the State of Tennessee, Department of Human Services, hereinafter referred to as the "State" and EAST TENNESSEE STATE UNIVERSITY, hereinafter referred to as the "Contractor," is for the provision of Families First Case Management and Employment Services, as further defined in the "SCOPE OF SERVICES."

The Contractor is a State of Tennessee institution of higher education. The Contractor's address is:

206 Dossett Hall
Lake Street
P. O. Box 70267
Johnson City, TN 37614

A. SCOPE OF SERVICES:

Contractor Responsibilities

A.1 The Contractor shall provide Families First Employment and Case Management Services in Contractor Zone E. (See Attachment D.)

A.2 The Contractor shall maintain a monthly Contractor Work Participation Rate (Contractor WPR) [as defined in Attachment A Glossary] of at least sixty-five percent (65%) for all clients referred who have an open Families First case. To calculate the WPR, the State will, each month, determine how many individuals were referred to the contractor that month, and how many individuals remain as open cases in the contractor's caseload from prior months. The resulting sum is the denominator of the Contractor WPR. The numerator is the number of individuals who meet the criteria for full engagement. (See Attachment B.)

A.3 The Contractor shall effectively conduct career assessments that will help match a client's strengths with the best available jobs in the local markets, identify and address barriers to employment, develop employment plans, provide support services needed for full engagement, conduct job placement, retention and wage progression activities, maintain individual client work activity documentation, and report any changes in the status of a client's work activity to the State as required.

A.4 The Contractor shall assess each client referred to identify characteristics that will guide the client in the development of short and long-term goals for the purpose of moving the client into full-time, unsubsidized employment. Said assessment shall be conducted by the Contractor and supplemented by a barrier assessment designed to identify barriers that would preclude the client from achieving full-time, unsubsidized employment.

A.5 Following the assessment, the Contractor shall develop an individualized career plan utilizing the assessment tools, the client's input, and any input received from the DHS Client Representative. This plan shall be reviewed with the client and signed by the client to ensure that both the client and Contractor have a clear understanding of the stated goals, expectations and requirements, and timeframes.

A.6 The Contractor shall ensure that clients referred are engaged in work activities at the earliest date possible.

A.7 The Contractor shall provide the client with advance notification of work activity, location, and daily schedule and document said notice.

A.8 The Contractor shall ensure that clients are engaged a minimum of thirty (30) hours per week in core or non-core activities. Twenty (20) of the total thirty (30) hours must be in core activities, with the balance to include core or non-core hours or any combination thereof.

Core activities are described as follows:

A.8.a. Unsubsidized Employment

A.8.a.(i) Full or part-time employment in the public or private sector that is not subsidized by Temporary Assistance to Needy Families (TANF) or any other public program. Self-employment also qualifies.

A.8.a.(ii) Each hour an employee is paid at minimum wage or above counts as an hour for participation purposes. This also includes paid leave.

A.8.a.(iii) Employment hours are verified using pay stubs or other supporting documentation from the employer every six months or as employer or income changes.

A.8.b. Job Search and Job Readiness Assistance

A.8.b.(i) The act of seeking or obtaining employment, preparation to seek or obtain employment, including life skills training, and substance abuse treatment, mental health treatment, or rehabilitation activities for those who are otherwise employable. Treatment or therapy considered as Job Readiness Assistance must be a minimum of 30 hours per week and must be determined to be necessary and certified by a qualified medical or mental health professional.

A.8.b.(ii) Only actual hours spent in Job Search and Job Readiness Assistance may be counted as described in the *State of Tennessee Families First Work Verification Plan.* (See Attachment F for a copy of the *State of Tennessee Families First Work Verification Plan* that has been submitted to and is currently under review by the U.S. Department of Health and Human Services.)

A.8.b.(iii) Tennessee is currently designated as a "needy state" and has dispensation from the U.S. Department of Health and Human Services which allows for 12 weeks of Job Search and Job Readiness Assistance per client per year in intervals of no more than four (4) consecutive weeks.

A.8.c. Work Experience

A.8.c.(i) A work activity that provides an individual with an opportunity to acquire the general skills, training, knowledge, and work habits necessary to obtain unsubsidized employment for that employer. The purpose of work experience is to improve the employability of those who cannot find unsubsidized employment and may be used only if sufficient private sector employment is not available.

A.8.c.(ii) Actual hours of participation are countable.

A.8.c.(iii) The client may work no more hours than they would work for the combined value of their TANF and food stamp grants calculated using minimum wage in accordance with the Fair Labor Standards Act (FLSA). (See Attachment C for an example of how the FLSA calculation is made.) Clients are limited to 6 months in work experience per year.

A.8.c.(iv) A work experience placement is expected to lead to a bona fide position that is becoming available with the employer providing the work experience.

A.8.d. Vocational Educational Training

A.8.d.(i) Organized educational programs that are directly related to the preparation of individuals for employment for a specific trade, occupation, or vocation in current or emerging occupations requiring training other than a baccalaureate or advanced degree.

A.8.d.(ii) Actual time in class plus supervised study hours can count toward the required hours of participation. Homework time and study time cannot be counted unless the Contractor develops a process for monitoring study sessions and documenting those hours. A client may participate in vocational educational training no more than 12 months in a lifetime.

A.8.d.(iii) A maximum of 30% of the Contractor's caseload at any one time can participate in Vocational Educational Training. Vocational Educational Training must be provided by education and training organizations certified by the State of Tennessee or a comparable certifying authority, including (but not limited to) vocational-technical schools, community colleges, post-secondary institutions, proprietary schools, non-profit organizations and secondary schools that offer vocational education.

A.8.d.(iv) The Vocational Educational Training must lead to a portable, industry-recognized credential.

A.8.e. Community Service Programs

A.8.e.(i) Structured programs in which TANF clients perform work for the direct benefit of the community under the auspices of public or nonprofit organizations. Community service programs must be limited to projects that serve a useful community purpose in fields such as health, social service, environmental protection, education, urban and rural redevelopment, welfare, recreation, public facilities, public safety, and child care. Community Service Programs are designed to improve the employability of clients not otherwise able to obtain employment, and must be supervised on an ongoing basis no less frequently than daily. To the extent possible, the prior training, experience, and skills of a client shall be taken into account in making appropriate community service assignments.

A.8.e.(ii) Only actual hours spent in Community Service programs may be counted.

A.8.e.(iii) The client may perform community service for no more hours than they would work for the combined value of their TANF and food stamp grants calculated using minimum wage in accordance with the Fair Labor Standards Act (FLSA). (See Attachment C for an example of how the FLSA calculation is made.)

A.8.f. Subsidized Public Sector Employment

A.8.f.(i) Employment in the public sector for which the employer receives a subsidy to offset some or all of the wages and costs of employing a client.

A.8.f (ii) Each hour an employee is paid counts as an hour for participation purposes. This also includes paid leave.

A.8.f.(iii) Employment hours are verified using pay stubs or other supporting documentation from the employer every six months or as employer or rate of pay changes.

A.8.f.(iv) It is the State's expectation that subsidized employment should evolve into unsubsidized employment.

A.8.g. Subsidized Private Sector Employment

A.8.g.(i) Employment in the private sector for which the employer receives a subsidy to offset some or all of the wages and costs of employing a client.

A.8.g.(ii) Each hour an employee is paid counts as an hour for participation purposes. This also includes paid leave.

A.8.g.(iii) Employment hours are verified using pay stubs or other supporting documentation from the employer every six months or as employer or rate of pay changes.

A.8.g.(iv) It is the State's expectation that subsidized employment should evolve into unsubsidized employment.

Non-core activities may count toward 10 of the required 30 hours per week. Non-Core activities are described as follows:

A.8.h Adult Education

A.8.h.(i) Regular attendance, in accordance with the requirements of the secondary school or course of study, at a secondary school or in a course of study leading to a certificate of general equivalence (GED), in the case of a client who has not completed secondary school or received such a certificate.

A.8.h.(ii) Only actual hours spent in class plus monitored study and monitored tutoring may be counted.

A.8.h.(iii) Except for teen parents, this activity is a non-core activity and may only be counted for up to 10 hours per week as a supplement to the core activity requirement.

A.8.i. Job Skills Training Directly Related to Employment

A.8.i.(i) Training or education for job skills required by an employer to provide an individual with the ability to obtain employment or to advance or adapt to the changing demands of the workplace. This activity can include literacy or language instruction including ESL.

A.8.i.(ii) Only actual hours spent in Job Skills Training Directly Related to Employment may be counted.

A.8.i.(iii) Activities designed to address barriers (e.g. substance abuse treatment) cannot be counted.

A.9 The Contractor shall provide written correspondence in Spanish when Spanish is the primary language of the client (See Attachment E.) Until the Contractor has independently determined that English is the primary language of the client, all written correspondence must include the six language notice attached to the correspondence. (See Attachment H.) Said six language notice is for the purpose of facilitating communication between the client and Contractor when English is not the primary language.

A.10 The Contractor shall enter and update, as needed, maintain work activities for each client in the State's eligibility and case management system. The Contractor shall access the eligibility and case management system via the Internet using instructions provided by the State.

A.11 The Contractor shall develop and maintain a community network sufficient to deliver services to clients so that the required Contractor WPR is met. This network may include subcontractors and other partners.

A.12 The Contractor shall ensure that each core and non-core activity meets all State and Federal limitations and restrictions.

A.13 The Contractor shall maintain an infrastructure so that clients have full access to activities and services without being required to travel more than fifty (50) miles or one (1) hour from their residence.

A.14 The Contractor shall ensure that each client is engaged in a total of thirty (30) hours per week of work activities limited to the following:

Core Activities

- Unsubsidized Employment
- Subsidized Private Sector Employment
- Subsidized Public Sector Employment
- Job Search and Job Readiness Assistance
- Work Experience
- Community Service Programs
- Vocational Educational Training

Non-core Activities

- Job Skills Training Directly Related to Employment
- Adult Education

Of the requisite thirty (30) hours, a minimum of twenty (20) hours must be comprised of core activities, with the remaining ten (10) to be comprised of core and non-core activities in any combination.

A.15 The Contractor shall bear sole financial responsibility for paying subsidies to employers for subsidized employment of clients.

A.16 The Contractor shall supervise the following work activities, in a manner that will satisfy the requirements of the *State of Tennessee Families First Work Verification Plan*:

- Job Search and Job Readiness Assistance
- Work Experience
- Community Service Placements
- Vocational Educational Training
- Job Skills Training Directly Related to Employment
- Adult Education

The Contractor shall ensure that each client maintains satisfactory progress in Adult Education and Vocational Educational Training. Satisfactory progress is defined in the glossary (See Attachment A).

A.17 The Contractor shall track and report daily attendance and participation hours of clients in work activities other than employment, to the State no less frequently than weekly, in a manner approved by the State.

A.18 Upon job placement, the Contractor shall verify and report to the State client weekly hours, hourly wage, and reverify and report gross earnings every six months or upon change of employment status.

A.19 The Contractor shall ensure that client work experience placements lead to a bona fide position that is becoming available with an employer.

A.20 The Contractor shall, upon request of the DHS Client Representative, participate in a review of the client's progress, and where necessary, develop a corrective action plan to ensure sufficient progress toward unsubsidized employment.

A.21 The Contractor shall ensure that Vocational Educational Training is provided by education and training organizations certified by the State of Tennessee or a comparable certifying authority, including, but not limited to, vocational-technical schools, community colleges, post-secondary institutions, proprietary schools, non-profit organizations, and secondary schools that offer vocational education, and that it leads to a portable, industry-recognized credential.

A.22 The Contractor shall ensure that each referred client has transportation. This may include reimbursement assistance when the client can provide his/her own transportation. The client and Contractor shall determine the best mode of transportation.

A.23 The Contractor shall provide client support services that will assist in overcoming barriers to achieving short and long-term goals established for each individual client. The Contractor shall have latitude in tailoring support services that will appropriately assist the client. Support services may include, but are not limited to, work clothes, tools, licenses, certification tests, auto insurance payments, vehicle repairs, car payments, hearing aids, dental service, eyeglasses, and counseling to address barriers to work. Support services cannot be provided if those services are covered by TennCare/Medicaid or TennCare/Standard. The Contractor shall assume all financial responsibility for providing these support services.

A.24 The Contractor shall have access to Family Services Counseling (FSC), provided by the State, and may at its discretion, utilize FSC to ensure engagement (See Attachment A Glossary) of the client in work activities up to the number of hours allocated to that Contractor Zone by the State.

A.25 The Contractor shall train staff to ensure they understand State policies, procedures and confidentiality requirements. The Contractor shall continually provide updates to staff in order to ensure that staff is fully apprised of all changes in State policy, procedures and confidentiality requirements, providing refresher training as needed.

A.26 The Contractor shall report to the State any change in a client's employment status, providing employer name, employment hours and rate of pay. In addition to employment status changes, the Contractor shall report any other changes in status regarding work activities as soon as they become known to the Contractor.

A.27 The Contractor shall transmit the following reports to the State on a monthly basis per zone (unless stated otherwise) or as requested by the State, utilizing a method and in a format approved by the State:

A.27(a) Barriers to Employability Report consisting of:

- A monthly summary compiling the number of assessments given and the barriers identified.

A.27(b) Support Services Report consisting of:

- The categories of support services
- The number of clients served in each category
- The amount spent per support service

A.28 The Contractor shall ensure that it maintains minimum standards for computer hardware and software in order to access the eligibility and case management system. The Contractor shall maintain e-mail accounts in order to communicate with the State.

A.29 The Contractor shall follow the State's data security protocol in order to have access to the state's eligibility and case management system.

A.30 The Contractor shall enter the following data into the eligibility and case management system for each client no less frequently than weekly:

- Current activities and planned hours for each
- Attendance for each activity, including excused and unexcused absence
- Weekly hours per activity
- Weekly notice of non-compliant clients

A.31 The Contractor shall develop and maintain a system to manage documentation and ensure compliance with the *State of Tennessee Families First Work Verification Plan* and as defined in A.32 and A.33.

A.32 The Contractor shall keep the following documentation in each client's file in a format approved by the State:

- The date of client referral from the State
- Career assessment results and barrier assessment results
- Signed Individualized career plan
- Documentation of support services to facilitate the individualized career plan
- Documentation of advance notification as described in A.7
- Documentation of actual hours of participation in a work activity, categorized by activity
- The reason for any absence and a determination whether the absence is excused or unexcused, or if the absence is due to activity site holiday policy
- Documentation that Fair Labor Standards Act requirements have been met
- Work activity placement information
- Documentation of change in client's compliance with their career plan

A.33 The Contractor shall maintain a file for each work experience and community site approved to accept placements, in a format approved by the state. This site file may be maintained on an agency or specific site level, but must contain the following items at minimum:

- Executed site agreement, utilizing format approved by the State of Tennessee
- Plan for providing daily supervision
- Documentation that site satisfies requirements from the *State of Tennessee Families First Work Verification Plan*
- Holiday leave policy
- For Work Experience placements, it must also include:
  - The potential placements that are expected to be available for these individuals at the end of the work experience placement, and
  - Skills to be taught in the placement.
- For Community Service placements, it must also include:
  - How the placement provides direct benefit to the community

A.34 The Contractor shall provide access to individual client files or site files upon request by the State.

A.35 The Contractor shall ensure that a copy of the complete client file is transferred to a subsequent contractor immediately upon being notified that the client has moved to another Contractor Zone, or in any other situation where a new Contractor assumes responsibility for the client.

A.36 The Contractor shall destroy sensitive client information when the documentation is no longer required. The method must conform to all applicable State and Federal laws, and with section E.12 of this Contract with regard to client information.

A.37 The Contractor shall submit a corrective action plan describing its strategy for complying with the Contractor WPR, whenever it fails to attain or maintain the required minimum of 65%. This corrective action plan shall be submitted for State approval within seven (7) calendar days following Contractor notification by the State of failure to achieve or maintain achievement of the 65% work participation rate.

State Responsibilities

A.38 The State will assign each client to a DHS Client Representative who will provide a comprehensive orientation to the client prior to referring that individual to the Contractor for assessment and engagement.

A.39 The State will refer clients to the Contractor and will share any relevant information with the Contractor.

A.40 The DHS Client Representative will monitor client progress and Contractor performance for each client.

A.41 The State will arrange for the provision of child care for the dependent children of the client utilizing a network of child care certificate providers.

A.42 The State will update the client case record with employment information and income information for eligibility purposes.

A.43 The State will notify the Contractor of changes to the status of the client including case closure, incapacity decisions, or other factors that affect the Contractor's obligation to serve the client.

A.44 The State may remove a client from the Contractor's caseload when a referral to the State's Medical Evaluation Unit for a medical review is necessary to determine incapacity or disability.

A.45 The State will manage the conciliation and sanction process for non-compliant clients.

A.46 The State will monitor performance of the Contractor to ensure that all contract requirements are fulfilled.

A.47 The State will provide translation services accessible via the telephone and will provide a copy of the six-language notice guide referenced above at Section A.9.

A.48 The State will provide Twenty-Nine Thousand Six Hundred Twenty-Four (29,624) hours of Family Services Counseling (FSC) for utilization by clients actively participating in a work activity who would benefit from the service.

The State reserves the right to revise the number of hours of FSC for utilization by clients within the zone applicable to the contract, when it is appropriate to reallocate underutilized FSC hours.

A.49 The State will provide access to the State's eligibility and case management system necessary to fulfill the contract requirements.

A.50 The State will provide access to policy manuals and updates thereto, bulletins, memorandums and any other publications that are required to successfully perform under the contract.

A.51 The State will provide each Contractor with an initial general orientation to the Families First program, including child care and transitional services.

A.52 The State will provide eligibility and case management system navigation training for work activity documentation for up to two representatives of each Contractor who in turn will be responsible for training any other contract staff that the Contractor chooses to train.

A.53 The State, at its option, may utilize video conferencing or other electronic media to accomplish any of the above training or orientation, etc.

A.54 The State will develop invoice and report templates for the Contractor's use.

A.55 The State may allow the Contractor to recommend clients for an employment placement in available interim state positions. The State does not make any guarantee as to number of positions available, if any.

A.56 The State will provide each Contractor with a monthly Contractor WPR report that is based on all referred clients.

A.57 The State will provide each Contractor a list of closed cases for all referred clients on a monthly basis.

A.58 The State reserves the right to review and approve any change in key personnel by the Contractor.

A.59 In the event a dispute regarding a client arises between the parties to this contract, the State shall have the final decision making authority.

B. CONTRACT TERM:

B.1. Contract Term. This Contract shall be effective for the period commencing on April 1, 2007 and ending on June 30, 2012. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Fifty-Seven Million Four Hundred Sixteen Thousand Dollars and No Cents ($57,416,000.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended. The Maximum Liability may be amended to reflect better than anticipated performance on the Contractor's part, or to reflect an increase in the number of TANF clients for which services are being provided.

C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates herein for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1.

C.3.a. Service Units/Milestones

The Contractor's compensation shall be contingent upon the satisfactory completion of the following units of service or project milestones. The Contractor shall be compensated based upon the following Service Rates:

SERVICE UNIT/MILESTONE	**AMOUNT**
CAPITATION RATES	
The State will pay the Contractor a monthly capitation amount to assist in providing services to each client (further defined in section C.3.b below).	
Initial Capitation Rate	$100/month

Monthly Maintenance Capitation Rate equal to 40% of the Initial Capitation Rate — $ 40/month

WORK RETENTION PAYMENTS

TIER ONE: ENHANCED RETENTION PAYMENTS

The State will make Enhanced Retention Payments when the Families First client employment income is sufficient to close the case (further defined in C.3.c.(i) and (iv) below.

1-month Enhanced Retention Payment equal to 5% of the Total Enhanced Retention Rate — $ 230

3 month Enhanced Retention Payment equal to 10% of the Total Enhanced Retention Rate — $ 460

6 month Enhanced Retention Payment equal to 15% of the Total Enhanced Retention Rate — $ 690

9 month Enhanced Retention Payment equal to 70% of the Total Enhanced Retention Rate — $ 3,220

WORK RETENTION PAYMENTS

TIER TWO: RETENTION PAYMENTS

The State will make Retention Payments when the Families First case remains open after client employment (further defined in C.3.c.(ii) and (iv) below.)

1 month Retention Payment equal to 60% of the 1-month Enhanced Retention Payment — $ 138

3 month Retention Payment equal to 60% of the 3-month Enhanced Retention Payment — $ 276

6 month Retention Payment equal to 60% of the 6-month Enhanced Retention Payment — $ 414

9 month Retention Payment equal to 60% of -the 9-month Enhanced Retention Payment — $ 1,932

Annual Retention Cap: The total amount paid for services provided pursuant to the Tier One: Enhanced Retention Payments and the Tier Two: Retention Payments described above shall not exceed the following amounts for each year of the contract, unless the performance benchmarks defined in Section C.3.d are surpassed:

FY 2007-2008	FY 2008-2009	FY 2009-2010	FY 2010-2011	FY 2011-2012
$6,237,200	$6,237,200	$6,237,200	$6,237,200	$6,237,200

GED Completion Payment (further defined in C.3.c(v) below) — $1

Vocational Education Completion and Placement Payment (further defined in C.3.c(vi) below) — $1

The Contractor shall submit monthly invoices, in form and substance acceptable to the State, with all of the necessary supporting documentation, prior to any payment. Such invoices shall be submitted for completed units of service or project milestones for the amount stipulated.

C.3.b. Capitation Rate

The Contractor shall be paid a monthly capitation amount to assist in providing services to each client. The initial capitation rate shall be paid for the first three months following referral. After three months, the Contractor shall be paid a monthly maintenance capitation rate equal to 40% of the initial capitation rate. The State will pay the initial capitation rate for the first three months for all clients referred beginning May 1, 2007 and will pay the monthly maintenance capitation rate thereafter, for only those clients who are scheduled to participate in core or non-core activities. In the event that a client's Families First case closes for at least three months and that client returns to the Contractor, that Contractor shall be allowed to again bill the initial capitation rate for the first three months the client is engaged before returning to the maintenance capitation rate.

C.3.c. Work Retention Performance Payments-Two Tiered System

The Contractor shall be paid, subject to the limitations indicated in Section C.3.a above, for performance in the area of Work Retention utilizing a two-tiered system as outlined below.

C.3.c.(i) Tier One: Enhanced Retention Payments-paid when client employment income is sufficient to close the case.

C.3.c.(i)(A) Enhanced Retention Payments for working clients shall be paid only when the Contractor assists in securing the client a job for at least 30 hours per week resulting in case closure due to income. In the case of clients who are referred to the Contractor with a job, the Contractor is not eligible for Enhanced Retention Payments. However, the Contractor shall become eligible for Enhanced Retention payments by assisting that client in securing a new job or position resulting in an increase in gross weekly income and closure of the Families First case.

C.3.c.(i)(B) When a client moves from one Contractor Zone to another Contractor Zone, the original Contractor may continue to support the client for Enhanced Retention and invoice the State as described herein. The new Contractor shall also qualify for Enhanced Retention payments if, and only if, the Contractor assists the client in securing a new job or position resulting in an increase in gross weekly income.

C.3.c.(i)(C) In order for the Contractor to qualify for an Enhanced Retention payment, the client must be continuously employed for the period for which the Enhanced Retention payment is claimed. Notwithstanding the foregoing, the State will allow one two-week break (14 consecutive calendar days) from employment during the nine-month period, as long as the Contractor assists the client in starting a new job within two weeks of separation from the previous job (If the 14th day falls on Saturday, Sunday or a State-recognized holiday, the Contractor shall have until the following business day).

C.3.c.(i)(D) The Total Enhanced Retention rate shall serve as the basis for making incremental retention payments as outlined below.

C.3.c.(i)(D)(1) 1-month Enhanced Retention payment equal to 5% of the Total Enhanced Retention rate- After the client has been employed for 1 month in a job that qualifies for an Enhanced Retention payment, the Contractor may invoice the State.

C.3.(c)(i)(D)(2) 3-month Enhanced Retention payment equal to 10% of the Total Enhanced Retention rate- After the client has been employed for 3 months in a job that qualifies for an Enhanced Retention payment, the Contractor may invoice the State.

C.3.(c)(i)(D)(3) 6-month Enhanced Retention payment equal to 15% of the Total Enhanced Retention rate- After the client has been employed for 6 months in a job that qualifies for an Enhanced Retention payment, the Contractor may invoice the State.

C.3.(c)(i)(D)(4) 9-month Enhanced Retention payment equal to 70% of the Total Enhanced Retention rate- After the client has been employed for 9 months in a job that qualifies for an Enhanced Retention payment, the Contractor may invoice the State.

C.3.(c)(ii) Tier Two: Retention Payments-paid when the Families First case remains open after client employment

C.3.(c)(ii)(A) Retention payments for clients working at the time of referral shall be paid only when the Contractor assists in securing the client a job for at least 30 hours per week. In the case of clients who are referred to the Contractor with a 30-hour or greater per week job, the Contractor is not eligible for Retention Payments. However, the Contractor shall become eligible for Retention payments by assisting that client in securing a new job or position resulting in an increase in gross weekly income, or for Enhanced Retention payments by assisting that client in securing a new job or position resulting in an increase in gross weekly income and closure of the Families First case.

C.3.(c)(ii)(B) When a client moves from one Contractor Zone to another Contractor Zone, the original Contractor may continue to monitor the client for retention and invoice the State as described herein. The new Contractor shall also qualify for Retention payments if, and only if, the Contractor assists the client in securing a new job or position resulting in an increase in gross weekly income.

C.3.(c)(ii)(C) In order for a job to qualify for a Retention payment the client must be continuously employed for the period for which the Retention payment is claimed. Notwithstanding the foregoing, the State will allow one two-week break (14 consecutive calendar days) from employment during the nine-month period, as long as the Contractor assists the client in starting a new job within two weeks of separation from the previous job (If the 14th day falls on

Saturday, Sunday or a State-recognized holiday, the Contractor shall have until the following business day).

C.3.(c)(ii)(D) The schedule and percentage of payments for Retention is outlined below. In the event that the employment retention payment is scheduled to be made subsequent to the contract expiration date, the Contractor will accrue and continue to receive payment from the State pursuant to the invoicing procedures indicated in the following sections:

C.3.(c)(ii)(D)(1) 1-month Retention payment equal to 60% of the 1-month Enhanced Retention Payment- After the client has been employed for 1 month in a job that qualifies for a Retention payment, the Contractor may invoice the State.

C.3.(c)(ii)(D)(2) 3-month Retention payment equal to 60% of the 3-month Enhanced Retention payment- After the client has been employed for 3 months in a job that qualifies for a Retention payment, the Contractor may invoice the State.

C.3.(c)(ii)(D)(3) 6-month Retention payment equal to 60% of the 6-month Enhanced Retention payment- After the client has been employed for 6 months in a job that qualifies for a Retention payment, the Contractor may invoice the State.

C.3.(c)(ii)(D)(4) 9-month Retention payment equal to 60% of the 9-month Enhanced Retention payment- After the client has been employed for 9 months in a job that qualifies for a Retention payment, the Contractor may invoice the State.

C.3.(c)(iii) Payments for Interim State Positions

The interim state positions [described in A.55) are paid positions lasting no more than twelve months. A Contractor who places a client in one of the interim state positions shall be eligible for Tier Two Retention payments as outlined in C.3.a.. However, in order to invoice the State for the 9-month Retention Payment, the Contractor shall have secured the client a subsequent job for a minimum of thirty hours per week. The Contractor shall not be eligible for the Enhanced Retention payment rate regardless of whether the income causes the case to close for interim state position placements.

C.3.(c)(iv) Transition from One Tier to Another

C.3.(c)(iv)(A) A client who starts in the Retention tier, but who has an increase in earnings that closes the case, may be moved to the Enhanced Retention Payment tier so the Contractor can benefit from the higher payment amounts.

C.3.(c)(iv)(B) The Contractor may invoice the State for the Enhanced Retention payments for each scheduled payment after the case closes. The Contractor shall not invoice for the Enhanced Retention rate for any months prior to case closure.

C.3.(c)(iv)(C) A client in the Enhanced Retention tier who again becomes eligible for Families First during the nine-month retention period and

continues employment of thirty (30) hours or more per week shall be moved to the Retention tier after the Families First case reopens.

C.3.(c)(iv)(D) The Contractor may invoice the State for the Retention payments for each scheduled payment after the case reopens. The Contractor shall not invoice for the Enhanced Retention rate for any months after the case reopens.

C.3.(c)(v) GED Completion Payments

The Contractor may invoice the State when the client receives his or her GED from a State accredited program and was active at the time the test was taken.

C.3.(c)(vi) Vocational Education Completion and Placement Payments

C.3.(c)(vi)(A) The Contractor shall invoice only for clients completing a vocational education program meeting the following guidelines.

C.3.(c)(vi)(A)(1) The program must lead to a portable, industry-recognized credential and subsequent job placement in a field related to the credential.

C.3.(c)(vi)(A)(2) The program must be provided by education and training organizations certified by the State of Tennessee or a comparable certifying authority.

C.3.(c)(vi)(B) The Contractor may invoice the State when the active client receives a qualified Vocational Education credential and job placement as described above.

C.3.(c)(vi)(C) The Contractor may also be eligible for Retention payments if the job placement qualifies under the Retention payments section above.

C.3.d. The State shall establish an incentive pool, which shall be funded at a minimum of three million dollars ($3,000,000) in each year of the contract, and shall be accessible to Contractors in addition to the amounts shown in Section C.3.a, above. Contingent upon the Contractor's performance in surpassing the performance benchmarks shown in the following table, the Annual Retention Cap described in Section C.3.a will be increased each year, as determined by the Contractor's share of the incentive pool. An individual contractor's share of the incentive pool will be determined by the percentage of its share of the total number by which all contractors have exceeded their respective combined performance benchmarks.

Measurement of the incentive pool benchmarks identified below will occur on June 30 of each State fiscal year. The performance benchmarks for this contract are as follows:

	FY 2007-2008	FY 2008-2009	FY 2009-2010	FY 2010-2011	FY 2011-2012
1 Month Enhanced Retentions	488	488	488	488	488
9 Month Enhanced Retentions	92	92	92	92	92

Instances of employment retention that exceed the benchmarks shown in the above table will be paid in accordance with the payment amounts shown in Section C.3.a, and will be capped at the lesser of actual payment amounts earned <u>or</u> the Contractor's share of the total incentive pool.

C.3.e. The State shall hold any payment due to the Contractor upon termination or expiration of the Contract until all files are satisfactorily transferred to the State.

C.3.f. Beginning with the October 2007 invoice, the State will reduce and hold back the total monthly payment due to the Contractor by the same percentage the Contractor fails to meet the Contractor WPR of sixty-five percent (65%). The amount of monies held back shall not exceed one million six hundred fifteen thousand dollars ($1,615,000) per year of the contract.

Any holdback monies retained by the State will be released to the Contractor when the Contractor WPR improves to an aggregate Contractor WPR of sixty-five percent (65%).

In the event that the State meets or exceeds its WPR requirement of fifty percent (50%), and the Contractor attains, at a minimum, a sixty percent (60%) aggregate WPR, any amount held back in accordance with the above condition shall be released to the Contractor. Alternately, if the State meets or exceeds its WPR requirement of fifty percent (50%), and the Contractor attains at least a fifty-five percent (55%) aggregate WPR, one-half of the amount held back in accordance with the above condition shall be released to the Contractor. On October 1 of each contract year, the aggregation of the Contractor Work Participation Rate will begin again and will be calculated from that point forward for a period of twelve months.

In the event of contract termination, the State will retain any holdback.

C.3.g. In the case where documentation necessary to meet the work verification plan requirements or performance funding payments is deemed to be inadequate by DHS, the contractor agrees to compensate the state (DHS) for its portion of any costs incurred as a result of the inadequate documentation.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.

C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.

C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.

C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.

C.8. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.

D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.

D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least ninety (90) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Any liability of the Contractor to the State and third parties for any claims, losses, or costs arising out of or related to acts performed by the Contractor under this agreement shall be governed by the Tennessee Claims Commission Act, *Tennessee Code Annotated*, Section 9-8-301, *et seq.*

D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, the section of this Contract pertaining to "Nondiscrimination" (section D.6.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime Contractor and shall be responsible for all work performed.

D.6. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Prohibition of Illegal Immigrants. The requirements of Public Acts of 2006, Chapter Number 878, of the state of Tennessee, addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

a. The Contractor hereby attests, certifies, warrants, and assures that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document as Attachment G, hereto, semi-annually during the period of this Contract. Such attestations shall be maintained by the Contractor and made available to state officials upon request.

b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the period of this Contract, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work relative to this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work relative to this Contract. Attestations obtained from such subcontractors shall be maintained by the Contractor and made available to state officials upon request.

c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Said records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.

d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Public Chapter 878 of 2006 for acts or omissions occurring after its effective date. This law requires the Commissioner of Finance and Administration to prohibit a Contractor from contracting with, or submitting an offer, proposal, or bid to contract with the State of Tennessee to supply goods or services for a period of one year after a Contractor is discovered to have knowingly used the services of illegal immigrants during the performance of this contract.

e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not either a United States citizen, a Lawful Permanent Resident, or a person whose physical presence in the United States is authorized or allowed by the federal Department of Homeland Security and who, under federal immigration laws and/or regulations, is authorized to be employed in the U.S. or is otherwise authorized to provide services under the Contract.

D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.

D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.

D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.

D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services.

D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.

D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.

D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.

D.16. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

D.17. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.

D.18. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.

E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:
J. SHANNON BARNHILL
Director, Family Assistance Contracts
Department of Human Services
400 Deaderick Street
Citizens Plaza Building, 12th Floor
Nashville, TN 37248
615-313-5652
615-313-6619 (Facsimile)

The Contractor:
Jill Gardner, Director, Fiscal Affairs and Operations
EAST TENNESSEE STATE UNIVERSITY
100 CR Drive
Box 70254
Johnson City, TN 37614
423-439-6061
423-439-6070 (Facsimile)

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

E.4. Breach. A party shall be deemed to have breached the Contract if any of the following occurs:

— failure to perform in accordance with any term or provision of the Contract;

— partial performance of any term or provision of the Contract;
— any act prohibited or restricted by the Contract, or
— violation of any warranty.

For purposes of this contract, these items shall hereinafter be referred to as a "Breach."

In the event that the Contractor attains the required Work Participation Rate of sixty-five percent (65%), but the State fails to meet its federal Work Participation Rate requirement, the Contractor shall not be deemed to have breached the Contract.

a. Contractor Breach— The State shall notify Contractor in writing of a Breach.

(1) Partial Default— In the event of a Breach, the State may declare a Partial Default. In which case, the State shall provide the Contractor written notice of: (1) the date which Contractor shall terminate providing the service associated with the Breach; and (2) the date the State will begin to provide the service associated with the Breach. Notwithstanding the foregoing, the State may revise the time periods contained in the notice written to the Contractor.

In the event the State declares a Partial Default, the State may withhold amounts which would be paid the Contractor to provide the defaulted service. To determine the amount the Contractor is being paid for any particular service, the Department shall be entitled to receive within five (5) days any requested material from Contractor. The State shall make the final and binding determination of said amount.

Contractor agrees to cooperate fully with the State in the event a Partial Default is taken.

(2) Opportunity to Cure—

(a) The Contractor may request the opportunity to cure a breach of contract due to a problem in contract performance. The request for a cure period must be submitted in writing within three business days of Contractor being notified of, or becoming aware of, a performance problem. The State's approval shall not be unreasonably withheld.

(b) The cure period granted under subsection (a) shall not exceed 30 days. The Contractor may submit a written request for a cure period longer than 30 days setting forth the reasons for this request.

(c) This opportunity to cure shall not be available in circumstances in which the contractor intentionally withholds its services or otherwise refuses to perform. The State will not consider a request to cure contract performance where there have been repeated problems with respect to identical or similar issues, if a cure period would unreasonably delay completion of the contract, or if State operations dependent on the contract would be adversely affected.

(3) Contract Termination— In the event of a Breach, the State may terminate the Contract immediately or in stages. The Contractor shall be notified of the termination in writing by the State. Said notice shall hereinafter be referred to as Termination Notice. The Termination Notice may specify either that the termination is to be effective immediately, on a date certain in the future, or that the Contractor shall cease operations under this Contract in stages. In the event of a termination, the State may withhold any amounts which may be due Contractor without waiver of any other remedy or damages available to the State at law or at equity. Contractor agrees to cooperate with the State in the event of a Contract Termination or Partial Takeover.

b. State Breach— In the event of a Breach of contract by the State, the Contractor shall notify the State in writing within 30 days of any Breach of contract by the State. Said notice shall contain a description of the Breach. Failure by the Contractor to provide said written notice shall operate as an absolute waiver by the Contractor of the State's Breach. In no event shall any Breach on the part of the State excuse the Contractor from full performance under this Contract.

E.5. Partial Takeover. The State may, at its convenience and without cause, exercise a partial takeover of any service which the Contractor is obligated to perform under this Contract, including but not limited to any service which is the subject of a subcontract between Contractor and a third party, although the Contractor is not in Breach (hereinafter referred to as "Partial Takeover"). Said Partial Takeover shall not be deemed a Breach of Contract by the State. Contractor shall be given at least 30 days prior written notice of said Partial Takeover with said notice to specify the area(s) of service the State will assume and the date of said assumption. Any Partial Takeover by the State shall not alter in any way Contractor's other obligations under this Contract. The State may withhold from amounts due the Contractor the amount the Contractor would have been paid to deliver the service as determined by the State. The amounts shall be withheld effective as of the date the State assumes the service.

E.6. Printing Authorization. The Contractor agrees that no publication coming within the jurisdiction of ***Tennessee Code Annotated***, Section 12-7-101, *et. seq.*, shall be printed unless a printing authorization number has been obtained and affixed as required by ***Tennessee Code Annotated***, Section 12-7-103 (d).

E.7. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.

E.8. Incorporation of Additional Documents. Included in this Contract by reference are the following documents:

a. The Contract document and its attachments
b. All Clarifications and addenda made to the Contractor's Proposal
c. The Request for Proposal and its associated amendments
d. Technical Specifications provided to the Contractor
e. The Contractor's Proposal

In the event of a discrepancy or ambiguity regarding the Contractor's duties, responsibilities, and performance under this Contract, these documents shall govern in order of precedence detailed above.

E.9. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:

No federally appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients of federally appropriated funds shall certify and disclose accordingly.

E.10. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.

E.11. Confidentiality of Records. Strict standards of confidentiality of records shall be maintained in accordance with the law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of State law and ethical standards and shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with State law and ethical standards.

The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

E.12. Public Accountability. If the Contractor is subject to *Tennessee Code Annotated*, Title 8, Chapter 4, Part 4 or if this Contract involves the provision of services to citizens by the Contractor on behalf of the State, the Contractor agrees to establish a system through which recipients of services may present grievances about the operation of the service program, and the Contractor shall display in a prominent place, located near the passageway through which the public enters in order to receive services pursuant to this contract, a sign at least twelve inches (12") in height and eighteen inches (18") in width stating:

NOTICE: THIS AGENCY IS A RECIPIENT OF TAXPAYER FUNDING. IF YOU OBSERVE AN AGENCY DIRECTOR OR EMPLOYEE ENGAGING IN ANY ACTIVITY WHICH YOU CONSIDER TO BE ILLEGAL, IMPROPER, OR WASTEFUL, PLEASE CALL THE STATE COMPTROLLER'S TOLL-FREE HOTLINE: 1-800-232-5454

E.13. Environmental Tobacco Smoke. Pursuant to the provisions of the federal "Pro-Children Act of 1994" and the Tennessee "Children's Act for Clean Indoor Air of 1995," the Contractor shall prohibit smoking of tobacco products within any indoor premises in which services are provided pursuant to this Contract to individuals under the age of eighteen (18) years. The Contractor shall post "no smoking" signs in appropriate, permanent sites within such premises. This prohibition shall be applicable during all hours, not just the hours in which children are present. Violators of the prohibition may be subject to civil penalties and fines. This prohibition shall apply to and be made part of any subcontract related to this Contract.

E.14. Public Exigency Service Provision Extension. At the option of the State, the Contractor agrees to continue services for the Department when the Department determines there is a public exigency that requires the contracted services to continue. Continuation of services pursuant to this subsection shall be in six (6) month increments and the total of all public exigency extensions shall not exceed twelve (12) months. Thirty (30) days notice shall be given by the Department before this option is exercised. The Contractor reimbursement rate during emergency periods

shall be the established regular Unit Rates in effect during the last year of this Contract, or as amended during that period and which is effective on the date of the thirty (30) days notice.

E.15. Contract Services Transition. Upon termination of this Contract for any reason, the Contractor shall, as requested by the State in writing, assist the State to ensure continuity and an orderly transfer of responsibility relating to all services required pursuant to this Contract to any entity designated by the State.

E.15.a. The Contractor shall deliver, FOB (free on board) destination, all records, documentation, reports, data, hard copy and electronic files, recommendations, etc., which were required to be produced under the terms of the Contract to the State and/or the State's designee promptly and with due diligence after receipt of the written request.

E.15.b. The Contractor shall discontinue providing the service or accepting new assignments under the terms of this Contract, on the date specified by the State, in order to ensure the completion of such service prior to the termination of the Contract.

E.16. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in ***Tennessee Code Annotated***, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System (TCRS), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established pursuant to ***Tennessee Code Annotated***, Title 8, Chapter 35, Part 3 accepts state employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the period of this Contract.

E.17. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it and its principals:

a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal or State department or agency;

b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offence in connection with obtaining attempting to obtain, or performing a public (Federal, State, or Local) transaction or grant under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;

c. are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or Local) with commission of any of the offenses detailed in section b. of this certification; and

d. have not within a three (3) year period preceding this Contract had one or more public transactions (Federal, State, or Local) terminated for cause or default.

E.18. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations.

a. Contractor warrants to the State that it is familiar with the requirements of HIPAA and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract.

b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations, in the course of performance of the Contract so that both parties will be in compliance with HIPAA.

c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by HIPAA and that are reasonably necessary to keep the State and Contractor in compliance with HIPAA. This provision shall not apply if information received by the State under this Contract is NOT "protected health information" as defined by HIPAA, or if HIPAA permits the State to receive such information without entering into a business associate agreement or signing another such document.

E.19. Contractor Commitment to Diversity. The Contractor shall comply with and make reasonable business efforts to exceed the commitment to diversity represented by the Contractor's proposal responding to RFP-**345.30-001** (Attachment 6.3, Section B, Item B.13.) and resulting in this Contract.

The Contractor shall assist the State in monitoring the Contractor's performance of this commitment by providing, as requested, a quarterly report of participation in the performance of this Contract by small business enterprises and businesses owned by minorities, women, and persons with a disability. Such reports shall be provided to the state of Tennessee Governor's Office of Business Diversity Enterprise in form and substance as required by said office.

IN WITNESS WHEREOF:

EAST TENNESSEE STATE UNIVERSITY:

Paul E. Stanton 3/19/07

PAUL E. STANTON, JR., PRESIDENT DATE

DEPARTMENT OF HUMAN SERVICES:

Virginia T. Lodge 3/21/07

VIRGINIA T. LODGE, COMMISSIONER DATE

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr. 4/3/07

M. D. GOETZ, JR., COMMISSIONER DATE

COMPTROLLER OF THE TREASURY:

John G. Morgan/CWR 4-11-07

JOHN G. MORGAN, COMPTROLLER OF THE TREASURY DATE

ATTACHMENT A

GLOSSARY

Assessment	A client evaluation performed by the Contractor to identify personal and job-related characteristics that will guide the Contractor in developing both long- and short-term career goals resulting in unsubsidized employment
Bulletins	Written communications from the Department of Human Services to all related field offices and associated program Contractors that serve to introduce, discuss and clarify Families First policy
Capitation Rate	A monthly rate paid to a Contractor, per Families First client, for providing employment preparation, placement and retention services, support services, and transportation
Career Plan	A plan developed by the Contractor and Families First client to address both long- and short-term career goals. In the plan, the client agrees to engage in certain work/training activities for the purpose of ultimately gaining employment. This plan is a part of the client's Personal Responsibility Plan and may also be referred to as an "individualized" career plan
Child Care Certificate	Families must be determined eligible by DHS staff before they can participate in the Child Care Certificate program. If eligible, the parent is given a document (child care certificate) to present to his/her chosen Child Care Certificate provider so that DHS can make payments directly to that provider for the individual's child care.
Child Care Certificate Program	The Child Care Certificate Program is the Tennessee's assistance program for low income and at risk children. Funding for the Certificate Program comes from the federal Families First/TANF block grant and the Child Care Development Block Grant (CCDBG).
Child Care Providers	Individuals/agencies that provide child care for a fee – this fee is paid by the Department of Human Services to provide Child Care for Families First clients who are engaged in work/training activities
Client Referral	The process by which the DHS Client Representative will send the Families First client to the Contractor for employment preparation, placement, and retention services

Client Representative	A DHS staff member who is responsible for guiding the Families First client through the Program and assisting the client and Contractor, as needed, with issues related to the provision of employment preparation and placement
Concillation	A period of time (10 days) given to a Families First participant to establish good cause or comply with work/training activities
Continuously Employed	Unsubsidized employment for a period of nine (9) consecutive months with no more than one break of a maximum of 14 consecutive calendar days
Contractor WPR (Work Participation Rate)	A fraction in which the numerator is the number of Families First individuals who meet the criteria for full engagement, and in which the denominator is the total of all Families First individuals referred to the Contractor within a given month (plus the number of individuals still in active status from previous months) – the expectation is that Contractors will meet a 65% monthly WPR
Contractor Zone	A county or counties for which the Contractor will be responsible
Countable Hours	Hours in a core or non-core training/ work activity that can be counted toward the Work Participation Rate
Deficit Reduction Act of 2005	A federal law, the provisions of which affect TANF issues and regulations that address: • when an activity can count as one of the federally listed work activities; • uniform methods for representative participation hours; • documentation needed for verifying reported hours; and • circumstances under which a participant who resides with a child receiving assistance should be included in the work participation rate
Disengagement	Act of ceasing to participate in Families First training/work activities
Engagement	Participation in training/work activities
Enhanced Retention Payments	Payments made to the Contractor by the State for clients with a job of 30 hours per week or more and earned income that is sufficient to close the Families First case – paid at intervals of one (1) month, three (3) months, six (6) months and nine (9) months
ESL – English as a Second Language	An activity to teach non-English speaking individuals English - can be counted as a non-core activity

Fair Labor Standards Act (FLSA)	Federal law stating that subsidized jobs must pay participants wages that are equal to or exceed applicable Federal or State minimum wage (also applies to Work Experience and Community Service hours)
Families First 60-Month Lifetime Limit	The limit of time, during a client's life as a Families First eligible adult, that he/she may receive Families First (TANF) cash payments
Families First Orientation	A clear explanation of the Families First, program including the Personal Responsibility Plan requirements, work and training requirements, child care, supportive services, penalties and processes, which is given by the DHS Client Representative
Families First (FF) Program	Tennessee's TANF program – A goal-oriented, time limited assistance program for families with dependent children
Family Services Counseling (FSC)	A Families First support service developed to assist clients in managing or overcoming barriers which compromise their ability to move toward self-sufficiency
Federal WPR (Work Participation Rate)	A fraction in which the numerator is the actual number of Families First individuals engaged in work activities, and in which the denominator is the total of all Families First individuals eligible to be engaged in activities – states are expected to meet a 50% WPR
Full Engagement	Participation in 30 hours of countable activities, with a minimum of 20 hours in core activities and the remaining10 hours in core or non-core activities or any combination thereof
Good Cause	Acceptable reason(s) for failure to participate in a work/training activity, as defined by Families First policy
Incapacity	Deemed to exist when a parent or eligible caretaker has a physical or mental illness or impairment. Claims shall be supported by competent medical testimony and must be of such a debilitating nature as to reduce substantially or eliminate a parent's ability to support or care for the otherwise eligible child and be expected to last for a period of at least 30 days
Initial Capitation Rate	A monthly rate paid to a Contractor for providing employment preparation, placement and retention services, support services, and transportation for the initial three (3) months of service to a client
Job Retention and Progression Activities	Activities provided by the Contractor that will assist the Families First clients in keeping a job and moving toward higher pay, a better position, or increased knowledge, skills, and/or responsibility. within their chosen careers

Maintenance Capitation Rate	A monthly rate paid to a Contractor for providing employment preparation, placement and retention services, support services, and transportation beginning with the 4th month of services to a client
Market Driven Career Assessments	A career evaluation based on a client's needs, interests and skills in relation to current/future availability of specific employment opportunities and needs within a defined environment
Memorandums	Written communications from the Department of Human Services to all related field offices and associated program Contractors that serve to introduce, discuss and clarify Families First policies and procedures
Needy State	A state having current food stamp caseloads that are at least 10% higher than food stamp caseloads (with some adjustments) in 1994 and 1995
PDF Format (Portable Document Format)	Electronic format that allows capture and viewing of documents from any application on any computer system to be shared with anyone - to be used between Contractor and State
Pre-proposal Conference	Conference to discuss the Request for Proposal (RFP) Scope of Services
Proposal Evaluation Team	A team made up of three or more State employees chosen to assess each Technical Proposal that appears responsive to the RFP
PRP (Personal Responsibility Plan)	A contract between the Contractor and the Families First client, whereby the client agrees to engage in work/training activities and the Contractor agrees to provide services to assist in that engagement – includes the client's career plan
Retention Payments	Payments made to the Contractor by the State at intervals of one (1) month, three (3) months, six (6) months and nine (9) months for clients who have retained employment for those periods of time, but at an earning level insufficient to close the Families First case
RFP Coordinator	The individual who manages the RFP process - the State's only official point of contact for a RFP
Sanction	Families First cash termination resulting from client non-compliance with a work/training requirement, without good cause
Sanction Process for Non-compliance	The process involving Families First cash termination, the conciliation period, determination of good cause and the possible resumption of eligibility based on the existence of good cause or client compliance with a work/training activity for a five (5) day period

Satisfactory Progress	Progress which includes both quantitative (i.e., time frame) and qualitative (i.e. grade point average) measures as defined by the educational/training facility in which the recipient is enrolled
Scope of Services	Portion of the contract defining the services, responsibilities, and accountability needed to provide Families First Case Management and Employment Services
Screening	Testing and/or analyzing individuals to ascertain particular characteristics/needs
Six Language Attachment	Publication that includes a statement in English, Spanish, Bosnian, Somali, Arabic, Kurdish-Bandinani, and Kurdish-Sorani that refers clients to a telephone number for language assistance with correspondence – the attachment is to be included with all information mailed to Families First clients until it has been determined that a client's primary language is English
Standard of Need	Amount set annually by the Tennessee State Legislature that reflects the true costs of: • safe, healthful housing; • minimum clothing for health and decency; and • low-cost adequate food budget as recommended by the USDA This amount determines the income level used to determine Families First financial eligibility
Support Services	Services provided to assist the Families First client's participation in work and/or training activities - may include but are not limited to work clothes, tools, licenses, certification tests, auto insurance payments, vehicle repairs, car payments, hearing aids, dental service, eyeglasses, and counseling
TANF (Temporary Assistance for Needy Families)	Name of the Federal program for temporary cash assistance to families in financial need – known as Families First in Tennessee
TennCare	Health insurance program for certain Tennesseans consisting of TennCare Medicaid for persons who are Medicaid eligible and Tenncare Standard for persons who are not Medicaid eligible but who have been determined to meet the State criteria of either being either uninsured or uninsurable
Translation Services	Service provided by an agency/individual to the Contractor for the purpose of translating for a non-English speaking individual in person or by telephone – the State will pay for the existing phone translation services – the Contractor may provide other services that include translation of written materials provided to non-English participants

ATTACHMENT B

CONTRACTOR WORK PARTICIPATION RATE CALCULATION

The WPR is the number of Families First participants fully engaged in work activities, expressed as a percentage of the total number of clients referred to a contractor. To be considered fully engaged, a client must be countable as engaged by all applicable federal regulations and the rules outlined in this document. These include:

- an average of at least 30 hours per week over the course of the month in work and training activities described in this document, and
- a minimum of 20 hours per week in activities designated by federal regulations as core activities, and
- daily hours and attendance tracked in the state eligibility and case management system, entered at least weekly, and
- where applicable, making satisfactory progress.

To calculate the WPR, the department will, each month, determine how many individuals were referred to the contractor that month, and how many individuals remain as open cases in the contractor's caseload from prior months. The resulting sum is the denominator of the WPR. The numerator is the number of individuals who meet the criteria for full engagement as outlined above and elsewhere in this document.

All clients referred to the contractor will be considered in the WPR[1], and will be used to assess whether a contractor has achieved the required 65% WPR. A client will be removed from the WPR when a client requests a referral to the state Medical Evaluation Unit for determination of disability or incapacity. Clients will also be removed upon case closure or client transfer out of the contractor's zone.

Contractors should be aware that all absences from activities that are tracked daily must be noted, and may negatively affect the ability of an individual to be counted positively in the WPR. Each individual is limited to ten days, calculated as 60 total hours, of absence per year. Further, there can be no more than two days, or 12 hours, of absence in any one month. Absences due to activity site holidays are counted as activity, not absence, hours. Within those limits, hours of absence are not subtracted from hours a client is considered engaged in an activity. Hours of absence beyond these, however, must be deducted from actual work hours and may cause a client to fall below the average minimum weekly work hours needed to be considered fully engaged.

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[1] Not all Families First clients will be referred to the contractor. Clients who are determined in the screening process to be exempt from work requirements will not be the responsibility of the contractor. Exempted clients include:

- Caretakers age 65 and older
- Adults determined by the Department to be either incapacitated or disabled
- Parents caring full time for an incapacitated family member
- Teen parents enrolled in a traditional high school
- Single mothers with an infant under four months
- Caretakers who are not included in the Families First assistance group because they are relative caregivers, receiving SSI payments, or unable to work due to citizenship status

ATTACHMENT C

FLSA EXAMPLE CALCULATION

FLSA WORK HOUR CALCULATIONS Minimum Wage = $5.15/hr

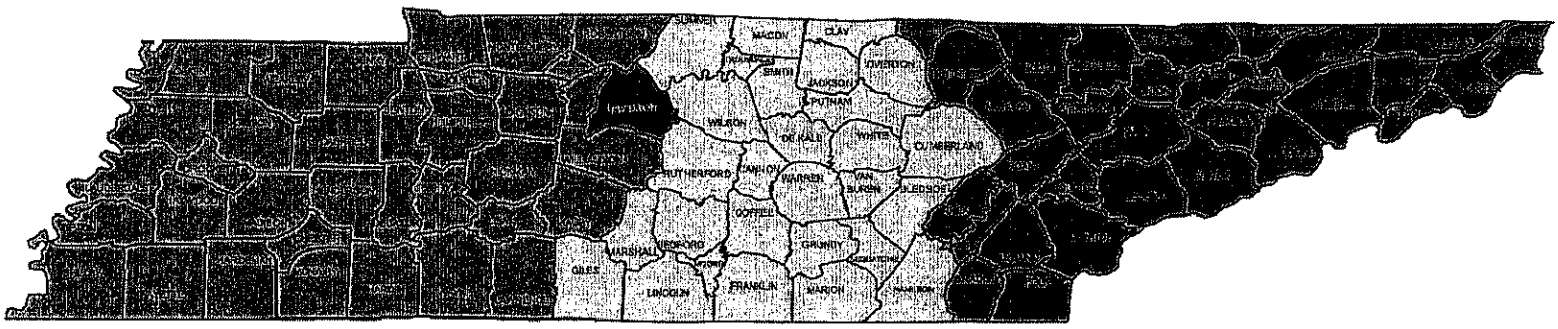
When a client's combined Families First grant and Food Stamp allotment, divided by minimum wage, equals less than 20 hours/week, special TANF reporting rules must be applied if the client is participating in either Work Experience or Community Service. This is due to restrictions in the Fair Labor Standards Act that protect individuals from working for less than minimum wage. In the example below, the caretaker of the 2 person household is allowed to work only 19.1 hours per week in a Work Experience or Community Service activity. The remaining .9 hours are "deemed" (counted toward weekly participation hours) in order for the client to reach the required 20 hours of core activities.

Family Size	Families First Grant	Food Stamp Allotment	Hours a Client is Allowed to Work Under FLSA Per Month (Families First + Food Stamps/$5.15)	Hours a Client is Allowed to Work Under FLSA Per Week	Non-work Hours Counted Toward Participation Hours Per Week
1	95	155	48.5	11.2	8.8
2	142	284	82.7	19.1	0.9
3	185	408	115.1	26.6	0.0
4	226	518	144.5	33.4	0.0
5	264	615	170.7	39.4	0.0
6	305	738	202.5	46.8	0.0
7	345	816	225.4	52.1	0.0
8	386	932	255.9	59.1	0.0
9	425	1049	286.2	66.1	0.0
10	467	1166	317.1	73.2	0.0

Chart is based on maximum Families First grant and Food Stamp allotment for each household size.

NOTE: In the event the Food Stamp assistance group includes individuals who are not part of the Families First case, their portion of the Food Stamp allotment must be removed when making these calculations. For example, if the Food Stamp allotment is $200 for 4 persons, one of whom is not in the Families First case, only $150 in Food Stamps is added to the Families First grant before that total is divided by $5.15.

ATTACHMENT D
CONTRACTOR ZONES



ZONE A	ZONE B	ZONE C	ZONE D	ZONE E
Shelby County	Benton County	Davidson County	Bedford County	Anderson County
	Carroll County		Bledsoe County	Blount County
	Cheatham County		Cannon County	Bradley County
	Chester County		Clay County	Campbell County
	Crockett County		Coffee County	Carter County
	Decatur County		Cumberland County	Claiborne County
	Dickson County		Dekalb County	Cocke County
	Dyer County		Franklin County	Fentress County
	Fayette County		Giles County	Grainger County
	Gibson County		Grundy County	Greene County
	Hardeman County		Hamilton County	Hamblen County
	Hardin County		Jackson County	Hancock County
	Haywood County		Lincoln County	Hawkins County
	Henderson County		Macon County	Jefferson County
	Henry County		Marion County	Johnson County
	Hickman County		Marshall County	Knox County
	Houston County		Moore County	Loudon County
	Humphreys County		Overton County	McMinn County
	Lake County		Putnam County	Meigs County
	Lauderdale County		Rutherford County	Monroe County
	Lawrence County		Sequatchie County	Morgan County
	Lewis County		Smith County	Pickett County
	Madison County		Sumner County	Polk County
	Maury County		Trousdale County	Rhea County
	McNairy County		Van Buren County	Roane County
	Montgomery County		Warren County	Scott County
	Obion County		White County	Sevier County
	Perry County		Wilson County	Sullivan County
	Robertson County			Unicoi County
	Stewart County			Union County
	Tipton County			Washington County
	Wayne County			
	Weakley County			
	Williamson County			

ATTACHMENT E

Number of Families First Clients where Spanish is the Primary Language
Broken Down by County
As Of September 2006

ANDERSON	27
BEDFORD	247
BENTON	1
BLEDSOE	7
BLOUNT	75
BRADLEY	116
CAMPBELL	2
CANNON	2
CARROLL	3
CARTER	7
CHEATHAM	13
CHESTER	8
CLAIBORNE	1
CLAY	2
COCKE	9
COFFEE	68
CROCKETT	26
CUMBERLAND	21
DAVIDSON	1848
DECATUR	5
DEKALB	39
DICKSON	52
DYER	15
FAYETTE	7
FRANKLIN	14
GIBSON	9
GILES	1
GRAINGER	14
GREENE	37
HAMBLEN	351
HAMILTON	532
HARDEMAN	3
HARDIN	2
HAWKINS	6
HAYWOOD	13
HENDERSON	5
HENRY	2
HICKMAN	2
HOUSTON	1
HUMPHREYS	3
JEFFERSON	38
JOHNSON	2
KNOX	288

LAUDERDALE	11
LAWRENCE	10
LEWIS	1
LINCOLN	24
LOUDON	56
MACON	29
MADISON	93
MARION	1
MARSHALL	40
MAURY	94
MCMINN	16
MCNAIRY	4
MONROE	16
MONTGOMERY	73
OBION	35
OVERTON	1
POLK	1
PUTNAM	189
RHEA	31
ROBERTSON	284
RUTHERFORD	439
SEQUATCHIE	6
SEVIER	81
SHELBY	1702
SMITH	5
SULLIVAN	26
SUMNER	108
TIPTON	4
TROUSDALE	1
UNICOI	14
UNION	4
WARREN	93
WASHINGTON	64
WAYNE	3
WEAKLEY	4
WHITE	2
WILLIAMSON	82
WILSON	94
State Total	**7665**

ATTACHMENT F

STATE OF TENNESSEE

FAMILIES FIRST
WORK VERIFICATION PLAN

Overview

Tennessee is operating Families First, the state's TANF program, under a waiver that is due to expire June 30, 2007. The combination of changes necessitated by the loss of the waiver and the implications of TANF Reauthorization represent an opportunity for Tennessee to re-evaluate all aspects of Families First, including eligibility criteria, time limit and sanction policy, contracting for service provision, and reporting mechanisms. As this plan is submitted, many details remain unresolved. The goal is to implement a re-vamped program on July 1, 2007, in which the State will utilize the services of contracted core service providers for the management of Families First activities. It is in this context that the state submits its Work Verification Plan.

Since some aspects of the waiver program, which was approved July 25, 1996, conflict with TANF, the state will be making program modifications to come into compliance with federal regulations. For example, Tennessee is currently able to designate some activities as countable in Work Participation Rate calculations that, absent the waiver, would not be. It is our expectation that as program decisions are made and statutory changes are completed, it will be necessary to amend this plan.

In short, the program that will be in place October 1, 2007 will be very different from the program that will be operating October 1, 2006. Throughout this document, the state will attempt to describe both current practice and the intent of the future program design.

Section I: Countable Work Activities

Work Activity/ Documentation	Current	By October 1, 2007
Unsubsidized employment		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	Full or part-time unsubsidized employment	Same
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	Hours are projected based on either an employer's statement of expected work hours, or previous work hours are averaged if expectation is that no change in schedule will occur. Each hour an employee is paid counts as an hour for participation purposes.	Same
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	Documentation of employment resides in the ACCENT eligibility system. Paper files are not retained on eligibility information. Employment documentation such as pay stubs, written or documented verbal statements from employers or information obtained via a verification service such as "The Work Number" are used to calculate income for eligibility purposes.	Same

For self-employment, describe how the State counts and verifies the hours of Participation. A State may not count more hours toward the participation rate for a self-employed individual than the individual's self-employment income (gross income less business expenses) divided by the Federal minimum wage. The State may also describe an alternative methodology to count and verify hours a client is engaged in self-employment.	Documentation including, but not limited to, invoices for services rendered, receipts of payment, expense records, business contracts and/or tax records, are used to determine both gross income and deductions and calculate net income. Net income is divided by minimum wage to calculate the number of hours countable as self-employment.	Same
If the State intends to project forward hours of participation based on current, Documented, actual hours, explain how it will make this projection.	Earned income is re-verified every 6 months and benefit amounts are calculated for the next 6 months based on these calculations.	Earned income will be recalculated no less than every 6 months.

Subsidized Private Sector Employment		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	Not currently an activity in TN	Private sector employment subsidized in full or in part by TANF funds.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	N/A	Same as unsubsidized employment
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	N/A	Same as unsubsidized employment
If the State intends to project forward hours of participation based on current, Documented, actual hours, explain how it will make this projection.	N/A	Same as unsubsidized employment

Subsidized Public Sector Employment		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	Not currently an activity in TN	Public sector employment subsidized in full or in part by TANF funds.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	N/A	Same as unsubsidized employment
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for	N/A	Same as unsubsidized employment

obtaining and maintaining documentation of hours of participation.		
If the State intends to project forward hours of participation based on current, Documented, actual hours, explain how it will make this projection.	N/A	Same as unsubsidized employment

Work experience		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	DHS may enter into agreements with employers to provide participants job experiences and skills in accordance with the Fair Labor Standards Act (FLSA). A work component which places the participant in a public or not-for-profit agency for the purpose of gaining work experience, developing good work habits, and eventually qualifying for a vacant position in that or a similar agency. **VERY** limited use of this activity currently.	Contractors will enter into agreements with employers to provide work experience in accordance with the Fair Labor Standards Act (FLSA). Work Experience placements must have the potential for unsubsidized employment at the conclusion of the placement. The agreement between contractor and site will include expansion and turnover rate information that will be used to estimate the likelihood of employment.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	Each participant who enters a Work Experience component is required to sign a Work Experience Participant Agreement. This document specifies the position, the days and hours that the participant agrees to be at the worksite, the duration of the assignment, and the general rules of conduct for this component.	DHS will operate a Mini-Simplified Food Stamp Program (approved by USDA 9/13/06). For Work Experience participants whose TANF benefits + FS benefits, divided by minimum wage, equal < 20 hours, the hours they participate will fulfill the core requirement of 20 hours. Contractors responsible for monitoring activity sites will enter hours of participation in the modified ACCENT system.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	Weekly attendance provided by Work Experience site.	Time sheets signed by supervisor at Work Experience placement site.
Describe the methods of daily supervision for each unpaid work activity	Attendance records and Evaluation Forms are completed on each employee and made available to DHS bi-weekly.	DHS contracts with the Core Service Contractor will require Work Experience to be supervised by the employer, work site sponsor, or other responsible party on an ongoing basis no less frequently than daily.

On-the-job training (OJT)		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	Subsidized On-the-Job training is not currently in use in TN.	On-the-Job Training will provide specific training skill sets to participants for placement with employers for targeted jobs, including, but not limited to, laboratory technicians, mechanics, and forklift operators. OJT will be limited to state-developed sites. The state will notify contractor that an employer in their areas has entered into an agreement to provide subsidized OJT.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	N/A	Hours spent in an OJT program will be counted on a one-for-one basis. In the event study time is required, hours will be counted if supervised.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for	N/A	Depends on whether the client is actually "hired" during the training period. If so, process is the same as unsubsidized employment. If not, time

obtaining and maintaining documentation of hours of participation.		sheets signed by supervisor at OJT placement site would be used by contract agencies to enter hours of participation into the ACCENT system..
Describe the methods of daily supervision for each unpaid work activity	N/A	DHS contracts with the Core Service Contractor will require OJT to be supervised by the employer, work site sponsor, or other responsible party on an ongoing basis no less frequently than daily.
Describe the nature of training provided by employers that distinguishes this from subsidized employment	N/A	A client participating in OJT is not guaranteed employment – the individual's training expenses are subsidized but may not be employed at the conclusion of the training program.
If the state intends to project forward hours of participation based on current, documented, actual hours, explain how it will make this projection	N/A	If client is paid a wage during the training period, this process would be the same as unsubsidized employment. If client were not paid a wage, hours would not be projected.

Job Search and Job Readiness Assistance		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	Work Preparation activities; resume writing, assessments, basic work place skills, career planning, jobs search skills, job search, life skills including parenting and financial management classes. These activities are provided under "Employment Career Services" (ECS). Contracts are in place through 6/30/06 that give providers flexibility to offer these services under the ECS umbrella.	Activities in this category include: The act of obtaining employment, including contacting employers, applying for vacancies, and interviewing for jobs. Preparation to seek or obtain employment, including preparing a resume or application, training in effective job seeking, training in workplace expectations, and life skills training.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	Activities and contacts set by ECS must be in proportion to the number of hours required for the participant to spend in ECS as agreed to on the Personal Responsibility Plan.	▪ For job search, the state will determine countable hours based on a reasonable calculation of time required to complete the reported activities. Contract staff will verify job contacts, applications submitted, and other associated activities. ▪ For site or classroom-based activities meeting the federal definitions of job readiness activities, the hours spent on-site in these activities will be counted.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	Actual hours are verified by the use of attendance forms and transportation reports. Report from Employment Career Services contractor of dates, attendance and progress made. Each employer contact must be documented. Each time an entry is made on the Employer Contact Sheet it is placed in the client's file and maintained until employment is obtained. Report is made via manual process on paper forms. Attendance is reported according to days attended.	Contract agencies will enter hours of participation via the ACCENT system. Written documentation of hours spent in job search/job readiness activities will be retained by the contractor. DHS will require contract agencies to provide a schedule of activities sufficient to meet the actual number of required participation hours.
Describe the methods of daily supervision for each unpaid work activity	Clients may attend classes with a facilitator, meet one on one with an Employment Career Specialist (ECS) or report on a regular basis to an ECS if involved with job search activities.	DHS will require contract agencies to monitor actual hours through instruction, daily guidance, and follow-up. A daily syllabus must be established to document expectations, and contractor will verify that components were followed for each day.
If the State intends to count as substance abuse treatment, mental health treatment and rehabilitation activities, describe the criteria to determine whether recipients are "otherwise employable" and establish	Tennessee does not currently count these activities as Job Search/Job Readiness.	Policies will be developed to evaluate when an otherwise eligible recipient receiving treatment for substance abuse or mental health barriers, or taking part in rehabilitation activities, should have these hours count in the Job Search/Job Readiness category.

the necessity of treatment or therapy. Describe the certification requirements for qualified medical or mental health professionals used in this process.		
Describe how the State ensures that no more than six total weeks (four consecutive weeks) of job search and job readiness assistance are reported in a fiscal year (or a total of 12 weeks in States that meet the definition of a "needy State" for the Contingency Fund)	Under TN waiver, limit on Job Search/Job Readiness is not imposed. When four-week limit is exhausted, activity is moved under the waiver category.	Program and reporting procedures will be in place to ensure that weeks reported in this activity will not exceed the federal limit. DHS contracts with the Core Service Contractor will require limits on this activity in accordance with federal regulation. The state will notify the contractor when "needy state" designation is made to allow for expanded use of Job/Search/Job Readiness activity.

Community service programs		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	No formal Community Service programs are in place; however, recipients who participate in VISTA, Americorps, or JobCorps are considered active in Community Service. **VERY** limited use of this activity currently.	Contractors will enter into agreements with non-profit entities to provide community service in accordance with the Fair Labor Standards Act (FLSA). These placements must be structured programs that are of direct benefit to the community.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	Any hours spent active in Community Service are considered countable hours of participation.	DHS will operate a Mini-Simplified Food Stamp Program. For Community Service participants whose TANF benefits + FS benefits, divided by minimum wage, equal < 20 hours, the hours they participate will fulfill the core requirement of 20 hours. Contractors responsible for monitoring activity sites will enter hours of participation in the modified ACCENT system.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	At recertification client must provide proof of continued participation in VISTA, Americorps, or JobCorps program.	Contract agencies must track attendance by actual hours which will be reported to DHS via the ACCENT system. Time sheets signed by supervisor at Community Service placement site serve as documentation of hours entered in system.
Describe the methods of daily supervision for each unpaid work activity	Supervision is dictated by the standard set by the VISTA, Americorps, or JobCorps program in which the client is participating.	Community Service agreements will include the requirement that supervision be provided daily.
Describe how the types of community service positions that create an employer/employee relationship and are subject to the FLSA minimum wage requirements will be determined.	N/A	All community service placements will be subject to FLSA requirements.
If the State permits self-initiated community service positions, describe how it determines that the position provides a direct community service and improves the recipient's employability.	N/A	N/A

Vocational educational training		
Describe the services or programs the State includes under the activity. (Services and programs must	Currently reported as a waiver activity under Job Skills Training or Post Secondary Education, depending on program.	Vocational Education activities must result in a portable, industry-recognized, state-certified credential in a specific occupation.

conform to the Federal definition of the activity.)		
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	N/A	Hours of class instruction and supervised study time to successfully complete program will be considered countable hours in Vocational Education.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	N./A	Contract agencies will enter hours of participation via the ACCENT system. Written documentation of hours spent in Vocation education activities will be retained by the contractor.
Describe the methods of daily supervision for each unpaid work activity	N/A	Daily supervision will be provided by instructor.
Describe how the State ensures participation in vocational educational training does not count beyond the statutory limitations limiting participation to 12 months lifetime per individual.	N/A	DHS will not report a client as participating in this activity after 12 months of Vocational Education have been exhausted.
Explain how the State will ensure that basic and remedial education and English as a Second Language (ESL), if such activities are counted, are of limited duration and a necessary or regular part of the vocational education training.	N/A	Basic and remedial education and ESL will only be counted under this activity if they are required to receive the credential being sought.

Job skills training directly related to employment		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	TN does not currently report any participants in job skills training directly related to employment (Job Skills Training is a waiver activity).	Services and programs under this activity will include: Training and education for job skills required by an employer, literacy instruction, and language instruction.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	N/A	Hours of class instruction and supervised study time to successfully complete program will be considered countable hours for Job Skills Training Directly related to Employment.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	N/A	Contract agencies will enter hours of participation via the ACCENT system. Written documentation of hours spent in job kills training activities will be retained by the contractor.
Describe the methods of daily supervision for each unpaid work activity	N/A	Daily supervision will be provided by instructor.

Education directly related to employment		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	TN does not currently report any participants in education directly related to employment. See Adult Education waiver category.	Programs or services under this activity will include education related to a specific occupation, job or job offer, including courses designed to provide knowledge and skills for specific occupations or work environments, including adult basic education and ESL. When Vocational Education programs continue beyond the 12 months allowed as a core activity,

		the remaining months will be treated as a non-core activity under this category.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	N/A	Hours of class instruction and supervised study time to successfully complete program will be considered countable hours for Education Directly Related to Employment.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	N/A	Contract agencies will enter hours of participation via the ACCENT system. Written documentation of hours spent in education activities directly related to employment will be retained by the contractor.
Describe the methods of daily supervision for each unpaid work activity	N/A	Daily supervision will be provided by instructor.
Describe the State's criteria for "good or satisfactory progress" and when and how it is documented.	N/A	Progress will be measured periodically. Contractor will assess a client's likely time frame for completing GED or related program and will define progress for each individual. Pre-determined milestones must be met.

Satisfactory attendance at secondary school		
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	For caretakers 19 and under without a high school diploma or GED, activity includes satisfactory attendance at a secondary school.	Programs or services under this activity will include satisfactory attendance at secondary school or in a GED course for those who do not yet have a high school diploma as a non-core activity.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	A teen parent enrolled full-time and making progress in school is considered fully participating.	Hours of class instruction and supervised study time to successfully complete program will be considered countable hours for Education Directly Related to Employment. For teen parents, school attendance will be counted as a core activity.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	**Student must remain in compliance with school attendance and progress requirements. Any change in status must be reported.**	Contract agencies will enter hours of participation via the ACCENT system. Written documentation of hours spent in this activity will be provided by the school and retained by the contractor.
Describe the methods of daily supervision for each unpaid work activity	Daily supervision provided by teacher.	Daily supervision will be provided by instructor.
Describe the State's criteria for "good or satisfactory progress" and when and how it is documented.	Satisfactory progress is determined by school.	The contractor will ensure that the recipient is making "good and satisfactory progress," which will be measured using standards that will include both quantitative (i.e. time frame) and qualitative (e.g. grade point average) factors.

Providing child care services in a community service program	Not currently in use in TN.	DHS will not conduct an activity for this category.

WAIVER ACTIVITIES – will be eliminated effective7/1/07

Post Secondary Education	
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	Training or education at a post-secondary school or institution which leads to a certificate, associate degree, or bachelor's degree.

Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	Responsibility lies with the participant to ensure that a record of their attendance is kept and provided bi-weekly. Student must remain in compliance with institution's attendance and progress requirements. Any change in status must be reported.
Adult Basic Education	
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	Designed to develop basic skills in reading, math, English, and life skills and to focus on preparation for employment. It also includes GED Preparation and testing. Also includes ESL students.
Describe how the State determines the number of countable hours of participation for the activity. If the State uses different methods for different services or programs within the activity, the State should describe each.	Only hours of classroom instruction are countable in this category. For participants testing below the 9th grade level, 20 hours of classroom time per week allows the individual to be fully compliant for inclusion in the numerator of the Work Participation Rate.
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	Adult Education providers take daily attendance of the students and are required to report this to DHS no less than every 5 days. All status changes (including enrollment or student advancement to the next level) for a participant are reported by the provider to DHS within 3 days of the occurrence.
Describe the State's criteria for "good or satisfactory progress" and when and how it is documented.	Instructor monitors progress by testing the participant every ninety (90) days at minimum to determine the following math/reading levels: - below the 2nd grade level (< 2nd grade) - below 4th grade level (AE 2.0 – 3.9) - below 6th grade level (AE 4.0 – 5.9) - below 9th grade level (AE 6.0 – 8.9) - at or above 9th grade level (AE 9.0 – 10.9)Adult Education at or above 11th grade level (> 11th grade) If after 6 months (9 months if TABE < 2.0) in AE, a literacy test indicates that the participant has not made satisfactory progress (scored to the next or greater literacy progress level) the AE instructor will notify the caseworker to discuss options for continuation in activity or referral to alternative.

Job Search/Job Readiness	(becomes a waiver activity after federal limit on time in activity is exhausted)

Job Skills Training	
Describe the services or programs the State includes under the activity. (Services and programs must conform to the Federal definition of the activity.)	Short-term industry specific training, limited to two training periods, not to exceed a total of twelve lifetime months. Examples of Vocational educational training include auto repair, phlebotomy technician, Certified Nursing assistant, Medical records Clerk, Clerk, Secretary, Truck driver, Pharmacy Technician, Surgical Technician, LPN, and non-traditional jobs for women in construction or manufacturing. Also includes employer-specific training - short term training identified by a business or industry as needed in order for Families First participants to become employed by a specific employer.
Describe how the State determines the number of countable hours of participation for the activity. If the	Hours of class instruction are countable hours of participation.

State uses different methods for different services or programs within the activity, the State should describe each.	
Describe how the State verifies the actual hours of participation for the activity. Include the procedures for obtaining and maintaining documentation of hours of participation.	Responsibility lies with the participant to ensure that a record of their attendance is kept and provided bi-weekly. Student must remain in compliance with institution's attendance and progress requirements. Any change in status must be reported.
Describe the methods of daily supervision for each unpaid work activity.	Classroom instructors are responsible for the daily supervision.

Section II. Hours Engaged in Work

Excused Absences

Tennessee currently requires all active TANF individuals who are not exempt from the work requirement to participate in allowable activities, setting a minimum compliance standard for those activities where attendance is tracked by the service provider. Absences from work activities are evaluated and determined to be either excused or non-excused, based on the individual's ability to establish good cause, as permitted under policy, for the absence. Only non-excused absences are considered when determining an individual's compliance with their work requirement, and if the sanction process is to be initiated. Mandatory individuals who are determined to be out of compliance are currently reported as not participating in the federal work participation rate.

Effective 7/1/07 (scheduled to coincide with the loss of our TANF Waiver) Tennessee will track the number of absences, excused or unexcused, for each individual who is required to participate in a work requirement. The first 10 absences per 12 month period, with a maximum of 2 absences per month, will not prevent the individual from being considered as participating for purposes of federal WPR reporting, whether the absence is considered excused or unexcused. The twelve month period will begin with the first week the individual is assigned to a work activity, and will continue for twelve calendar months of TANF participation before beginning the count again. Individuals who have a break in TANF assistance, and who subsequently reapply, will begin a new 12 month period, with the number of used absences set back to zero. Individuals who fulfill their weekly hourly work requirement will be considered as fully participating in regard to attendance and will not be considered to have used any of their limited absences. Individuals who fail to attend a portion of the hourly work requirement in the week that is less than one day of activity will be considered to have used a prorated portion of an absence. An example of this is an individual who reports an hour late to their activity due to transportation problems.

While an individual's number of absences is limited for purposes of federal reporting, an individual may be allowed additional excused absences, as permitted by program policy. However, an individual will not be considered as participating for purposes of federal reporting for any month in which absences beyond the federal limits have occurred.

Activity	Current Procedures	Procedures as of 10/1/07
Work Experience; Community Service; Job Search/Job Readiness	Individuals must maintain a 90% attendance rate in order to be considered in	Individuals will be permitted up to 10 absences per 12 month reporting period, with

	compliance. Additional time may be excused due to good cause. Good cause is determined by the contractor providing the activity and the caseworker.	a maximum of 2 absences per month. These absences will not be per activity, but rather across all activities in which the individual was assigned during the reporting period. Additional excused absences may be granted on a case-by-case basis, when good cause for the absence is established and approved by the client representative who is assigned to that worker. Individuals who have exceeded the federally allowed absences will be reported as not participating in the federal WPR.
Vocational Education; Job Skills Training directly related to employment; Education directly related to employment;	Individuals to follow the excused absence policy of the training institution or vendor. Excessive absenteeism that results in disenrollment from the training or a failure to progress will be considered a failure to comply with the work requirement. The individual will have to undergo conciliation and will face possible sanction unless good cause for non-compliance is determined.	Individuals will be permitted up to 10 absences per 12 month reporting period, with a maximum of 2 absences per month. These absences will not be per activity, but rather across all activities in which the individual was assigned during the reporting period. Additional excused absences may be granted on a case-by-case basis, when good cause, as defined in program policy, for the absence is established and approved by the client representative who is assigned to that case. Individuals who have exceeded the federally allowed absences will be reported as not participating in the federal WPR.
Satisfactorily Attendance in Secondary School	Minor parents who are head of the case are required to attend secondary school with a 90% minimum attendance standard	Minor parents who are head of the case will be allowed a maximum of two absences per month in school (during periods of time that school is in session), not to exceed a

		total of 10 absences per 12 month period. Individuals who have exceeded the federally allowed absences will be reported as not participating in the federal WPR. Additional excused absences may be granted on a case-by-case basis, when good cause of the absence has been established and approved by the client representative assigned to the case.

Absences associated with Holidays

Additional absences will be granted for holidays.

Activity	Current Procedures	Procedures as of 10/1/07
Employment (subsidized and unsubsidized)	Holiday policy is set by the employer.	Same
Work Experience; Community Service; Job Search/Job Readiness	Additional absences due to holidays are evaluated on a case by case basis and approved. Any additional absences due to holidays that are not approved may result in the initiation of the conciliation process.	Holidays permitted will follow the holiday policy of the specific placement site. The contractor who placed the participant will be responsible for obtaining documentation of the site's policy regarding approved holidays for each individual.
Vocational Education; Job Skills Training directly related to employment; Education directly related to employment;	Additional absences due to holidays are evaluated on a case by case basis and approved. Any additional absences due to holidays that are not approved may result in the initiation of the conciliation process.	Individuals who are attending training will follow the institution's policy regarding holidays. The contractor who placed the participant at the training site will be responsible for obtaining documentation of the site's policy regarding approved holidays for each individual
Satisfactorily Attendance in Secondary School	Additional absences are allowed for school holidays	Same

FLSA Deeming

Due to Tennessee's low TANF grant payment amount, it is necessary to use the "deeming" provision permitted at 261.31 and 261.32 for work experience and community service activities. As of September 13, 2006, Tennessee has been approved to operate a mini-simplified Food Stamp program. It is our intent to combine the value of the individual's TANF payment and Food Stamp benefits for the eligible TANF case members, and convert these benefits to a weekly amount for purposes of deeming. Once benefits are combined, they will be converted to a weekly amount by dividing by 4.3. Upon determining a weekly amount, that amount will be divided by the State's hourly minimum wage amount (currently $5.15) to determine the number of hours the individual will be required to participate in a core activity. Individuals whose benefits translate in less than 20 hours, using the above calculations, will be "deemed" to have met the 20 hours of participation in the work experience or community service placement, regardless of the actual number of hours they are required to participate based on actual calculations. An individual's actual hours in the core activity will be determined using the above described calculation.

Section III: Work Eligible Individual

Currently, Tennessee's waiver permits greater flexibility in defining a work eligible individual. Effective 7/1/07, coinciding with the loss of Tennessee's wavier, the definition of a work eligible individual will change to follow TANF requirements.

Work Eligible Individual Defined:

Current (10/1/2006)	Effective 7/1/07 (as part of the TANF Wavier Transition)
Work eligible individuals are defined as eligible adults or minor heads of households receiving TANF assistance or non-recipient parents living with a child receiving such assistance. SSI individuals are not included for assistance, per state option. Non-parental Caretakers who are not included in the TANF case as eligible members are not considered a work eligible individual. Non-eligible aliens (illegal and ineligible) are not considered work eligible individuals. The following individuals are currently exempt from participation, as permitted by our waiver: • individuals with a medically verified disability or incapacity, • individuals caring for a related household member who is disabled • individuals age sixty (60) or older, • parent(s) of an infant less than 16 weeks of age • caretaker-relatives not included in the assistance group, • individuals considered too disabled by Voc Rehab to participate, • Individuals who are full-time VISTA volunteers • minor parents who are not the	Work ready individuals will be defined as adult individuals who are receiving assistance under TANF or SSP-MOE. Tennessee has a full family sanction, and requires parents to be included in the TANF assistance unit with the child. Exceptions include: • minor parents who are not the head of a household and not the spouse of the head-of-household, • an alien who is ineligible to receive assistance due to his/her immigration status • SSI recipients • Parents who are providing care for a disabled family member living in the home who does not attend school full-time, provided the need for such care is supported by medical documentation • Single parents of a child less than 16 weeks of age will not be required to participate in the work requirement, per Tennessee program policy. An individual may only be excluded as a work-eligible individual for WPR purposes, up to a lifetime maximum of 12 months. The parent may opt to participate prior to the 16th week, and any month in

head of a household and not the spouse of the head-of-household, • Individuals who would otherwise be non-exempt from participation but who is unable to obtain child care or transportation for a minor child Individuals who are currently being served in a Separate State Only program that is not being used as MOE match are not considered a work eligible member for purposes of the WPR calculation, and as such are not included in either the numerator or denominator. This currently includes the two-parent families	which the parent is determined to have been fully participating and countable in the WPR will not count as a month toward the lifetime limit for that individual. Single parents, participating or not, will be coded as a work-eligible member the month following the month their child turns 16 weeks of age. Individuals who are served in a Separate State Only program that is not used as MOE match will not be reported, nor included in either the numerator or denominator for purposes of WPR reporting and calculation.

Identification of all Work-Eligible Individuals

Current Procedures (10/1/2006)	Procedures as of 10/1/2007
For identifying all work-eligible individuals: Individuals who are currently exempt as a work-eligible individual, as described above, are identified through a combination of system edits and caseworker input into the system. All other such individuals are considered to be work-eligible and are reported as such.	**For identifying all work-eligible individuals:** Individuals will be identified and reported as work-eligible unless they meet one of the defined exemptions. Individuals who are exempt will be identified as follows: 1) minor parents who are not the head of a household and not the spouse of the head-of-household: The minor parents will be identified based on date of birth, relationship to minor child residing in the home, case status (not identified as head of case), and marital status. 2) an alien who is ineligible to receive assistance due to his/her immigration status: Alien status is verified for all non-citizens, utilizing the Department of Homeland Security's SAVE system as a primary source, and documentary evidence as a secondary source. Once verified, each non-citizen is assigned an alien status in the eligibility system that is used as an edit to determine TANF eligibility, and prevent non-eligible aliens from being included for assistance. 3) SSI recipients: SSI recipients are coded as such in the system, upon verification of status. System edits prohibit a SSI recipient from receiving TANF benefits for him or herself, although their eligible children

	may receive benefits, and the SSI parent may be the non-eligible caretaker of the case on their behalf. 4) Parents who are providing care for a disabled family member living in the home who does not attend school full-time, provided the need for such care is supported by medical documentation: Such individuals will be required to verify the relationship, residency, medical disability, and school attendance (if applicable) of the disabled family member. The relationship to the disabled family member must be within 5 degrees of relationship. If the disabled family member is not currently receiving government provided disability payments, medical documentation must be provided and will be submitted to a centralized unit for evaluation and approval of the need to provide full time care before the individual will be designated and coded in the system as an excluded work eligible member. Full-time school attendance will be addressed on a case-by-case basis, and documentation will be obtained from the school regarding the full or part-time enrollment status of the disabled individual. Regular reviews on an annual basis will be conducted to determine continued on-going eligibility as an excluded work eligible member. At the point the individual is determined to no longer be required to provide care for an in-home disabled relative, the status code will be removed and the individual designated as a work eligible member and engaged in work activities. 5) Single parents of a child less

	than 1 year of age: Individuals will be identified by the system through their relationship to a minor child, that child's date of birth, their relationship to other household members to determine single parent status, and work activity participation status. A lifetime counter will be established within the system to track each new single parent, and to ensure that no one individual is excluded from the WPR for more than 12 lifetime months for this reason.

Verification Procedures for Ensuring Accuracy in Reporting of Work-Eligible Members:

Individuals will default to being work-eligible, unless the system program and edits identify them as meeting the qualifications for exclusion, as described in the above section. Two-parent families will be identified as such through the system based on their program eligibility and marital status, and Tennessee may opt to serve these individuals in a Separate State Non-MOE program.

Description of Work Activity Tracking and Reporting

Current (10/1/2006)	As of 10/1/2007
Tennessee currently utilizes a separate database system to track participation. This system tracks each individual by activity, weekly hours, and activity status. Data from this system is extracted and combined with additional information for each client from our eligibility system to create the federal WPR report. While participation is tracked in all activities, only those activities that are allowable (either via TANF or via our Waiver) are reported as countable hours for purposes of WPR calculations.	Tennessee is currently defining necessary system modifications that will be made to the existing eligibility system that will provide enhanced work activity tracking. These modifications will be a temporary measure until our new system that is currently in development is implemented, projected to take place in 2008. System modifications will allow on-line documentation of weekly hours by activity type, tracking of absences including both monthly and annual limitations. System edits will identify work-eligible individuals, and prohibit hours from being countable except in those TANF allowable activities. Attendance will be entered by the contractor who provided the service, and who will be required to maintain

	documentation of each activity that verifies it is allowable under TANF, participate attendance and other TANF mandated verifications for audit purposes.

IV. Internal Controls

Describe the internal controls designed to ensure established work verification procedures are properly being employed.

Cases are currently reviewed every six months, or when a change is reported that impacts the work status of the individual. In addition, system alerts are generated when triggers occur that notify the worker of the need to evaluate the participants status in a work activity. Additional system changes and edits are being made to enhance this process, and are projected to be implemented by July 1, 2007.

As a part of the Department's proactive approach to the end of our waiver, and our transition to TANF, a desk review of all Families First cases excluding child only cases is currently being performed. This desk review is scheduled to be completed by July 2007, and will include a review of the following eligibility elements, with corrections being made as necessary:

- **Time limit extensions**
- **Exemptions**
- **Interruptions**
- **Disability determination**
- **Incapacity**
- **PRP activity/hours**
- **Work activity database/hours match with ACCENT**
- **Time Counts are correct and validated**

In addition to the system edits, a specialized unit of central office staff, known as Active Case Review (ACR) reviews a sample of active cases for correct application of policy and procedures. This review sample will be revised to reflect a statewide sample by July 1, 2007. Internal audit will verify data validation is functioning as designed by using statistically valid sampling techniques as prescribed by the AICPA. This will be accomplished by generating a statistical valid sample that will provide a 90% level of confidence. The total transaction population will be determined and the sample will be selected by utilizing a random number generator. The sample size will be sufficient to achieve the desired level of confidence.

With the increased contractor responsibility that is expected July 2007, additional emphasis will be placed on the monitor of the contracts. Contractors will be required to retain documentation that verify activities meet the federal definition for that activity. Attendance documentation must also be retained to substantiate the number of hours reported. Such documentation will be reviewed as part of regular contract compliance review monitoring.

The State will maintain all pertinent findings produced through its internal control processes. These findings will be available for use by ACF and other auditors in their review of the State's work participation verification system

Describe the internal controls to control for data errors, including transcription and coding errors, data omissions, computational errors, and compilation errors.

Current:
The state currently utilizes a series of reports that, in addition to data monitoring, ensure that coding errors, data omissions, computational errors, and compilation errors are checked. Because Tennessee uses a separate system to capture activity providers and hours, reports and checks were developed to ensure data integrity. The following is a list of the reports, extracts and online edits used to accomplish this task:

Report **GRP949RA (WORK ACTIVITY DATABASE TO ACCENT MATCH FOR SUPERVISORS):** Used to determine if:

- Planned hours in activities are correctly entered and are recorded properly
- Social Security Numbers are correct in each system
- Exemption, extension, interruption or economic hardship has been granted for a particular individual

Report **GRP353RA (PROVIDER INCENTIVE WAGE ERROR REPORT)**: Captures information used by eligibility staff and monitored by management to determine if employment activities are properly captured in the work activity database.

Report **GRP851RA (NO EXEMPTION ON WORK PARTICIPATION)**: Captures information used to determine which clients were not countable in the past month for Federal Reporting. By working this report, the state finds clients where the exemption interruption policy was not correctly applied or data was not entered properly.

CC31 Extract (Work Activity Database Extract of Current Activities): Used to detect when an activity is overdue for completion.

Online edits also provide an extra point of accountability to capture instances when activities are not ended on a personal responsibility plan. If activities are not ended, an online edit in ACCENT will end the activity when the case is closed for cash assistance.

Future:
Beginning July 1, 2007 Tennessee will no longer use a second system to capture activities and hours for Federal Reporting. Under the new system, we will capture actual hours of participation and activities in ACCENT (Automated Client Certification Eligibility Network for Tennessee). This is our current system for eligibility determination, case maintenance and support processes, which will be further enhanced with the implementation of VIP (Vision Integration Platform), which is currently under development. Service providers will be able to enter daily attendance and activities directly into the electronic case file, with online edits that will ensure compliance with federal requirements regarding the minimum number of hours in core and non-core activities. Reports will be generated as a second line of defense to identify and correct data and reporting issues.

Describe the checks used to isolate electronic systems and programming errors and the steps to ensure that all work participation report items are internally consistent.

Current:
Potential programming errors are isolated in the ACCENT system through a systematic process of acceptance testing. The same team that conducts acceptance testing also validates on-line and batch processing within the ACCENT system.

Future:
Changes in the ACCENT system will undergo the same acceptance testing process described above. Hours in activities will be keyed on-line into the system, which has on-line editing and security protection. Sample reports will be pulled for review prior to submission to ensure accuracy.

Describe any sampling and estimation techniques employed in data validation. The Work Verification Plan should document the soundness of all statistical procedures utilized in the verification process. All estimation techniques must be reasonable and fully described in the plan. For estimates based on sampling or other statistical techniques, the plan must contain, as appropriate, the step-by-step computations of precision, affirming that the produced estimates are within statistically acceptable levels of reliability and validity.

Tennessee will report the entire universe of work eligible individuals, and will not utilize sampling.

Section V: Verification of Other Data Used in Calculating the Work Participation Rates

Tennessee reports all data submitted in the TANF Data Report through a data transfer process to ACF. The following data elements are reported:

Data Elements	Currently Reported	Future
Reporting Month	Determined by a Control Card within the Job for the current month	Same, pending new file layout.

Stratum	Program Moves '99' to this field for TN	Same, pending new file layout.
Case Number	System Generated	Same, pending new file layout.
Disposition	Program Moves a '1' to this field	Same, pending new file layout.
Type of Family for Work Participation	If the first position of the record type code for the AG is equal to 'M: Set the type family code (RP759M1-CDE-FAMTYPE) to 1 where: The AG has at least one adult (RP759M2-RECTYP=MC) and less than two adult parents and each adult has a family affiliation (RP759M2-FMLY-AFLTN) of 1. Set the type family code (RP759M1-CDE-FAMTYPE) to 2 where: The AG has at least two adult parents (RP759M2-RECTYP = M2 and GRP011FN-SW-AG-Parent = 'Y') and each parent has a family affiliation (RP759M2-FMLY-AFLTN) of 1. Otherwise set the family code (RP759MI-CDE-FAMTYPE) to 3.	Same, pending new file layout.
Amount of Food Stamps Assistance	This field is a calculated amount. For each ADC AG when program GRP759 finds the individual whose food stamp amount is greater than zero (GRP750VS-FS-AMT-BEN > 0) and it was updated this month (GRP750VS-FS-MTH-UPDT = the month being processed), the program will calculate that	Same, pending new file layout.

	individual's part of the total food stamp amount for the FS AG which this individual is a part by using the formula ((GRP750VS-FS-AMT-BENF) / (GRP750VS-FS-QTY-ADULT + GRP750VS-FS-QTY-CHILD)), The program needs to accumulate these individual food stamp amounts for the ADC AG and the accumulated amount becomes the total food stamp amount (RP759T1-AMT-BNFT-FS) for the TANF Family. The program should Report the first 6 adults and first 10 children. The caretaker must be one of the first 6 adults. This field must e => '0'.	
Receives Subsidized Child Care	Report the first 10 children Move a '1' to this field if any eligible child in the AG (GRP005FN-CDE-PRTCPN='EC') has received TANF Subsidized Child Care (GRP750VS-TCR-AMT-BENF>ZERO) and (GRP750VS-TCR-MTH-UPDT = AS OF MONTH). Or If both GRP750VS-TCR-AMT-BENF and GRP750VS-CC-AMT-BENF are > ZERO, put a '1' in this field. Move a '2' to this field where any eligible child in the AG (GRP005FN-CDE-PRTCP='EC') has received Subsidized Child Care (GRP750VS-CC-AMT-BENF>ZERO) and does not	Same, pending new file layout.

	have any TANF Subsidized Child Care (GRP750VS-TCR-AMT-BENF NOT>ZERO) and (GRP750VS-CC-MTH-UPDT=AS OF MONT) Otherwise move a '3' o this field	
Amounts of TANF (and SSP-MOE) Assistance	Add the 10 occurrences of GRP010FA-AMT-ASSET and put the results in this field. Accumulate for each member of the AG and move to this field.	Same, pending new file layout.
Family Affiliation Code	(GRP005FN-FMLY-AFLTN)	Same, pending new file layout.
Non-custodial Parent Indicator	Set this file to '2'	Same, pending new file layout.
Date of Birth (Adult)	GRP005FN-DTE-BIRTH If unknown, enter all nines	Same, pending new file layout.
Relationship to Head-of-Household	Set this field to '01' (Head of Household) where GRP005FN-CDE-REL-CTKR = 'SLF'. Set this field to '02' (Spouse) where GRP005FN-CDE-REL-CTKR = 'HUS' or "WIF'. Set this field to '03' (Parent) where GRP005FN-CDE-REL-CTKR = 'FTR', 'MTR', 'STF', or 'STM'. Set this field to '04' (Daughter or Son) where GRP005FN-CDE-REL-CTKR = 'DAU' or 'SON'. Set this field to '05' (Stepdaughter or Stepson) where GRP005FN-CDE-REL-CTKR = 'STD' or 'STS'. Set this field to '06' (Grandchild or Great Grandchild) where	Same, pending new file layout.

	GRP005FN-CDE-REL-CTKR = 'GDS', 'GRD', 'GGD' or 'GGS'. Set this field to '07' (other related person (brother, niece, cousin) where GRP005FN-CDE-REL-CTKR = 'AUN', 'BTR', 'FCD', 'GRF', 'GRM, 'HBR', 'HSR', NEI', 'NEP', 'OTH', 'SSR', 'STB', 'STR' or 'NC'. Set this field to '08' (Foster Child) where GRP005FN-CDE-REL-CTKR = 'FRD' and GRP010FA-CDE-ARRANG-LIVG='06' or '08' and GRP005FN-CDE-PRTCPN2 = 'C'. Set this field to '09' (unrelated child) where GRP005FN-CDE-REL-CTKR = 'FRD' and GRP010FA0-CDE-ARRANG-LIVG NOT = '06' or '08' and GRP005FN-CDE-PRTCPN2 = 'C'. Set this field to '10' (Unrelated adult) where GRP005FN-CDE-REL-CTKR = 'FRD' or 'SPO' and GRP005FN-CDE-PRTCPN2 = 'A'	
Parent with Minor Child	Do not use a '1' for Parent with Minor Child Code. Set Parent With Minor Child Code (RP759T2-SW-PARENT) to '2' where GRP011FN-SW-AG-PARENT = 'Y'. Otherwise set Parent With Minor Child Code (RP759T2-SW-PARENT) to '3'.	Same, pending new file layout.
Work Eligible Individual Indicator	Set this field to '1' where GRP020FA-CDE-TIME-EXEMPT > SPACES or where GRP020FA-CDE-	Same, pending new file layout.

	TIME-INTRUPT > SPACES or where GRP020FA-CDE-WORK-STAT is NOT EQUAL TO '01'; Otherwise set field to '2'.	
Date of Birth (Child)	GRP005FN-DTE-BIRTH If unknown, enter all nines	Same, pending new file layout.

Through a program developed by and maintained by systems staff, Tennessee has the ability to identify TANF families with a work-eligible individual as detailed in section III, by the case characteristics that relate to the special rules and conditions of participation which include 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 disabled family member (adult or child). Since the definition of who must be considered as a work-eligible individual will change with the loss of the wavier June 30, 2007, these edits and programs will be adjusted to reflect the changes necessary to comply with the federal regulations.

In order to capture complete and accurate data the State of Tennessee requires that the following requirements are met:

	Current Process	**Future Process**
Childcare	Part of the eligibility process based on age of child, work requirements, and special needs children as defined by policy. ACCENT tracks and authorizes childcare benefits based on eligibility criteria as defined by internal rules of the system.	Same
Age of Child	The age of dependents is verified through proof, which is provided by the client at authorization, which includes birth certificate and social security card. The state also verifies this information through a direct match to birth files maintained by the Department of Health, which collects Social Security and Birth information for people born in Tennessee.	Same
Number of Months Under a Sanction	The number of sanctions is tracked in ACCENT and is tied to internal eligibility	Same

	rules depending on the sanction code used. Once a sanction is applied, and the case is closed, the caseworker would determine if the client had served the correct number of months under the sanction before allowing re-entry into the program. The system will track the number of sanctions and the penalties applied.	
Adult or teen parent with satisfactory school attendance	This information is entered into ACCENT by the Family Assistance caseworker and is verified by school records. If a sanction is applied due to unsatisfactory school attendance, the ACCENT system will track the sanction.	Same
Families with a Disabled Family Member (adult or child)	Disability is verified by either eligibility for a federally funded disability program, which is also verified by incoming files (BENDEX and SDX) which are received and matched to ACCENT information and/or through state disability determination methods, which are tracked in ACCENT. The state also has access to the Social Security database SOLQ where eligibility periods and amounts of assistance are recorded. The caseworker can verify individuals in this system. Each individual is coded as disabled either long term or short term and the case is reviewed at eligibility re-determination and in the QC process for accuracy.	Same

Work Participation Status

	Current Process	Future Process
Describe the State's procedures to ensure that a family is not disregarded from the work participation rate for more than 12 months per lifetime based on being a single custodial parent with a child less than one year of age.	Tennessee's wavier currently allows every parent (single or otherwise) to be disregarded for 16 weeks following the birth of a child, without regard for a lifetime limit	System modifications will provide a tracking mechanism that limits this disregard to 12 months lifetime for a single parent.
Describe the State's procedures to ensure that a family is not disregarded from the work participation rate for more than three months in any period of 12 consecutive months based on a work-eligible individual's refusal to participate in work.	Tennessee disregards sanctions cases only after case closure.	Same
Describe the State's procedures for ensuring a family deemed engaged in work based on 20 hours of participation in countable work activities meets the requirements of a single custodial parent or caretaker relative with a child under age six.	In Tennessee, parents with children aged one through six are subject to the same work requirements as parents of older children.	Tennessee anticipates continuing the same work requirement for all parents, regardless of the age of the youngest child. However, a single parent with a child under age 6 who has countable average hours of 20 per week will be considered participating for purposes of federal reporting and WPR calculations.

VI: Submittal Procedures

Tennessee is pleased to submit what we consider to be a viable and sound work verification plan that will support the accurate and timely tracking of TANF participants in allowable activities. As Tennessee continues to refine the program design of the Families First program following the end of the wavier, this plan may be amended and resubmitted to reflect necessary changes.

This plan is submitted on September 28, 2006. A copy of the plan is also being provided to the regional ACF office.

ATTACHMENT G

ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

SIGNATURE & DATE:

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. If said individual is not the chief executive or president, this document shall attach evidence showing the individual's authority to contractually bind the Contractor.