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GAO

Report to Congressional Committees

April 2000

WELFARE REFORM

Improving State Automated Systems Requires Coordinated Federal Effort

GAO

Accountability * Integrity * Reliability

GAO/HEHS-00-48

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Abbreviations

ACF	Administration for Children and Families
AFDC	Aid to Families With Dependent Children
APD	advanced planning document
APHSA	American Public Human Services Association
FAMIS	Family Assistance Management Information System
FNS	Food and Nutrition Service
HCFA	Health Care Financing Administration
HHS	Department of Health and Human Services
JOBS	Job Opportunities and Basic Skills Training
JTPA	Job Training and Partnership Act
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act of 1996
TANF	Temporary Assistance for Needy Families
UI	unemployment insurance
USDA	Department of Agriculture

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United States General Accounting Office
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Health, Education, and
Human Services Division

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Congressional Committees

The sweeping welfare reforms enacted by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) have profound implications for the information needs of states and the automated systems designed to meet these needs. This report, *Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort* (GAO/HEHS-00-48), based on a research and development effort by GAO, examines the capabilities of states' automated systems to provide information needed for state and local officials to help low-income individuals with children obtain employment and become economically independent. In addition, the report provides information on approaches states are using to improve their automated systems, obstacles they have encountered in this process, and the potential role of the federal government in helping overcome these obstacles. We are making a recommendation to the Secretary of Health and Human Services. (The complete list of committees to which this report is addressed appears at the end of this letter.)

We are sending copies of this report to the Honorable Donna E. Shalala, Secretary of Health and Human Services; the Honorable Dan Glickman, Secretary of Agriculture; the Honorable Alexis M. Herman, Secretary of Labor; and other interested parties. We will also make copies available to others on request.

If you or your staff have any questions concerning this report, please call me at (202) 512-7215 or Gale C. Harris at (202) 512-7235. Other GAO contacts and staff acknowledgments for this report are listed in appendix VI.

Cynthia M. Fagnoni
Director, Education, Workforce, and
Income Security Issues

List of Congressional Committees

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Executive Summary

Purpose

In the wake of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), states' assistance programs for needy families with children have undergone dramatic shifts in objectives, policies, and operations. PRWORA replaced the Aid to Families With Dependent Children (AFDC) program with a block grant to states to provide Temporary Assistance for Needy Families (TANF). PRWORA gave states greater flexibility in designing their programs under TANF but also established new accountability measures for states and a 5-year lifetime limit on TANF assistance. These measures heighten the importance of helping TANF recipients find work quickly and retain employment. Moreover, as welfare agencies focus on moving needy families toward economic independence, these agencies are drawing on numerous federal and state programs—often administered by separate agencies—to provide a wide array of services, such as child care, food stamps, and employment and training services.[1] These sweeping changes have profound implications for the information needs of states and the automated systems designed to meet those needs.

[1]The Department of Health and Human Services oversees programs such as TANF, Medicaid, child care, and child support enforcement; the Department of Agriculture oversees food stamps; and the Department of Labor oversees employment and training programs.

To provide information for congressional oversight, GAO reviewed states' efforts to meet the information needs associated with welfare reform, with a focus on TANF. GAO (1) assessed the extent to which current automated systems in selected states meet key information needs of programs that help low-income individuals with children obtain employment and become economically independent, (2) identified the approaches states are using to develop or modify their automated systems to better meet these information needs, and (3) identified the major obstacles states have encountered in working to improve their automated systems as well as the potential role of the federal government in helping overcome these obstacles. In collaboration with field researchers from the Nelson A. Rockefeller Institute of Government's State Capacity Project, GAO conducted case studies at the state and local levels in six states and collected supplemental information through a survey of these six and nine additional states and some of their localities. In addition, GAO jointly established the GAO/Rockefeller Institute Working Seminar on Social Program Information Systems to provide an ongoing source of expertise in this area.[2]

Results in Brief

Although automated systems in the states GAO examined support welfare reform in many ways, a number of these systems have major limitations in one or more of three key areas. With respect to information needs for case management, the major shortcoming—which exists to varying degrees across the states—is an inability to obtain data on individual TANF recipients from some of the agencies serving them, including job assistance agencies. This situation makes it difficult for TANF case managers to arrange needed services; ensure that the services are provided; and respond quickly when problems arise, such as when a recipient does not attend a scheduled work activity. Second, officials in the states, especially those at the local level, said that it is sometimes difficult or impossible to query automated systems to obtain information for planning service strategies for their overall TANF caseloads, such as information on the number of adults with no prior work experience. Finally, automated systems have shortcomings for program oversight purposes; specifically, they do not provide enough information to support enforcement of the 5-

[2]The working seminar has about 30 members, including congressional staff, federal and state managers of information technology for social programs, and welfare researchers. See app. I for a list of members and an overview of working seminar activities.

year TANF time limit and to monitor the employment progress of TANF recipients overall in some instances.

States' automated systems projects embody a range of approaches to expanding the ability of system users to obtain and analyze data from multiple sources. Some projects are designed primarily to support TANF case managers and other frontline workers in providing more coordinated delivery of services. Ohio and Texas, for example, are developing "common front ends," which are intended to provide a single point of access to multiple systems for frontline workers and reduce duplicate data entry by automatically transferring data across systems. These common front ends can reduce data entry errors and free up workers to spend more time working directly with families. Other projects, geared more to improving the ability of program managers to collect and analyze data from different programs, involve developing new query tools and databases that are expected to help program managers with key tasks, such as determining program results and assessing the performance of service providers. Modifying and developing automated systems that better support welfare reform is a long-term and evolving process.

States face a number of obstacles to improving their automated systems, such as the magnitude of changes in the mission and operations of welfare agencies due to welfare reform, the inherent difficulties associated with successfully managing information technology projects, competition with the private sector to recruit and retain information technology staff, and the complexity of obtaining federal funding for systems projects that involve multiple agencies. The federal government could take various actions to help overcome such obstacles, such as providing more information on best practices for managing information technology. In this way, the federal government could serve a facilitative role, in addition to its regulatory role, in helping states improve automated systems for social programs. However, no group or organization that brings together key federal agencies involved in welfare reform has been formally charged with devising solutions to the range of obstacles confronting states. GAO is thus recommending that the Secretary of Health and Human Services (HHS) establish an interagency group that would play such a role.

Principal Findings

Current Automated Systems Do Not Always Fully Support State and Local Efforts to Help TANF Recipients Become Employed

Of the 15 localities responding to GAO's survey on the extent to which automated systems support case management, 5 indicated that their systems provide all or most of the information that TANF case managers need, whereas 10 said that systems provide about half or less of the information needed. A major shortcoming cited by officials in GAO's case study states is that some of the automated systems used by agencies providing services to TANF recipients do not share information about these recipients. For example, local officials in New Jersey told us that some TANF recipients had received sanctions in error because data on their attendance at work activities are not shared between the automated systems used by the welfare and labor departments.[3]

Automated systems in some cases also have shortcomings that limit the ability of program managers to obtain information needed for service planning. While state officials from 8 of the 15 states surveyed indicated that automated systems provide all or most of the caseload information that program managers need for service planning, local officials from 6 of the 15 localities responded similarly. For example, local officials at one site commented that data on the characteristics of TANF recipients contained in the state's automated systems are often not available in a format that can be easily manipulated, and, as a result, accessing data depends on the technical expertise of the user. Difficulties in accessing such data can limit the ability of managers to identify and meet the service needs of their caseloads.

GAO also identified a gap in the ability of automated systems to support enforcement of the 5-year TANF time limit and to provide program managers with information to monitor TANF recipients' employment progress. Officials in five of the six case study states said that their automated systems provide data on the number of months countable toward a TANF recipient's time limit in their state. However, these states generally reported that they do not collect data on recipients' prior receipt of TANF in other states or that they rely on TANF recipients to disclose this information, which is an unreliable method that could lead to payments to

[3]TANF recipients who do not comply with work requirements are subject to reductions in or terminations of their TANF grants.

ineligible individuals. In addition, local officials in GAO's case study states generally reported that they can obtain information on the number of TANF recipients that enter employment. However, local officials vary in their capabilities to obtain aggregate information on the job retention rates of these recipients and generally cannot obtain information on the extent to which recipients have increased their wage levels.

State Automated Systems Projects Seek to Expand the Ability to Obtain and Analyze Data From Multiple Sources

States' automated systems projects are using various approaches to support more coordinated delivery of services to low-income families, including developing new links among separate automated systems, replacing existing systems with new integrated systems, and constructing electronic networks to link agencies and service providers. New Jersey's One Ease-E Link project aims to establish local electronic networks that both expand access to client data among agencies serving TANF recipients and provide such capabilities as automated appointment scheduling for recipients. In addition, states have projects under way to expand program managers' abilities to obtain and analyze information that covers a broader range of programs and is more comprehensive than that contained in preprogrammed reports. Several states are developing large databases that are designed to extract data from different programs' automated systems and enable users to generate customized reports to meet their information needs, such as determining the extent to which former TANF recipients are receiving food stamps or Medicaid.

Federal Action Could Help Overcome Obstacles States Face in Improving Automated Systems

Some of the obstacles cited by states pertain to the large-scale changes in the mission and operations of welfare agencies that complicate states' efforts to manage information technology projects, including states' need to define the functions a system must support, translate these functions into specific requirements, and then identify the applications and hardware that will be used to meet these needs. In addition, the need to collaborate with new partners in carrying out these tasks and to obtain cross-state information to enforce the 5-year TANF time limit has compounded the difficulties involved. Other obstacles involve obtaining sufficient staff resources, such as difficulties in competing with the private sector to recruit and retain qualified information technology staff. In addition, states maintained that the federal review process for systems procurement is too cumbersome when a project requires approvals from multiple federal agencies.

While some of these obstacles may be best addressed at the state level, GAO identified four key areas in which federal actions could better facilitate states' efforts to improve their automated systems:

- Disseminate information on best practices for managing information technology generally as well as best practices specific to automated systems that support welfare reform.
- Review and modify as needed the federal process for systems procurement to ensure that it meets federal needs for state accountability without unnecessarily hindering state development efforts.
- Facilitate links among the automated systems used by different state and local agencies through such means as supporting demonstrations designed to promote better partnerships between state and local agencies and coordinating data reporting requirements for different federal programs.
- Address the need for states to have access to cross-state information on individuals' TANF receipt to enable enforcement of the 5-year TANF time limit.

The issues cross various federal programs and agencies. HHS could play a pivotal role in orchestrating a collaborative approach among the agencies by bringing representatives from each of them together to work on these issues. Increased federal attention to the ongoing and evolving process of improving states' automated systems for social programs could ultimately help bring about more effective and efficient service delivery for low-income families.

Recommendation to the Secretary of Health and Human Services

GAO recommends that the Secretary of HHS establish an interagency group to identify, and develop implementation plans for, federal actions that would facilitate states' efforts to improve their automated systems for federal programs that serve low-income families. The group should include high-level federal officials from HHS, the Department of Agriculture (USDA), the Department of Labor, and other federal agencies as appropriate. The interagency group should obtain input from state and local social program and information technology managers; the group could also seek input from others, such as state organizations, professional organizations of social program officials, and welfare researchers. In addition to any actions that the interagency group identifies on its own, the group should consider actions in the four key areas GAO identified for a federal facilitative role.

Agency Comments

GAO obtained comments on a draft of this report from HHS, USDA, and Labor (these comments are included in apps. III, IV, and V). USDA and Labor agreed with GAO's recommendation. HHS said that it would review, along with other involved federal agencies, the federal process for approving state systems acquisitions. However, HHS did not say that it would take responsibility for establishing an interagency group to conduct such a review. GAO believes that HHS is the appropriate agency to establish the group because HHS oversees many of the affected programs. Furthermore, GAO's recommendation envisioned more than just a review of systems procurement requirements. Identifying, and developing implementation plans for, needed actions in the other recommended areas would further assist states in improving the effectiveness of their automated systems.

Introduction

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) significantly changed federal policy for aiding low-income families with children. It ended the 61-year-old Aid to Families With Dependent Children (AFDC) program, under which eligible families were entitled to ongoing monthly cash assistance, and replaced it with the Temporary Assistance for Needy Families (TANF) block grant for states. The TANF block grant, administered by the Department of Health and Human Services (HHS), provides a total of up to $16.5 billion to the states each year through 2002. As specified in PRWORA, the goals of TANF include ending the dependence of needy parents on government benefits by promoting job preparation and work. Under TANF, states have increased flexibility to design their programs and are therefore able to build upon initiatives they had begun experimenting with before federal reform. However, among other provisions, the law also requires that, to avoid financial penalties, states impose work requirements for adults, meet steadily rising requirements for the percentage of adults who participate in work activities, and enforce a 5-year lifetime limit on receiving TANF. To ensure they meet these and other requirements, states must also meet new federal program and fiscal reporting requirements.

The new emphasis on work, job placement, and the temporary nature of aid requires a fundamental shift in how welfare offices do business and has implications beyond the TANF program and its workers. The goal of welfare workers and program managers is to help families become self-supporting. This new work-focused welfare affects other key programs that can help needy families in their transition to employment, most prominently the Food Stamp program, Medicaid, and the employment and training programs that are a part of each state's workforce development system.[1] Work-focused welfare also has an effect on the multitude of service providers—public, nonprofit, and private—that are involved in helping low-income families move toward economic independence.

[1]For this report "workforce development system" refers to the state or local entity responsible for administering employment and training programs that originate through the Department of Labor, such as the state Employment Service or Job Training Partnership Act programs.

Because of the new ways of doing business, the increased number of agencies and service providers involved, and the expanded federal reporting requirements, welfare reform has placed increased demands on state information systems that have traditionally been critical to the successful operation of states' welfare programs. Under the AFDC program, information systems were primarily used to determine eligibility and to provide some data for oversight, typically aggregate data on caseloads and expenditures, to state and federal program managers.[2] In the new welfare environment, however, information systems must support an expanded set of functions in three key areas: case management, including eligibility determination; service planning; and program oversight, with a new emphasis on outcomes and results. In addition, the increased devolution of responsibility for program operation and performance to states and localities increases the need for systems that can respond to the multiple needs of users at all levels of government. State and local information systems used in operating and overseeing welfare programs will be important to the effective implementation of the new welfare program.

[2]Under the Job Opportunities and Basic Skills Training (JOBS) program, many states did have JOBS automated systems that included some capacity for managing cases, such as tracking attendance in education, training, and work-related activities. However, these systems did not cover the entire AFDC caseload because most AFDC recipients did not participate in JOBS.

Federal Funding and Oversight Have Played Key Roles in Developing States' Automated Welfare Systems

Three of the federal government's major programs for needy families—AFDC/TANF, Medicaid, and the Food Stamp program—have historically relied heavily on state-run automated computer systems to help determine applicants' eligibility and the amount of assistance each participant should receive. Recognizing the importance of automated systems in efficiently and accurately determining eligibility, over the years the Congress has acted to encourage states to develop automated systems for these programs. Specifically, the Congress authorized HHS' Administration for Children and Families (ACF), which oversaw the AFDC program, and HHS' Health Care Financing Administration (HCFA), which oversees Medicaid, to reimburse states for a significant proportion of their total costs to develop and operate automated eligibility determination systems.[3] In 1980 the Congress also authorized the Department of Agriculture's (USDA) Food and Nutrition Service (FNS), which oversees the Food Stamp program, to reimburse states for 75 percent of their costs for planning, designing, developing, and installing automated eligibility systems and 50 percent of the costs to operate these systems.[4] The goals of these automated eligibility systems were to minimize mistakes and the amount of time needed to determine eligibility, and to lower administrative costs.

[3]For more detailed information on the proportion of total costs paid by the federal government for AFDC and Medicaid automated eligibility systems, see *Automated Welfare Systems: Historical Costs and Projections* (GAO/AIMD-94-52-FS, Feb. 25, 1994). Subsequent revisions led to the 1989 reduction of HHS' funding rate for Medicaid eligibility determination systems to 50 percent of states' development costs. The Social Security Act and related amendments had authorized states to operate two types of automated systems to help manage their Medicaid programs: Medicaid eligibility systems and Medicaid management information systems. The management information systems, as required by HCFA, are basically claims processing and payment delivery systems and are not intended to perform eligibility determination functions. All states operate their management information systems separately from their eligibility systems.

[4]Legislation in 1993 reduced the food stamp funding rate to 50 percent of states' development costs, effective April 1, 1994.

To obtain federal funding for a portion of the cost of automated welfare systems development and implementation for AFDC, Medicaid, and food stamps, states have been required to follow the advanced planning document (APD) process. Under this process, states submit APDs to the specific oversight agencies detailing state plans to develop and implement automated systems. The federal agencies then make funding decisions on the basis of these APD submissions. If a system is to be used for more than one program, APDs that meet the separate requirements of each program must be submitted and approved, and development costs are allocated to the various programs. After approving funding to states, the federal agencies monitor development and operation of the state systems to ensure all federal requirements are met. To obtain enhanced funding for AFDC automated systems, states had to meet the requirements for a Family Assistance Management Information System (FAMIS), a general system design developed by HHS to improve state administration of the AFDC program. Because eligibility for Medicaid and food stamps was linked to eligibility for AFDC, most of the AFDC systems also covered Medicaid and food stamps. To the extent that Medicaid and food stamp eligibility systems were integrated with AFDC systems, ACF, HCFA, and FNS used a cost allocation method to determine the portion of the system costs to be borne by each agency. At the time PRWORA was enacted in August 1996, 38 states operated state systems that complied with FAMIS requirements.[5]

The APD process remains in place for Medicaid and food stamps. However, under TANF, states are no longer required to submit APDs, and ACF is no longer required to play a role in establishing system requirements or in monitoring system development. States may use whatever portion of their capped federal TANF block grant funds they wish for developing and operating systems. However, no legislatively mandated ceilings exist to specifically limit federal funds for states' development and operation of automated systems costs related to Medicaid and food stamps. According to data reported by states to HHS, states had expended a total of about $456 million, or about 2 percent, of federal TANF funds on systems from fiscal year 1997 through the second quarter of fiscal year 1999.[6]

[5]After this time, HHS no longer certified systems for compliance with FAMIS requirements.

[6]States expended an additional $291 million of state funds for their TANF programs on systems during the same period.

HHS also provides states with a proportion of the costs of automated systems for other federal welfare-related programs, including the child support enforcement program, child care subsidy program, child welfare services, and foster care/adoption assistance. We reported in 1994[7] that 52 of the 54 states and territories were operating multiple systems—ranging from 2 to 12 systems each—to provide welfare program support for AFDC, Medicaid, food stamps, child support enforcement, child care, child welfare services, foster care/adoption assistance, and the now-repealed Job Opportunities and Basic Skills Training (JOBS) program.[8] We also reported that HHS and USDA had contributed over $6.8 billion from 1984 to 1992, and over $1.8 billion prior to 1984, to help fund development and operation of these automated systems.[9] The 1994 report also asserted that the federal government might pay the largest share of an estimated $10.7 billion in additional automated systems costs from fiscal year 1993 through the end of 1999. These cost figures do not include federal funding for other automated systems used by programs involved in helping welfare recipients move toward economic independence, such as systems related to state workforce development systems.

[7]GAO/AIMD-94-52FS, Feb. 25, 1994.

[8]JOBS was created in 1988 to ensure that AFDC families obtained the education, training, and employment that would help them avoid long-term welfare dependence. PRWORA ended the JOBS program along with the AFDC program in 1996.

[9]All figures are expressed in 1993 constant dollars. About two-thirds of these costs were for Medicaid systems, including Medicaid management information systems and Medicaid eligibility systems.

Recognizing the importance of information systems in implementing key aspects of welfare reform, the Congress in PRWORA directed HHS to prepare a report that addressed (1) the status of the automated systems operated by states to help program managers administer their TANF programs and (2) what would be required to establish a system capable of tracking participants in public programs over time and checking case records of the states to determine whether individuals were participating illegally in public programs in two or more states at a time. In collecting information intended for use in this report, HHS worked with several organizations representing states, information technology specialists, and welfare administrators to survey states on the likely effects on information systems of legislatively mandated changes to welfare programs. The 1997 report projected on the basis of state estimates that adapting current information systems to meet the demands of welfare reform would require spending about $1 billion.[10]

Welfare Reform Legislation Established Numerous Requirements for Those Receiving TANF and for States

While PRWORA limited the federal government's role in approving and overseeing states' development of TANF automated information systems and provided states much greater flexibility than before to design and implement their own programs, it also emphasized states' accountability for meeting program requirements and for program performance. This accountability focus is in keeping with the increased emphasis governmentwide on program performance fostered by the Government Performance and Results Act of 1993. Under TANF, to avoid financial penalties, states must ensure that a certain minimum percentage of their caseloads are participating in work or work-related activities each year. These percentages are referred to as "minimum mandated participation rates." To count toward states' mandated rates, adult recipients in families must participate a certain minimum number of hours in work or a work-related activity as prescribed in the law, such as job readiness workshops; on-the-job training; and, under certain circumstances, education. The required number of hours of participation and the percentage of a state's caseload that must participate to meet mandated rates generally increase over time, as shown in table 1.

[10]HHS, ACF, Office of State Systems, *Report to Congress on Data Processing and Case Tracking in the Temporary Assistance for Needy Families Program* (Washington, D.C.: HHS, Dec. 1997).

Table 1: Increasing Participation Requirements for One-Parent and Two-Parent Families Under Federal Law

	Fiscal year					
	1997	1998	1999	2000	2001	2002
Minimum weekly average hours of participation						
One-parent families	**20**	**20**	**25**	**30**	**30**	**30**
Two-parent families	**35**	**35**	**35**	**35**	**35**	**35**
Minimum mandated participation rates (percentages)						
All families	**25**	**30**	**35**	**40**	**45**	**50**
Two-parent families	**75**	**75**	**90**	**90**	**90**	**90**

Source: 42 U.S.C. sec. 607.

States must also track the length of time that individuals receive TANF to implement the new time limits. States must enforce the PRWORA prohibition on provision of TANF funds to families with adults who have received TANF for a total of 5 years over their lifetime. Families with no adult receiving assistance (commonly referred to as "child-only" cases) are not subject to this limit, and up to 20 percent of a state's average monthly caseload may be exempt on the basis of hardship or having been subjected to domestic violence.[11] Also, states may opt to continue to provide assistance beyond the 5-year limit using state funds.

In addition to holding states accountable for tracking and enforcing participation requirements and time limits, PRWORA authorized HHS to award federal dollars to states with exceptional performance in achieving the goals of TANF. PRWORA established the broad parameters of a high-performance bonus system and required that HHS work with organizations representing states and welfare administrators to determine the details of the system. For the first year that the bonus was to be awarded—fiscal year 1999—states were to compete in the areas of TANF recipients' rates of job entry, earnings gains, and job retention as well as increases in these rates over time.

[11]PRWORA allows states to exempt a family from the time limit because of hardship, or if the family includes an individual who has been battered or subjected to extreme cruelty, and to use the average monthly caseload for either the current fiscal year or the preceding fiscal year as the basis for determining the 20-percent limit.

The new focus on work as well as the new high-performance bonus system resulted in an expanded set of reporting requirements and options for states, as shown in table 2. HHS issued final regulations on data collection and reporting requirements in April 1999 and published information on the first year of the high-performance bonus system in March 1998.[12]

Table 2: Information That States Need to Meet Federal Reporting Requirements and to Participate in the Optional High-Performance Bonus Program

Reports to HHS	Information contained in the reports
TANF Data Report	• Case-level data on the characteristics and circumstances of families receiving TANF • Case-level data on families at the time their case is closed • Aggregate information on families at application for TANF, while receiving it, and at case closure
TANF Financial Report	• Data on expenditures of federal TANF funds and state maintenance-of-effort funds used for TANF or separate state programs[a]
Report on TANF and state maintenance-of-effort programs	• Descriptive information on TANF program and data on child care subsidies • Descriptive information and expenditure data for programs and services funded with state funds
Separate state program maintenance-of-effort data report[b]	• Information on families receiving assistance under separate state programs and at case closure
TANF high-performance bonus report[c]	• Information on job entries, job retention, and earnings gains of TANF recipients and former recipients

[a]PRWORA requires that states maintain a specified level of their historical spending for welfare and welfare-related programs to receive federal TANF funds. The state funds used to meet this maintenance-of-effort requirement may be used in the TANF program or in separate state programs.

[b]This report is required only if a state wishes to compete for a TANF high-performance bonus or to have its participation rate standards reduced because of reductions in its caseload, as authorized by PRWORA.

[c]This report is required only if a state wishes to be considered for a TANF high-performance bonus.

[12]States were to meet emergency data reporting requirements, issued in July 1997, until the finalized data collection and reporting requirements, published in the TANF final rule issued on April 12, 1999, became effective on October 1, 1999.

Source: TANF Final Rule, *Federal Register*, Vol. 64, No. 69, Apr. 12, 1999, and HHS Memorandum No. TANF-ACF-PI-98-05, Aug. 13, 1998.

New and Evolving Welfare Environment Is Transforming States' Automated Systems Needs

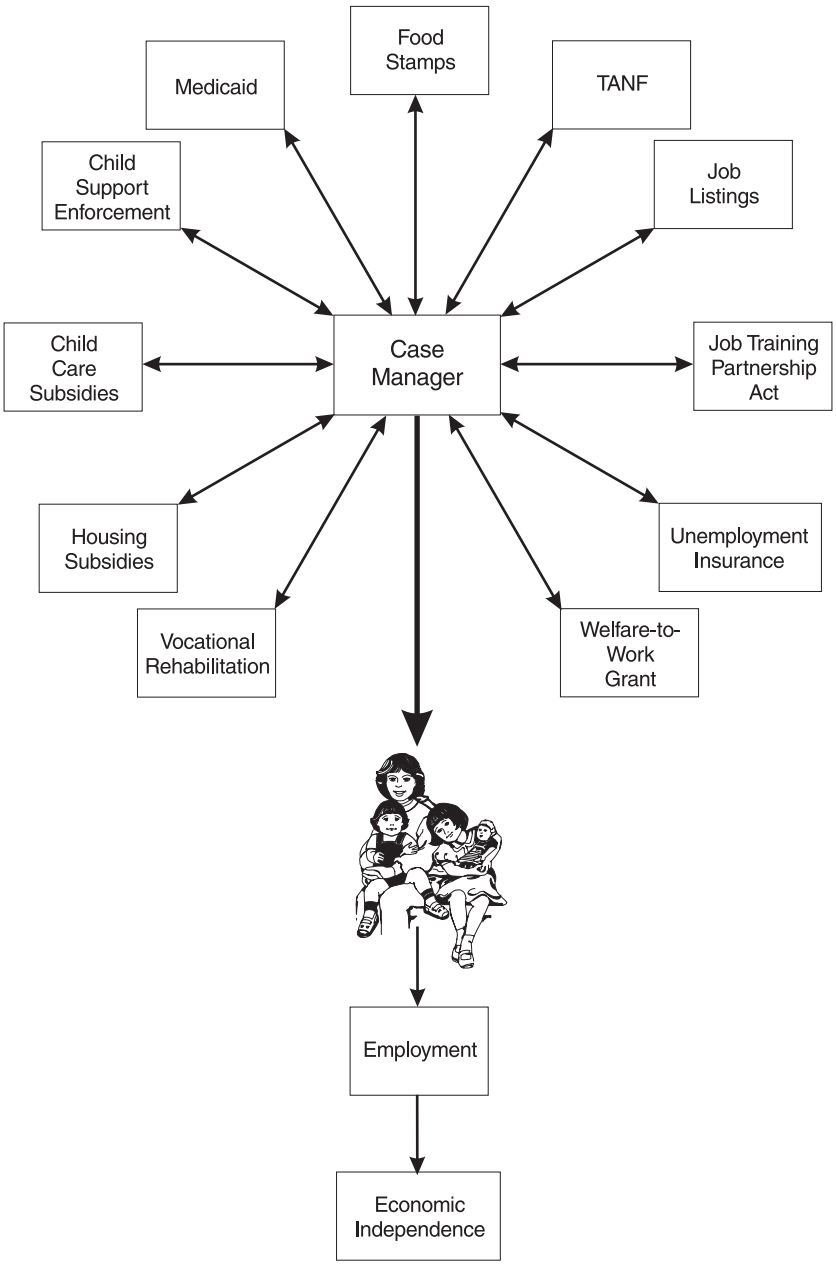
Our work and other studies show that states and localities have made progress in implementing key aspects of TANF. States are refocusing their programs on moving people into employment rather than signing them up for monthly cash assistance. To better support this new work focus, many states are changing how their welfare offices and workers do business; converting their offices into job placement centers; and helping clients address and solve problems that interfere with employment, such as lack of child care or transportation as well as more complex mental and physical health problems.

As welfare agencies focus on moving needy families toward economic independence, frontline workers are drawing on other federal and state programs, often administered by separate agencies, to provide a wide array of services. These programs range from those designed to meet families' basic needs for food and shelter to those that provide employment and training services and support services, such as subsidies for child care. While local welfare agencies typically administer eligibility determination for TANF, food stamps, and Medicaid, other programs that provide key services to TANF clients may be administered by separate entities, such as housing authorities or education agencies. Most notably, because TANF has focused welfare agencies on employment, a focus that has long been the province of state and local workforce development systems, welfare agencies need to work more closely than before with workforce development systems, particularly to administer services funded by the new welfare-to-work grants created by the Congress in 1997 and administered by the Department of Labor.[13]

In addition, some states now rely on state unemployment insurance (UI) systems to obtain data on the employment and earnings of former welfare recipients to help monitor both clients' progress and the performance of various state programs. Figure 1 shows many of the programs and services that frontline workers may be responsible for arranging and monitoring to help clients move toward economic independence through employment.

[13]Through these grants, the Department of Labor is authorized to provide states and grantees up to $3 billion over 2 years to help the welfare clients who are considered to be the hardest to employ to find jobs.

Figure 1: Broad Array of Programs and Services That Case Managers Can Draw Upon to Serve Their Clients



The new environment in which state and local agencies provide services to low-income families has profound implications for the information needs of states and the automated systems designed to meet those needs. Typically, the programs to which welfare workers and managers turn to provide services have automated information systems that were designed to meet the particular needs of each program rather than the cross-program needs of the clients they serve. Yet, successful implementation of welfare reform calls for information from a range of programs in three key areas: case management, service planning, and program oversight. As shown in table 3, these key functions are performed at different levels of program administration.

Table 3: Key Information Users and Functions They Perform to Help Low-Income Families Become Employed

Key areas of information needs	Users of the information	Functions performed by information users
Case management	Case managers, employment service specialists, and other frontline workers serving individual TANF clients	• Helping TANF clients obtain jobs • Providing training and support services as needed • Monitoring clients' progress toward economic independence
Service planning	Local and state program managers administering programs	• Collecting aggregate information on the characteristics and service needs of the caseload to determine appropriate services
Program oversight	Local and state program managers overseeing programs	• Monitoring program performance using information on local or state performance measures clients diverted from receipt of monthly cash assistance families returning to welfare families' use of other programs, such as food stamps, Medicaid, and child care subsidies job entry, job retention, and wage progression • Meeting federal reporting requirements

Source: GAO analysis of relevant literature.

While the information needs of the users differ, these needs also share some key characteristics that distinguish them from the information needs of the previous welfare environment. First, information is now needed that allows workers and managers to monitor people's activities and progress over time toward employment and economic independence. Second, more than ever before, case and program managers must focus on ensuring the delivery of an integrated package of services for families seeking aid. While the importance of service integration—creating methods to unite or link the services provided by different programs and agencies to serve the same population—has been acknowledged as a critical need of human services programs, including welfare, for at least 2 decades,[14] the need for providing integrated services has heightened with the new emphasis on moving welfare recipients into employment and placing a time limit on the receipt of aid. The goal of service integration has been reinforced by the Workforce Investment Act of 1998 (P.L. 105-220), which requires that all states and localities use one-stop career centers to deliver most employment and training services (except TANF-related services). These centers seek to bring together all workforce development programs—each with its own target population—in a single system that serves all individuals, regardless of their eligibility for any specific program. In developing one-stop systems, Labor has encouraged states to involve human services agencies in the planning and delivery of services.

Objectives, Scope, and Methodology

To better understand and assess the role of information systems in states' welfare reforms, we collaborated with the Nelson A. Rockefeller Institute of Government to establish the GAO/Rockefeller Institute Working Seminar on Social Program Information Systems. The working seminar has about 30 members, including congressional staff, federal and state managers of information technology, and welfare researchers and has met six times over a period of almost 2 years. (See app. I for a list of members and summary of working seminar activities.) The working seminar has been meeting regularly to determine what changes are needed to facilitate states' efforts to improve their automated systems to meet the information needs for welfare reform. To provide information for congressional oversight, we undertook a review of states' efforts to meet the information needs for welfare reform, with a focus on the TANF program.

[14]See *Integrating Human Services: Linking At-Risk Families With Services More Successful Than System Reform Efforts* (GAO/HRD-92-108, Sept. 24, 1992).

For this study, we (1) assessed the extent to which current automated systems in selected states meet key information needs of programs that help low-income individuals with children obtain employment and become economically independent, (2) identified the approaches states are using to develop or modify their automated systems to better meet these information needs, and (3) identified the major obstacles states have encountered in working to improve their automated systems and the potential role of the federal government in helping overcome these obstacles. With respect to the first objective, we focused on three broad types of information needs: those for case management, service planning, and program oversight. In collaboration with field researchers from the Nelson A. Rockefeller Institute's State Capacity Project, we conducted case studies at the state and local levels in 6 states and collected supplemental information from a survey of these 6 and 9 additional states and some of their localities, so that some comparable information was available for a total of 15 states.

In-Depth Data Collection in Six States

In selecting the six states for our in-depth fieldwork, we sought to include states (1) in varying stages of revamping their automated systems, (2) with both state- and locally administered TANF programs, and (3) that were geographically diverse. We interviewed officials in state welfare and labor departments, including program and information technology managers. In addition, we interviewed officials at two local sites in each state. Officials interviewed at local sites included welfare and labor program managers, information technology managers, TANF case managers, and supervisors of TANF case managers. At state and local site visits, we observed demonstrations of automated systems and obtained relevant documents, such as systems printouts and manuals. (See table 4.)

Table 4: Case Study States and Local Sites

States	Local sites[a]
Georgia	Fulton County (Atlanta) and Cherokee County (Canton)
New Jersey	Essex County (Newark) and Middlesex County (New Brunswick)
Ohio	Franklin County (Columbus) and Hamilton County (Cincinnati)
Texas	Travis County (Austin) and Harris County (Houston)
Washington	Region 4 (Seattle) and Region 5 (Tacoma)[b]
Wisconsin	Milwaukee County (Milwaukee) and Dane County (Madison)

[a]We visited local site offices located in the cities enclosed in parentheses.

[b]These are regions of the Washington Department of Social and Health Services.

The state and local interviews were administered using a semistructured interview guide that we developed through a review of relevant literature and discussions with members of the GAO/Rockefeller Institute Working Seminar on Social Program Information Systems. We conducted the interviews in five of the six states and were accompanied at some interviews by field researchers from the Rockefeller Institute's State Capacity Project. The interviews in Georgia were conducted entirely by the Rockefeller Institute's field researcher for Georgia, an associate professor of political science at Emory University.

Data Collection on Selected Topics in 15 States

On the basis of our fieldwork in the six states, we identified several key topics for follow-up work on a larger geographic scale. We developed a questionnaire to obtain information on four topics: (1) the extent to which automated systems for different programs share data; (2) the accessibility of data from different automated systems using the desktop computers of TANF case managers; (3) the overall extent to which information needs for case management, service planning, and monitoring program performance are met by current automated systems; and (4) the most helpful actions that the federal government could take to help resolve the major obstacles encountered by states and localities in developing or modifying automated systems. The questionnaires were administered by our evaluators and field researchers from the Rockefeller Institute's State Capacity Project. (See table 5.)

Table 5: Respondents to the Automated Systems Questionnaire

State respondents	Local respondents
Arizona	Phoenix
Georgia	Fulton County
Kansas	Kansas City
Minnesota	Itasca County
Mississippi	[a]
Missouri	Kansas City
New Jersey	Essex County
New York	[a]
Ohio	Athens County,[b] Franklin County,[b] and Hamilton County
Texas	Travis County and Harris County
Utah	Salt Lake City
Washington	Region 4 and Region 6[c]
West Virginia	Mercer County
Wisconsin	Milwaukee County and Dane County
Wyoming	[a]

[a]We did not obtain local responses.

[b]We did not obtain a response to the questions about the extent of automated capabilities to support case management, service planning, and monitoring program performance.

[c]These are regions of the Washington Department of Social and Health Services.

We provided a draft of this report to HHS, USDA, Labor, and the six case study states. We conducted our work from April 1999 to March 2000 in accordance with generally accepted government auditing standards.

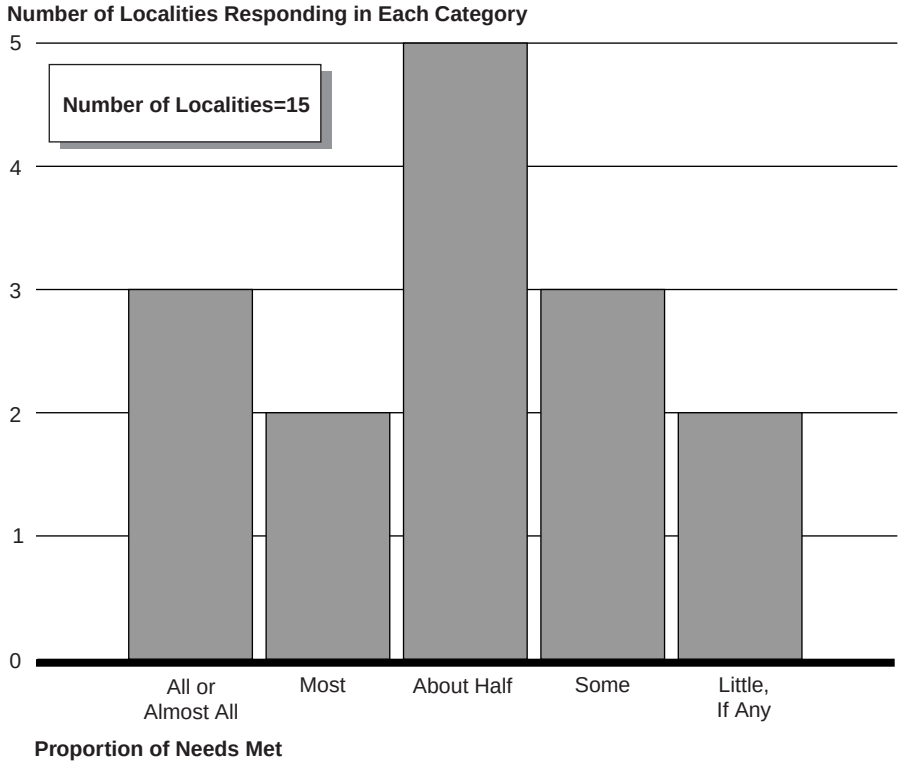
Current Automated Systems Do Not Always Fully Support State and Local Efforts to Help TANF Recipients Move to Employment

Current automated systems in the states we studied provide support for implementing and overseeing welfare reform in many critical areas. However, a number of these systems have shortcomings that limit their usefulness in helping to move TANF recipients toward employment and economic independence. One shortcoming is that these automated systems sometimes do not share information about TANF recipients that is needed by the different agencies that serve them. This constrains the ability of case managers to coordinate services and monitor recipients' progress. A second shortcoming is that the systems' limited capabilities to query and manipulate data sometimes prevent users from readily obtaining aggregate information on caseload characteristics. This shortcoming limits capabilities for service planning and was reported to be especially pervasive at the local level. With regard to program oversight, we identified some system limitations that negatively affected the ability of program managers to monitor TANF recipients' employment progress and enforce the 5-year time limit on federal TANF assistance.

Insufficient Links Among Automated Systems Constrain Case Managers' Ability to Coordinate Services and Monitor Recipients' Progress

Automated systems do not always fully meet the information needs of TANF case managers—the frontline workers with primary responsibility for managing services for TANF clients and monitoring their progress toward employment. Figure 2 presents the assessments of officials from 15 localities of the overall extent to which current automated systems support case management. While 5 of the localities indicated that automated systems provide all or most of the information that TANF case managers need to support their clients' movement to employment and economic independence, the other 10 localities said that automated systems provide about half or less of the information needed.

Figure 2: Proportion of Information Needed for Case Management That Is Provided by Automated Systems



Source: Responses to GAO's questionnaire on automated systems from officials at local sites.

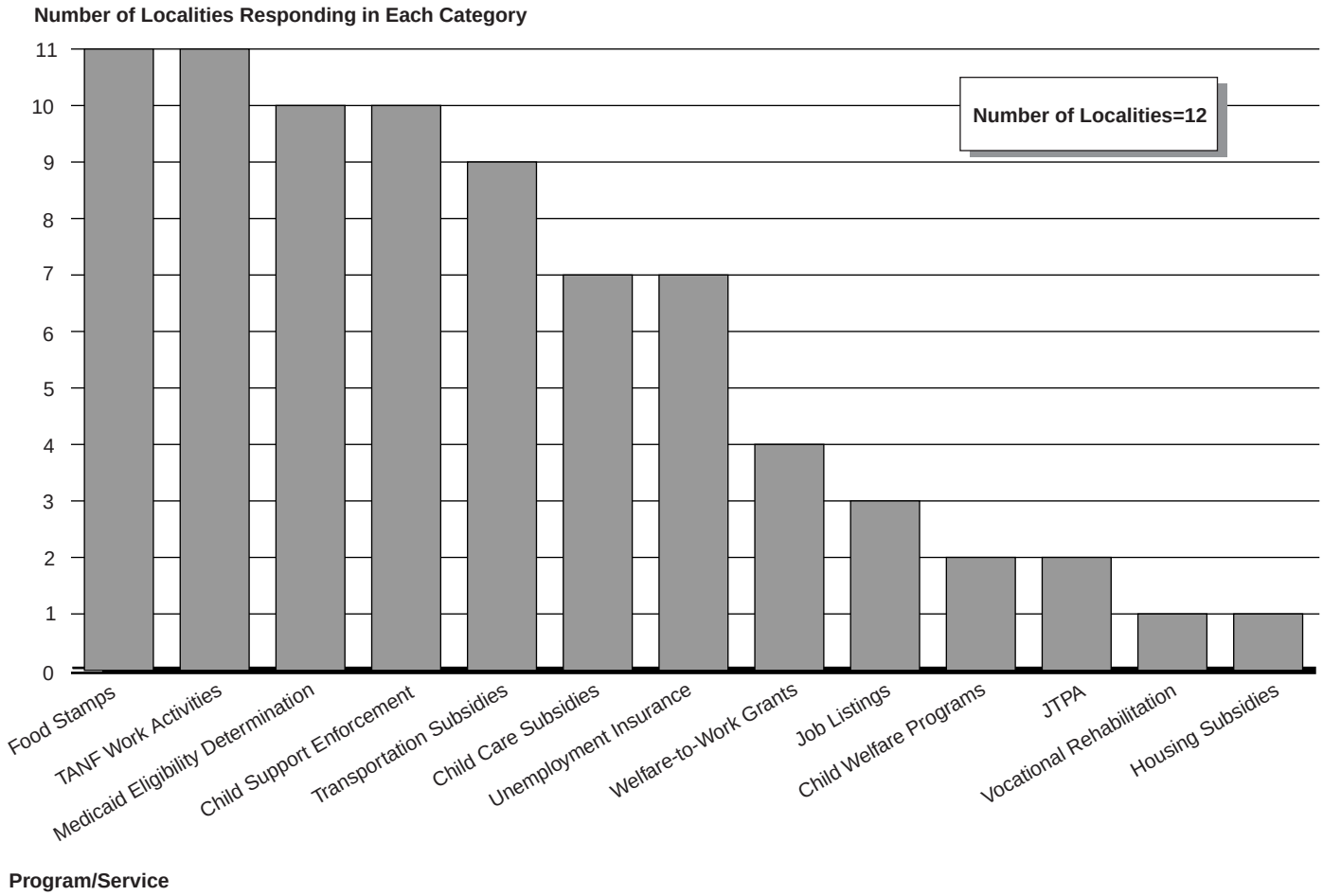
A major shortcoming of current automated systems, cited to varying degrees in the six states in which we did in-depth fieldwork, is that some of the systems used by the agencies providing services to TANF recipients do not share data on these recipients. This shortcoming constrains the ability of case managers to arrange needed services; ensure that these services are provided; and respond quickly when problems arise, such as when a recipient does not attend a scheduled work activity. For example, local officials in New Jersey told us that some TANF clients have received sanctions in error because data are not transferred electronically between the automated system used by staff at the labor department, who receive data on recipients' attendance at work activities, and the system used by staff at the welfare department, who issue sanctions for failure to meet work requirements. Local officials in Ohio and New Jersey said that TANF case managers are unable to determine which of the children receiving TANF are also involved with the child welfare system, a situation that can hinder the ability of case managers to devise appropriate service strategies for such families.[1] Appendix II provides more detailed information from our survey of 15 states on the extent to which the automated systems for different programs share data.

In the absence of links between automated systems, local officials in our study states generally said that paper forms or telephone contacts are used to refer recipients to, or obtain information on their use of, vocational education, secondary education, substance abuse services, and mental health services. The reliance on paper forms was cited as a major burden for case managers because of the substantial amount of time involved in collecting all the needed forms from service providers and keying data from these forms into automated systems. At many local sites, the problem was reported to be compounded by the need for double or even triple data entry for some items: case managers or other frontline workers must separately input the same data, such as a recipient's entry into employment, into different automated systems because the data are not automatically transferred and updated from one system to the other. Local officials told us that multiple entry of the same data not only reduces the time available to work directly with TANF clients but also increases the risk of introducing errors into the data contained in automated systems.

[1]The need to address data security and confidentiality issues can complicate interagency efforts to share data, especially in areas such as child welfare.

An important dimension of automated support for case management is the extent to which TANF case managers are able to access data from the automated systems for different programs from their desktop computers. As shown in figure 3, case managers in the localities we surveyed generally have desktop access to data in the automated systems for food stamps, TANF work activities, child support enforcement, Medicaid eligibility determination, and transportation subsidies for TANF recipients. However, case managers in most localities do not have desktop access to data from automated systems for welfare-to-work grants, the Job Training Partnership Act (JTPA), job listings, child welfare programs, vocational rehabilitation, and subsidized housing. Over half the localities said that case managers have desktop access to data from automated systems for child care subsidies and UI. As a result, case managers do not always have ready access to information that could help them coordinate services for TANF recipients and monitor their use of these services. In such cases, the relevant information either is not available to case managers or it takes longer to obtain it (for example, from hard copy reports from a specific program).

Figure 3: Automated Systems That TANF Case Managers Can Access From Their Desktop Computers



Notes: We asked respondents whether TANF case managers had access to *any* of the data in the automated systems for each of these programs from their desktop computers. In a few instances, respondents indicated that access varies within the locality; we categorized each of these responses as a "no" because at least some case managers in the locality do not have desktop access to data for a particular program.

Source: Responses to GAO's questionnaire on automated systems from officials at local sites. In four states, we obtained responses from more than one locality: only the responses from the locality in the most populated city in each of these states are presented here.

Our work in the six case study states also uncovered some specific case management tasks that are not always well supported by automated systems, as shown in table 6.

Table 6: Capabilities of Automated Systems in Six States to Support Selected TANF Case Management Activities

Activity	Do automated systems support the activity?[a]
Identifying suitable jobs for TANF clients	
Help TANF clients identify job openings (or provide them tools to do this themselves)	Yes
Help TANF clients identify job openings located near public transportation routes (or provide them tools to do this themselves)	Vary
Calculate the change in a TANF client's total income (including TANF grant and food stamps) under different scenarios of wage levels and hours worked, to show that "work pays"	Generally do
Monitoring the activities and progress of TANF clients	
Determine the number of active TANF cases in the case manager's caseload	Yes
Determine the number of active cases assigned to different types of activities, such as education, training, or subsidized employment	Generally do
Determine which activities in a client's individual responsibility plan have been completed[b]	Vary
Identify clients in the caseload who are within some specified number of months of reaching their lifetime limit for TANF assistance	Vary

[a]"Generally do" means that at least 70 percent (but less than 100 percent) of respondents said that the activity can be performed using their current automated systems. "Vary" means that from 31 to 69 percent of respondents said that the activity can be performed using their current automated systems. In calculating percentages, we excluded the small number of instances in which either we did not obtain a response or respondents said that they did not know.

[b]An individual responsibility plan specifies the employment goal and required activities for a TANF recipient, as well as the services to be provided to help the recipient achieve the employment goal.

Source: Interviews with officials at local sites in Georgia, New Jersey, Ohio, Texas, Washington, and Wisconsin.

As a result of separating cash assistance from Medicaid,[2] local officials in five of the six states cited automated system glitches that sometimes occur in enrolling families in Medicaid or ensuring their continued enrollment. For example, local officials said that frontline workers on occasion have to intentionally enter inaccurate data to enable a Medicaid case to be opened correctly. Local officials also told us that automated systems sometimes close Medicaid cases that should not be closed or fail to correctly process cases for transitional Medicaid,[3] which requires frontline workers to do "workarounds" to correct these problems. [4] PRWORA authorized $500 million to aid states in maintaining Medicaid coverage for individuals affected by welfare reform, some of which may be used to pay the costs of modifying Medicaid eligibility systems. However, as of June 1999, states had submitted claims for only 10 percent of the available funds.[5]

Difficulties in Querying Automated Systems to Obtain Needed Information Limit Capabilities for Service Planning

In addition to supporting the activities of TANF case managers, automated systems can provide aggregate information on the characteristics and service needs of TANF recipients to help program managers determine the appropriate services to provide for their TANF caseloads. However, as shown in figure 4, the 15 states we surveyed vary considerably in their assessments of the level of automated support available for service planning, and local officials tended to assess the level of support lower than state officials did. While state officials from 8 of the 15 states indicated that automated systems provide all or most of the information on the TANF

[2]Before welfare reform, families were automatically enrolled in Medicaid if they were eligible for cash assistance under AFDC. PRWORA eliminated the link between eligibility standards for cash assistance and Medicaid, allowing states to set their own eligibility standards for Medicaid within certain parameters. To ensure continued Medicaid coverage for low-income families, PRWORA generally required state Medicaid eligibility standards to be no more restrictive than the AFDC levels in effect on July 16, 1996.

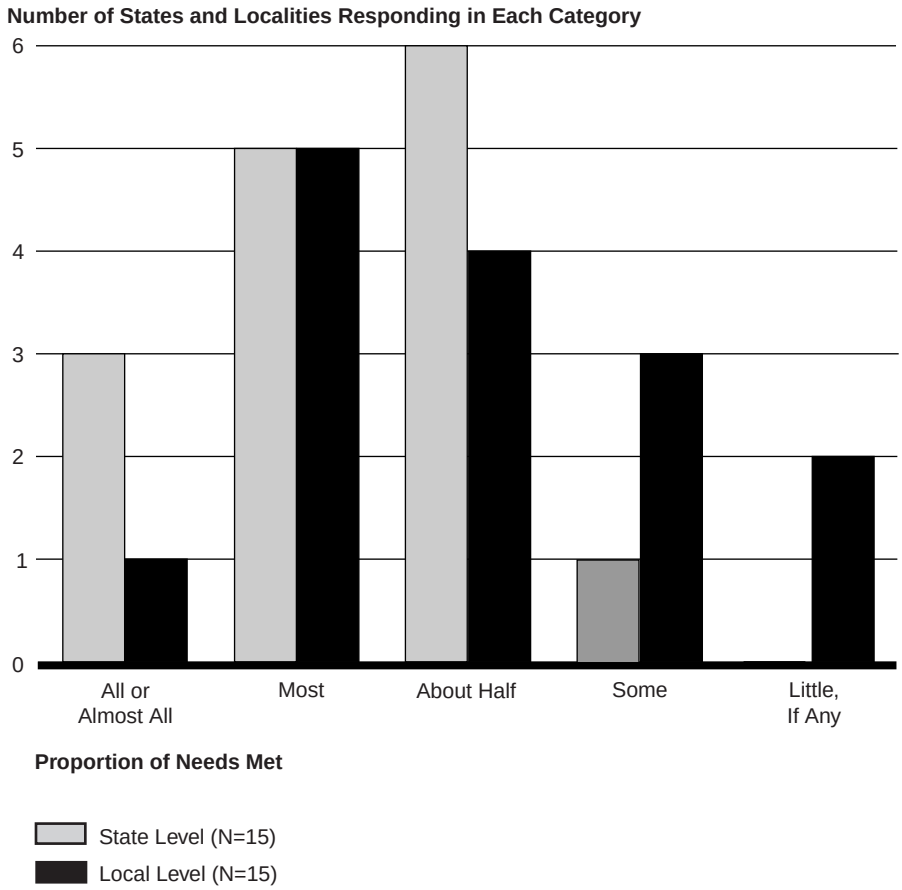
[3]The transitional Medicaid program entitles certain families leaving welfare as a result of employment or increased earnings to remain eligible for an additional year of Medicaid.

[4]For more information on the effects of welfare reform on Medicaid, see *Medicaid: Early Implications of Welfare Reform for Beneficiaries and States* (GAO/HEHS-98-62, Feb. 24, 1998); *Medicaid Enrollment: Amid Declines, State Efforts to Ensure Coverage After Welfare Reform Vary* (GAO/HEHS-99-163, Sept. 10, 1999); and Marilyn Ellwood, *The Medicaid Eligibility Maze: Coverage Expands, Enrollment Problems Persist: Findings From a Five-State Study* (Washington, D.C.: The Urban Institute, Dec. 1999).

[5]See Julie Darnell and others, *Medicaid and Welfare Reform: States' Use of the $500 Million Federal Fund* (Washington, D.C.: The Kaiser Commission on Medicaid and the Uninsured, Oct. 1999).

caseload that state program managers need for service planning, officials from 6 of the 15 localities responded that systems provide all or most of the information needed by local program managers.

Figure 4: Proportion of Information Needed for Service Planning That Is Provided by Automated Systems



Source: Responses to GAO's questionnaire on automated systems.

Some gaps in information on caseload characteristics occur because the desired data are not contained in automated systems. Other gaps arise because even though the data are contained in automated systems, these data are difficult or impossible to extract in a way that answers the particular question of concern to the program manager. For example, local officials at one site said that the locality does not have adequate access to

data it enters into the state welfare system and that writing the computer program needed to extract data generally takes an entire day. Officials at a locality in another state said that data on the characteristics of TANF recipients contained in the state's automated systems are often not available in a format that can be easily manipulated, so obtaining data depends on the technical expertise of the user.

As shown in table 7, automated systems in our case study states can provide information on some characteristics of TANF caseloads but not others. The ability to identify long-term welfare recipients can be useful because they may possess characteristics that make them harder to serve. When we asked whether officials could identify their current "hard-to-serve" TANF cases by identifying cases that include adults who either are long-term welfare recipients or have multiple barriers to employment, states and localities generally said that their automated systems provide this capability. For example, state officials in Georgia and Washington told us that their automated systems had been programmed to identify recipients who have received cash assistance for 30 months or more. In comparison with long-term welfare recipients, adults who have repeatedly cycled on and off welfare may differ somewhat in their service needs.[6] Local officials generally said that they are unable to identify such cases in their caseloads. Responses from state officials varied: while some said that they cannot identify such cases, others said that they can do so with some difficulty.[7]

[6]For example, while those who have cycled on and off welfare may be able to obtain a job fairly easily, they may need assistance to help facilitate job retention and advancement.

[7]For information on the capabilities of state automated systems to provide information on other characteristics of TANF caseloads, see Richard P. Nathan and Thomas L. Gais, *Implementing the Personal Responsibility Act of 1996: A First Look* (Albany, N.Y.: Nelson A. Rockefeller Institute of Government, 1999).

Table 7: Capabilities of Automated Systems in Six States to Provide Program Managers With Information on Selected Caseload Characteristics

Caseload characteristic	Can state program managers obtain this information from automated systems?[a]	Can local program managers obtain this information from automated systems?[a]
Number of adults in the state/local TANF caseload…		
With no prior work experience	Generally can	Generally cannot
Assessed as having substance abuse problems	Cannot	Generally cannot
Assessed as having mental health problems	Cannot	Generally cannot
Current state/local TANF cases that…		
Include adults who are long-term welfare recipients or have multiple barriers to employment	Generally can	Generally can
Have cycled on and off AFDC/TANF in the state in the last 5 years	Vary	Generally cannot

[a]"Generally can" means that at least 70 percent (but less than 100 percent) of respondents said that the activity can be performed using their current automated systems, whereas "generally cannot" means that 30 percent or less (but more than 0 percent) responded in this way. "Vary" means that from 31 to 69 percent of respondents said that the activity can be performed using their current automated systems. In calculating percentages, we excluded the small number of instances in which either we did not obtain a response or respondents said that they did not know.

Source: Interviews with state and local officials in Georgia, New Jersey, Ohio, Texas, Washington, and Wisconsin.

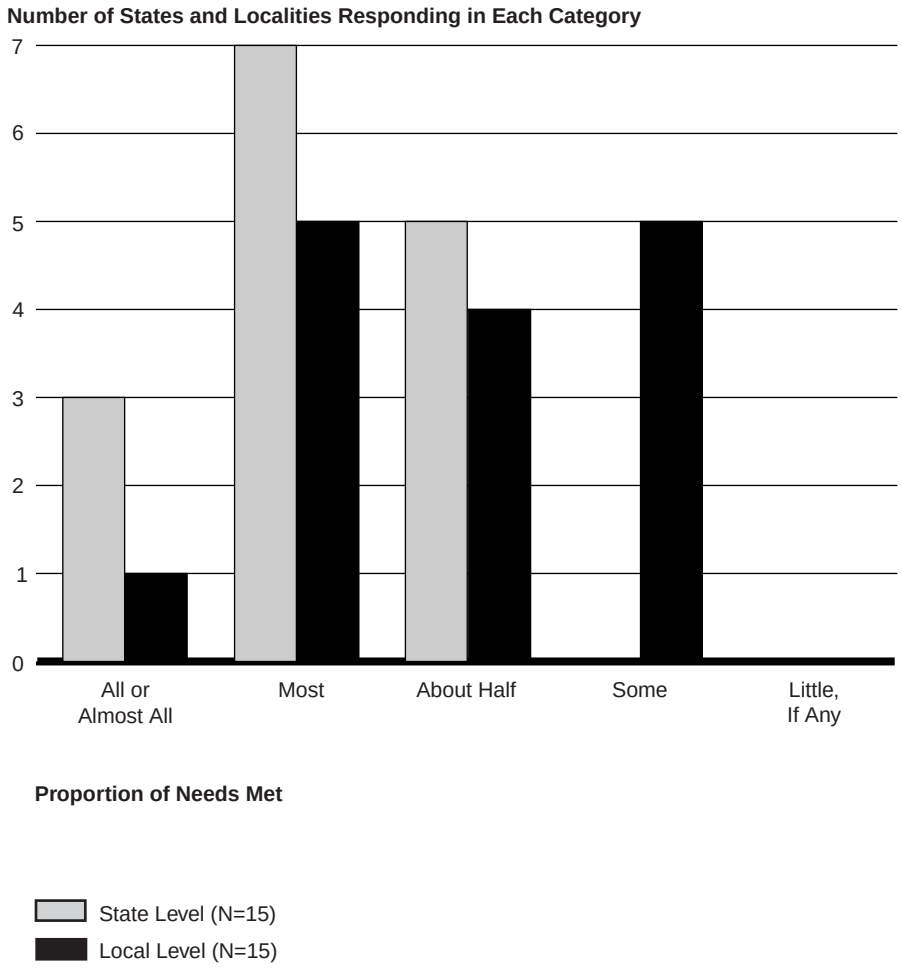
Officials at some localities cited examples of other information gaps they had encountered with respect to characteristics of their TANF caseloads. For example, officials at one site explained that while the state's automated welfare system contains data on whether individual TANF clients have received high school diplomas, it does not contain data on the highest grade completed.[8] Officials explained that the lack of such information constrains their ability to purchase appropriate education and training services for the local TANF caseload.

[8]The average education level of adults receiving welfare in the locality is about the seventh or eighth grade, according to local officials.

Automated Systems Vary in Capabilities to Support Program Oversight

Another way in which automated systems can support welfare reform is by providing information for program oversight and, in particular, information for monitoring measures of program performance and meeting federal TANF reporting requirements. As shown in figure 5, the 15 states and localities we surveyed varied considerably in their assessments of the level of automated support available for monitoring performance measures related to helping TANF recipients find jobs and become economically independent. Local officials tended to assess the level of automated support lower than state officials did. State officials from 10 of the 15 states indicated that automated systems provide all or most of the information needed by state program managers, and officials from 6 of the 15 localities responded that systems provide all or most of the information needed by local program managers.

Figure 5: Proportion of Information Needed for Monitoring Program Performance With Respect to Employment Progress of TANF Recipients That Is Provided by Automated Systems



Source: Responses to GAO's questionnaire on automated systems.

Capabilities to Monitor Recipients' Employment Progress Are More Limited at the Local Than the State Level

With regard to monitoring measures of the employment progress of TANF clients, state officials in all six of our case study states said that their states have data on job entries, job retention, and wage progression and have used these data to apply for the TANF high-performance bonus. The states vary in the source(s) they use to obtain these state-level data: state UI data, TANF administrative data, or both.

In contrast, local officials in the six states reported having more limited capabilities to monitor the employment progress of TANF clients. Local officials generally can obtain data from automated systems on the number of TANF clients in a locality who have entered employment in some specified time period. However, local officials vary in their automated capabilities to obtain aggregate information on the job retention of these recipients and generally cannot obtain aggregate information on recipients' wage progression. Local officials in one state cited the need to have more detailed information on the employment progress of TANF clients than is available from state UI records. For example, they noted that while UI records can provide information on the amount of a person's total earnings for a quarter, these records cannot provide information on the person's hourly wage and number of hours worked per week. These officials said that having access to such information could help localities better target the appropriate job retention and advancement services for current or former TANF clients.[9]

Officials at several local sites also reported problems obtaining information on the TANF work participation rates for their caseloads. The problems cited by local officials in this area included not being able to obtain timely data on work participation rates for their area from the state, receiving state-calculated rates that do not match the locality's own calculated figures, and not being able to interpret the state-provided reports on local participation rates. If local program managers and contracted service providers are held accountable for meeting specified target levels for work participation rates and other performance measures, it becomes critical that automated systems be able to provide data that are timely, accurate, and clearly presented so that program managers and service providers can make needed adjustments in their service strategies.

Automated Systems Provide Information on Diversion of Potential TANF Recipients

Diversion is a central component of many states' welfare reform programs. The objective of diversion strategies is to meet the needs of potential TANF recipients in ways other than through monthly cash assistance, such as by having them engage in immediate job search to obtain employment quickly; providing one-time cash payments; or providing support services, such as child care and medical assistance. The ability to obtain aggregate

[9]Officials explained that the services appropriate for assisting a client working full-time at a low wage level would likely be different from those for assisting a client earning a substantially higher wage but working only part-time.

information in this area can facilitate program oversight by highlighting the frequency with which potential recipients are diverted for various reasons.

State officials in the case study states generally said that they have automated capabilities to determine the number of families that have received one-time cash diversion payments. Officials in some of these states reported that their automated systems also provide information on other types of diversions. For example, Texas' system tracks both the number of people who leave welfare offices without applying for TANF and the number who obtain employment through the state's welfare-to-work program but do not receive cash assistance. While Wisconsin does not have a one-time cash payment diversion program, the state's automated welfare system tracks the number of people diverted from TANF for a range of reasons and uses separate codes to track people who have been screened for TANF eligibility and those who have not.

Capabilities to Track Recipients' Use of Other Programs After Leaving TANF Are Limited in Some Cases

Information on the use of social service programs by families after they exit TANF can help program managers determine whether families are receiving services such as Medicaid and food stamps, which can facilitate families' efforts to retain employment and increase their wages. The recent declines in the size of the national Medicaid and food stamp caseloads have generated concerns that some families who leave TANF are not receiving the Medicaid and food stamps for which they are eligible and that this, in turn, may jeopardize their employment progress.[10] Conversely, information on the use of social service programs by families after they exit TANF can also help program managers determine whether families are reducing their dependence on government-provided benefits over time.

State officials in the case study states generally said that they have automated capabilities to determine what percentage of families that have left TANF within some time period are receiving Medicaid or food stamps some specified number of months after leaving TANF. Capabilities vary at the local level: some officials said that their automated systems can perform this task, whereas others said that their systems lack this capability. In contrast, both state and local officials generally said that they do not have the capability to determine how many children are placed in foster care within some specified time period after their families leave

[10]See GAO/HEHS-99-163, Sept. 10, 1999, and *Food Stamp Program: Various Factors Have Led to Declining Participation* (GAO/RCED-99-185, July 2, 1999).

TANF. This information gap limits the ability of program managers to monitor the extent to which TANF case closures are associated with subsequent financial hardship that leads to child abuse and neglect.

Information Gaps on Status of TANF Recipients' Time Limits Affect Ability to Meet Federal TANF Reporting Requirements

At the time of our interviews, our case study states were in the process of modifying their automated systems to generate data for some of the required elements in the quarterly TANF Data Report. Data on recipients' education levels, reasons for case closure, and noncustodial parents were among the elements cited by states as especially challenging to obtain. Some state officials commented that a major source of the problem in meeting the reporting requirements is that considerably more information on individuals is now needed than was collected under AFDC.

One of the required data elements in the quarterly TANF Data Report, the number of months countable toward a TANF adult's federal 5-year time limit, is a primary source of data for enforcing PRWORA's limit on federal TANF assistance for individuals. We identified some limitations of automated systems that affect the states' ability to enforce the federal time limit. State officials in five of the six case study states said that their automated systems provide data on the number of months countable toward a TANF recipient's time limit in the state.[11] However, when we asked about the mechanisms states are using to obtain data on prior receipt of TANF in other states by their TANF recipients, we learned that our states generally either do not collect such data or rely on TANF clients to disclose this information. Data that rely on client self-reporting are not likely to be as reliable as those derived from a database of TANF recipients and could result in payments to ineligible individuals.

[11]The sixth state, Georgia, was still in the process of modifying its automated systems to track the time limit.

As discussed earlier, PRWORA directed HHS to prepare a report that would identify requirements for a system capable of tracking participants in public assistance programs over time and checking case records of the states to determine whether individuals are participating in the public assistance programs of more than one state. In its December 1997 report to the Congress, HHS noted that the tracking provisions present interstate issues and would require extensive coordination and interstate agreements. HHS identified five alternative system architectures for meeting the participant tracking requirements of the law. HHS analyzed these alternatives and concluded that while some clear distinctions existed in the functional capabilities of these system architectures, no system was clearly the best because of uncertainty regarding how some provisions of the law would be implemented.[12] HHS included three options for congressional consideration in its report.[13]

USDA has recently completed a study of the feasibility of a national system for tracking participation in public assistance programs. In August 1998, we issued a report in which we recommended the development of a national client database to reduce improper food stamp payments resulting from including individuals as members of recipient households in more than one state during the same period.[14] In a federally mandated report issued in November 1999,[15] USDA concluded that two of the five alternatives identified by HHS in its 1997 report would provide feasible models for a database of public assistance recipients that could be used for the Food Stamp program and to track TANF time limits. Nonetheless, the issue of how best to establish such a database remains unresolved.

[12]See HHS, ACF, *Report to the Congress on Data Processing* (Washington, D.C.: HHS, Dec. 1997).

[13]One option is for the Congress to review the information in HHS' report and select a specific system architecture. Another option is to specify that an evolutionary approach be used to develop a system, whereby progressively more sophisticated systems could be built in phases using the alternative system architectures identified by HHS. A third option is to authorize and appropriate funds for a steering committee that would be responsible for determining the approach to system development and implementation.

[14]This report focused on food stamp participation in California, Florida, New York, and Texas. See *Food Stamp Overpayments: Households in Different States Collect Benefits for the Same Individuals* (GAO/RCED-98-228, Aug. 6, 1998).

[15]See Mathematica Policy Research, Inc., *Options for a National Database to Track Participation in Federal Means-Tested Public Assistance Programs: Report to Congress* (Washington, D.C.: USDA, Nov. 1999).

State Automated Systems Projects Seek to Expand the Ability to Obtain and Analyze Data From Multiple Sources

The states we visited are planning or implementing a variety of automated systems projects to better provide the information needed by frontline workers and program managers in the new welfare environment. Because links among a range of program data systems are key to meeting these information needs, some projects focus on increasing frontline workers' access on their desktop computers to data on individual recipients across programs. Other projects, geared more to improving the capabilities of program managers to obtain and analyze data from different programs, involve developing new databases and query tools. Modifying and developing automated systems that better support welfare reform is a long-term and evolving process.

States Seek to Improve Capabilities for Coordinated Service Delivery by Expanding Automated System Links

States are using various approaches to make data on individual recipients stored in multiple systems more readily available to frontline workers to help them coordinate service delivery. These approaches include developing links among separate systems, replacing existing systems with new integrated systems, and constructing electronic networks to link agencies and service providers. In some states we reviewed, such projects represent the first time that data previously stored in separate automated systems operated by different agencies, such as human services and employment services, are being shared by the agencies and their affiliated service providers. Table 8 provides an overview of the objectives, scope, and implementation status of the case study states' projects.

Table 8: Automated Systems Projects Being Designed to Help Frontline Workers Coordinate Service Delivery

Project	Objectives	Scope of program data	Implementation status
Georgia			
System for the Uniform Calculation and Consolidation of Economic Support Services	• Create an on-line, real-time, desktop system for case and program management. • Provide automated support for determining eligibility, issuing benefits, determining claims, and generating management reports. • Support caseworker follow-up of former TANF recipients.	TANF, JOBS, food stamps, and Medicaid	Planning began in 1992 and implementation, in 1998. Project staff are currently working to achieve full reporting capability.
Employer Information System	• Create an Internet-based employer database that provides information on jobs, wage levels, benefits, and so on. • Provide automated support for coordinating services for TANF and welfare-to-work recipients.	Employer and job information	Being piloted in five offices
New Jersey			
One Ease-E Link	• Create local, Internet-based electronic communication and data-sharing networks to help coordinate services delivered to TANF recipients by public, private, and not-for-profit providers. • Provide automated capability for determining eligibility, identifying potential service providers, and scheduling recipients' appointments on a real-time basis. • Reduce duplicate collection of data.	Access to, and linking of, multiple statewide systems in support of TANF, food stamps, and child support	Being used in 2 counties; 15 other counties are in various stages of implementation.
Universal Application Process	• Provide a single, on-line, simultaneous "front-end" application for multiple state systems that provides eligibility, calculation, and benefit delivery functions.	TANF, AFDC, Medicaid, food stamps, and child support	Automated application software installed statewide in support of TANF, child support, and food stamps. Additional program support and enhancements are being developed.
Ohio			
Integrated Client Management System	• Provide frontline workers with a single entry point (a "common front end") to data on TANF clients in various automated systems. • Through Internet link allow matching of clients' qualifications to on-line job banks and employment services. • Eliminate redundant data entry and provide on-line reporting capabilities. • Provide tools to support case management, such as a directory of service providers and a geographic information system to provide mapping capability.	TANF, food stamps, Medicaid, state general assistance, child support, and child care	Directory of service providers being piloted in four counties; other components of project are being developed.

Continued

Project	Objectives	Scope of program data	Implementation status
Texas			
The Workforce Information System of Texas	• Help coordinate provision of services to all job seekers by providing a single point of access for multiple programs through use of a "common front end." • Provide frontline workers with history of all services provided to a client. • Provide information for meeting reporting requirements. • Provide standard and customized reports.	TANF, Employment Services, Food Stamp Employment and Training program, JOBS, JTPA, child care, UI, Supplemental Security Income, food stamps, and child support	Several phases of the project have been implemented. The next phase will incorporate employment services information pertaining to job orders, applicants, and job-matching procedures. Subsequent enhancements will incorporate child care data.
Texas Integrated Enrollment Redesign System	• Improve access to health and human services by creating an integrated system for determining eligibility for various programs. • Provide a directory of community services. • Provide ad hoc reporting capability.	Health and human services, and all medical assistance programs	In the early planning stages of a projected 8-year project; the initial plan was issued in June 1999.
Washington			
Jobs Automated System Ad Hoc	• Allow ad hoc generation of data reports by user specifications, such as cases by demographics, activity status, or program participation.	TANF work activities	Implemented in fall 1999
Wisconsin			
Partnership for Full Employment Case Management System	• Provide case managers with desktop access to data from various systems on recipients' involvement with various programs.	TANF, child care, UI, job training, Medicaid, Food Stamp Employment and Training program, vocational rehabilitation, new hires, and transportation.	Being tested

Continued from Previous Page

Source: GAO interviews in case study states and analysis of written materials about the projects.

These projects are intended to enhance the capabilities of frontline workers in such ways as the following.

- **Ohio's Integrated Client Management System** is expected to enable frontline workers in the state to use their desktop computers to obtain a holistic view of TANF recipients' and their families' use of social services, their service needs, and their strengths. The project is also expected to enable frontline workers to input data only once in a system and then have them automatically transferred to other appropriate systems, thereby helping reduce errors that arise from duplicate data entry.
- **Wisconsin's Partnership for Full Employment Case Management System** is intended to provide frontline workers with read-only access

to data in various state systems to enable them to determine a TANF recipient's involvement with different programs. For example, if a recipient has a record on the state's database of new hires, the system should display the hiring date and the address of the employer.

- **Georgia** is using its **System for the Uniform Calculation and Consolidation of Economic Support Services** to facilitate having a single frontline worker handle an applicant's involvement with TANF, food stamps, and Medicaid, whereas in the past the applicant would have been referred to three different eligibility workers.
- The **New Jersey** Departments of Health and Senior Services, Human Services, and Labor are providing leadership to counties that want to develop an on-line local electronic communication network. A frontline worker in one county piloting the **One Ease-E Link** network told a state official that she is now referring recipients to services "that she never even knew existed before," such as assistance in paying for needed medicines.

States Are Developing Databases and Query Tools to Improve Managers' Capabilities to Analyze Data Across Programs

In the wake of welfare reform, program managers have a greater need to obtain and analyze data from multiple programs to support their responsibilities for service planning and program oversight. To meet this need, states are developing data query tools and databases of current and historical data from multiple programs. States are working to expand their capabilities for analysis beyond the information contained in preprogrammed monthly reports by developing query tools that enable users to perform on-line queries and generate customized reports that meet their particular information needs. In addition, states are extracting and consolidating data from multiple systems in data warehouses, data marts, and other specialized databases to which more sophisticated query tools can be applied. Table 9 provides an overview of projects in the states we reviewed.

Table 9: Automated Systems Projects Being Designed to Enhance Analytical Capabilities of Program Managers

Project	Objectives	Scope of program data	Implementation status
Ohio			
Data warehouse[a]	• Provide a single repository of all transactions data from the Department of Human Services and 5 years of historical data. • Provide instantaneous responses to queries. • Provide data needed to meet federal TANF reporting requirements.	TANF, Medicaid, food stamps, child care, child support, and child welfare	Under development
Texas			
Data warehouse	• Support management in program and performance evaluation. • Develop a repository of data from eight data marts that is accessible from the Internet. • Provide 8 years of labor market data.	TANF, AFDC, employment, training, child care, labor market information, food stamps, JOBS, human resources, North American Free Trade Agreement,[b] UI, wages, child support, and Food Stamp Employment and Training program	In use
Washington			
Data warehouse	• Provide up-to-the-minute data on TANF recipients. • Support performance monitoring and ad hoc report generation.	TANF eligibility and work activities	Implemented in 1997
Data mart[c]	• Support user-specified data queries and provide capability to view reports on-line.	Employment services	Constructed and available to state headquarters staff who are being trained now; rollout to field staff will follow.
Bar Code	• Provide capability for ad hoc queries.	TANF eligibility and work activities, and child care	Implemented
Wisconsin			
Wisconsin Data for Organizational Management	• Provide a more flexible reporting environment and generate faster responses to requests for data and reports through Internet access. • Provide ability to display data by individual case managers in local TANF agencies. • Decrease drain on mainframe caused by data queries.	TANF, child care, child support, Medicaid, and food stamps	Under development; some components in use.
Wisconsin Policy and Administrative Data	• Create an integrated, longitudinal database to support management, evaluation, and research. • Provide information for monitoring the status of former TANF recipients.	TANF, Medicaid, food stamps, wages, criminal justice, UI, vocational rehabilitation, child support, and child welfare	Under development

[a]A data warehouse is a massive database that integrates information collected from disparate sources. Data warehouses are separate from the systems used for daily business operations and are usually dedicated to management decision support.

[b]The Department of Labor implemented a program in 1994 to assist workers who lose their jobs as a result of the North American Free Trade Agreement.

[c]A data mart is a smaller version of a data warehouse that usually incorporates data from fewer sources and is designed to meet a specific business need or problem.

Source: GAO interviews in case study states and analysis of written materials about the projects.

The following examples illustrate how states expect their projects to help managers.

- **Texas' data warehouse** is expected to help managers assess program results and the performance of service providers by providing the capability to answer various questions, such as how many participants in different training programs entered employment within 2 months and what their average wage levels were.
- **The Wisconsin Policy and Administrative Data** project seeks to help track former TANF recipients' progress toward economic independence by providing information such as their post-TANF earnings as compared with the earnings of other low-wage workers, their job entry and retention rates, and their use of other support programs.

The extent to which the large databases under development will effectively and efficiently meet information needs for welfare reform remains to be determined. According to a May 1998 report of the National Association of State Information Resource Executives, "Practically every state has developed, is designing or is planning to build a data warehouse to implement welfare reform."[1] However, establishing a data warehouse is a complex and potentially costly undertaking. Data must be reformatted to use standard definitions and conventions across programs and checked for missing or erroneous entries.[2] Nonetheless, these automated systems projects hold promise for expanding the amount of information available to program managers.

[1]National Association of State Information Resource Executives, *Welfare Reform and State Human Service Information Systems* (Lexington, Ky.: NAIRE, May 1998).

[2]For example, programs sometimes use different conventions for identifying clients, such as Social Security numbers or system-generated identifiers.

Federal Action Could Help Overcome Obstacles States Face in Improving Automated Systems

States face a number of obstacles to improving their automated systems, such as the magnitude of changes due to welfare reform, the inherent difficulties involved in successfully managing information technology projects, competition with the private sector to recruit and retain information technology staff, and the complexity of obtaining federal approval and funding for systems projects that involve multiple agencies. The federal government could take actions to facilitate states' automation efforts by providing more information to states on best practices for managing information technology, reviewing and modifying as needed the federal approval and funding process for automated systems, facilitating links among state automated systems, and addressing the need for information to track TANF time limits across state lines. Currently, no group or organization that brings together key federal agencies involved in welfare reform has been formally charged with developing solutions to the range of obstacles states face in improving their automated systems. To encourage such federal efforts, we recommend that HHS establish an interagency group that would meet such a challenge.

States Face a Range of Obstacles to Improving Their Automated Systems

Experience shows that developing new automated systems or modifying existing systems to meet current needs can be a complex and difficult undertaking. This is certainly true in the current environment, in which states face significant obstacles to effectively and efficiently managing complex information systems projects.

Changes Due to Welfare Reform Have Complicated Systems Development and Modification

The large-scale changes in the mission and operations of welfare agencies have complicated states' efforts to define the functional and data requirements for automated systems projects.[1] As the roles of frontline workers and program managers have expanded beyond eligibility determination to include a focus on employment, welfare agencies have taken and continue to take steps to change the way they do business. Washington state officials cited the large-scale changes in welfare reform as a major obstacle to systems development. One state official commented that planning systems modifications under these conditions is like

[1]For more information on the process of developing functional and data requirements, see *Strategic Information Planning: Framework for Designing and Developing System Architectures* (GAO/IMTEC-92-51, June 1992).

"building the plane while you are flying"—trying to be responsive to customer needs before the customer's needs are fully understood.

Many state and local agencies have established new collaborative efforts with other agencies and community organizations to provide services to TANF clients, which creates new needs for information sharing among these partners. The added complexity of working with many partners can exacerbate systems development efforts, as has occurred in Georgia and Washington. Georgia's welfare reform program involves three primary partners at the state level: the labor, welfare, and adult education agencies. The ability of these agencies to develop automated systems to meet their overlapping information needs for welfare reform has been hampered by significant differences in agencies' program priorities, systems architectures, and technological capabilities. For example, the labor agency has its own mainframe system, whereas the welfare agency uses a mainframe system maintained by the Department of Administrative Services and is therefore dependent on the cooperation of this department to make any needed systems changes.

Officials in Washington also reported obstacles in this area, noting that the complexity of automated systems projects typically increases substantially as more agencies are involved, and the project scope tends to expand to satisfy the needs of all the agencies. Some states have made organizational realignments that helped to ease such systems development issues. For example, the governor of Wisconsin merged the state labor and welfare agencies into a single department in 1998, and Wisconsin state officials told us that the merger had facilitated their systems development efforts.[2]

[2]States' welfare and workforce development systems have traditionally been located in separate agencies. For further information on how welfare reform has affected these systems, see *Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients* (GAO/HEHS-99-22, Feb. 26, 1999).

Furthermore, some states have devolved substantial authority to their localities for designing TANF programs, which means that state automated systems will be called upon to support a potentially more diverse range of local program goals and operations. For example, Ohio cited the devolution of its TANF program as a major obstacle in designing its Integrated Client Management System. Ohio state officials told us that while the state's focus in developing this system is to support local needs, it has been very challenging to actually do so because of the substantial diversity of operations among the state's 88 counties.[3]

In addition to the large-scale changes in the mission and operation of welfare agencies, the expanded federal reporting requirements have complicated for states the task of defining their own systems needs. Several states we visited or surveyed noted that the substantial investment in resources required to modify systems to meet the expanded federal requirements constrained their own efforts to use or improve their systems to better implement and oversee their welfare reform programs. In our earlier work on states' automated systems for JOBS, the previous welfare-to-work program for AFDC recipients, we found that states focused system design solely on meeting federal data collection and reporting requirements rather than on other program objectives, such as providing information for the use of frontline workers in helping welfare recipients find employment.[4]

In addition, welfare reform has created a need for states to have access to cross-state information on individuals' TANF receipt to enable enforcement of the 5-year TANF limit. As previously discussed, the states we reviewed generally do not have access to such information.

[3]Ohio has a county-administered, state-supervised TANF program.

[4]See *Welfare to Work: JOBS Automated Systems Do Not Focus on Program's Employment Objective* (AIMD-94-44, June 8, 1994).

Finally, a long-standing obstacle to developing automated systems that support service delivery to low-income families is the multitude of programs operated by several different federal agencies that provide services to this population. We reported in 1995 that the complexity of the system of aid for low-income families, including diverse and sometimes contradictory program requirements and separate funding provisions, has made it difficult for states to develop integrated, streamlined automated information systems, often leading states to develop essentially separate automated systems for each program.[5] States continue to cite these conflicting program requirements as obstacles to developing systems that meet information needs that cross program and agency boundaries, which has become more critical than ever as a result of the broad objectives of welfare reform. For example, Texas officials said that the variety and complexity of eligibility requirements for different federal programs have presented a major challenge for the state's plan to design an integrated system intended to improve the efficient completion of eligibility processes.[6] In addition, Wisconsin officials commented that federal TANF and welfare-to-work grant reporting requirements use different definitions for some key terms, such as "closed case," which complicates systems development.

Managing Complex Information Technology Projects Poses Difficulties

Successfully managing information technology projects is difficult, and many projects fail. Our fieldwork produced examples of difficulties states encountered in effectively managing information technology projects. New Jersey officials said that in planning for the development of systems to support their welfare reforms, they had to decide whether to maintain and modify existing systems or replace them using new technologies, which would require identifying the most appropriate technological alternatives. As a result of such challenges, it took about 4 years for the state to develop its plans for automated systems initiatives. State officials in Ohio decided to delay the rollout of its new system in order to shift from a client server technology, as originally planned, to an Internet-based technology, in large part to take advantage of the greater opportunities for information access provided by the latter.

[5]See *Welfare Programs: Opportunities to Consolidate and Increase Program Efficiencies* (GAO/HEHS-95-139, May 31, 1995).

[6]Texas officials also pointed out that the separation of Medicaid from TANF has increased the difficulty of designing systems to determine Medicaid eligibility.

The HHS study of state automated systems mandated by PRWORA found that the automated systems that were being used for TANF in 66 percent of the states in 1997 first became operational in the 1970s or 1980s.[7] New types of systems hardware have been developed since the initial state welfare automated systems were developed using mainframe architectures in the 1970s. Client server architectures were developed to provide end users with greater capabilities to manipulate data in a system. Additionally, in the last several years, Internet-based architectures have been developed that allow frontline workers and managers to access data from several separate systems at one time. Through this new Internet capability, states can build systems that better promote integrated service delivery while still drawing on the capacities of existing systems. The need to update both hardware and software is especially pronounced in the welfare arena because many states are using older automated systems to manage their welfare programs.

Obtaining Staffing for Projects Has Presented Obstacles Related to Y2K Preparations and Competition With the Private Sector for Staff

Obtaining sufficient staff resources for automated systems projects is another area in which states have encountered obstacles. Two principal obstacles cited by states were the substantial staff resources diverted to address the Y2K issue and difficulties recruiting and retaining qualified information technology staff. The Y2K issue had a sharply defined deadline and the potential for major service disruptions, which helps account for the high priority states placed on modifying systems to address this issue. States told us that this priority constrained their abilities to obtain information technology staff to undertake new automated systems projects for welfare reform.

[7]The report noted that generally accepted information technology standards assume that the average life of a large-scale computer system ranges from 5 to 7 years, and after that time, new technology advances make it advantageous to implement a replacement system. See HHS, ACF, *Report to Congress on Data Processing* (Washington, D.C.: HHS, Dec. 1997).

In addition, states have encountered long-standing problems in recruiting and retaining information technology staff. States reported that these problems are due to factors such as the relatively lower pay and benefits of information technology jobs in the public versus the private sector and fewer opportunities in the public sector to work with the newest hardware and software. Several states noted that the loss of some information technology staff to the private sector had significantly diminished their organizational expertise in the area of information technology. Child support enforcement officials in Texas told us that about 80 percent of information technology personnel, such as systems analysts and programmers, left state government jobs to join various firms that contract with the child support enforcement program and other program areas.[8] According to state officials, the loss of these personnel has resulted in poor or reduced service to the public, because without timely upgrades to automated systems, program personnel cannot easily access case information, update files, or respond to customer inquiries.

Obtaining Federal Funding Approval for Systems Projects Presents Obstacles

States reported that the federal procedure that they must follow for systems procurement is a major obstacle in obtaining federal funding for their automated systems projects. As discussed earlier, to promote accountability for the use of federal funds, the federal government requires that states develop an APD to obtain federal funding for automated systems projects related to food stamps, Medicaid, or child support enforcement.[9] While these acquisition procedures applied to AFDC, they do not apply to systems supported with TANF funds only. This reduced federal role in TANF-funded systems is in keeping with the general devolution of responsibility for TANF programs and operations to states. PRWORA stated that HHS may not regulate state-managed TANF programs except in those areas specifically authorized by PRWORA. PRWORA also specified reduced HHS staffing levels for the administration of TANF. Policy devolution and reduced staffing have altered HHS' oversight roles and responsibilities, particularly in the area of automated systems.

[8]See *Social Service Privatization: Ethics and Accountability Challenges in State Contracting* (GAO/HEHS-99-41, Apr. 5, 1999).

[9]APDs must contain a state's statement of needs and objectives, requirements analysis, and alternatives analysis, and they must also set forth the project management plan with a cost-benefit analysis, proposed budget, and prospective cost allocations. To obtain continued federal funding throughout the system's life, a state submits an APD update to report the system's status and to request additional funding annually or, if needed, more frequently.

States criticized the APD process as being too cumbersome with respect to designing systems that require approvals from multiple federal agencies. For example, Ohio state officials told us that they decided to develop their new case management system using TANF funds only—even though they would have preferred to use additional sources of federal funds—because of a desire to avoid the APD process for such reasons. New Jersey state officials commented that even though federal agencies encourage the development of integrated systems, the narrow programmatic focus of federal agencies in the APD cost allocation process makes this difficult. The American Public Human Services Association (APHSA) has echoed such concerns, maintaining that federal procurement procedures, including the APD approval process, are not structurally capable of quickly and effectively responding to the rapidly changing business and technological environments confronting welfare reform.[10]

[10]APHSA is the organization that represents managers of state and local human services agencies. See *Tools for Information Systems Reform* (Washington, D.C.: APHSA, distributed Dec. 1998), which includes APHSA's recommendations for improving the federal procurement process.

Previous collaborative efforts of federal and state officials have had some success in improving the APD process. In response to our 1992 recommendation that ACF, HCFA, and USDA collaborate when approving states' system proposals, an Information Technology Partnership Project was established that year to address identified problems with the approval process.[11] The project involved a series of meetings of representatives from HHS, USDA, the American Public Welfare Association,[12] and the National Association of State Information Resource Executives. In 1994, the project developed a list of action items for improving the APD process. USDA officials told us that the collaborative efforts of USDA and HHS contributed to improvements in the APD approval process after the project ended. For example, they noted that regulations issued jointly by USDA and HHS in 1996 provided regulatory relief by raising the thresholds that trigger APD reviews. USDA officials also pointed out that all federal partner agencies agreed upon an expedited approval process for state systems approvals related to Y2K. While all of the short-term action items identified by the Information Technology Partnership Project have been implemented, several items that were designated for long-term action have not been implemented and remain open issues, according to HHS officials.[13]

Federal Actions Could Help States Improve Automated Systems

The federal government's primary role in the area of state development of automated systems for social programs has historically been that of a regulator, focusing on ensuring compliance with applicable federal statutes and regulations. While PRWORA reduced the role of HHS in overseeing systems funded solely with TANF funds, HHS still plays a key role, along with USDA and Labor, in funding and overseeing states' information systems for social programs. Because of this key role, the federal government could further enhance the progress of welfare reform by also functioning as a facilitator of states' automated system initiatives. On the basis of our visits to six states, surveys of an additional nine states, a

[11]See *Welfare Programs: Ineffective Federal Oversight Permits Costly Automated System Problems* (GAO/IMTEC-92-29, May 27, 1992) for a more detailed discussion of the recommendation and related findings.

[12]The American Public Welfare Association subsequently changed its name to the American Public Human Services Association.

[13]For example, the action item to propose performance and accountability standards for systems projects to replace the existing federal up-front review, approval, and monitoring processes was not implemented.

review of numerous reports on these issues, and consultation with experts participating in the GAO/Rockefeller Institute Working Seminar on Social Program Information Systems, we identified four key areas in which federal actions could facilitate states' efforts.

- Disseminate information on best practices for managing information technology, particularly in the area of welfare reform. Without assuming greater responsibility for managing states' information technology projects, the federal government could do more to provide information on and increase states' access to expertise in that area.[14] For example, the government could serve as a clearinghouse for information on best practices in public and private organizations and sponsor conferences that disseminate information on successfully managing information technology projects. In addition, it could identify and disseminate information on state best practices in developing or modifying automated systems to support the new welfare reforms.
- Review, and modify as needed, the APD process to ensure that it meets federal needs for state accountability without unnecessarily hindering state development efforts. Although the APD is no longer required for systems developed solely with TANF funds, the process is still key to states' efforts to integrate or connect TANF, food stamps, and Medicaid systems. The federal process for APD could be reviewed to ensure that it supports what is currently known about best practices in systems development. In addition, the key departments and agencies involved—USDA and HHS' ACF and HCFA—could work more closely in the APD review and approval process, as is warranted by the need to approve plans for systems projects that involve multiple programs, and in keeping with our recommendation about this in our 1992 report.
- Play a stronger role in facilitating links among the automated systems used by different state and local agencies through such means as the following.
  - Serve as a clearinghouse for information on strategies being used to develop connections among automated systems for different

[14]We have issued several guides to general best practices in information technology. See *Executive Guide: Leading Practices in Capital Decision-Making* (GAO/AIMD-99-32, Dec. 1, 1998), *Executive Guide: Measuring Performance and Demonstrating Results of Information Technology Investments* (GAO/AIMD-98-89, Mar. 1, 1998), *Business Process Reengineering Assessment Guide* (GAO/AIMD-10.1.15, Apr. 1997), and *Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology* (GAO/AIMD-94-115, May 1, 1994).

programs, particularly in new areas such as vocational education and criminal justice.
  - Support demonstrations designed specifically to promote better partnerships between state and local agencies, which lead to more effective and efficient performance of automated systems.
  - Coordinate existing and new data collection and reporting requirements developed by federal agencies for different programs to encourage common definitions and standards where feasible.
  - Identify conflicting eligibility requirements for federal programs that serve similar populations. Federal agencies could work together to identify and revise those eligibility requirements determined at the agency level rather than in legislation. In addition, agencies could present to the Congress proposals for changing selected conflicting eligibility requirements in order to better facilitate integrated service delivery while still meeting congressional objectives.
- Address the need for states to have access to cross-state information on individuals' TANF receipt so the states can enforce the federal 5-year TANF time limit. In its December 1997 report to the Congress, HHS presented some options for a national tracking system for congressional consideration and also noted that more information about how states implemented welfare reforms would be needed before considering the most appropriate options for tracking the time limit nationwide. A November 1999 report by USDA studied options for a national system to detect certain types of food stamp fraud and time limits that had been exceeded as well as to track recipients' time on TANF. TANF recipients could begin to reach the 5-year time limit established by PRWORA as early as 2001. In addition to establishing this time limit, PRWORA required HHS to impose a financial penalty on states that provide federal TANF aid to families no longer eligible because of the time limit, and HHS will need accurate information to enforce this penalty.[15] HHS could take the lead in addressing the need for a national system and work with the Congress to the extent that legislation and resources are needed to accomplish that goal. HHS could also work with USDA as that agency considers a national system to help it identify individuals who are illegally receiving food stamps.

[15]PRWORA does authorize states to use their maintenance-of-effort funds to provide aid to families who have reached their time limits.

Conclusions

The current environment provides a window of opportunity for more coordinated federal attention to automated systems for social programs. Because states have reported that their automated systems have successfully made the transition to the new century, many state and local staff resources will no longer be diverted to Y2K-related work. Increased attention to the ongoing and evolving process of improving states' automated systems for social programs could ultimately help bring about more effective and efficient service delivery for low-income families. More specifically, improved systems would help ensure that the intended goals and requirements of TANF, such as promoting work and enforcing the 5-year time limit on aid, are met.

Many of the obstacles states face may be best addressed at the state level, such as the need for collaboration across state and local agencies. However, coordinated action at the federal level would help address several of the obstacles encountered by states as they take steps to improve their automated systems for social programs. Because the issues that need to be addressed involve several federal programs and agencies, any actions undertaken must involve key federal agencies. However, currently, no group or organization formally brings together the array of federal agencies involved in welfare reform to help devise solutions to the issues facing states in improving their welfare and welfare-related automated systems. HHS could play a pivotal role in orchestrating such a broad-based collaborative approach by bringing representatives of key federal agencies and other organizations together to work on these issues.

Recommendation to the Secretary of Health and Human Services

We recommend that the Secretary of HHS establish an interagency group to identify, and develop implementation plans for, federal actions that would facilitate states' efforts to improve their automated systems for federal programs that serve low-income families. The group should include high-level federal officials from HHS, USDA, Labor, and other federal agencies as appropriate. The interagency group should obtain input from state and local social program and information technology managers; the group could also seek input from others, such as state organizations, professional organizations of social program officials, and welfare researchers. In addition to any actions that the interagency group identifies on its own, it should consider actions in the following areas.

- Disseminating information on best practices for managing information technology generally and best practices specific to automated systems that support welfare reform.
- Reviewing, and modifying as needed, the federal process for systems procurement to ensure that it meets federal needs for state accountability without unnecessarily hindering state development efforts.
- Facilitating links among the automated systems used by different state and local agencies through such means as supporting demonstrations designed to promote better partnerships between state and local agencies and coordinating data reporting requirements for different federal programs.
- Addressing the need for states to have access to cross-state information on individuals' TANF receipt to enforce the 5-year TANF time limit.

Agency Comments and Our Response

We obtained comments on a draft of this report from HHS, USDA, and Labor. USDA and Labor agreed with our recommendation. HHS said that it would, along with other involved federal agencies, undertake a review of, and modify as needed, the federal process for systems procurement. HHS said that the objective of the review would be to ensure that federal needs for state accountability are met without unnecessarily hindering state development efforts. HHS did not specifically say that it would take responsibility for establishing an interagency group to accomplish this review, as we recommended. We continue to believe that HHS, as the agency responsible for many of the programs, should take the initiative in establishing an interagency group. In agreeing with the report recommendation, Labor suggested that it might make sense to place the recommended interagency group under the direction of the Domestic Policy Council because of the cross-cutting nature of providing services to low-income families. This is another way that our recommendation could be implemented.

In its comments, HHS emphasized the initiatives it has taken or has under way to help states achieve effective information systems that support the transition of families from welfare to work. HHS also emphasized the information systems procurement process when discussing what it would review with other agencies. We believe that the interagency group should, as outlined in the recommendation, address multiple issues, not just the computer systems procurement process.

USDA commented that the report did not sufficiently recognize accomplishments since 1992 with respect to federal streamlining of the APD approval process. We added information on these accomplishments to the report. USDA also commented that effective implementation of the report's recommendation would require additional funding and staff resources and that USDA's Food and Nutrition Service has not been successful in its efforts to obtain additional resources, including federal employees and contractor support, to bolster the existing APD process. If USDA believes that additional resources would be needed to implement components of our recommendation, it should request and justify additional resources in its budget proposal.

Comments from HHS, USDA, and Labor appear in appendixes III, IV, and V, respectively. We also obtained technical comments from USDA and the six case study states and incorporated them in the report as appropriate.

The GAO/Rockefeller Institute Working Seminar on Social Program Information Systems: Objectives, History, and Membership

The capability to obtain the information needed to implement and oversee welfare reform is a critical element for its success. To assist congressional oversight and provide expertise to inform our work in the area of automated information systems, GAO jointly established the working seminar with the Nelson A. Rockefeller Institute of Government in March 1998. The federal government, as a major funder of automated systems for social programs, has a major stake in the development and operation of these systems. The primary objectives of the working seminar are to (1) determine the overall directions in which state automated systems must move to better meet the information needs of welfare reform, (2) identify changes needed at the federal level to facilitate movement in these directions, and (3) disseminate these findings to stimulate action to implement such changes.

The working seminar met six times between March 1998 and November 1999. In the initial three meetings, members worked with GAO staff to articulate some conceptual categories and methodological approaches to help structure our study of the subject matter. The fourth meeting, in March 1999, featured views from officials from Ohio, Texas, and Wisconsin on the capabilities of their automated systems, their efforts to improve these systems, and the obstacles they have encountered. The June 1999 meeting focused on federal obstacles that can impede states' progress in developing integrated information systems for social programs. The meeting sought to identify the sources of some of these obstacles and explore how they might be addressed. At the November 1999 meeting, we presented preliminary findings based on the fieldwork we had completed on this job in collaboration with field researchers from the Rockefeller Institute's State Capacity Project and obtained feedback from members of the working seminar.

Members of the GAO/Rockefeller Institute Working Seminar on Social Program Information Systems

Patrick Babcock, W.K. Kellogg Foundation

Rebecca Blank, University of Michigan

Rachel Block, Health Care Financing Administration, U.S. Department of Health and Human Services

Catherine Born, University of Maryland

Henry Brady, University of California, Berkeley

Brett Brown, Child Trends

John Cuddy, Oregon Department of Human Services

Cynthia Fagnoni, GAO (cochair)

John Thomas Flynn, Litton PRC

Thomas Gais, Rockefeller Institute of Government

Susan Golonka, National Governors' Association

Richard Hardin, Employment and Training Administration, U.S. Department of Labor

Ronald Haskins, Committee on Ways and Means, U.S. House of Representatives

John Hurd, Ohio Department of Human Services

Anil Kakani, U.S. Office of Management and Budget

Andrea Kane, White House Domestic Council

Joseph Leo, U.S. Department of Agriculture

Jan Lilja, Food and Nutrition Service, U.S. Department of Agriculture

Terrence Maxwell, Rockefeller Institute of Government

Lawrence Mead, New York University

Ronald Mincy, The Ford Foundation

Richard Nathan, Rockefeller Institute of Government (cochair)

Mark Ragan, Administration for Children and Families, U.S. Department of Health and Human Services

Howard Rolston, Administration for Children and Families, U.S. Department of Health and Human Services

Elaine Ryan, American Public Human Services Association

Stephanie Shipp, U.S. Census Bureau

Larry Singer, Public Interest Breakthroughs, Inc.

Douglas Steiger, Finance Committee, U.S. Senate

Sheri Steisel, National Conference of State Legislatures

William Waldman, American Public Human Services Association

Joel Willemssen, GAO

Michael Wiseman, The Urban Institute

Links Among Automated Systems for Different Social Programs

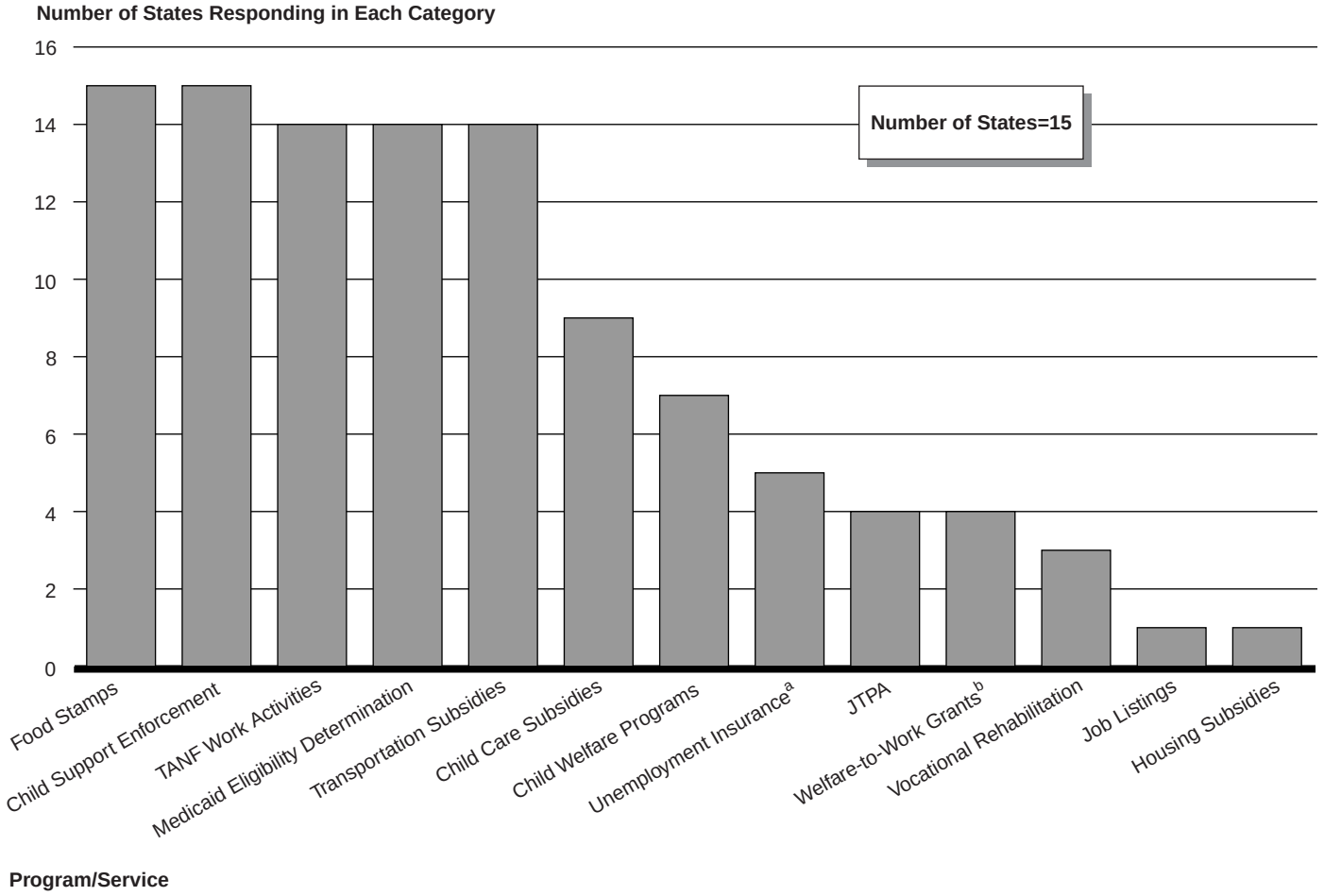
Links among automated systems can provide frontline workers and program managers access to a broader range of information on TANF recipients' involvement with different social programs and thereby facilitate the implementation of welfare reform. The extent to which states have established links among automated systems for different programs varies substantially. In the 15 states we surveyed, the systems that support TANF eligibility determination are, in almost all cases, linked with the automated systems for food stamps, child support enforcement, TANF work activities, Medicaid eligibility determination, and transportation subsidies for TANF recipients, as shown in figure 6.[1] These links reflect federal mandates and enhanced federal funding for automated system links in these programs.[2] In contrast, automated systems for other services that TANF recipients may need in order to facilitate their movement toward employment, such as child care subsidies, job training through JTPA, welfare-to-work grant services, vocational rehabilitation, job listings, and subsidized housing, are generally not linked to systems for determining TANF eligibility.[3]

[1]The types of automated systems links that states identified in their responses to this question included daily, nightly, weekly, and monthly batched data exchanges and the capacity of one system to query data from another system.

[2]As discussed earlier, states were eligible for 90 percent in federal matching funds before April 1994 if they combined separate systems for AFDC, food stamps, and Medicaid into a single, integrated Family Assistance Management Information System. In addition, the Family Support Act of 1988 required that statewide systems be developed to track determination of paternity and child support collections, and that these systems be linked with state systems for AFDC.

[3]We do not assume that all of the programs listed in fig. 6 should be linked to the program for TANF eligibility or that these are the only programs that might be linked. For example, some officials said that it would be useful to have the system for TANF work activities linked to the system for job listings to facilitate tracking TANF recipients' referrals to job listings. There is a wide range of other system links that are potentially useful for welfare reform, including links to automated systems for public education, mental health services, and criminal justice. For a survey of projects under way in 26 states to link data from social service programs, see UC Data, *An Inventory of Research Uses of Administrative Data in Social Services Programs in the United States–1998* (Berkeley, Calif.: University of California, Feb. 1, 1999).

Figure 6: Programs With an Automated System That Either Is the Same as, or Shares Data With, the System Used for Determining TANF Eligibility



Note: We asked state officials to indicate whether the automated system used for each of the specified programs is (1) the same system as used for determining TANF eligibility, (2) a separate system that is linked to the system used for TANF eligibility, or (3) a separate system that is not linked to the system used for TANF eligibility (that is, the systems do not share data). This figure shows the number of states that responded either "1" or "2" for each of the programs; thus, lower bars indicate a larger number of states in which a program is supported by a separate system that does not share data with the system for determining TANF eligibility.

[a]One state did not respond to the question on unemployment insurance.

[b]One state did not respond, and another did not receive welfare-to-work grants.

Source: Responses from state officials to GAO's questionnaire.

Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

MAR 24 2000

Ms. Cynthia M. Fagnoni
Director, Education, Workforce, and
Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Ms. Fagnoni:

Enclosed are the Department's comments on your draft report, "Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort." 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 appreciates the opportunity to comment on this draft report before its publication.

Sincerely,

June Gibbs Brown
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 General Accounting Office reports. The 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 U.S. GENERAL ACCOUNTING OFFICE'S DRAFT REPORT, "Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort" (GAO/HEHS-00-48)

General Comments

The Department of Health and Human Services (Department) appreciates the opportunity to comment on the General Accounting Office's (GAO) draft report. State and local governments automated systems are integral to the administration of programs that help low-income individuals with children obtain employment and become economically independent. The information contained in GAO's report will inform the discussion surrounding the implementation and results of welfare reform.

Our comments below reflect the nature of the Temporary Assistance for Needy Families (TANF) program, which maximizes State flexibility and limits Federal involvement.

The GAO draft report focuses on information needs under the TANF program. As such, we believe it is important to outline the context of the program, which is critical to how it has been implemented, its success to date and how the Federal Government might deal with program issues, including those raised in the draft report.

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, States have maximum flexibility in designing and administering the TANF program. As the draft report indicates, the TANF legislation established program requirements, such as employment targets, penalties and reporting requirements, which affect program operations and administration. However, States and localities are free to choose how they will meet these requirements within the overall context of how they choose to implement the program.

The TANF legislation contains an explicit limitation on Federal regulation and enforcement, and provides specific and very limited responsibilities to the Federal Government. Among these responsibilities are limited program oversight (review, not approval of State TANF plans), implementation of the program's funding, penalty and reporting provisions, and responsibility for program research and evaluation. Further, in recognition of the block grant nature of the TANF program, the legislation required a substantial reduction in Federal staffing. The Department has implemented this staff reduction.

The TANF program has demonstrated early successes in moving parents from welfare to work. In 1998, more than 1.3 million parents went to work. Eighty percent of those employed at some point in the year were still employed in the next quarter. The earnings of families that remained employed two quarters later increased by 23 percent. All States are meeting the 1996 welfare reform law's requirement for a minimum percentage of all families working or participating in work activities. Nationally, 35 percent of all welfare recipients were working or in work-related activities in 1998, nearly quadruple the

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percentage from 1992. Independent studies report that approximately 60 percent of parents who leave welfare, do so for a new job or increased earnings. Approximately 80 percent of parents who leave welfare work sometime during the following year. Also, welfare caseloads have decreased in historic numbers. There are half as many families on welfare in 1999 as there were in 1993. There remain new challenges for States in delivering on the promise of welfare reform, for example, reaching all families, especially those with more barriers to employment, and supporting those families in the work force. The Department is also encouraging States to ensure that families who do leave welfare, but retain eligibility, secure the important benefits of Medicaid and Food Stamps that help them transition successfully to self-sufficiency.

The TANF program gives States wide latitude in the information systems area. States are no longer subject to the advance planning document reporting requirements (or Federal process for systems procurement as it is referred to in the draft report) at 45 CFR Part 95, Subpart F, as they were under the former Aid to Families with Dependent Children program. They are no longer subject to Federal oversight in the planning, development, implementation and funding of information systems which support the program. The GAO draft report indicates that a number of the States contacted during the preparation of the report are developing and implementing major new information systems initiatives in support of the TANF program. We would expect that with the passing of the Year 2000 systems problem without major event, more States will initiate such projects. We would further expect that a TANF program provision, which exempts expenditures for information systems from a 15 percent administrative expenditures program cap, will provide added incentive for States to undertake such initiatives.

GAO Recommendation

We recommend that the Secretary of HHS establish an interagency group to identify, and develop implementation plans for, federal actions that would facilitate states' efforts to improve their automated systems for federal programs that serve low-income families.

Department Comments

The Department agrees that information systems are important to State and local governments' administration of welfare. The Department also agrees that there are obstacles that States encounter in their efforts to achieve effective systems. While the Federal process for monitoring States' systems development initiatives does not apply to the TANF program, it does apply to the Department's Medicaid, child support and child welfare programs. Within the context of these responsibilities, the Department has and will undertake a number of initiatives to assist States in their efforts to achieve effective information systems and therefore secure successful transitions for families moving from welfare to work. We will also continue to work with States to identify model outreach strategies, program operations, and coverage expansions.

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Examples of past and ongoing initiatives

The TANF legislation required that the Department provide the Congress with a report on data processing. The report, which was provided in December 1997, addressed the status of the automated data processing systems operated by States to assist management in the administration of the State programs under TANF. The report also addressed the issue of what would be required to establish a system capable of tracking participants in public programs over time, that is, over the 5-year lifetime Federal benefit limit. The report included options for establishing a system to track time limits nationwide and areas where legislation would be required to enable pursuit of such a system.

The Department, through its cooperative agreement with the Joint Center for Poverty Research, has supported two efforts by outside experts to understand issues and capacities of States' administrative databases. Both of these efforts are referenced in the GAO report. The first was the work of the advisory panel on the research uses of administrative data. The panel issued its report in 1998. The second was the effort carried out by the University of California-Berkeley Data Archive and Technical Assistance Center, which inventoried the capacities of 26 States to link administrative data across programs and/or over time for the purposes of program administration and research. This report was issued by the Joint Center for Poverty Research in 1999.

With regard to the programmatic concerns highlighted in GAO's report, one of the Department's goals is to continue to do everything possible to maximize the number of individuals with health insurance. We believe that Medicaid is a critical support to persons moving from welfare to work. The decoupling of Medicaid and TANF means that States need to pay careful attention to their eligibility and enrollment processes, especially the computer systems. Through the Department's Health Care Financing Administration (HCFA) site visit process described below, there are early indications that some systems limitations have played a part in erroneous denials and terminations in some States, as well as complicating application and enrollment processes and preventing successful outreach. That is why we have worked with States to ensure that people moving off of cash assistance programs, as well as low-income working families who may not realize they are eligible for assistance, get Medicaid benefits if they are eligible for Medicaid.

The HCFA has been aggressive in ensuring that States extend Medicaid to everyone who qualifies. Since the beginning of 1997, HCFA has issued numerous letters to inform and educate the States concerning their responsibilities under Medicaid. A guidebook for States released in March of 1999 is just one example of the Department's efforts to work with States to ensure that people moving off cash assistance programs, and working families who may not realize they are eligible for assistance, still get Medicaid benefits. The HCFA also released guidance in January advising States of the continued availability of Federal funds set aside in the 1996 welfare law to help States cover the costs of adapting their Medicaid policies and systems to welfare reform changes. These Federal funds are available to help fund improvements of computer systems. At the end of 1999, the Administration worked successfully with Congress to extend the life of this fund.

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The HCFA has also conducted comprehensive reviews of State Medicaid enrollment and eligibility processes. These reviews, conducted by HCFA regional office staff, included interviews with State officials and case file checks to assess and assure compliance with current law and to develop recommendations for improvements.

The review teams are planning to highlight best practices for ensuring that eligible families get Medicaid. In addition, HCFA will be working with the States to ensure that all relevant laws and regulations are followed appropriately. The HCFA will take all necessary steps to ensure compliance with statutory requirements. When these reviews have been completed, sometime later in 2000, we will be in a better position to provide further information, to comment on what is needed and to provide suggestions for actions.

The GAO report restates what studies have already shown--that the decoupling of cash assistance and Medicaid provides both challenges and opportunities for States. It is a positive development that single parents are moving off welfare rolls to jobs. But States can and should do more to ensure access to important work supports, such as health insurance. In fact, States have more options now than ever before to provide health insurance to low-income families, including the ability under section 1931 of the Social Security Act to make more families eligible for Medicaid, and the option to waive the "100 hour rule" to expand Medicaid eligibility to working, two-parent families. (A waiver of the "100 hour rule" allows a family with minimal employment to qualify for Medicaid benefits.)

Process reform

The Department, along with other involved Federal agencies, will undertake a review, and modify as needed, the Federal process for systems procurement to ensure that we meet Federal needs for State accountability without unnecessarily hindering State development efforts, as recommended in the draft report.

As indicated above, the Federal process for monitoring States' systems development initiatives does not apply to the TANF program. However, it continues to apply to the Department's Medicaid, Child Support Enforcement and Child Welfare programs. To the extent that these programs and the State and local systems that support them, interact with the TANF program, the process also affects the TANF program. On this basis, the Department will undertake an effort to review the process as recommended in the draft report.

Comments From the Department of Agriculture

USDA

United States Department of Agriculture

Food and Nutrition Service

3101 Park Center Drive

Alexandria, VA 22302-1500

Ms. Cynthia M. Fagnoni
Director
Education, Workforce and Income Security Issues
United States General Accounting Office
441 G Street, N.W., Room 5928
Washington, D.C. 20548

Dear Ms. Fagnoni:

This letter provides Agency comments on the General Accounting Office's (GAO) draft report entitled, "WELFARE REFORM: Improving State Automated Systems Requires Coordinated Federal Effort." The United States Department of Agriculture (USDA) is committed to improving the development of effective State Automated Data Processing (ADP) systems that are of maximum benefit to States and to the Federal government. Automation of social service programs is a complex and expensive process. We agree that effective oversight of the development and implementation of State automated systems requires a dedicated team effort by all Federal, State, and local partners to complete the objectives of welfare reform legislation.

Achieving the proper balance between the need for Federal oversight and the need to assist in States' expeditious development and modification of automated systems is an integral, and ongoing, goal of our Advanced Planning Document (APD) review process. We agree with many aspects of the report but are concerned that the report's recommendation to review and modify the Federal process for systems procurement to ensure that it does not unnecessarily encumber States' development efforts implies that these actions are not already an ongoing major part of our current review process. Much of the current report is based on previous recommendations from the 1992 report, "Welfare Programs: Ineffective Federal Oversight Permits Costly Automated System Problems," and fails to acknowledge the many accomplishments since 1992 that have promoted Federal streamlining of the APD approval process. For example:

- Development of coordinated Departmental regulations, since the early GAO report, have been welcomed by the State community. USDA, Health and Human Services (HHS), and the States have operated under these joint regulations and we believe they have measurably improved the overall management process. In June of 1996, USDA and HHS jointly released a regulatory change that increased the threshold for State system automation projects.
- The Office of State Systems, located within HHS Administration for Children and Families (ACF) has the specific responsibility to coordinate APD actions and approvals between HHS (ACF and Health Care Financing Administration (HCFA)) and USDA, resulting in a more coordinated Federal overview.
- All Federal partners agreed upon an expedited approval process for Year 2000 (Y2K) related State systems approvals.

AN EQUAL OPPORTUNITY EMPLOYER

Ms. Cynthia M. Fagnoni
Page 2

- The Federal/State relationship has promoted many accomplishments from the Federal partners. Working collaboratively with the States, their burden was reduced by a regulatory change that dissolved the submission of annual security reports by the States.

Additionally, the GAO recommendation does not appear to be based on the main body of the report, which identified numerous problems with the States' automation of The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). We support your recommendations for Federal agencies, however, we believe your report could be considerably strengthened by also advancing recommendations on what States could do to improve the automation of these programs – particularly with regard to supporting local users and, ultimately, the program recipient.

USDA shares GAO's commitment to Federal oversight of these complex automated welfare systems. Nevertheless, USDA recognizes that the effort to monitor State automation is commensurate with available budgetary resources, and consistent with USDA's program responsibilities. Effective implementation of several of the report's recommendations would require additional funding and staff resources. The Food and Nutrition Service (FNS) has sought to bolster the existing APD process by requesting additional resources including both Federal employees and contractor support. However, this increased funding has not been secured.

Presently, we are committed to re-examining the APD process to increase its effectiveness, and accept your recommendation to work with HHS. As we pursue this endeavor, we will be challenged by the many issues you have identified, including the appropriate balance between Federal oversight and technical assistance, and State accountability for results while relieved from unproductive administrative requirements..

Sincerely,

Samuel Chambers, Jr.
Administrator

Comments From the Department of Labor

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

MAR 15 2000

Ms. Cynthia M. Fagnoni
Director, Education, Workforce, and
Income Security Issues
United States General Accounting Office
Washington, D.C. 20548

Dear Ms. Fagnoni:

Thank you for the opportunity to review and comment on the draft GAO Report entitled "Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort."

Now on p. 13.

GAO Recommendation-Page 11: GAO Recommends that the Secretary of HHS "establish an interagency group to identify, and develop implementation plans for, federal actions that would facilitate states' efforts to improve their automated systems for federal programs that serve low-income families. The group should include high-level federal officials from HHS, the Department of Agriculture, the Department of Labor and other federal agencies as appropriate."

ETA's Comment: Because service to low income families is so cross-cutting, it might make sense to put this interagency group under the direction of the Domestic Policy Council. While individual federal agencies, themselves, could be responsible for staffing the group and carrying out its work, the Domestic Policy Council (DPC) seems to be in an overarching position to oversee the broad implications that the group's work will have for all low income family programs. The DPC's perspective is likely to be broader than that of any convening or individual agency member.

ETA believes that convening an interagency group under DPC's direction would be an excellent approach to addressing these issues, and would provide a good framework for truly making an impact.

Also, enclosed is the Department of Labor's, Office of Inspector General's comments on the draft report.

Sincerely,

Raymond L. Bramucci

RAYMOND L. BRAMUCCI
Assistant Secretary of Labor

Enclosure

GAO Contacts and Staff Acknowledgments

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Staff Acknowledgments

The following people also made important contributions to this report: Suzanne M. Lofhjelm; Catherine V. Pardee; Mark E. Ward; and Michael J. Rich, Emory University.

Glossary

Common front end	A specific application that provides users a single access point to multiple databases without making separate queries to them; instead, it appears to users that there is only one database. With a common front end, data can be entered once and updated across all systems. Common front ends are often built to assist caseworkers and are used with systems containing data warehouses or other arrangements of multiple integrated databases.
Data mart	A database that integrates information collected from disparate sources and is designed to meet a specific business need or problem.
Data warehouse	A larger version of a data mart that usually incorporates data from more sources. Data warehouses are subject-oriented and separate from databases used for daily business operations. They are usually dedicated to management decision support and are accessed through report writers, query tools, and data access and retrieval tools. All data are in a consistent format, exist for a particular point in time, and do not change. Some warehouses store data for points in time spanning several years.
Geographic information system	A computer-based system that enables users to identify social services listed in resource directories on the basis of proximity to a client's residence. The location of a client's residence, the service provider, and local geographic information are mapped and displayed in a "point-and-click" link.
Mainframe	An industry term for a large computer that is designed for the most intensive computation. Mainframe computers are often shared by multiple users connected to the computer via terminals.
On-line connection	A direct connection between the user's terminal and the computer containing the data. An on-line system is one in which data to be input enter the computer directly from the point of origin, and the output data are transmitted directly to the location where they are to be used.
Real-time system	A system that processes transactions as they occur rather than batching them; response to input is fast enough to affect subsequent inputs and

guide a process control system or a computer-assisted instruction system. For processing to be real-time it must also be on-line.

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