

**GAO**

Report to the Ranking Minority  
Member, Committee on the Budget,  
House of Representatives

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March 2005

# MEANS-TESTED PROGRAMS

## Information on Program Access Can Be an Important Management Tool





Highlights of [GAO-05-221](#), a report to the Ranking Minority Member, Committee on the Budget, House of Representatives

### Why GAO Did This Study

Federal agencies that administer means-tested programs are responsible for both ensuring that people have appropriate access to assistance and ensuring the integrity of the programs they oversee. To balance these two priorities appropriately, it is important for agencies to have information on program integrity and program access. Knowing the proportion of the population that qualifies for these programs relative to the numbers who actually participate can help ensure that agencies can monitor and communicate key information on program access.

To better understand participation in low-income programs, this report provides information on: (1) the proportion of those eligible who are participating in 12 selected low-income programs; (2) factors that influence participation in those programs; and (3) strategies used by federal, state, and local administrators to improve both access and integrity, and whether agencies monitor access by measuring participation rates.

### What GAO Recommends

GAO recommends that the Secretaries and Commissioners whose programs do not currently use participation rate information to consider using this information in managing their programs. GAO makes technical recommendations on how the usefulness of these measures could be improved. The agencies generally agreed with our recommendations.

[www.gao.gov/cgi-bin/getrpt?GAO-05-221](http://www.gao.gov/cgi-bin/getrpt?GAO-05-221).

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Bellis (415)904-2272 or [bellisd@gao.gov](mailto:bellisd@gao.gov).

## MEANS-TESTED PROGRAMS

### Information on Program Access Can Be an Important Management Tool

#### What GAO Found

For 12 federal programs supporting low-income people, we found that the proportion of those eligible who are enrolled varies substantially both between and within programs. Among entitlement programs—those programs that provide benefits to all applicants that meet program eligibility criteria—these rates range from about 50 to more than 70 percent. Among non-entitlement programs—those with limited funding—these rates ranged from less than 10 percent to more than 50 percent. While it may be neither feasible nor desirable for programs to serve 100 percent of those eligible for benefits, information on the share of those eligible who are enrolled in means-tested programs and on particular recipient groups such as the elderly or families with children, can help program managers more effectively address issues related to program access. However, participation rate estimates must be interpreted carefully because of limitations in the data sources and estimation methodologies used to calculate the estimates.

Many factors influence access to low-income programs—including the type of benefits, ease of access, misperceptions about program requirements, and application and eligibility verification procedures. These factors can impact not only the share of eligible people who participate in low-income programs, but other aspects of program access as well, including the composition of the program caseload and how programs work together to serve low-income individuals and families.

Federal, state, and local administrators have implemented many strategies to achieve the goals of access and integrity, but federal agencies generally put more emphasis on tracking information and outcomes related to program integrity than program access. To better ensure that program administrators achieve program integrity goals, agencies have begun to develop measures to track and report on program integrity. Federal agencies have developed participation rate estimates for several low-income programs, but only four—CCDF, food stamps, WIC, and EITC—either currently collect and report information on the extent to which they are reaching their target populations or plan to do so. Such information can guide administrators in setting priorities and targeting scarce resources, even among programs that were not intended to serve everyone eligible for program benefits.

#### The 12 Federal Means Tested Programs Reviewed

<p><b>Health and Human Services</b></p> <ul style="list-style-type: none"> <li>• Temporary Assistance for Needy Families</li> <li>• Child Care and Development Fund</li> <li>• Head Start</li> <li>• Medicaid</li> <li>• State Children's Health Insurance Program</li> </ul> <p><b>Housing and Urban Development</b></p> <ul style="list-style-type: none"> <li>• Housing Choice Vouchers</li> <li>• Public Housing</li> </ul>	<p><b>Agriculture Department</b></p> <ul style="list-style-type: none"> <li>• Food Stamps</li> <li>• Women, Infants, and Children Nutrition</li> </ul> <p><b>Internal Revenue Service</b></p> <ul style="list-style-type: none"> <li>• Earned Income Tax Credit</li> </ul> <p><b>Social Security Administration</b></p> <ul style="list-style-type: none"> <li>• Supplemental Security Income</li> </ul> <p><b>Education Department</b></p> <ul style="list-style-type: none"> <li>• Earned Income Tax Credit</li> </ul>
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Source: GAO.

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# Contents

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<b>Letter</b>		<b>1</b>
	Results in Brief	3
	Background	5
	Use of Federal Low-Income Assistance Varies Greatly by Program and by Subgroup	11
	Many Factors Influence Participation but Their Impact on Entitlement and Non-Entitlement Programs Differs	28
	Program Administrators Have Strategies That Improve Both Access and Integrity, but Federal Agencies Have Generally Focused More on Measuring Program Integrity Outcomes	35
	Conclusion	47
	Recommendations to Executive Agencies	48
	Agency Comments	50
<b>Appendix I</b>	<b>Objectives, Scope, and Methodology</b>	<b>53</b>
<b>Appendix II</b>	<b>Limitations Affecting Use of Participation and Coverage Rates</b>	<b>60</b>
<b>Appendix III</b>	<b>Agency Estimates of Improper Payments for Programs Reviewed</b>	<b>65</b>
<b>Appendix IV</b>	<b>Comments from the Department of Education</b>	<b>66</b>
<b>Appendix V</b>	<b>Comments from the Department of Health and Human Services</b>	<b>68</b>
<b>Appendix VI</b>	<b>Comments from the Department of the Treasury</b>	<b>78</b>

<b>Appendix VII</b>	<b>Comments from the Social Security Administration</b>	<b>80</b>
<b>Appendix VIII</b>	<b>GAO Contacts and Staff Acknowledgments</b>	<b>83</b>
	GAO Contacts	83
	Staff Acknowledgments	83
<b>Related GAO Products</b>		<b>84</b>

## Tables

Table 1: Fiscal Year 2003 Annual Expenditures and Agencies Responsible for Administering 12 Selected Low—Income Programs	6
Table 2: Descriptions of 12 Low-Income Programs	7
Table 3: Level of Government Responsible for Funding and Design of 12 Low-Income Programs	9
Table 4: Estimated Participation Rates for Entitlement Programs for the Most Recent Year Data Were Available	12
Table 5: Available Subgroup Participation Rate Estimates for Entitlement Programs for the Most Recent Year Data Were Available	14
Table 6: Estimated Coverage Rates for Non-Entitlement Programs for the Most Recent Year Data Were Available	19
Table 7: Coverage Rate Estimates for TANF Cash Assistance and WIC Subgroups for the Most Recent Year Data Were Available	22
Table 8: Potential Cost of Providing Benefits to Eligible Non-participants for the Most Recent Year Data Were Available	26
Table 9: Status of Agencies Identification of and Reporting on the Amounts of Improper Payments by Program	43
Table 10: Status of Agencies Efforts to Use Information on Participation or Coverage Rates in Managing Their Programs	45
Table 11: Summary of Participation and Coverage Rate Methodologies	54
Table 12: Improper Payment Estimates Reported in Agency Fiscal Year 2003 Performance and Accountability Reports	65

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## Figures

Figure 1: Food Stamp Participation Rate Estimates for Fiscal Years 1999 to 2002	17
Figure 2: Head Start Coverage Rate Estimates for 1997 to 2003	24

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## Abbreviations

ACF	Administration for Children and Families
CCDF	Child Care and Development Fund
CMS	Centers for Medicare & Medicaid Services
CPS	Annual Social and Economic Supplement to the Current Population Survey
ED	Department of Education
EITC	Earned Income Tax Credit
FNS	Food and Nutrition Service
FRED	Fraud Early Detection
FY	fiscal year
HCV	Housing Choice Vouchers
HHS	Department of Health and Human Services
HIPAA	Health Insurance Portability and Accountability Act
HUD	Department of Housing and Urban Development
IPIA	Improper Payments Information Act
IRS	Internal Revenue Service
NRC	National Research Council
OMB	Office of Management and Budget
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act
SCHIP	State Children's Health Insurance Program
SIPP	Survey of Income and Program Participation
SSA	Social Security Administration
SSBG	Social Security Block Grant
SSI	Supplemental Security Income program
TANF	Temporary Assistance for Needy Families
TRIM3	Transfer Income Microsimulation Model, version 3
USDA	Department of Agriculture
WIC	Special Supplemental Nutrition Program for Women Infants, and Children

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United States Government Accountability Office  
Washington, DC 20548

March 11, 2005

The Honorable John M. Spratt, Jr.  
Ranking Minority Member  
Committee on the Budget  
House of Representatives

Dear Mr. Spratt:

Each year through more than 80 means-tested programs, the federal government provides benefits and services to individuals and families with low incomes—just 12 of which account for as much as \$330 billion in annual federal expenditures. As stewards of these funds, federal agencies have many roles, among them: to ensure that people have appropriate access to this assistance and to ensure the integrity of these programs by guarding against improper payments and unqualified participation. These responsibilities can be complementary, but they can also be practiced in ways that work at cross purposes. Outreach without appropriate screening, for example, can result in service to the wrong recipients, but cumbersome enrollment procedures can discourage those who qualify from applying. To meet requirements related to the Improper Payments Information Act of 2002, federal agencies administering these programs will be required to institute new steps to assure integrity by annually measuring and reporting improper payments. As they step-up efforts to ensure integrity, they will be challenged, as well, to ensure appropriate access. Without a sense of the proportion of the population that qualifies for these programs relative to the numbers who actually participate, however, it may be difficult for most agencies to know whether they have struck an appropriate balance in the weight of their strategies and whether they need to pursue methods that better serve both access and integrity.

To better understand participation in low-income programs, we have agreed to provide you information on: (1) the proportion of those eligible who are participating in 12 selected low-income programs; (2) the factors that influence participation in those programs; and (3) strategies used by federal, state, and local administrators to improve both access and integrity, and whether agencies monitor access by measuring participation rates. The 12 programs included in this review are among the largest and were selected to cover a range of benefits and services aimed at supporting needy families and individuals. They include: the Child Care and Development Fund (CCDF), the Earned Income Tax Credit (EITC),

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the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Food Stamp Program, the Supplemental Security Income program (SSI), the Head Start program, the Pell Grant program, the Medicaid program, the State Children's Health Insurance Program (SCHIP), the Temporary Assistance for Needy Families (TANF) program, the Housing Choice Voucher (HCV) program, and the public housing program.

To address our research objectives, we compiled estimates of the proportion of those eligible who participate in each of the programs for the most recent year for which data were available<sup>1</sup> using different methodologies. We refer to this proportion as a participation rate when discussing entitlement programs and other programs that provide program benefits to all eligible applicants: EITC, food stamps, Medicaid, Pell Grants, and SSI. We refer to it as a coverage rate when discussing non-entitlement programs that do not necessarily provide benefits to all eligible individuals who apply for the program: CCDF, Head Start, Housing Choice Vouchers, Public Housing, SCHIP, TANF, and WIC. For seven programs, we contracted with the Urban Institute to provide us with information about their microsimulation model estimates of participation rates.<sup>2</sup> These model estimates are also used to calculate estimates of the potential cost of serving eligible nonparticipants in a subset of programs. For the remaining programs, we provide participation or coverage rate estimates based on administrative and national survey data. We held discussions with federal agency officials to discuss the reliability of program data used in our estimates, reviewed related documentation, and ensured that the agencies conducted tests of the data for omissions and errors. In addition, we reviewed literature on factors that influence participation in the 12 programs covered by the review and strategies to improve program access and program integrity. We surveyed and interviewed the federal agencies that administer the 12 programs on factors they have identified that influence program participation and on

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<sup>1</sup>The most recent participation rate estimates are available for the years 1999 to 2003 depending on the program.

<sup>2</sup>The Transfer Income Microsimulation Model (TRIM3), developed by the Urban Institute and funded by HHS, uses national survey data from the Annual Social and Economic Supplement to the Current Population Survey (CPS), the Survey of Income and Program Participation (SIPP), the National Survey of America's Families, and information on eligibility rules to estimate the population eligible for means-tested programs, including CCDF, food stamps, Medicaid, SCHIP, SSI, TANF, and WIC. The model estimates the amount each individual or household would receive based on their characteristics.

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strategies they have implemented to improve program access and program integrity. In addition, we interviewed federal, state, and local program administrators of various programs in California, Connecticut, Georgia, Maryland, and Minnesota, on factors that affect participation and strategies they have employed to address the goals of program access and program integrity. These states were chosen on the basis of innovative programs and initiatives related to program integrity and program access and demographic and geographic diversity. We performed this work between November 2003 and January 2005 in accordance with generally accepted government auditing standards. See appendix I for additional information on scope and methodology.

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## Results in Brief

For 12 federal programs supporting low-income people, we found that the proportion of those eligible who are actually enrolled varies substantially both between programs and among subgroups enrolled in a single program. Given the differences in the goals, design, administration, and funding of the 12 programs, it is not surprising that we found substantial variation in these proportions. For entitlement programs—those designed to support all those who qualify—the estimated proportion of eligible people who were enrolled ranged from about 50 percent to more than 70 percent. For example, approximately three-quarters of those who were eligible took advantage of the Earned Income Tax Credit program in 1999, the most recent year for which data were available. For non-entitlement programs—those with limited funding and not necessarily intended to cover all eligible persons—the estimated proportion of the eligible who were enrolled ranged from less than 10 percent to more than 50 percent. In the Head Start program, for example, funded enrollment was sufficient to cover half of all potentially eligible children in 2003. Within some programs, we found that some subpopulations were enrolled in different proportions than other groups. For example, in the Food Stamp Program, the participation rate for families with children was higher than the participation rate for other groups. Some evidence shows that enrollees tended to be those among the eligible who had greater needs—as indicated by the levels of assistance for which they qualified. While information on participation rates can help program managers more effectively address issues related to program access, several factors must be taken into consideration when interpreting this information. For example, because of limitations of the data and methodologies used to measure rates of participation, we could not make statistically reliable comparisons across programs nor could we describe fluctuations over time for most programs.

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The size and type of program benefits, ease of access, misperceptions about program requirements and eligibility verification requirements put in place to ensure program integrity can affect program access in both entitlement and non-entitlement programs. For example, agency officials told us that participation in the WIC program is highest among infants in part because infants are eligible for the highest benefits, but that factors such as extended office hours can also impact participation. The factors we identified can affect several aspects of program access, including not only the number of program participants, but also the extent to which programs reach the total population eligible for benefits and services, how well agencies are allocating resources among targeted subpopulations, and, from an agencywide or even governmentwide perspective, how well specific means-tested programs complement and interact with programs that serve similar populations or provide for similar needs. While concerns about the allocation of scarce resources and interactions with other programs apply to all low-income programs, they may be of particular importance to non-entitlement programs whose participation is limited by funding constraints. Participation or coverage rate information can guide program administrators in setting priorities and targeting scarce resources, even among programs that were not intended to serve everyone eligible for program benefits.

Federal, state, and local administrators have implemented a variety of strategies to achieve both program access and program integrity, but federal agencies generally put more emphasis on tracking information and outcomes related to program integrity than program access. Through federal agency surveys and site visits, we identified several strategies currently being used that have the potential to achieve two of the fundamental goals common to all means-tested programs—program access and program integrity. These strategies ranged from innovative use of information technology to special outreach programs; some were in use nationwide and others were state or local efforts. The initiation and control of these strategies is often beyond the direct control of the federal agencies managing the programs. However, federal managers do play a role in that they encourage and facilitate such strategies, even in the most decentralized program, by emphasizing the importance of program access and program integrity—even absent specific related laws or regulations related to these issues. The Improper Payments Information Act of 2002 has built upon existing governmentwide efforts to emphasize to federal agencies the importance of having an internal control framework to address program integrity issues. At the same time, internal controls are important management tools to ensure that agencies meet their basic goals of reaching eligible families. The federal agencies that oversee these

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entitlement and non-entitlement programs can benefit from having up-to-date information on the extent to which their programs reach eligible individuals. However, while all of the programs we reviewed have begun to take steps to measure the extent of improper payments and all make efforts to assess how well their programs are working, only four of the programs we covered in this review—CCDF, food stamps, WIC, and EITC—either currently collect and report information on the extent to which they are reaching their target populations in key performance and program reports or plan to do so.

To better ensure that agencies have information on program access, we recommend to the Secretaries and Commissioners whose programs do not currently use participation rate information to consider the use of participation rate information in managing their programs. We also make some technical recommendations on how the usefulness of these measures could be improved. The agencies generally agreed with these recommendations.

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## Background

The federal government funds a wide array of programs intended to provide benefits or services to low-income individuals, families, and households. The 12 programs included in this review include the largest of these programs, Medicaid, as well as some relatively small programs such as WIC. The 12 programs are administered by seven different federal agencies.<sup>3</sup> Table 1 shows the agencies responsible for each program and federal expenditures for fiscal year 2003, the most current year available.

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<sup>3</sup>Two of these agencies, the Centers for Medicare & Medicaid Services and the Administration for Children and Families, are part of the Department of Health and Human Services.

**Table 1: Fiscal Year 2003 Annual Expenditures and Agencies Responsible for Administering 12 Selected Low—Income Programs**

<b>Program</b>	<b>Agency</b>	<b>FY 2003 federal expenditures<sup>a</sup> (dollars in billions)</b>
CCDF	Department of Health and Human Services (HHS), Administration for Children and Families (ACF)	\$7.3
EITC	Department of Treasury, Internal Revenue Service (IRS)	37.9 <sup>b</sup>
Food Stamp Program	Department of Agriculture (USDA), Food and Nutrition Service (FNS)	23.9
Head Start	HHS/ACF	6.6
Housing Choice Voucher Program	Department of Housing and Urban Development (HUD), Office of Public and Indian Housing	13.4 <sup>c</sup>
Medicaid	HHS, Centers for Medicare & Medicaid Services (CMS)	160.7
Federal Pell Grant Program	Department of Education (ED), Office of Federal Student Aid	12.1
Public Housing Program	HUD, Office of Public and Indian Housing	7.6 <sup>d</sup>
SCHIP	HHS/CMS	4.3
WIC	USDA/FNS	4.5
SSI	Social Security Administration (SSA)	35.2
TANF	HHS/ACF	\$16.3

Source: Federal agency officials.

<sup>a</sup>This includes the total amount of federal expenditures in fiscal year 2003, which is the most recent year for which these data were available. It includes current and prior year federal funds expended in fiscal year 2003; it does not include state expenditures.

<sup>b</sup>This includes both credits paid out in refunds and reduced tax liabilities.

<sup>c</sup>This includes funding for the housing choice voucher and moderate rehabilitation programs.

<sup>d</sup>This includes expenditures for the public housing capital fund, the public housing operating fund, and revitalization of severely distressed public housing (HOPE VI).

These programs provide different benefits and services to different target populations. Some of the programs provide benefits that phase out gradually, so some people may be eligible for a very low benefit. For example, in fiscal year 2005, monthly food stamp benefits for a three-person household can be as low as \$1 per month. Other programs, such as Medicaid, generally offer comparable benefits to every resident of a state who meets eligibility requirements. Table 2 provides a brief description of each of the programs covered in this report and the types of benefits offered by each program.

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**Table 2: Descriptions of 12 Low-Income Programs**

<b>Program</b>	<b>Description</b>
CCDF	The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) authorized CCDF to help provide child care to low-income families and to give states more flexibility to design child care policies. CCDF is funded through an annual block grant to states and required state funds and may also include transfers from TANF. States are permitted to transfer up to 30 percent of their TANF block grant to CCDF. Under CCDF, child care services are available to eligible families through certificates or contracts with providers, and parents may select any legally operating child care provider, including home-based or center-based providers.
EITC	EITC is a refundable federal tax credit available to eligible workers earning relatively low incomes. Because the credit is refundable, a person does not need to owe taxes to receive benefits. EITC is based on earned income, adjusted gross income, and the presence of qualifying children, if any. Under current law, there are three categories of EITC recipients: childless adults, adults with one child, and adults with two or more children.
Food Stamps	The Food Stamp Program is the primary source of nutrition assistance for many low-income households. It enables eligible low-income households to buy nutritious food with electronic benefit cards at authorized retail food stores across the country. State and local welfare offices operate the program, and the federal government oversees the state operation of the program. Participants must meet income and resource standards and be U.S. citizens or eligible non-citizens, and all able-bodied individuals between 16 and 60 without dependents must register for work, take part in an employment and training program, or accept or continue suitable employment. Households with incomes are expected to spend about 30 percent of their income, after certain deductions, on food.
Head Start	Head Start provides comprehensive developmental services for low-income, pre-school children ages 3 to 5, and social services for their families. Services can be provided through either a half-day or a full-day program. Head Start provides diverse services in four components: education, health, parent involvement, and social services. Grants are awarded to about 1,400 local public or private non-profit agencies, and the community must contribute about 20 percent of the total cost of a Head Start program.
Housing Choice Vouchers	The Housing Choice Voucher program is the federal government's major program for assisting very low-income families, the elderly, and the disabled with their housing needs. HUD gives public housing agencies the funds to administer the program. Participants use vouchers to find their own housing, including single-family homes, townhouses and apartments. The voucher recipient pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Generally, the subsidy allows the tenant to pay no more than 30 percent of adjusted monthly income towards the rent and utilities.
Medicaid	Medicaid (title XIX of the Social Security Act) is a federal/state entitlement program that generally provides health insurance coverage for low-income families and individuals who are aged or disabled. Medicaid is the largest source of funding for medical and health-related services for America's poorest people. Within broad federal guidelines, each state can (1) establish its own eligibility standards; (2) determine the type, amount, duration, and scope of services; (3) set the rate of payment for services; and (4) administer its own program. Medicaid policies for eligibility, services, and payment are complex and vary considerably, even among states of similar size or geographic proximity.
Pell Grant	The Pell Grant program provides grants (i.e., aid that does not have to be repaid) to needy undergraduates. It is the largest source of grant aid for postsecondary education attendance funded by the federal government and provided an estimated \$13.1 billion to students in fiscal year 2004. Pell Grants are intended to be the foundation for all federal aid awarded to undergraduates and constituted an estimated 19 percent of all federally supported aid in fiscal year 2004 that benefited postsecondary education students. For fiscal year 2004-2005, grants ranged from \$400 to \$4,050.

Program	Description
Public Housing	Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high-rise apartments for elderly families. HUD contributes both capital and operating funds to local housing agencies that manage the housing for low-income residents at rents they can afford. HUD also furnishes technical and professional assistance in planning, developing, and managing these developments.
SCHIP	As part of the Balanced Budget Act of 1997, Congress created SCHIP as a federal/state partnership, similar to Medicaid, with the goal of expanding health insurance to low-income children—i.e., those children whose families earn too much money to be eligible for Medicaid, but not enough money to purchase private insurance. States can (1) use SCHIP funds to expand Medicaid eligibility to children who previously did not qualify for the program; (2) design a children’s health insurance program entirely separate from Medicaid; or (3) combine both the Medicaid and separate program options.
WIC	WIC provides supplemental foods to low-income women, infants, & children up to age 5 who are at nutritional risk. The WIC target population consists of low-income, nutritionally at risk: pregnant and breastfeeding women; nonbreastfeeding postpartum women; infants (up to 1st birthday), and children up to their 5th birthday. It provides supplemental nutritious foods, including infant formula; nutrition education and counseling at WIC clinics; and screening and referrals to other health, welfare and social services.
SSI	The SSI program, title XVI of the Social Security Act, was enacted in 1972 and implemented in 1974 to ensure a minimum cash income to all aged, blind, or disabled persons. SSI is provided to eligible individuals or couples who have limited income and resources (the countable resource limit is \$2,000 for an individual and \$3,000 for a couple). Federal SSI benefits are paid from federal general revenues, but many states also supplement payments.
TANF	The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) replaced Aid to Families with Dependent Children (AFDC) with TANF, which marked the end of federal entitlement to assistance. TANF ended unlimited matching funding for family cash welfare and created fixed-block grants to states. The block grant covers benefits, administrative expenses, and services targeted to needy families and gives states great flexibility to design their own TANF programs. PRWORA imposed a 5-year limit on TANF cash assistance paid with federal funds and required states to achieve minimum participation rates in federally recognized work activities. In addition, they must spend a specified amount of state funds on eligible low-income families—at least 75 percent of the state funds they spent in fiscal year 1994, known as the maintenance-of-effort requirement. States may use these funds to pay for separate state programs.

Source: Federal agency documents.

## Program Administration

The programs covered by this review represent both entitlement and non-entitlement programs; programs that are administered entirely by federal agencies and those that are administered through federal partnerships with state and/or local agencies; programs that allow substantial state and local variation and those that provide uniform benefits throughout the country. Table 3 summarizes the level of government with whom responsibility for funding and design resides for each of the 12 programs.

**Table 3. Level of Government Responsible for Funding and Design of 12 Low-Income Programs**

<b>Program</b>	<b>Funding<sup>a</sup></b>	<b>Design<sup>b</sup></b>	<b>Entitlement</b>
EITC	Federal	Federal	Yes
Food Stamp Program	Federal	Federal	Yes
Medicaid	Federal/state	Federal/state	Yes
SSI	Federal <sup>c</sup>	Federal	Yes
Pell Grants	Federal	Federal	No
CCDF	Federal/state	Federal/state	No
Head Start	Federal	Federal/local	No
Housing Choice Voucher	Federal	Federal	No
Public Housing	Federal	Federal	No
SCHIP	Federal/state	Federal/state	No
TANF cash assistance	Federal/state	Federal/state	No
WIC	Federal	Federal	No

Source: GAO.

<sup>a</sup>Defined as the level of government that supplies the primary source of funding for the support. If substantial funding comes from more than one source, we list both sources. Some additional funding may come from sources not listed in the table.

<sup>b</sup>Defined as the level of government that is primarily responsible for availability, eligibility, and benefit amount determination.

<sup>c</sup>Some states contribute to the SSI program, but state funding is not required and is not provided in all states.

## Program Performance Management

Although state and local agencies responsible for administering several of the programs have some control over program design and implementation, primary responsibility for setting priorities, guiding policy, and measuring performance rests with the federal agencies that oversee the programs. The programs covered by this review may have many different goals and objectives of varying degrees of importance, but all of these programs—regardless of size, target population, funding structure, or types of benefits offered—were established to assist persons with limited income, and as such, all were tasked with the overarching goal of reaching and serving those eligible for program benefits or services. Likewise, all means-tested programs share the common goal of ensuring that the funds allocated for program benefits are provided only to those eligible.

A key factor in achieving desired program outcomes, including program access and program integrity, is the implementation of appropriate internal control. As discussed in our prior work on this topic, internal control is an integral component of an organization’s management that

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provides reasonable assurance that agencies are achieving outcomes related to the effectiveness and efficiency of operations and compliance with laws and regulations, among other things.<sup>4</sup>

Federal agencies have several key management tools and program reports that they use to provide information about the programs they administer, develop policy, help with management decision-making, and help focus program administrators at all levels of government on achieving the federal agency's highest priorities. For example, through their strategic and annual performance plans and accountability reports, federal agencies set program goals, measure program performance against those goals, and report publicly on their progress. Some programs also issue annual or biennial reports to Congress on specific programs they administer; these generally include important program information.

A number of governmentwide initiatives have resulted in increased emphasis by program managers on program integrity issues, including OMB guidance, the President's Management Agenda, GAO's High-Risk series and the Improper Payments Information Act of 2002 (IPIA). The IPIA requires the head of each federal agency to annually review all programs and activities that the agency administers and to identify all such programs and activities that may be susceptible to significant improper payments.<sup>5</sup> For each program and activity identified, the agency is required to estimate the annual amount of improper payments and submit those estimates to Congress before March 31 of the following applicable year. OMB guidance then directs federal agencies to include a measure of improper payments in their annual Performance and Accountability Reports. All 12 programs we reviewed are subject to these requirements.

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<sup>4</sup>See GAO, *Standards for Internal Control in the Federal Government*, GAO/AIMD-00-21.3.1 (Washington, D.C.: Nov. 1999).

<sup>5</sup>Improper payments can include both overpayments and underpayments.

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## Use of Federal Low-Income Assistance Varies Greatly by Program and by Subgroup

The proportion of those eligible who are actually enrolled in 12 selected low-income programs varies substantially both between and within programs, but several factors must be considered to understand the implications of this information for program access. The estimated proportion of eligible people who were enrolled in entitlement programs—those designed to support all those who apply and qualify—ranged from about 50 percent to more than 70 percent. In contrast, the estimated proportion of the eligible who were enrolled in non-entitlement programs—those with limited funding and not necessarily intended to cover all eligible persons—ranged from less than 10 percent to about 50 percent. Within programs, we found that subpopulations were enrolled in different proportions. Some evidence also suggests that enrollees in some programs, such as the Food Stamp Program, tend to be those who are eligible for larger benefit amounts.

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## For Entitlement Programs, the Proportion of Those Eligible Who Were Enrolled Ranged from about 50 Percent to More Than 70 Percent, but Participation Rates Are Higher among Some Groups

For four of the five entitlement programs we examined, the proportion of eligible people who were enrolled varied from around 50 percent in the Food Stamp Program to more than 70 percent in the EITC and SSI programs; and within programs, different types of participants, such as children or the elderly, were enrolled in varying proportions.<sup>6</sup> Table 4 provides estimated participation rates for each of these programs, expressed in ranges to reflect potential errors in sample survey data. The actual participation rates may be outside the range of estimates shown because some types of uncertainty in the estimation of participation rates cannot be quantified. Estimates for the Food Stamp, Medicaid and SSI programs were developed by the Urban Institute under contract with HHS and Food Stamp Program estimates were developed by Mathematica Policy Research, Inc., under contract with USDA. HHS and USDA are the only two agencies to regularly estimate participation rates in low-income programs. We estimated the EITC participation rate for 1999. However, we were unable to estimate an enrollment rate for the Pell Grant program because of concerns about the reliability of some of the data needed to estimate the rate.

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<sup>6</sup>While the Pell Grant program is not an entitlement program, we have included it in this group because program administrators told us that they manage it to allow all eligible people who apply to receive benefits.

**Table 4: Estimated Participation Rates for Entitlement Programs for the Most Recent Year Data Were Available**

Program (year) <sup>a</sup>	Eligibility unit	Participation rate estimates <sup>b</sup> (in percent)
EITC (1999)	Households	75 <sup>c</sup>
Food Stamp Program (2001): HHS/Urban Institute	Households <sup>d</sup>	46–48
(2002): USDA/Mathematica Policy Research, Inc.	Households	48 <sup>e</sup>
	Individuals	54 <sup>f</sup>
Medicaid (2000)	Individuals <sup>g</sup>	66–70
Pell Grants	Not available	Not available <sup>h</sup>
SSI (2001)	Individuals and married couples <sup>i</sup>	66–73

Sources: GAO's analysis of CPS and IRS survey data and data from the Urban Institute's TRIM3 model and Mathematica Policy Research, Inc.

<sup>a</sup>All estimates are for the calendar year indicated in the table, except the food stamp estimates created by Mathematica, which are for fiscal year 2002.

<sup>b</sup>This range represents a 95 percent confidence interval based on estimated sampling error in the national survey data. This interval does not take into account errors introduced by the modeling process or by administrative data. We assessed but did not quantify these errors.

<sup>c</sup>The EITC participation rate shown has a sampling error that does not exceed plus or minus 2.7 percentage points. The number of eligible tax filers used in this estimate was adjusted to exclude those who received EITC benefits in error. The participation rate is a conservative estimate based on 32 percent of EITC dollars being claimed in error; the IRS estimated between 27 and 32 percent of these tax dollars were paid in error in 1999. Because more recent information about EITC payment errors is not available, we were unable to provide a more recent estimate. However, Congress has enacted new tax laws and the IRS has taken steps to improve compliance. For more details, see GAO, *Earned Income Tax Credit Participation*, [GAO-02-290R](#) (Washington, D.C.: Dec. 14, 2001).

<sup>d</sup>While the Urban Institute and Mathematica each generate food stamp participation rate estimates using data from the CPS, their estimates differ slightly. The differences arise primarily from differences in imputation methodology for data missing from the CPS—such as assets, immigration/refugee status, and information on which household members buy and prepare food together.

<sup>e,f</sup>Confidence intervals are not available. These estimates are from Mathematica Policy Research, Inc., *Trends in Food Stamp Program Participation Rates: 1999 to 2002*. (Washington, D.C.: Sept. 2004).

<sup>g</sup>Estimates do not include individuals who are institutionalized. Estimates do account for variation in state eligibility rules and for people who may be eligible for only part of the year.

<sup>h</sup>We were unable to estimate a participate rate for the Pell Grant program because we were unable to assess the reliability of data on the family income of students that did not apply for federal financial assistance.

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No reliable national survey data exist on individuals who meet the SSI disability criteria. Therefore, researchers made assumptions about a person's disability based on self-reported information on inability to work due to illness or other disability, lack of work activity in the prior year, and receipt of disability income. Some of those assumed eligible for SSI based on disability may not meet the criteria and vice versa. As a result, the models may overestimate or underestimate the number of eligible people. This estimate also does not include institutionalized individuals and disabled children.

These estimates indicate that between half and three quarters of those eligible are participating in four of the entitlement programs. Although differences in years, data sources, and estimation methodologies make it inappropriate to compare participation rates across programs, these estimates provide a general sense of the extent to which programs are reaching those eligible for benefits. Specifically, we found:

- For the EITC program, we estimated in prior work that about 75 percent of eligible households took advantage of this credit in 1999. This estimate was adjusted to account for tax dollars that were distributed in error that year.<sup>7</sup> However, Congress has enacted new tax laws and the IRS has taken steps to improve EITC program compliance.
- Two organizations, the Urban Institute and Mathematica Policy Research, Inc., have estimated food stamp participation rates using different methodologies but both found that about 48 percent of eligible households participated in this program in 2001 and 2002, respectively. In addition, Mathematica found that 54 percent of eligible individuals were enrolled in 2002.
- An estimated 66 to 70 percent of eligible, noninstitutionalized people were enrolled in Medicaid in 2000. This estimate does not include institutionalized people, such as those in nursing homes.
- We were unable to estimate Pell Grant participation rates because we were unable to assess the reliability of available data on the family income of enrolled students who did not apply for federal financial aid.
- For SSI, an estimated 66 to 73 percent of eligible adult individuals and married couples received benefits in 2001. This estimate also does not include institutionalized people or disabled children.

Participation rates also can vary substantially even within a single program. Disaggregating program participation rates by targeted subpopulations can help us to better understand the implications of overall program participation rates. In table 5, we provide participation rate estimates for selected subgroups within the four entitlement

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<sup>7</sup>For more details, see GAO, *Earned Income Tax Credit Participation*, [GAO-02-290R](#) (Washington, D.C.: Dec. 14, 2001).

programs for which we have participation rate estimates. As in table 4, these estimates are expressed in ranges to reflect potential errors that result from using sample survey data. (See the footnotes to table 5 for more details.)

**Table 5: Available Subgroup Participation Rate Estimates for Entitlement Programs for the Most Recent Year Data Were Available**

Program (year) <sup>a</sup>	Subgroup	Participation rate estimates <sup>b</sup> (percent)
EITC (1999)	All Households <sup>c</sup>	75 <sup>d</sup>
	Households with No children	45 <sup>e</sup>
	Households with 1 Child	96 <sup>f</sup>
	Households with 2 Children	93 <sup>g</sup>
	Households with 3 or More Children	63 <sup>h</sup>
Food Stamps (2001)	All Households <sup>i</sup>	46–48
	Households with Children	55–57
	Households with Elderly Members	27–28
Medicaid (2000)	All Individuals <sup>i</sup>	66–70
	Adults	56–64
	Children	74–79
	Elderly	40–43 <sup>k</sup>
SSI (2001)	All Individuals and Married Couples <sup>i</sup>	66–73
	Elderly	61–68 <sup>m</sup>

Source: GAO's analysis of CPS and IRS survey data and the Urban Institute's TRIM3.

<sup>a</sup>All estimates are for the calendar year mentioned.

<sup>b</sup>This range represents a 95 percent confidence interval based on estimated sampling error in the national survey data. This interval does not take into account errors introduced by the modeling process or by administrative data. We assessed but did not quantify these errors.

<sup>c</sup>The number of eligible tax filers used in these estimates were adjusted to exclude those who received EITC benefits in error. The participation rate is a conservative estimate based on 32 percent of EITC dollars being claimed in error; the IRS estimated between 27 and 32 percent of EITC dollars claimed in 1999 were paid in error. Because more recent information about EITC payment errors is not available, we were unable to provide a more recent estimate. However, since 1999, Congress has enacted new tax laws and the IRS has taken steps to improve compliance. For more details, see GAO, *Earned Income Tax Credit Participation*, [GAO-02-290R](#) (Washington, D.C.: Dec. 14, 2001).

<sup>d</sup>The EITC participation rate for all households has a sampling error that does not exceed plus or minus 2.7 percentage points.

<sup>e</sup>The EITC participation rate for households with no children has a sampling error that does not exceed plus or minus 3.9 percentage points.

<sup>f</sup>The EITC participation rate for households with one child has a sampling error that does not exceed plus or minus 7.7 percentage points. The actual participation rate cannot exceed 100 percent.

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<sup>9</sup>The EITC participation rate for households with 2 children has a sampling error that does not exceed plus or minus 8.3 percentage points. The actual participation rate cannot exceed 100 percent.

<sup>10</sup>The EITC participation rate for households with 3 or more children has a sampling error that does not exceed plus or minus 8.3 percentage points.

Estimates in the table are from the Urban Institute. Mathematica has also estimated participation rates for these subgroups and found that about 66 percent of eligible households with children and 28 percent of those with elderly members participated in fiscal year 2002. While the Urban Institute and Mathematica each generate food stamp participation rate estimates using data from the CPS, their estimates differ slightly. The differences arise primarily from differences in imputation methodology for data missing from the CPS—such as assets, immigration/refugee status, and information on which household members buy and prepare food together.

<sup>11</sup>Estimates do not include individuals who are institutionalized. Estimates do account for variation in state eligibility rules and for people who may be eligible for only part of the year.

<sup>12</sup>Estimates include those who are dually enrolled in Medicare and Medicaid who thus qualify for the full Medicaid benefit and those who only receive Medicaid assistance for their Medicare cost sharing. Estimates do not include eligible elderly people who are institutionalized. The participation rate may be lower for this group in part because those over the age of 65 may have Medicare coverage.

<sup>13</sup>No reliable national survey data exist on individuals who meet the SSI disability criteria. Therefore, researchers made assumptions about a person's disability based on self-reported information on inability to work due to illness or other disability, lack of work activity in the prior year, and receipt of disability income. Some of those assumed eligible for SSI based on disability may not meet the criteria and vice versa. As a result, the models may overestimate or underestimate the number of eligible people. This estimate also does not include institutionalized individuals or disabled children.

<sup>14</sup>Estimates do not include eligible elderly people who are institutionalized.

As shown, participation in low-income programs varies markedly across subgroups. For example, a smaller share of elderly people eligible for low income programs tend to participate in the Food Stamps and Medicaid programs than among the total eligible population. The elderly may participate in the Food Stamp Program at a lower rate than other households because most elderly households receive Social Security and are eligible for relatively small food stamp benefits. For example, in 2000, 44 percent of all households with elderly members eligible for food stamps were eligible for a monthly benefit of only \$10 or less, the minimum benefit for households of one or two persons. In comparison, 12 percent of households without elderly members eligible for food stamps receive benefits that low. Similarly, Medicaid participation among the elderly may be low because Medicare also covers many elderly people who are eligible for Medicaid. In contrast, families with children tend to participate in food stamps, Medicaid, and the EITC at higher than average rates than those

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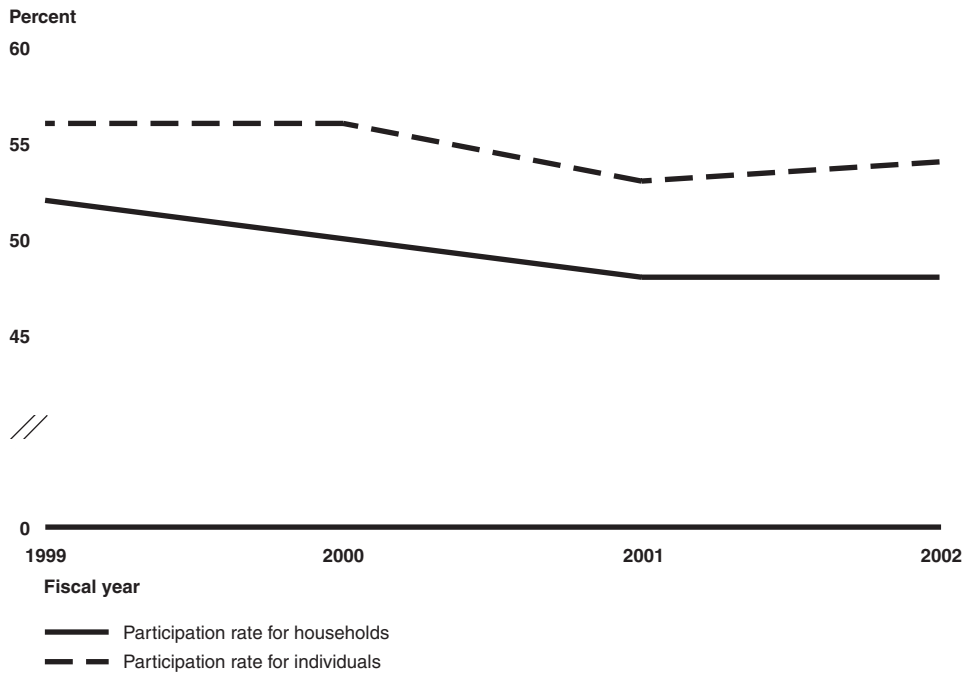
households without children.<sup>8</sup> Although we were unable to disaggregate participation rates by geographic area, program participation rates can also vary by state or locality.

Information on trends in program participation rates over time can also help in interpreting participation rate estimates, but we were only able to provide information on trends in participation for one program. Mathematica Policy Research, Inc., estimates food stamp participation rates annually under contract with USDA and has taken steps to ensure that estimates are comparable over time. As shown in figure 1, food stamp participation rates remained fairly stable between fiscal years 1999 and 2002, declining slightly from 52 percent in fiscal year 1999 to 48 percent in fiscal year 2002 among eligible households and 56 percent in fiscal 1999 to 54 percent in fiscal year 2002 among eligible individuals.

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<sup>8</sup>We estimated a food stamp participation rate for another subgroup, eligible individuals in working families, in prior work and found that 52 percent of these individuals were enrolled in 2001. See GAO, *Food Stamp Program: Steps Have Been Taken to Increase Participation of Working Families, but Better Tracking of Efforts Is Needed*, GAO-04-346 (Washington, D.C.: Mar. 5, 2004).

**Figure 1: Food Stamp Participation Rate Estimates for Fiscal Years 1999 to 2002**



Source: Mathematica Policy Research, Inc., *Trends in Food Stamp Program Participation Rates: 1999 to 2002*. (Washington, D.C.: Sept. 2004)

We were not able to provide information on trends in participation rates for the Medicaid and SSI programs because the most recent participation rate data available for these programs is not comparable to prior year estimates. While prior year estimates are available, because of changes from 1 year to the next in the methodology used to estimate participation rates, estimates for prior years are not perfectly comparable with the most recent estimates and are therefore not shown in this report. The participation rate estimate for the EITC was available for only 1 year.

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**For Non-Entitlement Programs, the Proportion of Those Eligible Who Were Enrolled Ranged from Less Than 10 Percent to about 50 Percent**

Among the seven non-entitlement programs we reviewed, the share of those eligible who participate ranges from less than 10 percent to about 50 percent. These programs are generally not funded to serve all eligible applicants, and many have other design features, such as the prioritization of certain subgroups and eligibility criteria specific to a state or locality, that would not necessarily allow for all eligible people who apply to receive benefits.<sup>9</sup> Consequently, we refer to these estimates as coverage rates rather than participation rates. Table 6 provides estimated coverage rates for each of these programs, expressed in ranges to reflect potential errors in survey data. The actual coverage rates may be within a broader range of estimates than shown because other errors that may have resulted from calculating these estimates could not be quantified. Estimates for the CCDF, SCHIP, and TANF cash assistance programs were developed by the Urban Institute under contract with HHS. We also include a WIC estimate developed by the National Research Council, and another WIC estimate developed by the Urban Institute under contract with us. We estimated the Head Start and housing programs using administrative and national survey data.

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<sup>9</sup>In recent years WIC has been funded at levels that allow the program to serve all or nearly all applicants who have sought services and meet program eligibility criteria. However, WIC is a non-entitlement program whose funding is determined annually through the congressional appropriations process. In addition, because the SCHIP and TANF programs provide grants directly to states and allow states substantial flexibility in determining program eligibility and implementation, funding constraints contribute to, but do not determine coverage rates to the extent that they do for the remaining programs.

**Table 6: Estimated Coverage Rates for Non-Entitlement Programs for the Most Recent Year Data Were Available**

Program (year)	Eligibility unit	Coverage rate estimates (percent) <sup>a</sup>
CCDF (2001)	Children <sup>b</sup>	18—19 <sup>c</sup>
Head Start (2003)	Children <sup>d</sup>	44—54 <sup>e</sup>
Housing Choice Vouchers (1999)	Households <sup>f</sup>	13—15
Public Housing (1999)	Households <sup>g</sup>	7—9
SCHIP (2000) <sup>h</sup>	Children <sup>i</sup>	44—51
TANF – cash assistance (2001)	Families <sup>j</sup>	46—50
WIC (1998): National Research Council	Individuals	51 <sup>l</sup>
(2001): Urban Institute	Infants and Children <sup>k</sup>	51—55 <sup>m</sup>

Source: The Urban Institute's TRIM3 and GAO's analysis of data from the CPS and HUD.

<sup>a</sup>This range represents a 95 percent confidence interval based on estimated sampling error in the national survey data. This interval does not take into account errors introduced by the modeling process or by administrative data. We assessed but did not quantify these errors.

<sup>b</sup>The estimates account for variations in state eligibility criteria and are based on criteria as of October 2001. Estimates do not account for participation in other programs that provide similar services.

<sup>c</sup>To increase the precision of these estimates, 3 years of CPS data were used to estimate the eligible population; other coverage rates and participation rates estimated using TRIM3 only use 1 year of data. As a result, the confidence interval based on the sampling error is smaller than for the other estimates.

<sup>d</sup>Head Start participation is measured by the number of funded slots, not the number of children in the program. Therefore, this estimate may overstate or understate the actual coverage rate because more than one child may fill a slot in a year and some slots may go unfilled. Estimates do not account for participation in other programs that provide similar services.

<sup>e</sup>The coverage rate does not include enrolled children living above the poverty threshold. Nonpoor children can comprise up to 10 percent of Head Start enrollment slots.

<sup>f</sup>HUD's data on the number of eligible households was based on the American Housing Survey. This survey may overestimate household income and underestimate the number of households in poverty. These estimates also may include households who do not qualify for the voucher despite their low-income status. Coverage rates are based on the number of households who successfully leased units in 1999. A total of 1,649,645 vouchers were authorized, but some of these were not used partially due to voucher-holders' inability to find housing. Rates reflect only those participating in the Housing Choice Voucher program; however, those eligible may also be served by a number of other federal, state, and local housing assistance programs.

<sup>g</sup>HUD's data on the number of eligible households was based on the American Housing Survey. This survey may overestimate household income and underestimate the number of households in poverty. Income-eligible households may not be eligible for other reasons—for example, local public housing authorities may deny assistance to people with habits and practices that may be detrimental to other public housing tenants—and the estimate does not account for this. Coverage rates are based on the number of public housing units that were leased; a total of 1,235,229 units were available but some were unleased for a variety of reasons, such as resident turnover. Rates reflect only those participating in the public housing program; however, those eligible may also be served by a number of other federal, state, and local housing assistance programs. GAO used an eligible population of those who earn less than 80 percent area median income as per the eligibility criteria; however, nationally the vast majority of those served by public housing make less than 50 percent of the area median income.

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<sup>b</sup>A new program established in 1997, SCHIP saw its enrollment increase 75 percent between fiscal years 2000 and 2003; a more recent estimate of the SCHIP coverage rate would likely be higher than the range shown. In addition, because states' implementation of their programs varied, awareness of SCHIP may lag in states that created their programs more recently.

<sup>c</sup>Estimates account for variation in state eligibility rules, and the estimates are based on state eligibility rules in place in 2000. Children who are eligible for Medicaid expansion SCHIP programs and separate state SCHIP programs are included in the estimate. Children covered by private and other public health insurance such as Medicaid are generally not eligible for SCHIP and are, therefore, not included in the denominator for the calculation; to the extent that some are included in the actual caseload under "employer buy in" programs, the coverage rate will be slightly overestimated.

<sup>d</sup>Estimates account for variation in state eligibility rules. All units receiving TANF cash assistance are included, even though a separate state program might fund their benefits. Families receiving non-cash benefits funded by TANF are not included, although an increasing proportion of TANF funds are being used to provide non-cash assistance to families. Some families or individuals that may appear eligible according to model may not be participating because they have not complied with program requirements, such as being involved in work activities. However, those who have reached their state or federal TANF time limit are appropriately excluded from eligibility in estimating the coverage rate.

<sup>e</sup>Estimates only include eligible infants and children, even though pregnant, postpartum, and breastfeeding women are eligible for this program, because the CPS does not have data to determine a woman's pregnancy status or whether she is breastfeeding. According to the FNS, women account for a quarter of WIC participants.

<sup>f</sup>A confidence interval is not available. This estimate is based on data from National Research Council of the National Academies, *Estimating Eligibility and Participation for the WIC Program* (Washington, D.C.: Sept. 2003). Estimates include pregnant women, infants, and children. It does not include postpartum and breastfeeding women.

<sup>g</sup>Estimates are preliminary because they are partially based on the numbers used to create Medicaid participation rates and SCHIP coverage rates. The Medicaid participation rate and SCHIP coverage rate for 2001 had not been completed in time to include in this report.

Generally less than half of those eligible participate in the seven non-entitlement programs. Coverage rates also have limitations such as data sources, and estimation methodologies that make it inappropriate to compare the estimates across programs. However, they provide a general sense of the extent to which these programs are reaching eligible people. Specifically, we found:

- Almost 20 percent of children who meet state-defined eligibility criteria are receiving child care services through CCDF.<sup>10</sup> This estimate does not reflect participation in child care funded by other federal sources. HHS estimates that about 26 percent of CCDF-eligible children are receiving child care services through either CCDF (including the Child Care and Development Block Grant, state CCDF funds or TANF

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<sup>10</sup>Under CCDF, states may provide child care subsidies to families with up to 85 percent of state median income, if they are working or involved in education or training. States determine the income criteria up to this maximum. See GAO, *Child Care: Recent State Policy Changes Affecting the Availability of Assistance for Low-Income Families*, [GAO-03-588](#) (Washington, D.C.: May 5, 2003).

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transfers to CCDF), or child care services funded directly through the Social Services Block Grant (SSBG), TANF, or TANF state funds.<sup>11</sup>

- The Head Start program funded enough slots to serve about 44 to 54 percent of eligible 3- to 4-year-old low-income children in 2003.<sup>12</sup>
- An estimated 13 to 15 percent of households eligible for Housing Choice Vouchers on the basis of income both received a voucher and were able to successfully lease a housing unit in 1999, the most recent year for which these data were available. In addition, less than 10 percent of households eligible on the basis of income were served through the Public Housing program in 1999. While HCV and public housing are the two largest federal housing programs, there are other federal, state, and local housing programs from which eligible households could receive assistance. HUD estimated that in 1999 about a quarter of all households eligible for any kind of housing assistance received assistance.
- In 2000, about 44 to 51 percent of eligible children participated in SCHIP. Since 2000, SCHIP enrollment has increased by nearly 3 million children, but the impact this has had on the coverage rate is not known because information on how the eligible population may have changed over this time period is not available. In addition, because states' implementation of their programs varied, awareness of SCHIP may lag in states that created their programs more recently.
- About half of all eligible households receive cash assistance through TANF. This estimate does not account for families that receive other services, such as transportation and child care, that are offered through this program, but who do not receive cash assistance.<sup>13</sup>
- WIC participation rates were available from two sources. The National Research Council using the Survey of Income and Program Participation found that 51 percent of eligible infants, children ages 1 to 4 and pregnant women were enrolled in WIC in 1998. The Urban

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<sup>11</sup>HHS does not collect information on the number of children who receive child care subsidies through the SSBG, TANF and TANF Maintenance of Effort funding. Therefore, the agency estimated the number of children served through those other funding sources by dividing the total amount spent on child care services from each source by the average cost of serving a child under CCDF.

<sup>12</sup>Even so, in some areas, Head Start programs are underenrolled. See GAO, *Head Start: Better Data and Processes Needed to Monitor Underenrollment*, [GAO-04-17](#) (Washington, D.C.: Dec. 4, 2003).

<sup>13</sup>For more information on those who receive TANF-funded services other than cash assistance, see GAO, *Welfare Reform: States Provide TANF-Funded Work Support Services to Many Low-Income Families Who Do Not Receive Cash Assistance*, [GAO-02-615T](#) (Washington, D.C.: Apr. 10, 2002).

Institute, using the Current Population Survey, found that about 51 to 55 percent of eligible infants and children participated in 2001.

Coverage rates for these programs can also vary substantially by subgroup, and they do vary within the TANF and WIC programs, the only non-entitlement programs for which we have this information. Understanding the extent to which different subgroups are covered by non-entitlement programs can be particularly important precisely because these programs are not necessarily funded to cover all those eligible. Table 7 provides coverage rates for groups of people eligible for TANF cash assistance and WIC.

**Table 7: Coverage Rate Estimates for TANF Cash Assistance and WIC Subgroups for the Most Recent Year Data Were Available**

Program (year)	Eligibility units	Coverage rate estimates (percent)
TANF – cash assistance (2001) <sup>a</sup>	All Families	46—50
	Families with Earners <sup>b</sup>	37—44
	Families with No Earners <sup>c</sup>	51—56
	Two-Parent Families	31—36
	Families with Immigrants	34—43
WIC (2001) <sup>d</sup>	All Individuals <sup>e</sup>	51—55
	Infants	79—93
	Children Ages 1-4	41—45

Source: GAO analysis of estimates from the Urban Institute's TRIM3.

<sup>a</sup>Estimates account for variation in state eligibility rules. All units receiving TANF cash assistance are included, even though a separate state program might fund their benefits. Some families or individuals that may appear eligible according to the model may not be participating because they have not complied with program requirements, such as being involved in work activities. However, those who have reached their state or federal TANF time limit are ineligible and are not included, unless receiving assistance through a separate state program.

<sup>b,c</sup>Estimates only include families with one parent or no parents present.

<sup>d</sup>Estimates are preliminary because they are partially based on the numbers used to create Medicaid participation rates and SCHIP coverage rates. The Medicaid participation rate and SCHIP coverage rate for 2001 had not been finalized during the time frames of this report.

<sup>e</sup>Estimates only include eligible infants and children, even though pregnant, postpartum, and breastfeeding women are eligible for this program, because the CPS does not have data to determine a woman's pregnancy status or whether she is breastfeeding. According to the FNS, women account for a quarter of WIC participants.

As shown, families with no income earners tend to receive TANF cash assistance at a higher rate in the TANF program than families with earners

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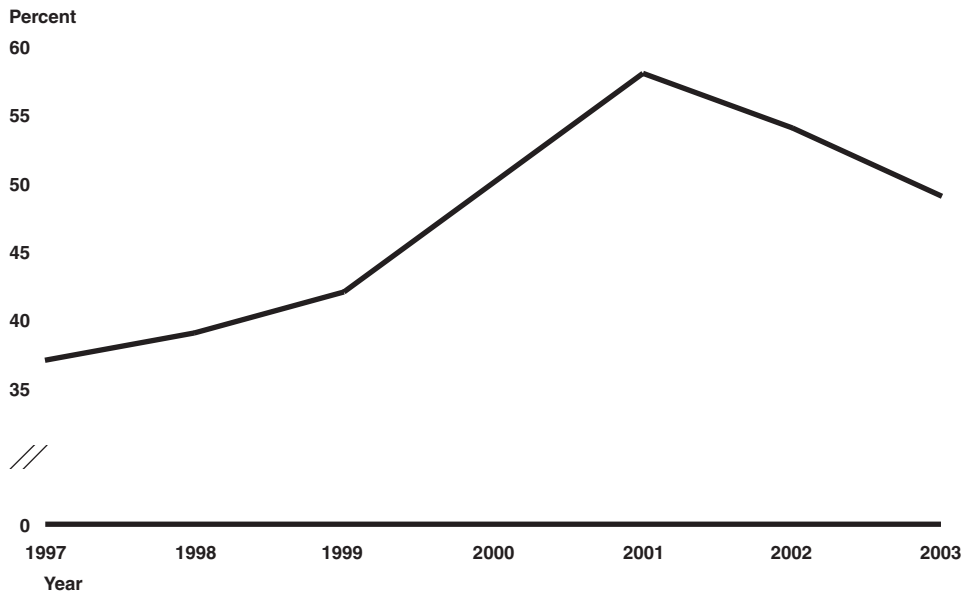
or two-parent families. The data also suggest that families with immigrants have a lower coverage rate than families without immigrants. As noted earlier, some families within these subpopulations may be receiving other services funded by TANF, although data are not available on this. The participation rate among infants eligible for WIC is higher than among children ages 1 to 4.

We were unable to provide estimates of changes in coverage rates over time for most of the non-entitlement programs covered in this review, but we did find an increase in the coverage rate for the Head Start program over the past several years. Since 1997, Head Start coverage rates have increased from about 40 percent to 50 percent. However during this time period, the coverage rate increased between 2000 and 2001 from about 50 percent to 58 percent and then gradually declined. The coverage rate increased by this amount within 1 year because slots increased by nearly 40,000 for the Head Start program while the number of children eligible decreased by about nearly 130,000. Since 2001 the number of funded Head Start slots has increased, but the coverage rate fell because the child poverty rate, and thus the number of eligible children, increased. Figure 2 shows Head Start coverage rate estimates for 1997 to 2003.

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**Figure 2: Head Start Coverage Rate Estimates for 1997 to 2003**



Source: GAO's analysis of CPS and HHS data.

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Because of changes in the methodology used to estimate coverage rates from 1 year to the next, we cannot reliably compare the most recent coverage rate estimates for SCHIP and TANF to those of prior years, but there is compelling evidence that coverage rates for these two programs changed significantly over time. SCHIP was first implemented in 1997 and the number of children in the program grew from 660,351 in fiscal year 1998 to over 3 million in fiscal year 2000. As states continued to reach out to eligible children in subsequent years, participation continued to increase to nearly 6 million in fiscal year 2003. This eightfold increase in the number of children enrolled in SCHIP since fiscal year 1998 almost certainly had a significant impact on the coverage rate. Meanwhile, as states implemented welfare reforms during the strong economy of the late 1990s and other changes occurred in programs serving low-income families, the number of families receiving TANF cash assistance declined, falling by about 50 percent between fiscal years 1997 and 2003.<sup>14</sup> This also likely had a significant impact on the program coverage rate. HHS has reported that about 70 percent of families eligible for TANF cash assistance were enrolled in the program in 1997, compared to less than 50 percent in 2001, but we were unable to quantify how much of this change was caused by changes in estimation methodology.<sup>15</sup> It is also important to note that states' TANF programs have changed over this time. States have more flexibility in the types of non-cash assistance they may provide families, and some families eligible for cash assistance may be receiving other forms of aid instead. In addition, some families or individuals that may appear eligible according to the model may not be participating because they have not complied with program requirements, such as being involved in work activities.

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<sup>14</sup>For more information on recent program changes see GAO, *Supports for Low-Income Families: States Serve a Broad Range of Families Through a Complex and Changing System*, [GAO-04-256](#) (Washington, D.C.: Jan 26, 2004).

<sup>15</sup>While the exact effect of the methodological changes has not been quantified, Urban Institute staff and HHS do not believe that the methodological changes are driving measured changes in participation rates. See U.S. Department of Health and Human Services, *Indicators of Welfare Dependence: Annual Report to Congress, 2004*, (Washington, D.C.:2004).

## The Estimated Costs of Serving Eligible Non-participants Show That in Some Programs, Those Eligible for the Largest Benefits Are More Likely to be Enrolled

Our estimates of the costs of providing benefits to eligible non-participants show that for some programs, those currently participating in the programs are generally eligible for a greater benefit amount than those not participating. For these programs, the estimated costs of serving those eligible but not currently receiving benefits may be less than one might expect based on the participation or coverage rates we estimated. This is not surprising, as it makes sense that, for example, a person eligible for a \$10 food stamp benefit might be more likely to forgo that benefit than a person eligible for a \$150 benefit. More specifically, Mathematica found that the 48 percent of households participating in the Food Stamp Program in fiscal year 2001 received about 62 percent of the total amount of benefits that would be paid out if all eligible households received benefits.

As shown in table 8, we were able to estimate the additional cost of providing benefits to eligible nonparticipants for 6 of the 12 programs we reviewed. These cost estimates take into consideration the characteristics of non-participants and the benefits for which they would be eligible but do not account for increases in administrative costs that could result from participation increases. We were unable to estimate the cost of providing benefits to eligible, non-participants in the six other programs—CCDF, HCV, Medicaid, Pell Grants, Public Housing, and SCHIP—because we did not have enough information to determine how the characteristics of the non-participants would have affected the benefit amounts they could have received.

**Table 8: Potential Cost of Providing Benefits to Eligible Non-participants for the Most Recent Year Data Were Available**

Program (year)	Potential annual cost of serving eligible non-participants <sup>a,b</sup>
EITC (1999)	\$2–3.4 <sup>c</sup>
Food Stamp Program (2001)	8.8–11.5
Head Start (2003)	3.8–5.6 <sup>d</sup>
SSI (2001)	8–9.8
TANF—cash assistance (2001) <sup>e</sup>	8–9
WIC (2001) <sup>f</sup>	1.9–2.1

Source: The Urban Institute's TRIM3 and GAO's analysis of data from CPS, HHS, and IRS.

Note: Cost estimates do not include increases in administrative costs associated with greater program participation.

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<sup>a</sup>This range represents a 95 percent confidence interval based on estimated sampling error in the national survey data. This interval does not take into account errors introduced by the modeling process or by administrative data. We assessed but did not quantify these errors. Estimates are based on most of the same data used to estimate participation and coverage rate estimates for the related programs and, therefore, many of the same data and model limitations apply.

<sup>b</sup>Estimates do not account for policy or economic changes that would occur if participation in these programs increased. All estimates are based on the assumption that participation in other programs remains constant.

<sup>c</sup>Estimates are from GAO, *Earned Income Tax Credit Participation*, [GAO-02-290R](#) (Washington, D.C.: Dec. 14, 2001).

<sup>d</sup>Estimate is based on an average cost per slot multiplied by the number of non-participating eligible children. This estimate does not account for local variation in the cost of services, and does not account for the possibility of more than one child filling a slot.

<sup>e</sup>Estimates are only for the additional cost of providing TANF cash assistance. The program provides other supports, such as child care and transportation, to needy families, and the cost of these services would increase the estimate if they were included.

<sup>f</sup>Estimates are only for the additional cost of providing food benefits to infants and children who are not enrolled.

Although Medicaid is by far the largest program we reviewed, developing reliable estimates of the costs of serving those eligible but not enrolled in the Medicaid program is difficult for a number of reasons. These reasons include a lack of information about the health status of eligible non-participants, the many variables that affect health care costs, and the open-ended nature of health care benefits.

The costs included in the table do not reflect the total costs that would be incurred if all eligible people enrolled in these programs. Probable increases in administrative costs that would be incurred are not included, and we did not estimate how the cost of goods and services offered through the Food Stamp, Head Start, and WIC programs would change if more participants were demanding them. However, the costs do include some additional costs that would be incurred by states in programs where states are required to cover some of the program costs.

Recognizing the differences in goals, design, administration, and funding in the 12 programs, it may be neither feasible nor desirable to provide program benefits to all those eligible. Because alternative programs could offer the similar benefits and services as the programs we reviewed, some of these programs, especially those with limited funding, may be best administered by only serving a certain subgroup of their eligible population. For example, in localities where school systems offer pre-kindergarten classes to 4-year-old children, Head Start programs may want to focus more on enrolling 3-year-olds from low-income families. Also, limited administrative resources may prevent federal, state, and local

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agencies from serving all those eligible. Full participation among eligible people also may not be feasible because some choose not to enroll in means-tested programs. Given these constraints, some programs may focus on targeting their resources to those most in need of program services.

Finally, while participation and coverage rate estimates as well as estimates of potential program costs provide important program information that can be useful to both policymakers and program administrators, these estimates must be interpreted carefully to take into consideration such factors as survey data, research methodology, timeliness of estimates, and the availability of alternative programs. These factors limit our ability to compare rates across programs and would need to be considered in efforts to define appropriate or desired participation or coverage rate levels. For a detailed discussion of the factors that affect use of these estimates, see appendix II.

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## Many Factors Influence Participation but Their Impact on Entitlement and Non-Entitlement Programs Differs

Many factors influence access to means-tested programs, including the benefits provided by the program, ease of access, misperceptions about program requirements, and eligibility verification procedures put in place to ensure program integrity, based on our literature review and agency interviews. These factors influence participation by affecting the number of people who participate in a program as well as the type of people who participate. Entitlement programs may focus on addressing factors that affect access in order to increase program participation. However, because coverage rates in non-entitlement programs are determined primarily by funding levels, non-entitlement programs are more likely to be concerned about the impact of these factors on other aspects of program access, such as the composition of the program caseload and how the program interacts with alternative programs that provide similar benefits.

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## The Size and Type of Benefits Can Affect Participation

The size and type of program benefits can affect whether or not an individual participates in a program. Numerous studies show that the size or value of the benefit influences program participation, and this depends largely on the structure of program benefits. Some programs, such as the Food Stamp Program, determine benefit levels based on income, allowing a three-person household to receive as little as \$1 per month depending on household income. Other programs, such as Medicaid, generally offer comparable benefits to every resident of a state who meets eligibility requirements. A recent National Bureau of Economic Research study

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showed that across a range of programs and within programs, larger benefits were associated with higher participation and coverage rates.<sup>16</sup> In addition, our literature review, site visits, and analysis of participation rates for selected programs showed that participation and coverage rates tend to be higher among subgroups eligible for larger benefits. For example:

- Elderly individuals are generally eligible for small food stamp benefits; their participation rate in the program is lower than for other groups.
- Families with infants participate in WIC at higher rates than families with older children, in part because the value of the WIC voucher is greater for families with infants. WIC officials in Connecticut reported to us that 10 percent of families stopped participating in the program when their youngest child reached age 1.<sup>17</sup>
- On average, families with children who are eligible for the EITC receive a higher EITC benefit than individuals and families without children, and they participate at a higher rate.

The type of benefits offered can also influence whether someone eligible for a program participates. Some programs—such as EITC and SSI—offer cash benefits while other programs—such as Head Start and Medicaid—offer direct services, such as educational or health services. Our research on participation in low-income programs generally shows that participation and coverage rates are higher among programs that provide cash benefits than among programs that provide direct services. One reason for this difference is the flexibility cash benefits give to individuals. Although the recipient may need the services provided by programs in which they are enrolled, these types of benefits do not allow individuals to shift resources away from program purposes toward what they might consider more pressing needs. Our site visits confirmed that the type of benefits influence participation and coverage rates. For example, we found that:

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<sup>16</sup>Currie, Janet, *The Take Up of Social Benefits*, NBER Working Paper 10488, (Cambridge Mass.: National Bureau of Economic Research, May 2004). This study reviews literature on participation and coverage rates among social programs in both the United States and the United Kingdom.

<sup>17</sup>This decline in participation is consistent with national data provided by USDA. Nationally, there is about a 30 percent decline in enrollment when the value of a child's benefit decreases. The average benefit declines by about 60 percent after the child's first birthday.

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- SSI recipients who participated in a pilot project that allowed them to receive their food stamp allotment in cash expressed a strong preference for this over traditional food stamp coupons.
  - Some individuals who need subsidized housing may prefer the Housing Choice Voucher program, which allows individuals to choose their housing in neighborhoods that offer better educational and employment opportunities or choose to remain in a place while paying less rent, over the Public Housing program that does not give the individuals flexibility to choose where they live.

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### Ease of Access to Program Benefits and Services Can Influence Participation

Factors that influence the ease with which potential participants can access a program—including office hours, program location, and the ability of program participants to redeem or use their benefits—can also affect the number and groups of people who participate in the programs. Several of the programs we reviewed require applicants to visit the program office to establish and maintain eligibility. For instance, local WIC, TANF, and Food Stamp Program offices typically require face-to-face interviews before individuals can receive benefits.<sup>18</sup> Those programs that keep traditional office hours—8:00 a.m. to 5:00 p.m.—pose a barrier to potential applicants who work and would have to take time away from their job in order to apply. Studies on child care and WIC programs identify traditional office hours as a barrier for working families. Similarly, Medicaid officials in California told us that one of their barriers to participation is office hours that do not accommodate working families. Although many program officials suggested that having flexible office hours is important to participants, some offices are challenged to extend their operating hours. WIC officials in Connecticut told us that they have attempted to promote extended hours and have made some progress; however, instituting extended hours remains problematic due to limited funding and contracts governing the workforce.

The location of the program office can also affect participation and caseload composition. For many individuals—like the elderly, individuals with disabilities, and families living in rural areas—traveling to a program office that is outside the limits of their available mode of transportation makes it difficult for them to receive needed benefits. The USDA published in its National Survey of WIC Participants that one of the top barriers in the WIC program is transportation with 30 percent of participants reporting that they missed appointments because they lack transportation

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<sup>18</sup>Most programs waive the requirement for a face-to-face interview in hardship cases.

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to the office. Studies on the Housing Choice Voucher, child care, Head Start, and Food Stamp programs reported similar findings. Many state and local officials we visited agreed that transportation is a barrier to participation. A TANF, Food Stamp, and Medicaid official in Washington County, Maryland, told us that public transportation is limited and getting to and from the program offices poses a barrier to participation for many individuals, especially those in rural communities. According to officials, participants without vehicles have to seek rides from family members or acquaintances to access services. For many of these participants being seen going to the welfare office is difficult and sometimes stigmatizing.

Some programs—including child care, Housing Choice Voucher, and Medicaid—offer benefits that can be difficult for participants to use, as some service providers—landlords, day care workers, or health care providers—will not exchange their services for program benefits. For example, our prior work found that the proportion of providers who will accept child care subsidies varied widely by state, ranging from 23 to 90 percent. Even in cases where providers accepted subsidies, the number of slots for children that used child care subsidies was limited.<sup>19</sup> Additionally, several state and local officials suggested that participants are sometimes challenged to find health care providers that accept Medicaid. According to officials in Chisago County, Minnesota, participants have to drive up to 200 miles to visit a dentist that accepts Medicaid.

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### Misperceptions about Program Requirements Discourage Some Individuals from Participating

From our literature review and interviews with program officials, we also found that many individuals do not participate in low-income programs because they do not know that they are potentially eligible for benefits. Numerous studies have documented instances where participation was compromised because individuals were unaware of program benefits or had misconceptions about eligibility. For example, several EITC, Medicaid, Food Stamp, Head Start, and SSI studies indicate that one of the primary barriers to participation is that individuals do not know that they are eligible for these benefits. For some individuals—like the elderly and non-English speakers—this unfamiliarity with program benefits is even more widespread, creating a larger barrier to participation and an under representation of these individuals in the caseload. Many program officials

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<sup>19</sup>GAO, *Child Care: States Exercise Flexibility in Setting Reimbursement Rates and Providing Access for Low-Income Children*, [GAO-01-894](#) (Washington D.C.: Sept. 2002).

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we visited agreed and explained that individuals also have misconceptions about program eligibility. For example, some individuals do not believe that they are eligible for benefits because they are employed while others do not want to be attached to the perceived stigma associated with the programs. In Los Angeles, Medicaid officials noted that rumors circulated about the eligibility criteria for Medicaid prevent many potential recipients from applying for the program. Particularly in non-English speaking communities, information about social services is often received through word of mouth; thus, when incorrect information circulates, it can have a significant impact on participation.

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### Application Process and Eligibility Verification Requirements to Ensure Program Integrity Can Have an Effect on Participation

Eligibility verification requirements—rules put in place to improve program integrity by ensuring that only those eligible for program benefits receive them—can also affect the overall number and characteristics of people who participate in the program. Each low-income program in this study has a set of verification requirements that individuals must complete to establish and maintain eligibility. Common requirements among the programs include completing application forms and providing necessary documentation. In addition, some programs require applicants to take additional steps, such as attending face-to-face interviews, documenting parental or spousal assets, or participating in orientation classes. According to our literature review, the complexity of verification requirements can impact the number of enrollees, especially for individuals with mental disabilities or who are homeless. One WIC study reviewed participation rate differences among states and found that states that required applicants to provide proof of income (before it was federally mandated) and had stricter program rules had lower program participation than states that did not require income documentation.<sup>20</sup> Additionally, another study examined EITC participation rates across states and found that differences in participation rates are due in part to the applicant having help completing the complex tax forms.<sup>21</sup> Many state and local officials agree that strict and/or complicated verification requirements can decrease participation, particularly among certain groups of people. For example, we found:

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<sup>20</sup>M. Bitler, J. Currie, and J. Scholz, *WIC Eligibility and Participation*, Institute for Research on Poverty Discussion Paper 1255-02 (Madison, WI: Institute for Research on Poverty, June 2002, revised March 2003).

<sup>21</sup>SB/SE Research, *Participation in the Earned Income Tax Credit Program for Tax Year 1996* (Greensboro, N.C.: January 2002).

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- According to officials, the Pell Grant application is very long and complicated and can be difficult for students and their parents to complete. Staff from an organization in St. Paul, Minnesota, dedicated to assisting low-income students to access higher education told us that many low-income students in the area would not be able to complete the forms correctly without their assistance.
  - CCDF Officials in Connecticut and Georgia told us that the application process can be complex and difficult for applicants and, as a result, many applicants submit their applications late or incomplete. Because there is very high demand for child care subsidies, these families are often denied benefits or removed from the waiting list.
  - Local SSI officials told us that participants face many life changes such as frequent hospitalization and institutionalization, moving into different family households, and changes in the hours that they work. To remain eligible for program benefits, SSI recipients must report these types of changes within 10 days from the end of the month of the change.

Finally, while each program has its own set of verification requirements, these requirements become even more challenging when participants are applying or maintaining eligibility for multiple programs. Program officials in Maryland told us that one of the biggest barriers to accessing multiple means-tested programs is the many different eligibility criteria and reporting requirements of the various programs. According to state officials in Maryland, the TANF and Food Stamp Programs are relatively well aligned, but Medicaid has not coordinated as much with the other programs. According to officials, this can be problematic because a participant who is turned down for one program might assume that he or she is ineligible for other low-income programs and may fail to apply for benefits for which they are eligible.

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### Factors That Influence Participation Rates Can also Impact Other Aspects of Program Access Such As Targeting and Program Interactions

Factors that influence participation also impact other aspects of program access such as targeting and program interactions among all low-income programs, but particularly among non-entitlement programs whose enrollment levels are determined largely by funding levels. The non-entitlement programs covered in this review—CCDF, Head Start, Housing Choice Vouchers, Public Housing, SCHIP, and TANF—have funding limitations that could restrict the total number of people who could potentially participate in the programs and, as a result, coverage rates for these programs may be determined, at least in part, by funding. However, among programs that allow states substantial flexibility in determining program eligibility and implementation such as CCDF, SCHIP, and TANF,

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funding constraints contribute to, but do not determine coverage rates to the extent that they do for programs that allow less state and local flexibility. Given funding constraints for non-entitlement programs, agencies are challenged to allocate scarce resources appropriately by targeting their benefits to specific groups of people and planning strategically to ensure that the program complements a broader range of programs administered by the same agency or that provide similar services or benefits to the program's eligible population.

Because factors that influence participation often affect the composition of a program's caseload, some agencies that administer programs with limited funding have put measures in place to ensure that their caseloads reflect program priorities—whether that involves targeting certain groups or ensuring that benefits do not disproportionately favor or exclude certain subpopulations. For example, although the public housing program generally does not target benefits to households with the lowest incomes, it allows priority to be given to elderly and disabled recipients. Agency officials reported that they track participation of these groups to ensure that their share of the total caseload does not change dramatically from 1 year to the next. Similarly, state child care officials told us that funds are generally provided to recipients based on priority groups that favor families receiving public assistance and those with the greatest financial need.

Additionally, many agencies are cognizant of how their programs interact with and complement other programs that serve the same population. For example, some child care programs pair with half-day Head Start programs to provide continuous care to children of working parents; Medicaid and SCHIP programs within some states coordinate their enrollment processes to facilitate access to health insurance for individuals in the state; and between 1998 and 2003, HUD responded to a decrease in the number of public housing units available for low-income households by increasing resources available through its voucher program to maintain coverage for families. Likewise, in allocating TANF resources, programs often coordinate with local workforce development agencies, child care programs, and other programs that provide similar services to best meet the needs of their clients without duplicating an existing effort. In these ways, programs acknowledge and respond to access issues and ways in which factors affect access other than participation levels and rates.

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## Program Administrators Have Strategies That Improve Both Access and Integrity, but Federal Agencies Have Generally Focused More on Measuring Program Integrity Outcomes

Program administrators have implemented many strategies to achieve desired program outcomes, including those related to program access and program integrity, but while agencies have generally taken steps to monitor and disseminate information on program integrity, few track and report on the extent to which they are serving their eligible populations. The programs we reviewed have many goals and objectives of varying degrees of importance to the agencies that administer them, among them program access and program integrity. Strategies implemented at the federal, state, and local level to address these two issues include information systems, data sharing, and technological innovation, changes to the application and eligibility verification process, and outreach and coordination with other programs. Although federal agencies do not have direct control over many of the strategies we identified—including those mandated by law and those initiated at the state and local level—federal managers can play a role in encouraging and facilitating such strategies by emphasizing program access and program integrity as federal agency priorities. In response to the Improper Payments Information Act of 2002, all of the federal agencies we reviewed have taken at least some steps to identify and begin reporting information to Congress and others on the extent of improper payments. We also found, however, that for several of the programs we reviewed, federal agencies have not taken steps to identify and use participation or coverage rate information in managing their programs. Having up-to-date information on the extent to which their programs reach eligible individuals can help agencies plan strategically, set priorities, and ensure that agencies are reaching eligible families.

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## Programs Have Found Ways to Improve Access by Reducing the Burden on Applicants While at the Same Time Improving Program Integrity

The state, local and federal program officials we spoke with identified several strategies that they believe may improve either of the two objectives—program access or program integrity—without harming, and in many cases improving, the other. As mentioned, some efforts to increase program integrity and prevent fraud, such as increasing the amount of eligibility verification required, may actually hurt access to the program by deterring even those eligible from applying. However, program administrators told us of several strategies that increase access while maintaining and even improving integrity. The complementary strategies we identified are enabled by information systems, data sharing, and technological innovations, changes in the application and eligibility verification process, and outreach and coordination with other programs.

## Information Systems, Data Sharing, and Technological Innovation

Improved information systems, sharing of data between programs, and use of new technologies can help programs to better verify eligibility and make the application process more efficient and less error prone. These strategies can improve integrity not only by preventing outright abuse of

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programs, but also by reducing chances for client or caseworker error or misunderstanding. They can also help programs reach out to populations who may face barriers. One strategy involves sharing verified eligibility information about applicants across programs. Data sharing prevents applicants from having to submit identical verification to multiple programs for which they may be eligible, and it can also speed up the sometimes-lengthy application process. In addition, data sharing allows programs to check the veracity of information they receive from applicants with other databases.

In Minnesota, WIC caseworkers are able at the time of application to determine participant eligibility by accessing basic eligibility information via technology systems from other means-tested programs, such as Medicaid, food stamps and TANF. SSI administrators told us that during the application interview, income data is entered in their computer system. This information is then checked with a number of other databases including those of the IRS, the Department of Veterans Affairs, and the state Civil Service Administration to quickly verify earnings and other eligibility requirements and inconsistencies are flagged. Similarly, Georgia has an interactive computer system that aggregates client information for TANF, Medicaid, and the Food Stamp Program and calculates benefits for all three programs. Additionally, when clients need to make a change in their eligibility information, these data are automatically changed for all three programs, so that clients can receive the appropriate level of benefits based on their most current eligibility information. Furthermore, the data reliability matches may include information from the Department of Labor wage match, SSI benefits, prison information, and information on a person's death. If any of the matched information conflicts with the information provided by the client, a caseworker is to ask additional questions of the client. In all these ways, caseworkers can accelerate the application process while capitalizing on verified eligibility information already provided to other programs.

Some administrators told us that such data sharing, however, can be complicated by concerns over ensuring privacy and by insufficient technological capacity. Local program administrators told us that eligibility data for Medicaid and SCHIP is tightly controlled because of Health Insurance Portability and Accountability Act (HIPAA)—a law that limits access to an individual's health information—but that its data might be shared, if warranted, with proper consent. Data sharing can be impeded by technological limitations, such as computer systems that cannot communicate directly with other systems over the Internet or some other network, or a lack of software needed to translate information into

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formats that other computers can understand. Our prior work on data sharing identifies strategies agencies have implemented to address concerns about privacy and technological capacity issues.<sup>22</sup>

Some agency officials told us of ways in which on-line applications can improve both access and integrity. As stated, program integrity is compromised not only by willful misrepresentation, but also by applicant and caseworker error. Web-based or partially web-based applications can automatically check that all required fields are completed before an application is submitted for review and automatically calculate benefits thereby reducing error. Moreover, having the option of an on-line application can increase access to those who are eligible for benefits but who may have difficulty physically getting to program offices. Minnesota has instituted an on-line interactive application for Medicaid that program administrators believe will make the application process easier for both participants and caseworkers. In addition to making the process easier, the system will also check verification information with a variety of other data sources and thus reduce the likelihood of errors as well. In this way, a potentially burdensome application process becomes simpler, more accessible, and less error prone. Similarly, eight states accept food stamp applications through the Internet. Of course, this strategy is less viable or effective where access to computers is limited or where the on-line environment cannot be adequately secured.

## Application and Eligibility Verification Process Changes

Program administrators told us about several changes in the application and eligibility verification process that have improved their ability to promote access and ensure integrity. Efforts to increase the accuracy of eligibility and benefit determination can increase access by reducing the number of applicants who were incorrectly denied benefits or whose benefit determinations resulted in underpayments. For example, streamlining or simplifying the application and providing applications in other languages can increase access, but also promote program integrity by reducing errors or misunderstanding in the application process. Simplifying applications by clarifying confusing wording and removing redundant questions as well as providing applications in an applicant's native language can reduce the possibility of these types of errors. According to federal officials, most states use a simplified application

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<sup>22</sup>See GAO, *The Challenge of Data Sharing: Results of a GAO-Sponsored Symposium on Benefit and Loan Programs*, [GAO-01-67](#) (Washington, D.C.: Oct. 20, 2000), and GAO, *Benefit and Loan Programs: Improved Data Sharing Could Enhance Program Integrity*, [GAO/HEHS-00-19](#) (Washington, D.C.: Sept. 13, 2000).

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form for the SCHIP program to remove application barriers for families. For example, the SCHIP program applications in both Connecticut and California have been reduced from 17 and 27 pages respectively to only 4 pages each without sacrificing required information, according to state officials. In many cases, the SCHIP streamlined application forms caused corresponding changes in state Medicaid applications as well. In addition, many of the program administrators with whom we spoke told us that their applications and forms were available in many languages. For example, the Minnesota Department of Revenue now has state EITC tax forms and fact sheets directing them to the federal EITC in eleven languages.

Another way in which programs can streamline the application process is through categorical eligibility with other programs, which can be set at the federal or state level depending on the program. Categorical eligibility, also known as adjunctive eligibility, allows an individual who has been found eligible for one program to be automatically granted eligibility for another program, typically one with less stringent eligibility criteria. For example, if an individual is receiving SSI, federal legislation generally requires that that person be automatically eligible for Medicaid.<sup>23</sup> Similarly, if a pregnant woman is receiving Food Stamps, Medicaid, or TANF, then she automatically qualifies for WIC benefits—and thus does not need to provide income verification once again when applying for the program. States also have flexibility to grant automatic eligibility for other programs. A state WIC program, for example, may grant automatic eligibility for families receiving Free and Reduced Price School lunches. These adjunctive or automatic eligibility policies allow ultimately for simpler applications, which may enhance access and reduce error. In fact, federal administrators at USDA noted that adjunctive eligibility is one of the most important tools now used to address program integrity and access issues in a way that cuts across programs.

The provision of more comprehensive in-person assistance in filling out applications can encourage a candidate eligible for benefits to complete an otherwise lengthy, complicated, or intimidating application process. Such personal assistance can also prevent errors that result from

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<sup>23</sup>Individuals receiving SSI are assured eligibility for Medicaid in 39 states and the District of Columbia. The remaining 11 states may use different or more restrictive standards for disability, income or assets; thus, SSI beneficiaries in these 11 states may not have assured eligibility for Medicaid. These 11 states are known as 209(b) states based on section 209(b) of the Social Security Amendments of 1972.

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misunderstanding of application questions or requirements or even fraud by reminding applicants in person that fraudulent claims are punishable by law. For example, to increase access to the program, California program officials told us that the SCHIP program developed a training process that certified staff from other entities, such as schools and community-based organizations, as “application assistants.” These “application assistants” are also trained to recognize when applicants seem to be submitting false information and are prohibited from assisting families who have previously been found to have committed fraud. In a Maryland SSA office, SSI program administrators told us that they had abbreviated their application form so that most information is now collected in an interview. This process helps improve access for those with limited literacy or those who may be discouraged by a long paper application. Officials also noted that this process helps program integrity because the interviews allow caseworkers the opportunity to remind clients that fraudulent claims are punishable by law. Similarly, EITC officials in Minnesota told us that free tax preparation assistance could make the process less complicated for filers and could also cut down on fraud from tax preparers. As one official explained, many low-income families live near a high concentration of paid tax preparers, who have incentives to fraudulently file for a high credit. While more in depth application assistance has these benefits, it can pose challenges to programs in ensuring the quality of the assistance offered and it can be costly. According to California SCHIP officials, funding to train “application assistants” for the SCHIP program in California was ended in May 2002 due to budget constraints.

Lastly, some policies put in place to prevent fraud at the time of application can also help with program access. Connecticut Department of Social Services has begun a fraud prevention program, termed FRED (Fraud Early Detection), which was instituted to address an increase in the amount of fraud and error detected in the program. The purpose of FRED is to identify potential fraud cases before benefits are paid out to prevent improper payments rather than identifying fraud after the payments have been made. Under FRED, cases that meet 1 of 12 risk criteria are to be referred to a fraud investigator who is to visit the home within 10 days of the referral. While the investigator is visiting the home, he/she is to interview the client about aspects of the risk criteria, and make a recommendation regarding eligibility. While the primary purpose of the visit is to prevent fraud, in practice investigators have found that their role is also to explain the eligibility criteria more clearly to applicants and to explain what steps they need to take in order to be eligible for program benefits. In addition, investigators are trained to provide additional information to the family on other resources available to them

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## Outreach and Coordination with Other Programs

and to assist them with referrals, thereby increasing access to an array of related social services.

Targeted outreach to populations that might have more barriers to accessing the program has the potential to increase access without necessarily compromising integrity. Many program officials we spoke with told us that they had outreach strategies to reach out to populations—such as rural-dwellers, the elderly, or those with limited English proficiency—that have had trouble accessing the program. Such strategies include information sessions or pamphlets in ethnic community centers or partnering with advocacy groups. In addition, cross agency referrals for applicants already found to be eligible and more overall agency coordination can improve access without sacrificing integrity.

Many agency officials with whom we spoke told us that they coordinated with other programs to reach potential clients. In Maryland, the Department of Social Services invites the Volunteer Income Tax Assistance program to work out of its office, so that those low-income earners already in contact with social services can have better access to the EITC. Some offices in California participate in an open door policy program in which clients can access any social service program through referrals at any state government office they walk in to. Some program administrators told us that program co-location can help increase access. This happens when an individual applying for one program in an office is referred to and immediately serviced by another program in that same location. Some examples we found had Food Stamps located in TANF offices and a WIC clinic collocated with the state Children's Health Insurance Program.

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## Federal Agencies Have Taken Steps to Track Improper Payments, but Few Estimate Program Participation or Coverage Rates to Monitor Program Access

All of the programs we reviewed emphasize both program access and program integrity, and as we have described, many federal, state, and local program administrators have implemented strategies intended to achieve access and integrity goals. However, not all agencies responsible for administering these programs have established management practices, in keeping with standards of internal control, that will consistently guide them in achieving these outcomes. Among the standards that are particularly relevant for agencies responsible for administering means-tested programs are:<sup>24</sup>

- establishing and maintaining a control environment, a culture of accountability that sets a positive and supportive attitude toward achieving management objectives;
- monitoring program performance over time; and
- recording and communicating relevant, reliable, and useful information to management and others who need it to carry out their internal control and operational responsibilities.

To achieve desired program outcomes and safeguard federal funds, these standards should be part of an agency's operational and management practices. While the agencies we reviewed have taken steps to establish internal controls for improper payments and program integrity, not all have established similar controls for achieving desired program access outcomes.

There are many ways in which federal agencies can establish a culture of accountability, one that "sets the tone" for program administrators at all levels of government to emphasize certain priorities. One way to do this is to monitor progress toward achieving desired program outcomes, and another is to effectively communicate program information in a broad sense, with information flowing down, across, and up the organization. Depending on the program, some aspects of an achievement-oriented environment are codified in laws, regulations, and federal policies. For example, the Improper Payments Information Act of 2002 requires those programs and activities susceptible to significant erroneous payments to calculate annual improper payment estimates and sets statistical sampling confidence and precision levels for estimating those payments.

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<sup>24</sup>See GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington D.C.: Nov. 1999), and GAO, *Internal Control Management and Evaluation Tool*, [GAO-01-1008G](#) (Washington, D.C.: Aug. 2001).

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As shown in table 9, some of the federal agencies covered by this review have already begun to monitor improper payments for the programs they administer and, as directed by OMB guidance, communicate this information by including a measure of improper payments in their annual Performance and Accountability Reports.<sup>25</sup> Including measures of improper payments in agency annual performance plans and accountability reports is one way to provide officials with important information on areas of success and areas that need improvement and to send a signal to all working on agency programs that the measured goal is a priority. (For information on the amounts of improper payments reported by agencies, see app.III.) To varying degrees, the other agencies included in this review have begun taking steps to identify and report on improper payments as well. While agencies are taking steps, much remains to be accomplished before a comprehensive picture is available of the amount of improper payments for these programs.<sup>26</sup>

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<sup>25</sup>Agency focus on program integrity might also be encouraged by other agency-specific OMB guidance, the Presidents Management Agenda as well as the GAO's High-Risk series—all strategies that encourage or require agencies to focus on integrity.

<sup>26</sup>For more information on the implementation of the IPPIA governmentwide, see GAO, *Financial Management: Fiscal Year 2003 Performance Accountability Reports Provide Limited Information on Governmentwide Improper Payments*, [GAO-04-613T](#) (Washington, D.C.: Apr. 15, 2004).

**Table 9: Status of Agencies Identification of and Reporting on the Amounts of Improper Payments by Program**

Agency	Program	Subject to the IPIA?	Agency included improper payment information in fiscal year 2004 annual performance and accountability report	If not, has the agency reported taking some steps to identify and monitor the amount of improper payments?
USDA	Food Stamps	Yes	Yes	
	WIC	Yes	No	Yes
HHS/ACF	TANF	Yes	No	Yes
	CCDF	Yes	No	Yes
	Head Start	Yes	No <sup>a</sup>	Yes
IRS	EITC	Yes	Yes	
HHS/CMS <sup>b</sup>	Medicaid	Yes	No	Yes
	SCHIP	Yes	No	Yes
SSA	SSI	Yes	Yes	
ED	Pell Grant	Yes	Yes	
HUD	Public Housing	Yes	Yes	
	Housing Choice Voucher	Yes	Yes	

Source: GAO survey of federal agencies and interviews with agency officials and agency performance and accountability reports.

<sup>a</sup>ACF has estimated the percentage of “over-income” families served by Head Start in excess of the 10 percent allowed by regulation.

<sup>b</sup>CMS has a performance goal in its annual performance plan related to a pilot project to develop payment error rates for both SCHIP and Medicaid.

While an internal control framework is emerging for addressing financial program integrity issues, few of the agencies responsible for administering the programs we reviewed have established a similar framework for achieving desired program access outcomes, although they have implemented numerous strategies to increase program participation. The 12 programs we reviewed have numerous program goals and objectives of varying degrees of importance to the agencies that administer them. Because the most fundamental purpose of these programs is to serve low-income individuals and families, all track measures that provide some information about program participation and access. For example:

- All of agencies responsible for administering the programs we reviewed track the number of people participating in their programs.
- Some federal agencies—such as HUD—measure the extent to which program participants redeem or use benefits provided to them.
- Others use other measures related to access. CMS tracks the number of individuals who are uninsured each year.

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- Many agencies track participants and participant outcomes through program effectiveness studies.<sup>27</sup>

Through these efforts, agencies have demonstrated their concern about program access, yet, the ways in which most of these agencies measure program participation do not inform administrators about the extent to which they are meeting overall need and therefore do not provide all the information they need to monitor access. As discussed above, access encompasses not only the number of program participants, but also the extent to which programs reach the total population eligible for benefits and services, how well agencies are allocating resources among targeted subpopulations, and, from an agencywide or even governmentwide perspective, how well specific means-tested programs complement and interact with programs that serve similar populations or provide for similar needs. While concerns about the allocation of scarce resources and interactions with other programs apply to all low-income programs, they may be of particular importance to non-entitlement programs whose participation is limited by funding constraints. Participation or coverage rate information can guide program administrators in setting priorities and targeting scarce resources, even among programs that were not intended to serve everyone eligible for program benefits.

As shown in table 10, only one of the agencies we reviewed, USDA, regularly estimates participation rates for the programs it administers and communicates and disseminates information on these rates in a way that promotes a culture of accountability supportive of achieving program access outcomes. USDA has been estimating participation rates annually for the Food Stamp Program since 1975. The agency uses this information to get a better understanding of how well they are reaching certain priority subpopulations such as the working poor, single-parent families with children, and SSI recipients; and to identify states in need of outreach assistance. In addition, USDA has established a performance goal to increase participation rates in the Food Stamp Program and reports food stamp participation rates in its annual performance report.<sup>28</sup> In these

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<sup>27</sup>Studies on program effectiveness typically do not provide information on the number or characteristics of those eligible but not participating in low-income programs.

<sup>28</sup>USDA also provides performance bonuses to reward states for their performance in administering the Food Stamp Program. Awards focus on payment error rates, negative error rates, participant access rates, and timeliness of application processing.

ways, the agency uses this information for program management purposes.

**Table 10: Status of Agencies Efforts to Use Information on Participation or Coverage Rates in Managing Their Programs**

Agency	Program	Does the agency estimate a participation or coverage rate?	If so, does the agency use this rate information as a performance measure?	If the agency estimates a participation or coverage rate, does it include rate information in their performance report or other key program report? <sup>a</sup>
USDA	Food Stamps	Yes	Yes	Yes
	WIC	Yes	No	Yes <sup>b</sup>
HHS/ACF	TANF	Yes	No	No <sup>c</sup>
	CCDF	Yes	No	Yes <sup>d</sup>
	Head Start	Yes	No	No
IRS	EITC	Yes <sup>e</sup>	No	No <sup>f</sup>
HHS/ CMS	Medicaid	No		
	S-CHIP	No		
SSA	SSI	No <sup>g</sup>		
ED	Pell Grant	No <sup>h</sup>		
HUD	Public Housing	No <sup>i</sup>		
	Housing Choice Voucher	No		

Source: GAO survey of federal agencies, agency annual performance plans.

<sup>a</sup>Key program reports include routine reports that agencies must prepare for Congress for the purpose of providing updated information on the status of the programs they administer.

<sup>b</sup>USDA’s methodology for calculating the WIC coverage rate is being revised. The agency has not yet started reporting in its annual program reports but it has plans to do so.

<sup>c</sup>HHS includes a TANF coverage rate as part of their Indicators of Welfare Dependence report.

<sup>d</sup>CCDF has published a coverage rate for child care in their Biennial Report to the Congress, which includes SSBG and TANF funds.

<sup>e</sup>IRS has calculated a participation rate for the EITC, but only for selected years.

<sup>f</sup>IRS has plans to use a participation rate as part of their Strategic Plan.

<sup>g</sup>SSA has calculated a participation rate for the years 1991-1996, but only for a subpopulation of those participating in SSI.

<sup>h</sup>ED has calculated a take-up rate, which is the share of those who applied and were found eligible for a Pell Grant who actually received a grant.

<sup>i</sup>HUD has calculated a voucher utilization rate for the housing choice voucher program, and tracks the occupancy rates of public housing authorities.

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USDA has taken steps to develop a reliable participation rate measure for the WIC program and plans to estimate the WIC participation rate annually. Because the WIC program is not an entitlement and participation is determined by the appropriated funds, FNS officials told us they do not plan to establish a performance goal related to the WIC participation rate. However, officials told us that they do think it is important to monitor and report on the WIC participation rate for policy, planning, and budgeting purposes, and the agency plans to use these data in managing the program by highlighting the measure in the program's budget reports and its annual report to Congress.

HHS plays a key role in estimating participation rates for several means-tested programs. Since 1973, HHS's Office of the Assistant Secretary for Planning and Evaluation has funded TRIM3 for the purposes of policy development, analysis, and research on such topics as the interactive effects of programs serving low-income families. The Welfare Indicators Act of 1994,<sup>29</sup> requires HHS to submit annual reports to Congress on welfare receipt in the United States and key indicators and predictors of welfare dependence. These reports, produced annually since 1997, include participation and coverage rates from TRIM3 for TANF (and its predecessor program, Aid to Families With Dependent Children), SSI, and food stamps.

HHS includes CCDF coverage rates<sup>30</sup> in the biennial congressional report and plans to include a performance measure related to participation rates in its annual performance reports starting in fiscal year 2006. However, HHS generally does not use participation rate estimates it has available from TRIM3 in managing its other programs by highlighting the information in its annual performance plans or congressionally mandated program reports. For example, TANF participation rates are not included in the agency's TANF Annual Report to Congress and Medicaid and SCHIP participation and coverage rates are not included in any of the other congressionally mandated reports disseminated by CMS, the agency that administers these programs.

Only one of the other agencies we reviewed, the IRS, has plans to estimate and report on participation rates for the programs they administer. IRS

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<sup>29</sup>Pub. L. No. 103-432 (1994).

<sup>30</sup>CCDF's coverage rate also includes an estimate of the children served through the TANF block grant and the Social Services Block Grant.

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plans to begin estimating the participation rate in the EITC program on an annual basis starting in fiscal year 2005 and to use the EITC participation rate as a performance measure in its annual performance report. However, the other agencies we reviewed, including SSA, HUD, and ED, do not estimate participation or coverage rates for the SSI, Housing Choice Voucher, Public housing, or Pell Grant programs and reported no plans to do so.<sup>31</sup>

There are several reasons agency officials cited for not collecting participation rate information. For some programs, information on certain eligibility criteria can be difficult or costly to obtain. For example, reliable data on the disability status of children who do not receive SSI is not readily available from national survey data. We were unable to provide a participation rate estimate for this group for this reason. Absent a legislative or other mandate to estimate participation and coverage rates, agency officials may not consider conducting such estimates a priority. However, some agency officials that do not regularly estimate participation or coverage rates indicated they would find such estimates useful. For example, HUD officials indicated that the agency finds its estimates of worst case housing needs, which include some coverage rate measures for all housing programs, useful for policy and planning purposes. Similarly, while Head Start officials do not publish or report coverage rate estimates in any agency documents, they indicated that they occasionally estimate participation rates informally for internal use in policy, planning, and budgeting.

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## Conclusion

Federal agencies responsible for administering means-tested programs are charged with ensuring that those eligible for program benefits and services are able to access them and with ensuring prudent oversight of taxpayer dollars by maintaining program integrity, including preventing improper payments. Program administrators may find it challenging to achieve these

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<sup>31</sup>ED monitors the share of student financial aid applicants found eligible for a Pell Grant who receive a grant. We would refer to this as a “take-up” rate rather than a participation rate as we have defined it, because it does not provide information on individuals who are eligible but do not complete an application. Similarly, HUD monitors the utilization rate in its housing choice voucher program. This measure tracks the extent to which voucher recipients are able to redeem their benefits by leasing apartments. Like the Pell Grant “take-up” rate, this rate provides program managers with important information they need to manage their programs, but it does not provide them with a sense of the extent to which their programs are reaching all eligible households and is, therefore, not comparable to a participation or coverage rate for monitoring program access.

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goals in part because they may conflict—ensuring program integrity can potentially come at the expense of program access. While we identified a number of strategies that have been implemented by federal, state, and local agencies that could potentially achieve both of these goals, unless agencies track progress toward meeting these goals in a way that signals to program administrators at all levels of government that both access and integrity are federal priorities, there is a risk that one of the goals may be compromised. Estimating participation rates for means-tested programs is difficult—and more difficult for some than for others—and cannot be considered “an exact science.” Nevertheless, when done rigorously—in a way that ensures that estimates are comparable over time and quantifies the errors that result from the estimation methodology—these estimates can provide a basic understanding of the extent to which needy populations are being served by federal programs and can be a key component of a federal agency’s efforts to establish a culture of accountability that emphasizes the importance of program access. Federal agencies responsible for administering only four of the programs we covered in this review—CCDF, food stamps, WIC, and EITC—either currently collect and report information on the extent to which they are reaching their target populations in key performance and program reports or plan to do so. As a result, the federal agencies that administer the other nine programs covered by this review may lack data that could inform their budgetary and programmatic decisions, assist them in ensuring that their programs are coordinated with and appropriately complement other programs available to their target populations, help them to manage their programs effectively, and enable them to provide policymakers with the information they need to make decisions.

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## Recommendations to Executive Agencies

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### Recommendations to the Secretary of the Department of Agriculture

As the department moves forward with participation rate estimates for the WIC program, we recommend that the Secretary:

1. take steps to clarify to users the limitations of the estimates; and
2. comparability between estimates by reanalyzing data as estimation methodologies change, so that consistent methods are applied over time.

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Recommendation to the Secretaries of the Department of Education and the Department of Housing and Urban Development

To help ensure that agencies have information on program access, we recommend that the Secretaries of Education and HUD study the feasibility of calculating participation or coverage rates and including them in key program management reports.

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Recommendations to the Secretary of the Department of Health and Human Services

We recommend that the Secretary of HHS consider making some improvements to the participation and coverage rate information produced for the CCDF, Medicaid, SCHIP, and TANF programs, such as:

1. quantifying errors that result from calculating these estimates to help users better understand the accuracy of the data; and
2. ensuring, to the extent possible, that estimates are comparable over time.

We also recommend that the Secretary include participation and coverage rate estimates in key program reports for these four programs.

We also recommend that the Secretary study the feasibility of estimating the coverage rate for the Head Start program on a regular basis and to include these estimates in key Head Start program reports.

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Recommendation to the Commissioner of the Internal Revenue Service

As the IRS moves forward on developing participation rate estimates to use as a program performance measure for the Earned Income Tax Credit, we recommend that the Commissioner of the Internal Revenue Service take steps to quantify errors that may result from estimating these participation rates to help users better understand the accuracy of the data and ensure that estimates will be comparable over time.

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Recommendation to the Commissioner of the Social Security Administration

To help ensure that the agency has information on program access, we recommend that the Commissioner consider the feasibility of providing participation rate information (from the existing source or another source) in SSA program management reports.

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## Agency Comments

We provided drafts of this report to and received comments from the Departments of Agriculture, Education, Health and Human Services, and Housing and Urban Development; the Internal Revenue Service; and the Social Security Administration. They generally agreed with our conclusions and recommendations. Agency written comments appear in appendixes IV through VII.

On February 3, 2005, we met with FNS officials to discuss their comments. The officials said they agreed with our conclusions and recommendations. They stated that they recognize the importance of tracking both program access and program integrity and their ongoing efforts to estimate participation rates in the food stamp program reflect their commitment to balancing the goals of access and integrity. They stated that as they move forward in developing a participation rate estimate for the WIC program, they plan to take steps to clarify to users the limitations of the estimates and to ensure that the estimates will be comparable over time. Agency officials also provided technical comments, which we incorporated in the report where appropriate.

The Department of Education agreed that data sources now available would not provide sufficient information to develop a reliable participation rate estimate for the Pell Grant program. However, the department cited a study currently being conducted by the National Center for Education Statistics that will determine the feasibility of implementing a system of collecting data on all postsecondary students. This study will also provide information that could be used to examine the feasibility of estimating participation rates for the Pell Grant program.

The Department of Health and Human Services provided comments related to each of the five programs under its jurisdiction. The department noted that it has taken steps to measure program access in the TANF, CCDF, Medicaid, and SCHIP programs through their funding of TRIM3, although they do not always report these estimates in key program reports. With regard to CCDF, HHS recognized the importance of coupling efforts to control improper payments with efforts to provide effective service delivery, and therefore access. The department noted that it has recently established a performance measure related to coverage rates for the CCDF program. We incorporated this information into the report. HHS also thought that we overstated the differences between CCDF and TANF in the impact of state flexibility on coverage rates so we changed that section of the report. With regard to TANF, HHS raised the concern that increasing coverage rates may conflict with other TANF program goals and consequently, coverage rates are not an appropriate performance

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measure for the TANF program. We recognize that increasing the coverage rate is not an explicit goal of TANF and believe this concern is consistent with the report's conclusion that increasing program access may not be feasible or desirable for some programs. Nevertheless, we continue to believe that including program participation and coverage rates in key program reports can help inform policymakers and program administrators at all levels of government and assist them making budgetary and programmatic decisions. In its discussion of SCHIP and Medicaid, HHS indicated that the report reinforced the agency's approach to promoting both access and integrity. The department noted that CMS is working to improve its coverage rate estimates for SCHIP and meanwhile, it continues to measure progress toward increasing coverage among children under 200 percent of poverty, a proxy for the program coverage rate.

HHS also highlighted several other issues that we believe are already sufficiently discussed in the report. These include the fact that not all those eligible and not participating need program services; that some programs allow states considerable flexibility in implementing programs and determining eligibility; that participation or coverage rates can be challenging to estimate accurately; and that uncertainties and limitations surrounding participation and coverage rate estimates should be made clear to users of this information. HHS also reiterated some of the limitations of our cost estimates and our Head Start coverage rate estimates. Agency officials also provided technical comments, which we incorporated in the report where appropriate.

Department of Housing and Urban Development officials provided us with technical comments, which we incorporated in the report where appropriate.

The Internal Revenue Service agreed with our conclusions and recommendation. The IRS recognizes the interactions between efforts to improve program access and those intended to improve program integrity, and as part of their efforts to utilize a balanced approach that emphasizes both goals, the IRS has recently established the EITC participation rate as a GPRA measure. As it moves forward in developing the EITC participation rate, the IRS plans to take steps to quantify errors that may result from estimating these participation rates to help users better understand the accuracy of the data and ensure that estimates will be comparable over time. Agency officials also provided technical comments, which we incorporated in the report where appropriate.

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The Social Security Administration agreed with our conclusions and recommendation. The agency noted that it has considered the feasibility of estimating participation rates in the past and has calculated participation rates among the elderly. However, the agency also noted that limitations of the national survey data make such estimates challenging for the SSI program. The agency agreed that estimating participation rates on a regular basis could provide an important management tool.

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As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time we will send copies of this report to the Secretaries of the Departments of Agriculture, Education, Health and Human Services, and Housing and Urban Development; the Commissioners of the Internal Revenue Service and the Social Security Administration; relevant congressional committees; and others who are interested. Copies will be made available to others upon request, and this report will also be available on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me on (415) 904-2272. Additional GAO contacts and acknowledgments are listed in appendix VIII.

Sincerely,

A handwritten signature in black ink that reads "David A. Bellis". The signature is written in a cursive style with a large initial 'D' and 'B'.

David Bellis, Director  
Education, Workforce, and Income Security

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# Appendix I: Objectives, Scope, and Methodology

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We designed our study to provide information on (1) the proportion of those eligible who are participating in 12 selected low-income programs; (2) the factors that influence participation in those programs; and (3) strategies used by federal, state, and local administrators to improve both access and integrity, and whether agencies monitor access by measuring participation rates. To obtain information on these issues, we compiled estimates of participation and coverage rates for each of the programs covered by the review for the most recent year for which data were available, we reviewed literature on participation in programs for low-income people, and we gathered information directly from both federal program officials and state and local administrators. To determine the completeness and accuracy of data obtained from various sources, we took several steps, described below, to assess the data and determined that the data were sufficiently reliable for use in this report.

We performed this work between November 2003 and January 2005 in accordance with generally accepted government auditing standards.

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## Participation and Coverage Rates

To obtain information on the proportion of those eligible who are participating in 12 selected low-income programs, we used information developed by the Urban Institute under contract with HHS about the participation and coverage rates they estimated for 7 programs—CCDF, Medicaid, TANF, food stamps, SCHIP, SSI, and WIC. Also, we estimated the coverage rates for the Head Start program using administrative data and CPS data and for the Housing Choice Voucher and Public Housing programs using data from a HUD report on worst case housing needs in 1999. The participation rate estimate for the EITC program was from our previous work. In addition, we performed a literature review to obtain information about program participation and coverage rates that were estimated by other organizations. When possible, we obtained rates from 1997 to the most recent year available, but as mentioned in the report, we did not present many estimates of rates prior to the most recent year available because changes in methodologies did not allow us to determine whether changes in the rates over time were actual changes in participation rates or resulted from changes to the estimation methodology. We were unable to provide a Pell Grant program participation rate because we were unable to assess the reliability of available data on the family income of students who did not apply for federal financial assistance, which is necessary for determining program eligibility. Table 11 summarizes the methodologies used to calculate participation and coverage rates for the 12 programs covered in this review.

**Table 11: Summary of Participation and Coverage Rate Methodologies**

Program	Participation or coverage rate methodology	Data source
SSI, Medicaid, CCDF, TANF, SCHIP, WIC	Estimate of recipients as a percentage of potentially eligible	The Urban Institute Transfer Income Microsimulation model, version 3 (TRIM3), developed under contract with HHS.
Food Stamp Program	Estimate of recipients as a percentage of potentially eligible	TRIM3; Mathematica Policy Research, Inc., microsimulation model developed under contract with USDA.
EITC	Estimate of eligible recipients as percentage of potentially eligible	GAO estimate based on administrative and CPS data and compliance information provided by IRS, see GAO, <i>Earned Income Tax Credit Participation</i> , <a href="#">GAO-02-290R</a> (Washington, D.C.: Dec. 14, 2001).
Housing Choice Voucher, public housing	Estimate of eligible recipients as percent of potentially eligible	GAO estimate based on administrative data and data from the HUD 1999 worst case needs report.
Head Start	Estimate of number of funded slots as a percentage of 3- and 4-year-old children in families below poverty	GAO estimate based on administrative and national survey data from the U.S. Census Bureau's Annual Social and Economic Supplement to the Current Population Survey (CPS).

Source: GAO.

Note: Some participation and coverage rate estimates are based on the average monthly number of recipients and people who are eligible for a program while others are based on the total number of recipients and people who are eligible at any point in the year. The participation and coverage rate for any program will differ by whether average monthly or total numbers are used.

Participation and Coverage Rates Estimated by The Urban Institute

The Urban Institute estimated participation and coverage rates for CCDF, Medicaid, TANF, food stamps, SCHIP, SSI, and WIC under a contract with the Department of Health and Human Services (HHS). In order to evaluate the reliability of these data and to determine whether it met our standards for reporting quantitative information, we contracted with the Urban Institute to obtain additional information about these estimates and the methodologies used to calculate them, including the Transfer Income Model, version 3 (TRIM3).

The TRIM3 microsimulation model was used to determine the number of people who would be eligible for a program if they applied. This model simulates the process that a caseworker would undergo to determine eligibility by reviewing individual or household characteristics such as household composition, income, disability, and other factors as appropriate for the programs. TRIM3 primarily relies on the Census Bureau's Annual Social and Economic Supplement to the Current Population Survey to estimate the eligible population. For some programs, this data source does not include all information needed to determine a person's or household's eligibility. For example, the data do not include information on the value of certain assets that might be considered during eligibility determination for some programs. In these instances, the Urban Institute researchers used TRIM3 to assign eligibility-related

characteristics to individuals included in the CPS who they believed were likely to have them, a process referred to as imputation. The estimates of the eligible population were used as the denominators of the participation and coverage rates, and administrative data on the number of participants were generally used as the numerator. In general, groups excluded from the TRIM3 eligibility estimate used for the denominator (such as those who are institutionalized) were also excluded from the administrative data used for the numerator.

The CPS data limitations and the process of assigning characteristics may have resulted in errors in the estimates of the eligible population and, therefore, the participation and coverage rates for seven programs. These include sampling error, non-sampling error, error related to the imputation process, and error related to program implementation. GAO statisticians and social science analysts reviewed the Urban Institute's TRIM3 technical documentation, interviewed the Urban Institute researchers, requested additional TRIM3 calculations from the Urban Institute, and reviewed available academic and government literature on the sources of error in microsimulation models of low-income program participation to determine what errors existed. Although there are several types of potential errors, not all the errors could be quantified.

- The CPS, like all sample surveys, is subject to sampling error. This error reflects the difference between (1) the results that are obtained from the members of the sample that are actually surveyed and (2) the results that would be obtained if each member of the population were surveyed. We contracted with the Urban Institute to calculate the sampling error of CPS data used in TRIM3, and we verified that they used the appropriate procedures to make these calculations. We used the estimates of sampling error provided by the Urban Institute to calculate a range for the most recent TRIM3 estimates at the 95 percent confidence level, and these ranges are presented in the report. However, the ranges underestimate the total error in TRIM3 estimates.
- The CPS data used in TRIM3 are also subject to non-sampling error that has not been quantified. These errors can occur if survey respondents have difficulty interpreting a particular question, lack information necessary to answer a question, are uncomfortable with accurately reporting certain sensitive information, or do not answer certain questions, among other factors that affect data collection and measurement. Such non-sampling errors are likely to have affected variables that are used by TRIM3, such as labor force participation for

example. According to a 2002 Census Bureau report, the 1996 CPS covers a smaller proportion of the Black population (84 percent) than it does of the White population (94 percent). The Census Bureau reported that this low coverage rate biases labor force estimates, because those who are left out of the sampling frame are quite different from those who are included in it. Yet, the full extent of non-sampling error in the CPS is unknown.

- The process of assigning characteristics when CPS data are not available—the imputation process—also can produce error. In most instances, efforts were not made to quantify the error associated with these imputed data. However, a National Research Council (NRC) panel attempted to quantify such error when reviewing methods for estimating participation rates for WIC and found that estimates can vary noticeably depending on whether imputed or reported monthly income data are used to determine eligibility. During this review, the NRC panel compared TRIM-adjusted CPS data, in which monthly income is imputed on the basis of annual income, and Survey of Income and Program Participation (SIPP) data, in which monthly income is collected directly from survey respondents.
- Specification error can result when the variables in a microsimulation model incorrectly represent the process for determining program eligibility that actually occurs between caseworkers and applicants. For example, in its TANF module, TRIM3 does not consider certain aspects of program eligibility, including specific work requirements, behavioral requirements such as school attendance and immunizations, and sanctions from failing to comply with work rules or child support rules. These exclusions could cause TRIM3 to overestimate eligibility and therefore underestimate participation and coverage rates. Similarly, while several means-tested programs base their eligibility on the federal poverty guidelines, there is no universal administrative definition of “family,” or “household” that is valid for all programs that use the poverty guidelines. To the extent that federal programs use administrative definitions that differ somewhat from the statistical definitions used by the CPS, estimates of the eligible population could be affected.

## Participation and Coverage Rates We Estimated

We estimated the participation and coverage rates for the Head Start, Housing Choice Vouchers, Public Housing, and EITC (in prior work). These estimates are also limited by the data sources and assumptions of who may be eligible for these programs. The EITC and Head Start rates were estimated using the CPS and, therefore, estimates are subject to sampling and non-sampling errors mentioned earlier. In addition, because

the CPS did not have complete information to determine who may be eligible for the EITC, we made assumptions about whether children were in a household long enough for them to be counted as a member for tax purposes. We also assumed that the lack of data on certain assets would not significantly affect participation rate estimates.<sup>1</sup> For Head Start, the administrative data did not allow us to determine the number of children who are actually served in the program. The data were only on the number of program slots funded, and more than one child can be served with each slot over the course of a program year if there is turnover in participation. However, for the purposes of calculating Head Start coverage rates, we assumed that only one child filled a slot.

We used a HUD report on the households with worst case housing needs in 1999 and administrative data to estimate the Housing Choice Vouchers and Public Housing coverage rates. HUD used data from the American Housing Survey in this report.<sup>2</sup> We assessed the reliability of the survey data and determined that the data were sufficiently reliable for use in this report. In conducting this assessment, we reviewed Bureau of the Census studies on the survey. Census reported that the American Housing Survey underestimates income and overestimates poverty for households, variables used to determine the number of people with housing needs. We were unable to quantify the error this may have produced in the estimates.

#### Reliability of Administrative Data

We determined that the administrative data used to estimate participation and coverage rates were reasonably reliable for this purpose. As a part of this assessment, we reviewed the data on the number of participants and we discussed this information with federal agency officials. However, with the exception of the EITC data, we did not adjust the number of participants to account for those who may have received program benefits and/or services in error. As a result, the administrative data could have produced errors in the estimates due to potential inaccuracies in reporting the number of eligible participants.

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<sup>1</sup>For more details, see GAO, *Earned Income Tax Credit Participation*, [GAO-02-290R](#) (Washington, D.C.: Dec. 14, 2001).

<sup>2</sup>For more details, see U.S. Department of Housing and Urban Development, *Trends in Worst Case Needs for Housings, 1979-1999: A Report to Congress on Worst Case Housing Needs* (Washington, D.C.: December 2003).

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## Cost Estimates

To obtain the estimated cost of providing benefits to those eligible and not participating in the Food Stamp Program, SSI, TANF cash assistance and WIC, we contracted with the Urban Institute to provide us with these estimates. The organization used the TRIM3 model to estimate the total benefit amount for eligible non-participants, and these estimates were based on the amount that each individual or household would receive based on their characteristics. These estimates have similar limitations as their related participation and coverage rates, and not all of their errors could be quantified.

The EITC cost estimate was based on our prior work,<sup>3</sup> but the Head Start cost estimates were done during the course of this project. We estimated the potential costs for Head Start using administrative data on the average cost per slot and the number of eligible non-participating children we estimated using the CPS. We assume that only one child would be served with a slot, even though in actuality more one than can. We also did not account for variation in program cost at the local level, and we did not account for variation in local eligibility criteria.

All of the estimates have two major limitations. We did not include the administrative costs of serving the non-participants; this would increase the cost estimates for all programs. For some programs, federal, state, and local governments would share these administrative costs. We also did not factor in policy or economic changes that may occur if participation increased in these programs. In addition, for all programs, we calculated the estimates for each program individually and we did not account for how changes in the participation for one program could influence benefit amounts in another.

We were unable to estimate the cost of serving eligible, non-participants in the five other programs—CCDF, HCV, Medicaid, Pell Grants, Public Housing, and SCHIP—because we did not have enough information to determine how the characteristics of the non-participants would have affected the benefit amounts they could have received.

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<sup>3</sup>For more details, see GAO, *Earned Income Tax Credit Participation*, [GAO-02-290R](#) (Washington, D.C.: Dec. 14, 2001).

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Factors That Affect  
Participation and  
Strategies to Improve  
Access and Integrity

To obtain information about factors that affect participation and strategies to improve access and integrity for the 12 selected programs, we conducted a literature review, obtained documentation from federal officials, interviewed federal officials and interviewed state and local officials in California, Connecticut, Georgia, Maryland, and Minnesota. The literature review consisted of studies on factors that affect participation and program integrity issues that we found through searches of the Internet and social science research databases and recommendations from federal agency officials. Among the documentation we reviewed for this objective were the available fiscal year 2004 and 2005 annual plans for each program and agency reports to Congress to determine whether the relevant agencies had stated measures for program integrity and access outcomes. We selected states to visit primarily based on their innovative practices to address barriers to participation for multiple programs we reviewed. We obtained information on innovative practices from federal officials, federal agency publications and a database on state and local initiatives compiled by the Administration for Children and Families and several non-profit, non-partisan agencies. We also considered state efforts to ensure program integrity, program aspects that may create barriers to access and demographic and geographic diversity in making our selection. We were not able to address all the programs we reviewed during every site visit, and information from these site visits cannot be generalized to all states and localities and to all programs we reviewed. In addition, we did not assess the effectiveness of the strategies we presented.

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# Appendix II: Limitations Affecting Use of Participation and Coverage Rates

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While participation and coverage rate estimates provide important program information that can be useful to both policymakers and program administrators, these estimates must be interpreted carefully to take into consideration such factors as survey data, research methodology, timeliness of estimates and the availability of alternative programs. These factors limit our ability to compare rates across programs and must be considered in efforts to define appropriate or desired participation or coverage rate levels.

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## Limitations of National Survey Data

There are two national household level surveys conducted by the Census Bureau that can be used to estimate the total number of people eligible for low-income programs, the Annual Social and Economic Supplement to the Current Population Survey (CPS) and the Survey of Income and Program Participation (SIPP) and each has advantages and disadvantages. The CPS is the larger of the two surveys and data from this survey are available annually for the prior year. In addition, it has detailed information about income, household composition, labor force participation, and receipt of many federal benefits, but it does not include all the information that may be needed to determine program eligibility. For example:

- Although the value of assets such as automobiles and savings accounts are considered when determining financial eligibility for some of programs we reviewed, the CPS does not collect some of these data.
- The CPS also omits institutionalized individuals, some of whom may be eligible for Medicaid and SSI.

Researchers at the Urban Institute and Mathematica told us that, while they were aware of these disadvantages, they continue to use CPS data in their calculations because of the relatively large sample size and because the CPS is conducted annually, which makes it a good source for yearly snapshots of participation. To compensate for the limitations in the data, researchers either make assumptions and assign information needed to determine eligibility, such as asset values, to individuals in order to determine their program eligibility or they omit certain subpopulations such as institutionalized individuals or pregnant and postpartum women from their participation rate estimates.

The SIPP is a smaller survey than the CPS, but because it was designed specifically to better measure low-income program participation, it has some advantages over the CPS. Specifically, it includes more detailed information about individual characteristics, monthly labor force activity, monthly income, and household assets that factor in program eligibility

determinations.<sup>1</sup> However, the SIPP is designed as a panel study (following the same individuals for 2½ to 4 years) and thus may be more suited for use in examining detailed characteristics of participants and reasons for movement into and out of social programs. In addition, the sample faces attrition over the survey period, and some data needed to determine eligibility are available only for a limited number of years. The National Research Council used the SIPP to estimate WIC participation rates. This estimate included pregnant women in addition to infants and children, but by 2003 when this estimate was published, the most recent estimate they could create using SIPP was for 1998.

There are some low-income programs for which neither the CPS nor the SIPP provide sufficient information to estimate participation rates. For example, to estimate the proportion of enrolled students eligible for a Pell Grant would require information on student enrollment status in addition to family income information. The National Center for Education Statistics within the Department of Education conducts a survey, the National Postsecondary Student Aid Study, that includes both student enrollment and family income information. However, concerns have been raised about the reliability of the family income data for students who did not apply for federal financial assistance. We were unable to assess the reliability of this data element and thus were unable to determine whether the data were sufficiently reliable for our purposes. As a result, we did not estimate a participation rate for this program.

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## Errors from Research Methodology

Because no existing national data provide every piece of information needed to determine the exact size of the eligible population for low-income programs, all participation rate estimates involve certain assumptions and generalizations. These assumptions can create errors that are difficult or impossible to quantify. Consequently, the margins of error we present, which only capture errors that result from sampling, could understate the true range within which participation rate estimates are most likely to fall.

One way to better understand how these estimates are affected by the research methodology is to compare them to alternative participation rate estimates that have been calculated using different assumptions. While the

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<sup>1</sup>The SIPP collects a detailed inventory of real and financial assets once a year and conducts more frequent measures of assets relevant for assistance programs.

Urban Institute and Mathematica Policy Research, Inc., both estimate food stamp participation rates based on CPS data, they use slightly different assumptions to estimate the eligible population. For example, because the CPS does not include information on which household members purchase and prepare food together, model estimates had to make assumptions about household food preparation habits. Despite differences in assumptions, the participation rates estimated by the Urban Institute and Mathematica were very similar.

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### Years for Which Estimates Are Available

The most recent participation rate data available varies by program, and all estimates are at least 3 years old. As a result, changes in legislation, state policy, program administration, the national economy, and other factors that may have influenced the participation rate over the past few years are not reflected in these estimates.

- The EITC participation rate estimate is based, in part, on an estimated 32 percent of EITC claims being made in error in 1999. Since that time, Congress has enacted new tax laws and the IRS has taken steps to improve compliance.
- The total number of people receiving food stamps and Medicaid fell after passage of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 when participation in these programs was “de-linked” from participation in TANF. Since 2000, however, states have implemented policies to ensure that those eligible for food stamps and Medicaid continue to receive benefits when they leave TANF.
- Since 2000, the national economy has emerged from a recession, but economic growth, until recently, has been slow and uneven and marked by slow job growth. Economic conditions have historically been correlated with low-income program participation.

None of these factors are reflected in the numbers we presented in this report.

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### Availability of Alternative Programs

When interpreting the participation and coverage rate estimates we provided, it is important to keep in mind that those eligible but not participating in the programs we reviewed may not be living without assistance; many could be receiving assistance from alternative programs. In some cases, people could be eligible for more than one program we reviewed and able to receive similar services from these programs. Those eligible could also have access to state and local programs that address

similar needs. This is particularly relevant for the non-entitlement programs covered by our review.

The coverage rates we provide for the two housing programs in this review are calculated in isolation, and as a result, some of the households that appear eligible but not participating in the Public Housing program are receiving Housing Choice Vouchers (HCV), and vice versa. In addition, while HCV and public housing are two of the largest federal housing programs, there are several other federal, state, and local housing programs from which eligible households could receive assistance. HUD estimated that in 1999 about a quarter of all households eligible for any kind of housing assistance received assistance.

The availability of alternative programs could also affect coverage rates for CCDF and Head Start. For example, state-financed pre-school programs provide child care and educational development services for many 4-year-olds who appear eligible but are not enrolled in Head Start. Children could be eligible for both programs but only receiving services in one, but this would not be reflected in program coverage rate estimates. HHS officials have recognized that other federal programs, such as TANF and Social Services Block Grant (SSBG), also provide child care to children eligible for CCDF. Because the CCDF participation rate does not reflect these additional sources of federal child care funds, HHS has produced a different coverage rate, estimating that about 26 percent of CCDF-eligible children were receiving child care services through one of four federal funding streams—CCDF, SSBG, TANF, and TANF state funds in 2001.<sup>2</sup>

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## Cost Considerations

State and localities are able to set the eligibility criteria for some of these programs, and the cost estimates do not account for the policy changes agencies may make if the current criteria resulted in increased participation. For example, if states found that current eligibility limits may result in increased TANF participation, they may change eligibility criteria or benefit levels to ensure state costs do not increase. Either of these changes may reduce the total additional costs.

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<sup>2</sup>HHS does not collect information on the number of children who receive child care subsidies through the SSBG, TANF and TANF Maintenance of Effort funding. Therefore, the agency estimated the number of children served through those other funding source by dividing the total amount spent on child care services from each source by the typical cost of serving a child under CCDF.

All cost estimates were calculated individually and, therefore, do not account for how participation changes in one program may influence benefit amounts in another. For example, Food Stamp Program costs may not be as high if participation in the SSI program increased because some eligible non-participants would qualify for lower food stamp benefits due to the cash assistance. Also, as mentioned earlier, other federal, state, and local programs may provide similar benefits that non-participants could be receiving, and, therefore, they may not need or want the benefits from the programs we covered. For example, food stamp eligible non-participants with short-term nutritional needs may decide to receive assistance through food banks. In addition, the TANF estimate we provide is only the cost of providing cash assistance to eligible people who are not participating; this program offers other supports to needy families, such as transportation to work and child care, that is funded by the federal and state government.

# Appendix III: Agency Estimates of Improper Payments for Programs Reviewed

**Table 12: Improper Payment Estimates Reported in Agency Fiscal Year 2003 Performance and Accountability Reports**

Agency	Program	Reported amount of improper payments
USDA	Food Stamp Program	\$1,507,000,000
	WIC	NA
HHS/ACF	TANF	NA
	CCDF	NA
	Head Start	NA
IRS	EITC	10,500,000,000
HHS/CMS	Medicaid	NA
	SCHIP	NA
SSA	SSI	2,740,000,000
Education	Pell Grant	377,500,000
HUD	Public Housing	650,000,000
	Housing Choice Voucher (Tenant- and Project-Based)	\$1,877,000,000

Source: GAO, *Financial Management: Fiscal Year 2003 Performance Accountability Reports Provide Limited Information on Governmentwide Improper Payments*, [GAO-04-631T](#) (Washington, D.C.: Apr. 15, 2004). Data from this report were based on agency fiscal year 2003 Performance and Accountability Reports.

# Appendix IV: Comments from the Department of Education



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

FEB 8 2005

THE ASSISTANT SECRETARY

Mr. David D. Bellis  
Director, Education, Workforce,  
and Income Security Issues  
United States Government Accountability Office  
Washington, DC 20548

Dear Mr. Bellis:

Thank you for providing the Department of Education (the Department) with a draft copy of the U.S. Government Accountability Office's (GAO's) report entitled, "Means-Tested Programs: Information on Program Access Can Be an Important Management Tool" (GAO-05-221).

This study examines twelve Federal means-tested programs that provide financial benefits to low-income families and individuals for the purpose of determining if the responsible administrative agencies have sufficient information to ensure that eligible populations are appropriately served. The Department's Federal Pell Grant Program, which provides grant assistance to low- and moderate-income students attending institutions of postsecondary education, is one of the twelve programs examined in this study.

In this report, you recommend that the Department study the feasibility of calculating participation rates and including them in key program management reports. In particular, with respect to the Federal Pell Grant program, you recommend that the Department investigate ways to estimate the program's eligible population and use that information to improve program access for all eligible persons.

We agree that the Department does not currently have a reliable measure of the eligible population for Federal Pell Grants. While program eligibility and benefit levels are largely based on family income, an individual must also be enrolled in an eligible college, university, or other postsecondary institution. States do not compel school attendance beyond the secondary level; therefore, it is very difficult to identify the total population of potential Federal Pell Grant recipients. Furthermore, as you correctly note in the report, the Department cannot know about family income and other household characteristics, which are used to determine program eligibility, for enrolled students who do not apply for Federal financial assistance, including Federal Pell Grants.

However, the Department's National Center for Education Statistics (NCES) is currently conducting a study to determine the feasibility of implementing a student unit record

1990 K STREET, N.W. WASHINGTON, D.C. 20006

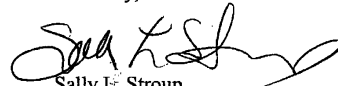
*Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.*

Page 2 - Mr. David D. Bellis

system. This system would provide the Department with certain information on every student enrolled in postsecondary education. While no decision has yet been made regarding the development and implementation of such a system, the results of this feasibility study may help to inform the Department's consideration of ways to measure Federal Pell Grant Program participation.

If you or your staff have any questions, please do not hesitate to contact my office.

Sincerely,



Sally E. Stroup

# Appendix V: Comments from the Department of Health and Human Services



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

MAR - 1 2005

Mr. David D. Bellis  
Director  
Education, Workforce, and Income Security Issues  
U.S. Government Accountability Office  
Washington, DC 20548

Dear Mr. Bellis:

Enclosed are the Department's comments on the U.S. Government Accountability Office's (GAO's) draft report entitled, "Means-Tested Programs: Information on Program Access Can Be an Important Management Tool" (GAO-05-221). The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department provided several technical comments directly to your staff.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

A handwritten signature in cursive script that reads "Daniel R. Levinson".

Daniel R. Levinson  
Acting Inspector General

Enclosure

The Office of Inspector General (OIG) is transmitting the Department's response to this draft report in our capacity as the Department's designated focal point and coordinator for U.S. Government Accountability Office reports. OIG has not conducted an independent assessment of these comments and therefore expresses no opinion on them.

**COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES  
ON THE GOVERNMENT ACCOUNTABILITY OFFICE'S DRAFT REPORT  
"MEANS-TESTED PROGRAMS: INFORMATION ON PROGRAM ACCESS  
CAN BE AN IMPORTANT MANAGEMENT TOOL" (GAO-05-221)**

The Department of Health and Human Services (HHS) appreciates the opportunity to comment on the Government Accountability Office's (GAO's) draft report.

**GAO Recommendation:**

*We recommend that the Secretary of Health and Human Services (HHS) consider making some improvements to the participation and coverage rate information produced for the Child Care and Development Fund (CCDF), Medicaid, State Children's Health Insurance Program (SCHIP), and the Temporary Assistance for Needy Families (TANF) programs such as:*

- 1. quantifying errors that result from calculating these estimates to help users better understand the accuracy of the data; and*
- 2. ensuring, to the extent possible, that estimates are comparable over time.*

*We also recommend that the Secretary include participation and coverage rate estimates in key program reports for these four programs.*

*We recommend that the Secretary study the feasibility of estimating the coverage rate for the Head Start program on a regular basis and to include these estimates in key Head Start program reports.*

**HHS Comments**

CCDF Program

Participation/Coverage Rate

The Child Care Bureau (CCB) is pleased that GAO makes a distinction in its report between the terms "participation rate" and "coverage rate." However, while this distinction differentiates between entitlement and non-entitlement programs and acknowledges State flexibility in defining eligibility in CCDF, it does not recognize the difference between "eligibility" and "need." Like families in the larger population, research indicates that many low-income working families find unpaid care by family, friends and neighbors more convenient and consistent with what they want for their children. In addition, the child care needs of many families are met in part or in whole through schools and programs such as Head Start, pre-kindergarten programs and 21<sup>st</sup> Century Community Learning Centers.

As GAO points out on page 19 in footnote 10, “HHS does not collect information on the number of children who receive child care subsidies through the Social Services Block Grant (SSBG), TANF and TANF Maintenance-of-Effort Funding.” However, these funds accounted for almost \$3 billion of available child care subsidy dollars in FY 2003 or approximately one-third of the total child care subsidy funds. In many States, these funds are used together with CCDF funds and programs are administered to provide a seamless system of child care assistance, regardless of funding streams. Hence, ACF believes a coverage rate that accounts for all of these Federal and State funds is more appropriate than just the CCDF coverage rate for demonstrating program effectiveness. ACF has developed such a coverage rate, as noted in the first bullet on page 19, finding a 26 percent participation rate in FY 2001. This is reported in the biennial Child Care and Development Fund Report to Congress, submitted January 2003.

GAO notes that since non-entitlement programs are constrained by available funding, promoting access involves the targeting of scarce resources to specific high-priority groups of people and strategic planning to ensure that programs are coordinated (page 4). As part of its coverage rate analysis, ACF looks at specific CCDF priority subpopulations including low-income families receiving or at risk of receiving TANF funds. For FY 2001, ACF estimated a coverage rate of 42 percent for families below poverty, 53 percent for children under age six below poverty and, 61 percent for those age three to five below poverty.

#### Factors that Influence Participation Rates and Program Access

On page 31, GAO states that CCDF is one of four non-entitlement programs with funding limitations that could restrict the number of those potentially eligible for participation. Because States have broad flexibility in setting eligibility for CCDF, and have the ability to use TANF dollars for child care services, States have significant influence over the number of potential program participants. Similar to TANF, CCDF provides grants directly to States and allows States substantial flexibility in determining program eligibility and implementation. States have four major areas of program flexibility: eligibility limits; amount of parent payments (co-payments); amount of reimbursement to child care providers; and determinations about which families will receive priority for services. This flexibility has myriad implications for program participation. Therefore, ACF thinks the report overstates the distinction between TANF and CCDF with regard to the impact State flexibility has on coverage rates.

#### Strategies to Address Access and Integrity

- Government Performance and Results Act (GPRA)

Since data collection for the GAO report began, the CCB has developed performance measures dealing with program coverage and program efficiency. These measures were first included in CCB’s Program Assessment Rating Tool (PART) submission in 2004 and will be included in ACF’s FY 2006 Annual Performance Plan.

CCB developed a new GPRA measure during the 2004 PART evaluation to measure the extent to which low-income children receive child care subsidies: the number of children below 150 percent of the Federal poverty level receiving child care subsidies through CCDF, TANF, and SSBG, compared to those who are eligible under State CCDF eligibility rules. This measure will help us track program coverage over time and support our work with States to ensure that they are using the policy levers available through CCDF to improve access for those most in need of services.

- Improper Payments Project

In response to the Improper Payments Information Act of 2002, CCB is implementing the Improper Payments Project, a partnership with 11 States (three of the five States included in this GAO study are our partners in this project). As we learned during the first phase of the project, State efforts to control improper payments need to be coupled with efforts to provide effective service delivery and, therefore, access for clients. CCB agrees with GAO's findings that if strategies to limit improper payments (e.g., increased paperwork, verification requirements) discourage significant numbers of parents or providers from participating in the subsidy program, the effectiveness of the program may be undermined. In fact, one of the States involved in the project made changes to policies and procedures that the State concluded were adversely affecting both access and accuracy.

Furthermore, we found that State flexibility in the administration of CCDF results in a wide variety of approaches to service delivery, data collection, and the sharing of data. The next phase of the project--intensive site visits and a study of four States (two State-administered and two locally administered)--are planned so that ACF and the States can learn more about State data management efforts and explore the impact of improper payments and client eligibility on program integrity and access. These activities will provide the foundation for technical assistance to States to support sound program administration.

Temporary Assistance for Needy Families

HHS has demonstrated commitment to analyzing TANF, Medicaid, CCDF, and other program coverage rates through providing core funding for the Transfer Income Maintenance Model (TRIM3), the source of many of the coverage rates provided in the GAO report. Nonetheless, we do not think it is advisable to further highlight TANF coverage or participation rates as a measure of program performance in key program reports as recommended by GAO. We would note that one of the four purposes of the TANF program is to end the dependence of needy parents on Government benefits by promoting job preparation, work, and marriage. It would seem more consistent with the multiple goals of TANF to focus performance measures on issues related to employment and healthy marriage. An over-emphasis on the coverage rate as a performance indicator could undermine other program goals, including the goal of ending dependence through work.

GAO should be aware that ACF reports a form of the TANF coverage rates in at least two Congressionally mandated reports. The *Annual TANF Report to Congress* presents the participation rate of the U.S. population (e.g., 6th Annual Report, Chart 1:2, page A-205). In addition, the *Indicators of Welfare Dependence*, an annual report to Congress, presents the participation rate of the eligible population, similar to the rate calculated by GAO (e.g., 2004 report IND 4 page II-8).

Factors to consider in estimating the costs of serving eligible non-participants

While GAO alludes in table notes to some of the problems involved in estimating the costs of serving eligible non-participants, the inherent uncertainties with this type of estimate should be made more explicit for the reader. For example, footnote “c” on page 24 that says the “estimates do not account for policy or economic changes that would occur if participation in these programs increased” could be expanded to indicate that the estimates do not account for behavioral changes, such as reduced work effort. Nor does GAO appear to take into account such factors as program interactions (e.g., between TANF and Food Stamps) and the fact that expanded coverage in the TANF program in the short-term would lead more participants to exhaust their time-limited benefits, and the possibility that covering certain groups of non-participants may result in higher error rates.

Participation and coverage rates tend to understate the extent to which “needs” are met

The report notes that “the 48 percent of households participating in the Food Stamp program in fiscal year 2001 received about 62 percent of the total amount of benefits that would be paid out if all eligible households received benefits” (page 23). This finding would be true for most, if not all, of the programs and suggests that targeting may be better than indicated by the participation and coverage rate. And, since the report estimates the cost of serving un-served eligible families, this calculation should be possible (subject to the caveats described in the report and above) for all of the calculated estimated costs for providing benefits to eligible non-participants.

Raising participation and coverage rates may conflict with other TANF program goals

The report notes that the goals of ensuring program access (as indicated by participation and coverage rates) and program integrity may conflict. There are conflicts with other goals as well that should be discussed. One of the main goals of TANF is to move people from cash assistance to self-sufficiency. Achieving this goal can be inconsistent with achieving a higher coverage rate. Several examples illustrate this point:

First, expansion in earnings disregards that has occurred since welfare reform was enacted, though the primary motive was an incentive to increase work, also caused an increase in eligibility. Moreover, this increase in eligibility was among earners who typically are eligible for smaller grants and tend to have lower participation rates than families without earnings. This is an example where the goal of promoting work

(through expansions in earned income disregards) may have had a negative effect on the overall coverage rate.

Second, Congress established a five-year time limit on Federal TANF assistance. Although the coverage rate estimates take into account the number of families who lost aid due to the time limit (and do not count such families in the denominator of the coverage rate estimate), they do not make any allowance for families staying off of TANF to conserve their time-limited assistance months. The coverage rate could be increased by encouraging such families to return to the rolls, but this would have the potentially undesirable effect of causing some families to use up their limited months of assistance, especially if they are receiving relatively small benefits. This would not be consistent with the goal of maximizing long-term family well-being.

Third, expansions in work supports, child care, and other forms of non-assistance benefits make it more attractive for some otherwise eligible TANF cash assistance recipients to leave the TANF rolls to combine work with these various non-assistance benefits. Some families receive help with basic needs through diversion programs or post-employment bonuses or other payments. These cash payments are considered non-assistance and are not included in the official TANF caseload counts. Yet, the coverage rate estimates ignore the TANF-eligible families who do not receive cash assistance, but who do receive these other TANF-funded benefits.

Also note that reducing spending on work-related, non-assistance benefits and only providing cash would increase the coverage rate, but this would be counter-productive to the TANF goals of increasing self-sufficiency.

Throughout the study, GAO discusses the dual goals of access and program integrity and seems to imply a larger Federal role and responsibility in TANF than is provided for by statute. It also appears that access is equated with outreach; we need to close the gap between those who are eligible for the program and those who participate. However, this is inconsistent with the very design of the program—time-limited assistance with State flexibility in the design, which includes pre-application job search and grant diversion.

To address the issue of eligibility versus participation, we conducted a study entitled “Study of the TANF Application Process” (issued April, 2003) to assess the changes between the Aid to Families with Dependent Children (AFDC) and the TANF programs and to determine the impact of the changes on applicants and potential applicants. One of the interesting conclusions was that potential applicants (those who were informally diverted and who did not complete the application process) were no worse off, and in some cases fared better, than those who went on to receive cash assistance. The study also recognized the extensive non-assistance benefits (such as transportation and child care) provided through the program.

Head Start

The report appears to estimate Head Start eligibility based on the number of poor three- and four-year-olds. A very fundamental question about the estimate is why the coverage rate includes three- and four-year-olds, rather than just four-year-olds? This choice assumes that the goal of the program should be to provide two years of Head Start to all eligible children, rather than just one year. One reason the report may include both age groups is because the program actually serves many three-year-olds. This may simply be because the program has effectively reached full coverage among four-year-olds, given that many may not participate in Head Start because they are in prekindergarten or other subsidized preschool programs or child care arrangements.

The GAO report should note that it oversimplifies Head Start eligibility by ignoring some eligibility factors. For example, Head Start eligibility includes “families that are eligible for public assistance or would potentially be eligible in the absence of child care services” (see “The 2003 Family Income Guidelines,” Information Memorandum, No. ACYF-IM-HS-03-03, April 17, 2003). This is not reflected in the estimate on page 29.

Medicaid and SCHIP

HHS believes the findings reinforced HHS’ approach, which is to promote ways that States can ensure that eligible individuals have access to Medicaid and SCHIP while maintaining program integrity. However, it believes that the report must more strongly recognize and reflect the Federal-State nature of these programs. Medicaid and SCHIP are Federal and State partnership programs. The Federal and State Governments jointly finance the program while the States administer it within broad Federal guidelines. Within those broad guidelines, each State establishes eligibility criteria and monitors program integrity. The Centers for Medicare & Medicaid Services (CMS) are very proud of its efforts to promote access to health care for Medicaid and SCHIP-eligible populations while at the same time promoting program integrity. SCHIP continues to represent the largest single expansion of health insurance coverage for children in more than 30 years. With the goal of improving the quality of life for millions of vulnerable children less than 19 years of age, SCHIP has made significant strides in providing needed health coverage for low-income children, even during periods of slow economic growth. Enrollment in SCHIP has continued to build and SCHIP covered over 5.8 million children in the Federal Fiscal Year (FFY) 2003, a 9 percent increase over the 5.3 million who were covered in FY 2002.

Additionally, multiple sources have found that SCHIP is contributing to the decrease in low-income uninsured children, SCHIP’s targeted population. The Centers for Disease Control and Prevention reported that the percent of uninsured children declined from 13.9 percent in 1997 to 10.1 percent in 2003 and that public coverage of near-poor children has nearly tripled from 24 to 74 percent between 1997 and 2003. Clearly, SCHIP continues to substantially contribute to the reduction in the number of low-income uninsured children, which shows that SCHIP is reaching its targeted population.

This Administration is committed to increasing the number of eligible children enrolled in SCHIP and Medicaid. President Bush has announced his billion dollars “Cover the Kids” campaign, which would combine Federal, State, and community-based efforts to identify children eligible for SCHIP and Medicaid and help to enroll them in these programs. President Bush firmly believes that this campaign will bring millions of eligible children into the Medicaid and SCHIP programs.

CMS is very proud of the fact that States have used the flexibility provided by SCHIP and Medicaid to come up with innovative ways to bring children into the program, including innovative outreach techniques and continued streamlining and simplification of the application and eligibility determination process. Many States continue to focus on efforts to simplify enrollment and retention processes for applicants and enrollees, and to find ways to increase the number of uninsured low-income children receiving child health assistance, even during times of budgetary constraints.

Generally, in the face of declining funds for outreach, States have become more innovative in how they use available funds to reach out to low-income targeted families. States have reported partnering with other Government agencies or private groups to maximize the use of funds and focusing their outreach efforts more directly on hard-to-reach populations. States also are using technology to make it easier to enroll in SCHIP. Almost two dozen States allow some type of application over the Internet and many States also allow application by phone.

The SCHIP statute requires that States screen all SCHIP applicants for Medicaid eligibility, and if found to be eligible for Medicaid, the State must enroll them in Medicaid. Many States have reported that SCHIP has had a significant impact on their Medicaid programs. While SCHIP outreach and enrollment activities are intended to reach families eligible for SCHIP, one of the benefits of the SCHIP program has been to make more and more low-income uninsured families aware that they are entitled to assistance that provides health care coverage for their children.

In August 2001, CMS released a guide entitled “Continuing the Progress: Enrolling and Retaining Low-Income Families and Children in Health Care Coverage.” Several chapters of this guide provided guidance to States on addressing factors that affect eligible individuals’ participation, such as misperceptions about program requirements and eligibility verification procedures. A separate chapter, “Program Monitoring by States,” specifically addressed how States could ensure program integrity. Many States have told us that this guide has assisted them in accomplishing both goals. CMS continues to provide technical assistance to States in both areas.

CMS recently published a proposed Payment Error Rate Measurement (PERM) regulation that takes steps to have States strengthen post-eligibility controls by requiring a review of the correctness of eligibility determinations.

In addition, CMS is committed to being able to calculate eligible but unenrolled children, and as indicated above, the Assistant Secretary for Planning and Evaluation (ASPE) is funding the Urban Institute's model TRIM3 (now version 3) used by GAO in this report. ASPE and the Urban Institute are still working on refining the TRIM3 model, but CMS has taken other steps to continue to measure progress towards covering eligible but uninsured children while the TRIM3 model is being refined. CMS has a GPRA goal for SCHIP and Medicaid enrollment data that all States must report on their progress towards covering uninsured children on an annual basis. In addition, we believe that our final PERM regulations will allow us to better quantify error rates resulting from improper eligibility determinations.

CMS will continue to work with ASPE to refine the participation rates; however, the GAO report does not recognize how difficult it is to calculate valid and timely participation rates. In estimating the number of eligibles, first, we must determine the eligibility criteria across all States. Eligibility can differ across States by age, income, assets, geographic area, and other criteria. Second, we have to determine who is not yet covered using demographic data. Also, because the participation rates rely in part on Medicaid and SCHIP enrollment data, there is always a lag between State reports of enrollment data and using it in the TRIM3 model. Finally, the individuals enrolled have to be compared to who is eligible. Because these rates are so hard to calculate on a timely basis, SCHIP has statutory reporting requirements that serve as proxies for the participation rates described by GAO.

States are required to submit a report on their SCHIP programs on an annual basis. One of the elements required by Title XXI is the State's progress towards covering low-income children, typically children with family incomes at or below 200 percent of the Federal poverty level. This number of low-income uninsured children is a rough proxy for the number of children eligible for SCHIP. By measuring State progress towards reducing the uninsured, the States can assess their progress towards reaching eligible children. The estimates also are timely in that States report on their progress annually.

The GAO reported a 44 to 51 percent participation rate in SCHIP in 2000. The participation rates cited for SCHIP and Medicaid are based on old data. This is more of a problem in SCHIP because the participation rate is based on FY 2000 enrollment data and SCHIP was implemented in FY 1998. SCHIP is a new program and, as noted in GAO's findings, enrollment in SCHIP has almost doubled since FY 2000. The number of eligibles has also changed with the improving economy and changes in State programmatic features. CMS believes that the population rate described for Medicaid is strong given the types of eligibles included in the rate, i.e., adults and children. However, CMS believes that the participation rate for children only in Medicaid is much higher.

Finally, as we discussed earlier, it is very difficult to calculate timely and valid participation rates. While CMS works to improve the participation rates, it will continue to use a proxy in SCHIP. CMS has included information on State progress towards covering the uninsured in its statutorily required report to Congress and the Office of the Inspector General has also reported on State progress towards covering the uninsured.

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**Appendix V: Comments from the Department  
of Health and Human Services**

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CMS does not produce regular reports to Congress for the Medicaid program. However, CMS will continue its efforts to help States reduce the rate of eligible but uninsured individuals, particularly children, while ensuring program integrity.

# Appendix VI: Comments from the Department of the Treasury



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

February 8, 2005

Mr. David Bellis  
Director, Education, Workforce, and Income Security  
United States Government Accountability Office  
Washington, DC 20548

Dear Mr. Bellis:

I am responding to your draft report entitled "Means-Tested Programs: Information on Program Access Can Be an Important Management Tool" (GAO-05-221). This report is both timely and relevant. It underscores our recent decision to establish the Earned Income Tax Credit (EITC) participation rate as an Agency measure under the Government Performance and Results Act of 1993, and thereby publicly underscores our commitment to ensuring every eligible taxpayer claims the credit.

The report comprehensively addresses the numerous factors that influence participation in means-tested programs such as the EITC. In addition, it also acknowledges that actions taken to improve program access often have an effect on program integrity, necessitating a balanced approach to program delivery that places equal emphasis on both access and integrity.

We agree that estimating participation rates can and should be a key component of each program, as this will further emphasize the importance of access, in conjunction with integrity, in assessing program results. The EITC program is structured to achieve an appropriate balance between the two, and we have developed targets for both and implemented program strategies that support their achievement. Relating to improving program access and increasing participation by eligible individuals, our efforts include a coordinated outreach strategy that leverages community-based and national partners to deliver key messages to target populations, as well as the development of useful and relevant materials aimed at assisting individuals in determining their EITC eligibility. Education about eligibility requirements is likewise an essential component of our strategy to maintain and improve program integrity.

We believe our plans to measure participation rates and our progress in meeting participation rate targets are quite strong. Nonetheless, we appreciate the report's valuable insights into, and recommendations regarding, this aspect of program delivery and performance assessment.

The report specifically recommends that, "As the IRS moves forward on developing participation rate estimates to use as a program performance measure for the Earned

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Income Tax Credit, . . . the Commissioner of the Internal Revenue Service take steps to quantify errors that may result from estimating these participation rates to help users better understand the accuracy of the data and ensure that estimates will be comparable over time.”

We agree with your recommendation. During 2005, the IRS will perform a participation rate study based on a match to data provided by the Bureau of the Census, the results of which will help us update our participation rate estimates. In reporting the results of this study, we will include these estimates, as well as note the limitations in our methodology and data. Moreover, as we update these estimates we will highlight any methodological changes and their corresponding effects on these estimates.

If you have any questions, please contact Floyd Williams, Director, Legislative Affairs, at (202) 622-3720.

Sincerely,



Mark W. Everson

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# Appendix VII: Comments from the Social Security Administration

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## SOCIAL SECURITY

The Commissioner  
February 4, 2005

Mr. David Bellis  
Director, Education, Workforce and  
Income Security Issues  
U.S. Government Accountability Office  
301 Howard Street, Suite 1200  
San Francisco, CA. 94105

Dear Mr. Bellis:

Thank you for the opportunity to review and comment on the draft report, "Means-Tested Programs: Information on Program Access Can Be an Important Management Tool" (GAO-05-221).

Our response and technical comments to the draft report are enclosed. If your staff has questions about the comments, they may contact Candace Skurnik, Director, Audit Management and Liaison Staff, at (410) 965-4636.

Sincerely,

A handwritten signature in black ink that reads "Jo Anne B. Barnhart".

Jo Anne B. Barnhart

Enclosure

SOCIAL SECURITY ADMINISTRATION BALTIMORE MD 21235-0001

**COMMENTS ON THE GOVERNMENT ACCOUNTABILITY OFFICE (GAO) DRAFT REPORT, "MEANS-TESTED PROGRAMS: INFORMATION ON PROGRAM ACCESS CAN BE AN IMPORTANT MANAGEMENT TOOL" GAO-05-221**

We appreciate the opportunity to comment on the draft report. We have published a rich array of statistics about the Supplemental Security Income (SSI) program and SSI recipients based on administrative program records. Many of those statistics are updated monthly on the Agency's Internet site, while others are published annually both in print and on our Internet site. Over the past several years, we developed the Financial Eligibility Model for estimating SSI eligibility and participation and for considering the potential effects of SSI policy changes on eligibility, participation, benefits, and poverty. To date, we have produced participation rate estimates for the elderly population (aged 65 years and older) for 1991 and 1996, using data from the Survey of Income and Program Participation (SIPP) matched to administrative data on SSI and Social Security benefits. There are many limitations to updating those estimates on a more regular basis and estimating categorical eligibility for the working-aged population is inherently difficult. However, we continue to study the issues and refine our methods. We also expect that SSA's role in administering the subsidies for low-income persons under Part D of Medicare will increase participation in SSI and will assist in identifying those who are not participating.

Our response to the specific recommendation for SSA and a technical comment are below.

**Recommendation**

In order to ensure the Agency has information on program access, SSA should consider the feasibility of providing participation rate information (from existing source or another source) in SSA program management reports.

**Comment**

We agree. We have considered the feasibility of providing participation rates and have found that there are major issues to be resolved prior to producing such estimates. For example, SSA would need to determine how best to estimate categorical eligibility among the working-aged population based on self-reported survey data on both work and individual functional limitations. We noted that the estimates in this draft report suffer from this same limitation. GAO, which used the Current Population Survey (CPS) in its work, estimates an SSI participation rate that is quite high in comparison to our previous estimates and prevailing estimates in the literature. Inherent limitations in the CPS, including the lack of data on assets and the measurement of annual income rather than monthly income, call into question the validity of GAO's participation rate and program cost estimates. The CPS is particularly weak in measuring SSI participation, with many respondents confusing SSI with Social Security. While the SIPP may help overcome some of these shortcomings in the CPS, that survey has its own limitations. Despite these important issues, which will require careful research and consideration, we agree that

2

estimating SSI participation rates on a regular basis could provide an important tool for SSA in managing and developing long-range plans for the SSI program.

**Technical Comment**

Page 2, 1<sup>st</sup> paragraph – “the Supplemental Security Insurance Program” should be revised to read, “the Supplemental Security Income Program.”

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# Appendix VIII: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Gale Harris (202) 512-7235, harrisg@gao.gov  
Kathryn Larin (202) 512-5045, larink@gao.gov

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## Staff Acknowledgments

Carolyn Blocker, Cheri Harrington, Danielle Giese, Amanda Mackison, and Kim Siegal also made significant contributions to this report. Jay Smale, Mark Braza, Doug Sloane, Ed Nannenhorn, and Beverly Ross provided technical assistance in developing and evaluating the reliability of participation rate and potential program cost estimates; Lise Levie provided key technical assistance; and Johnnie Barnes, Carrie Watkins, and Charles Wilson provided information on the two housing programs covered in the report.

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# Related GAO Products

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*Food Stamp Program: Farm Bill Options Ease Administrative Burden, but Opportunities Exist to Streamline Participant Reporting Rules among Programs.* [GAO-04-916](#). Washington, D.C.: September 16, 2004.

*Food Stamp Program: Steps Have Been Taken to Increase Participation of Working Families, but Better Tracking of Efforts Is Needed.* [GAO-04-346](#). Washington, D.C.: March 5, 2004.

*SSA Disability Decision Making: Additional Steps Needed to Ensure Accuracy and Fairness of Decisions at the Hearing Level.* [GAO-04-14](#). Washington, D.C.: November 12, 2003.

*Federal Student Aid: Expanding Eligibility for Less Than Halftime Students Could Increase Program Costs, but Benefits Uncertain.* [GAO-03-905](#). Washington, D.C.: September 10, 2003.

*Social Security Disability: Reviews of Beneficiaries' Disability Status Require Continued Attention to Improve Service Delivery.* [GAO-03-1027T](#). Washington, D.C.: July 24, 2003.

*Welfare Reform: States Provide TANF-Funded Work Support Services to Many Low-Income Families Who Do Not Receive Cash Assistance.* [GAO-02-615T](#). Washington, D.C.: April 10, 2002.

*Food Stamp Program: States' Use of Options and Waivers to Improve Program Administration and Promote Access.* [GAO-02-409](#). Washington, D.C.: February 22, 2002.

*Medicaid and SCHIP: States' Enrollment and Payment Policies Can Affect Children's Access to Care.* [GAO-01-883](#). Washington, D.C.: September 10, 2001.

*Food Stamp Program: Program Integrity and Participation Challenges.* [GAO-01-881T](#). Washington, D.C.: June 27, 2001.

*Medicaid and SCHIP: Comparisons of Outreach, Enrollment Practices, and Benefits.* [HEHS-00-86](#). Washington, D.C.: April 14, 2000.

*Medicaid Enrollment: Amid Declines, State Efforts to Ensure Coverage after Welfare Reform Vary.* [HEHS-99-163](#). Washington, D.C.: September 10, 1999.

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**Related GAO Products**

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*Food Stamp Program: Various Factors Have Led to Declining Participation.* [RCED-99-185](#). Washington, D.C.: July 2, 1999.

*Medicaid: Demographics of Nonenrolled Children Suggest State Outreach Strategies.* [HEHS-98-93](#). Washington, D.C.: March 20, 1998.

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