

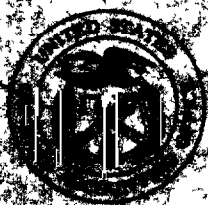
**GAO**

Briefing Report to the Honorable  
Carroll A. Campbell, Jr.,  
House of Representatives

August 1986

# WELFARE SIMPLIFICATION

## Service Integration Demonstrations Under the 1984 Deficit Reduction Act



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Human Resources Division

B-222701

August 29, 1986

The Honorable Carroll A. Campbell, Jr.  
Ranking Minority Member  
Subcommittee on Public Assistance  
and Unemployment Compensation  
Committee on Ways and Means  
House of Representatives

Dear Mr. Campbell:

As requested by your committee, the House Committee on Hunger, and the House Committee on Agriculture's Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, GAO is identifying and exploring issues related to the integrated delivery of federal needs-based benefits. We plan to issue a series of reports on our work. This briefing report responds to your request that we report separately on the funding and monitoring by the Department of Health and Human Services (HHS) of five integration demonstration projects. These projects in Arizona, Florida, Maine, Oklahoma, and South Carolina were authorized by the Deficit Reduction Act of 1984. First-year planning for the projects began May 1, 1985. The act also requires that GAO, at such times as it deems appropriate, review and report on projects undertaken pursuant to the act.

The Deficit Reduction Act authorized projects to demonstrate integrated service delivery systems by adding section 1136 to title XI of the Social Security Act. The goal of section 1136 is to develop ways to improve the delivery of human services to the needy by eliminating programmatic fragmentation to assure that an applicant for services under one human services program is informed of and has access to services available under other programs in the community.

In conjunction with your office, we formulated three study questions relating to: funding arrangements for the projects; whether certain requirements placed by HHS on the states exceeded statutory mandates; and possible federal obstructions to the development of integrated service projects. To answer these, we reviewed the requirements of the act and related federal laws, visited the five projects, discussed each project with state and HHS officials, and reviewed state and HHS project-related documents. As agreed with your office, we also developed descriptive data on the five projects (app. I) and a chronology of significant events during the projects' approval and planning phases (app. II).

A summary of our findings on the three study questions follows:

1. What are the funding arrangements for the projects and are there any problems related to funding?

For fiscal years 1985 and 1986, the Congress appropriated no funds for the projects. Therefore, HHS used discretionary funds totaling \$553,771 for the first-year planning phase. As of March 31, 1986, when we concluded our fieldwork, the states were concerned about the uncertainty of funding for the projects beyond the planning phase. By July 21, 1986, HHS had resolved the funding uncertainties and had awarded or completed negotiations for continuation grants totaling \$2.4 million to the five states.

2. Did HHS require the states to pursue goals beyond section 1136 requirements, and if so, was HHS authorized to do this and what was the effect on the projects?

HHS required that the projects not only pursue nine service integration objectives specified in section 1136, but also demonstrate how integrated service delivery systems could increase clients' social and economic self-sufficiency. Although the self-sufficiency objective is not specifically referred to in section 1136, we believe that HHS has authority, under both section 1136 and statutes governing HHS's discretionary funds used for the projects, to make the self-sufficiency requirement a condition of funding. We believe such a requirement is reasonably related to the objectives of the authorizing statutes.

In four of the five states, however, state officials expressed concerns to us about identifying and measuring self-sufficiency changes in clients as outcomes of the section 1136 demonstration projects. The fifth state, which had included self-sufficiency as a primary objective in its initial proposal, expressed no such concerns. HHS officials told us that it was possible to identify the effects of the projects on clients' self-sufficiency and that they planned to award a contract in early 1987 to give states technical assistance in developing evaluation designs and evaluating results. The scope of our review did not include assessing the feasibility of measuring such effects for each of the projects.

Even though the four states' original proposals did not emphasize self-sufficiency as a primary goal, HHS approved them in March 1985. Not until November 1985, less than 4 months before the plans were to be considered for continued funding, did HHS clearly communicate and emphasize the self-sufficiency requirement, according to officials in the four states. The officials said they had to make major changes to their plans without sufficient time to adequately study client needs and identify all desired outcomes for client target groups. HHS officials acknowledged originally approving proposals that did not adequately focus on self-sufficiency, but

said that the states were aware of the goal from the start of the demonstration program. We noted that HHS's announcement of the demonstration program in the November 1984 Federal Register cited the self-sufficiency goal.

3. What roadblocks at the federal level, if any, do the states believe might hinder developing integrated service projects?

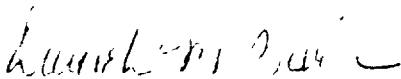
An approved state grantee may, according to section 1136, request a waiver of any requirement that applies under any laws governing the human services programs to be included in a proposed demonstration project. Further, if it is determined that a waiver is necessary for the project to effectively demonstrate the value of an integrated service delivery system, section 1136 provides that the federal agency having authority to grant the waiver shall approve it.

All five states' project officials anticipated difficulties in obtaining federal program waivers, they said, citing the time-consuming nature of the process and their belief that the federal agencies involved had discouraged them from obtaining waivers. HHS officials said they planned to help expedite the waiver process and have encouraged states to submit the required justification for waivers. As of July 21, 1986, however, none of the states had submitted formal requests for waivers.

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As requested, we obtained HHS's oral comments and have incorporated them in this briefing report. Also, as agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days from its issue date. At that time, we will send copies to HHS and other interested parties and make copies available to others on request.

Sincerely yours,



Joseph F. Delfico  
Senior Associate Director

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ABBREVIATIONS

AFDC	Aid to Families With Dependent Children
GAO	General Accounting Office
HDS	Office of Human Development Services
HHS	Department of Health and Human Services

**WELFARE SIMPLIFICATION:**  
**SERVICE INTEGRATION DEMONSTRATIONS**  
**UNDER THE 1984 DEFICIT REDUCTION ACT**

**INTRODUCTION**

The Deficit Reduction Act of 1984 added section 1136 to title XI of the Social Security Act. The goal of section 1136 is to develop ways to improve the delivery of human services to the needy by eliminating programmatic fragmentation and thereby assure that an applicant for services under one program is informed of and has access to the services that may be available under other human services programs in the community. Section 1136 authorized the Secretary of the Department of Health and Human Services (HHS) to select three to five projects to demonstrate integrated service delivery systems for a period of up to 42 months.

Each project is to meet the following nine requirements specified in section 1136:

1. Develop a common set of terms for use in all the human services programs involved;
2. Develop for each applicant a single comprehensive family profile suitable for use in all the programs;
3. Establish and maintain a single resource directory by which citizens of the community may be informed of and gain access to the services available under all programs;
4. Develop a unified budget, budgeting process, and accounting system with standardized audit procedures;
5. Implement unified planning, needs assessment, and evaluation procedures;
6. Consolidate agency locations and related transportation services;
7. Standardize procedures for purchasing services from nongovernmental sources;
8. Create a communications linkage among agencies to permit serving individual and family needs across agency and program lines; and
9. Develop uniform application and eligibility determination procedures.

In addition, the Secretary may require other methods, arrangements, or procedures that he determines are necessary or desirable for the establishment and operation of an integrated service delivery system.

HHS's announcement in the November 29, 1984, Federal Register for the demonstration projects stated that the program seeks to improve the management and delivery of human services to promote among other goals the strengthening of the capacity of individuals and families to achieve or maintain self-sufficiency. Service integration has been clearly demonstrated under past demonstration efforts, the announcement said, and HHS sought to build on that focus to demonstrate improvements aimed at (1) strengthening the ability of states and localities to address social needs, (2) enabling individuals and families to achieve self-sufficiency, and (3) bringing about a better targeting of resources on the needy.

HHS's Office of Human Development Services (HDS) is responsible for selecting, funding, monitoring, and evaluating the projects. From 19 qualified proposals submitted by states, HDS selected and funded 5 projects. The five states--Arizona, Florida, Maine, Oklahoma, and South Carolina--began on May 1, 1985, a 1-year planning effort to organize and refine their projects and to develop their evaluation plans. For the states to receive project funding beyond the 1-year period, they were to incorporate by February 28, 1986, their refinements and evaluation plans into final implementation plans for HDS's approval. The projects as initially proposed are described in appendix I and compared with the major refinements and changes made in the implementation plans. A chronology of major events in the project selection and refinement processes appears in appendix II.

#### OBJECTIVES, SCOPE, AND METHODOLOGY

In addition to reviewing the requirements of section 1136 and other pertinent federal laws, we visited the five projects, discussed them with state officials, and reviewed the project proposals, plans, and other documents. Also, at HHS, we examined documents relating to the selection process, funding decisions, project requirements, and waiver requests and procedures, and discussed these with HHS officials.

As agreed with your office, we sought to answer the following questions:

1. What are the funding arrangements for the projects and are there any problems related to funding?

2. Did HHS require the states to pursue goals beyond requirements specified in section 1136, and if so, was HHS authorized to do this and what was the effect on state projects?
3. What roadblocks at the federal level, if any, do the states believe might hinder developing integrated service projects?

The scope of our review did not include assessing the feasibility of measuring the effects of the projects on changes in clients' self-sufficiency.

### **PROJECT FUNDING INITIALLY UNCERTAIN**

Although section 1136 authorized funding of up to \$8 million for the service integration projects, the Congress did not appropriate funds for the projects for fiscal years 1985 or 1986. HDS, however, implemented section 1136 by using discretionary demonstration funds totaling \$553,771 for first-year planning for the five projects. HDS funded one project for the elderly from discretionary funds authorized by section 422 of the Older Americans Act of 1965 and the remaining four projects from discretionary funds for demonstration and research grants authorized by section 1110 of the Social Security Act.

At a November 14, 1985, workshop meeting, attended by state project officials and a federal interdepartmental workgroup, HDS announced that funds might not be available to continue all five projects in their implementation phases at the levels the states had requested.

Funding uncertainties continued through March 31, 1986, when we concluded our fieldwork, and reportedly posed problems for the participating states. One state official told us, for example, that his state was in the tenuous position of having generated substantial local community support and commitment for its project without assurances that federal funding would continue. A second state's efforts to build local community support were halted pending resolution of the funding questions, according to an official of that state.

By July 21, 1986, HDS had resolved the funding uncertainties. For three of the five states, HDS awarded continuation grants totaling \$1.3 million for the 17-month period June 1, 1986-October 31, 1987. For the remaining two states, HDS had negotiated and was processing grant awards totaling \$1.1 million for the 15-month period July 1, 1986-September 30, 1987.



**SELF-SUFFICIENCY INCLUDED  
UNDER PROJECT GOALS**

In addition to meeting the nine service integration requirements specified in section 1136, HDS directed that projects provide for measuring the impact of service integration on clients' social and economic self-sufficiency. Although the self-sufficiency objective is not specifically referred to in section 1136, we believe that HDS has authority to make it a condition of funding under both section 1136 and statutes governing the discretionary funds used for the projects. Such a requirement is reasonably related to the objectives of the authorizing statutes:

- Section 1136(c)(2) of the Social Security Act states that in considering and approving applications, the Secretary may take into account ". . . such other factors that may tend to indicate whether or not a particular proposed project would provide a useful and effective demonstration of the value of an integrated service delivery system . . . ."
- Section 422 of the Older Americans Act authorizes funds for projects that will demonstrate methods to improve or expand supportive or nutrition services or otherwise promote the well-being of older individuals.
- Section 1110 of the Social Security Act specifically authorizes funds for such projects ". . . as those relating to the prevention and reduction of dependency . . . ." The self-sufficiency objective equates with preventing and reducing dependency on public assistance and service programs.

Finally, consistent with requiring the goal of self-sufficiency, we note that the statutory goals of at least one benefit program affected by the demonstration projects--Aid to Families With Dependent Children (AFDC)--include the achievement of self-sufficiency for those receiving benefits.

In four of the five states, Arizona, Florida, Oklahoma, and South Carolina, officials expressed general concerns about measuring self-sufficiency changes in clients as outcomes of service integration demonstration projects. For example, state officials said that (1) there appeared to be no logical way to measure client outcomes resulting directly from system changes; (2) the most that could reasonably be expected were intermediate client outcomes, such as clients getting more needed services; and (3) a variety of variables in addition to the method of service delivery could cause changes in self-sufficiency. The fifth state, having included self-sufficiency as a primary objective in its initial proposal, expressed no such concerns.

HDS officials told us that the effects of changes in integrated service delivery systems on clients' self-sufficiency can and should be identified. The officials said that HDS plans to award a contract in early 1987 to provide technical assistance to the states on evaluation designs and data collection as well as evaluating the data collected. The scope of our review did not include assessing the feasibility of measuring such effects for each of the projects. The HDS officials said that evaluations of the projects will address not only the clients' self-sufficiency outcomes but also the cost-effectiveness and efficiency outcomes of the nine requirements of section 1136.

Timeliness of HDS Communication  
of Requirement to Measure Impact  
on Self-Sufficiency

A project's ability to demonstrate client self-sufficiency (reduction of dependency) was listed as one of the goals of the section 1136 program in the Federal Register announcement issued by HDS. The announcement stated that priority would be given to applications that among other things were ". . . supportive of [HHS] goal statements." Potential grantees were thus on notice that reduction of dependency might be a factor in evaluating projects.

According to officials in four of the five states, however, HDS did not clearly communicate the requirement to measure the impact of the projects on participants' self-sufficiency until November 1985, less than 4 months before implementing plans were due for continued funding consideration. The officials said the self-sufficiency requirement forced them to make major changes to their plans without sufficient time to adequately study client needs and identify all desired outcomes for client target groups. Maine officials said that, believing self-sufficiency to be an overall intent of the legislation, they adopted self-sufficiency as a primary goal in their original plan. Thus, they did not have to alter the plan later.

From May to November 1985, the four states that had not included self-sufficiency as a primary goal in their approved planning proposals designed evaluation outcomes and further refined the plans contained in their proposals. Officials in the four states told us they operated for nearly 7 months under the assumption that the required course of action consisted of addressing the nine requirements specified in section 1136 and dealing with the client groups cited in their approved proposals.

Officials in each of the four states told us that they did not become aware until the November 1985 workshop meeting of the requirement to measure the impact of their delivery of services on helping participants to become self-sufficient, although they

knew of the self-sufficiency goal from the start. For example, an Oklahoma official said that:

"We were cognizant of the self-sufficiency concept from the outset of funding, but striving for this goal with heavy emphasis on direct client outcomes was not known until November."

Also, an Arizona official said project officials first learned in November 1985 that continuation of a project would be based primarily on its ability to demonstrate the effects of improved service delivery on client's self-sufficiency.

According to HDS officials, all five participating states were made aware of the requirement to measure self-sufficiency outcomes during a June 1985 meeting and in technical discussions that HDS officials and an HDS contractor held with the states prior to the November 1985 workshop meeting. The HDS officials acknowledged that some of the planning proposals approved did not focus adequately on self-sufficiency outcomes, but said that they planned to work with the states to help refine their projects as necessary.

States' Views on the  
Effects of Self-Sufficiency  
Requirement on Projects

By February 28, 1986, all five states had submitted their implementation plans to HDS. Each plan emphasized measuring self-sufficiency outcomes on clients. Officials in the four states that made major changes in their plans characterized the effect of the new emphasis on self-sufficiency outcomes on their projects as follows:

--Arizona. A state official told us that the state's project had to be completely redesigned to specify client outcomes in terms of increased self-sufficiency. He said ". . . While increased self-sufficiency is the ultimate goal for all human services, I believe that there is a fundamental difference between improving the efficiency of an existing service delivery system and demonstrating increased self-sufficiency as a result of the services which are delivered . . . ."

--Florida. A state official said that the original intent of the state's project was to unify administrative, budgeting, and reporting systems for services to the elderly at a rural and an urban site. She said the major focus on self-sufficiency resulted in a more select elderly population (recent hospital discharges) at the urban site with specific services coordinated and targeted for more immediate impact on increasing self-sufficiency. State

officials maintained that, because of the change, they will be unable to demonstrate unified administrative budgeting, and reporting systems at the urban site.

--Oklahoma. A state official told us that, at the November 1985 meeting, the design structure for the projects was changed to heavily emphasize client outcome measures and specific percentage increases--not previously presented as a priority. There was a shift in emphasis at the meeting from the nine service integration requirements of the law to showing direct client outcomes, he said. According to the official, there is no logical way to pull a direct client outcome, such as a decrease in teenage pregnancy, from the nine requirements of section 1136, e.g., establishing a single resource directory, or collocation of agencies. He said this seems to be straying from the act which requires projects to report periodically to HHS on cost-effectiveness and improved delivery of services, but does not explicitly require a strong push for client outcomes.

--South Carolina. A state official told us that, although self-sufficiency is a clearly understood and desirable goal of any human services effort, particularly those dealing with systems development and service delivery, the new emphasis placed on it appeared premature and out of sequence. He said that project planning, which had concentrated on developing the management systems specified in the enabling legislation, had to be converted under severe time constraints to another process. This new process had to include brainstorming approaches to identifying prospective client groups and projecting often arbitrary expectations of outcome and success. The prematurely developed evaluation criteria may prove flawed and unattainable, the official asserted, and may well weaken certain aspects of the project.

#### **FEDERAL ROADBLOCKS ANTICIPATED**

We asked officials of the five states participating in the section 1136 program to share their perspectives about federal roadblocks, real or perceived, to the development of integrated service systems. The officials cited anticipated difficulties in obtaining program waivers, i.e., permission of the administering federal agency to dispense with some specific requirement of programs affected by the integrated service projects. The federal procedures for obtaining waivers are so time-consuming, state officials told us, that any approvals may come too late in the project implementation phase to be of value.

Section 1136 provides that an approved state grantee may request a waiver of any requirement that applies under any laws

governing the human services programs to be included in a proposed demonstration project. Further the section provides that the federal agency having authority to grant the waiver involved shall approve such request upon determining that the waiver is necessary for the project to usefully and effectively demonstrate the value of an integrated service delivery system.

HDS formed an interdepartmental work group to ensure that the administrative efforts of the various agencies involved are coordinated with respect to the pilot projects. State officials told us that, in a June 1985 workshop meeting of the work group and state officials, HDS officials indicated that HDS would assist in getting other federal agencies to process waiver requests in a timely way. But subsequently, federal officials discouraged, rather than encouraged, waiver requests, according to officials from all five states. Three states specifically stated that this occurred at the November 1985 meeting. For example, federal representatives reportedly informed the states that the prospect for waivers was not good. Also, one state official said, it was quite clear that any waivers would have to be extensively justified from a cost-benefit perspective, and that federal representatives indicated that approval of waiver requests might take up to 1 year. He said he left the workshop very discouraged about the effort and time required for waivers.

As of July 22, 1986, none of the five participating states had formally requested a waiver although each state told us it desired one or more waivers, as described below:

- Arizona wanted a waiver that would permit uniform application and eligibility determination procedures for the AFDC and Food Stamp programs.
- Florida wanted waivers in the areas of housing and health care. The housing waivers would have included changing the requirements for separate accounting and auditing procedures. A health care waiver would have allowed continued eligibility for a specific period of time for a small group of clients who were moved from a nursing home back into the community.
- Maine wanted a waiver that would allow partial federal funding of its family service program currently paid with state funds. Maine desired reimbursement for 12 caseworkers, 2 supervisors, supporting clerical staff, and related operating expenses.
- Oklahoma wanted a waiver that would enable it to make changes to the existing work incentive program. The state believed these changes would allow it to better serve the employment and training needs of mothers with young children.

--South Carolina wanted waivers to (1) provide additional federal funding for capital improvements needed to collocate facilities, (2) purchase computer hardware, and (3) change confidentiality requirements so that client data could be shared between service programs.

Three states--Florida, Maine, and Oklahoma--did identify the waivers that they desired in their implementation plans submitted to HHS in February 1986. As of July 21, 1986, however, none had submitted the detailed justifications that must accompany formal requests. Officials in all the states said they had not submitted detailed justifications because they were discouraged from doing so, particularly at the November 1985 workshop meeting.

HDS officials told us that they had planned from the start of the projects to act as an intermediary between the states and other federal agencies to expedite the processing of waiver requests and had encouraged the states to submit the required detailed justifications. But as of July 1986, they said, none of the states had made formal requests for waivers. The officials said that they plan to work with the other federal agency representatives on ways to help the states obtain waivers for the projects where possible. They cited barriers to waivers, however, over which they said federal agencies have no control, including federal legislation that precludes certain types of waivers--e.g., cashing out food stamps for AFDC recipients.

DESCRIPTIONS OF SERVICE INTEGRATION PROJECTS:INITIAL PROJECT PROPOSALS COMPARED WITH IMPLEMENTATION PLANS

	<u>Initial proposal</u> <u>(January 1985)</u>	<u>Implementa-</u> <u>tion plan</u> <u>(June 1986)</u>	<u>Major changes</u>
<u>Arizona:</u>			
Objectives	To provide for multi-problem families an integrated human service delivery system to (1) strengthen local linkage, (2) identify needs and problems, (3) increase system efficiency, and (4) measure the impact.	To increase the self-sufficiency of individuals and families with inadequate income through an integrated service delivery system.	Implementation plan emphasizes self-sufficiency indicators and outcome measures, while the initial proposal emphasized the nine requirements in the Deficit Reduction Act of 1984.
Client group	Multiproblem families, e.g., those experiencing malnutrition, unemployment, or teenage pregnancy.	Persons eligible for or receiving public assistance and persons below the poverty income guidelines.	Implementation plan moved from helping multiproblem families to helping poor families in Flagstaff.
Existing programs included	13 programs, including AFDC, jobs, support, and service programs.	13 programs, including AFDC, jobs, support, and service programs.	No change
Total federal dollars for 42-month project period	\$893,300	\$842,400	\$50,900 decrease
Cities/counties in demonstration	1 city	1 city	No change
Number of clients	35,000	4,300	30,700 decrease (initial proposal included the entire 35,000 population of Flagstaff instead of the 4,300 poor in Flagstaff)

	<u>Initial proposal</u> <u>(January 1985)</u>	<u>Implementa-</u> <u>tion plan</u> <u>(June 1986)</u>	<u>Major changes</u>
<u>Florida:</u>			
Objectives	To provide an integrated service system by closing service and administrative gaps in a self-contained rural community for the elderly and eliminating the overlap and duplication of conflicting program requirements. Also, integrate and collocate elderly services in one urban county.	To demonstrate that an integrated service delivery continuum can improve and enhance the self-sufficiency of elderly individuals. Three changes to better integrate services are (1) using cross-agency case management, (2) waiving certain regulations and pooling funds, and (3) implementing a community-based administrative and unified system.	Main elements of the initial proposal are kept, but because of the major focus on self-sufficiency, Florida has selected a different target group for its urban site. Major focus at the urban site will be frail elderly recently discharged from the hospital. This target group should show an immediate impact in terms of increased self-sufficiency.
Client group	Elderly	Elderly	No change
Existing programs included	7 elderly programs	7 elderly programs	No change
Total federal dollars for 42-month project period	\$1,184,218	\$698,189	\$486,029 decrease
Cities/counties in demonstration	1 rural community 1 urban county	1 rural community 1 urban county	No change
Number of clients	1,000 per year	1,000 per year	No change



	Initial proposal ( <u>January 1985</u> )	Implementa- tion plan ( <u>June 1986</u> )	<u>Major changes</u>
<u>Maine:</u>			
Objectives	To coordinate and integrate existing program services statewide to assist pregnant and parenting teen-agers in becoming self-sufficient.	To coordinate and integrate existing program services statewide to assist pregnant and parenting teen-agers in becoming self-sufficient.	No change
Client group	Pregnant teen-agers and teen-age mothers.	Pregnant teen-agers and teen-age mothers.	No change
Existing programs included	11 programs, including AFDC, training, and family planning programs.	11 programs, including AFDC, training, and family planning programs.	No change
Total federal dollars for 42-month project period	\$278,000	\$914,854	\$636,854 Increase
Cities/counties in demonstration	Statewide	Statewide	No change
Number of clients	2,300	2,300	No change

	Initial proposal ( <u>January 1985</u> )	Implementa- tion plan ( <u>June 1986</u> )	<u>Major changes</u>
<u>Oklahoma:</u>			
Objectives	To provide intensive and timely integrated services to "at-risk families" striving to make the family self-sufficient or better off than without the integrated system.	To increase timely and appropriate service delivery in meeting client/family needs and reduce long-range dependency on public assistance by the client group targeted. This will include an improved formal case management system.	Although the original proposal included the self-sufficiency goal, the emphasis on this increased. Oklahoma plans to place more emphasis on self-sufficiency indicators and client outcome measures and reduce emphasis on some of the nine objectives in the act.
Client group	At-risk families, such as teen-age pregnancy, unemployment, abuse, and neglect	Teen-agers in AFDC households, clients receiving AFDC for more than 2 years, and "families in crisis," e.g., experiencing unemployment, abuse, or neglect	No change
Existing programs included	12 programs, including AFDC, training, and family planning programs.	12 programs, including AFDC, training, and family planning programs.	No change
Total federal dollars for 42-month project period	\$582,842	\$635,215	\$52,373 Increase
Cities/counties in demonstration	5 counties	5 counties	No change
Number of clients	7,500	7,500	No change

	Initial proposal (January 1985)	Implementa- tion plan (June 1986)	Major changes
<u>South Carolina:</u>			
Objectives	To establish a state-wide service integration system for the state's health and human service agencies.	To improve the effective and efficient delivery of human services for people to achieve a maximum degree of social and economic self-sufficiency. Also, to integrate planning, managing, and budgeting for human services.	The implementation plan shows a shift in emphasis to self-sufficiency outcomes while minimizing emphasis on the nine objectives in the act.
Client group	All client groups.	8 client groups. <sup>a</sup>	A shift away from all client groups in the state to 8 high-priority groups.
Existing programs included	All 21 state health and human service programs.	All 21 state health and human service programs.	No change
Total federal dollars for 42-month project period	\$2,700,000	\$1,550,000	\$1,150,000 decrease
Cities/counties in demonstration	Statewide	1 county (6 client groups) 3 counties (1 client group) Statewide (1 client group)	A shift from a statewide plan to a more detailed plan involving specific client groups, generally in a specified location.
Number of clients	All clients in the state	5,000 to 10,000 clients/families	Fewer clients are targeted.

<sup>a</sup>Client groups are: (1) pregnant teen-agers and those ages 14-17 at risk of pregnancy, (2) "at-risk" youth of ages 12 to 18, (3) multiproblem families, (4) deaf and hearing-impaired adults, (5) AFDC/Food Stamp recipients, (6) the recently unemployed, (7) dependent elderly, and (8) the homeless.

CHRONOLOGY OF EVENTS ON FIVEDEMONSTRATION PROJECTS

<u>Date</u>	<u>Event</u>
7/18/84	Deficit Reduction Act of 1984 (Public Law 98-369) passed. Section 2630 amended part A of title XI of the Social Security Act by adding section 1136, which authorizes from three to five projects to demonstrate integrated services over a 3-1/2-year period at a total cost not to exceed \$8 million.
11/29/84	HDS announced in the <u>Federal Register</u> that competing applications <u>would be accepted</u> for the new demonstration grants. An announcement was sent to every state.
1/85	HHS formed an Interdepartmental Work Group to assure coordination among the various agencies involved.
1/18/85	Deadline for receiving demonstration project proposals.
2/5/85	Three review panels were formed to rate the 19 qualified proposals. Each review panel, consisting of four independent reviewers, rated six or seven proposals during a 3-day period, February 5-7, 1985.
2/85	The Interdepartmental Work Group reviewed proposal abstracts and provided feedback to HDS.
2/27/85	A ranking package consisting of a one-page summary of each proposal was forwarded to a selection committee, comprising the HHS assistant secretary and senior HDS staff. Each summary included a ranking of the proposals based on the average rating scores by the review panel of all 19 proposals, descriptive data about the projects, and remarks of review panel members and Interdepartmental Work Group members.
3/4/85	The selection committee approved five projects, those from Arizona, Florida, Maine, Oklahoma, and South Carolina. Their selection was based on the summary package provided to them, committee members' knowledge of state operations, need for a geographical distribution of projects, and desire to include certain target populations.

<u>Date</u>	<u>Event</u>
3/26/85	HDS funded the planning phase of the projects by using discretionary funds authorized under section 1110 of the Social Security Act and section 422 of the Older Americans Act.
4/16/85	CSR, Incorporated, was given a 6-month consulting contract to assist HDS and the five selected projects in developing an evaluation plan. Subsequently, the contract was extended to September 1986.
5/6/85	Legal counsel for HDS advised that the act did not authorize any special waiver authority and the states had to follow the waiver procedures authorized for the separate programs. HDS was to act as facilitator on waiver requests.
6/10/85	Representatives of HDS, participating federal agencies, and the five selected projects met for an orientation meeting. The meeting agenda included project presentations by the five states, program descriptions by the major federal programs included in the projects, descriptions of waiver procedures and program evaluation, and HDS's expectations for project planning.
11/14/85	<p>At the second workshop meeting, HDS announced the following actual or potential changes:</p> <ul style="list-style-type: none"> <li>--Because of possible funding problems, some projects might not be funded beyond the planning phase or some might not be funded at the level requested.</li> <li>--Waiver approval would be difficult to justify and take a long time to process.</li> <li>--Implementation plans should show client's movement towards self-sufficiency as the project's primary outcome.</li> <li>--Implementation plans would be due February 28, 1986.</li> </ul>
12/2-3/85	HDS sent confirmation letters to the five states on the results of the November 1985 workshop meeting.

<u>Date</u>	<u>Event</u>
2/3-4/86	Four states and CSR, Incorporated, met in Phoenix, Arizona, to discuss and develop implementation plans.
2/28/86	Five projects submitted implementation plans to HDS for continued funding consideration.
3/3/86	HDS started its evaluation of the implementation plans.
7/86	HDS awarded grants for the implementation plans of three projects (Arizona, Maine, and Oklahoma). Grant awards were negotiated and in process for Florida and South Carolina.

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