February 22, 2010

The Honorable Jim McDermott
Chairman
Subcommittee on Income Security and Family Support
Committee on Ways and Means
House of Representatives

The Honorable Danny K. Davis
Member
House of Representatives

Subject: Support for Low-Income Individuals and Families: A Review of Recent GAO Work

In response to your request for information on the support provided to low-income Americans, and African-Americans in particular, we summarized prior GAO reports on programs and policies supporting low-income workers and families through (1) income supports, (2) worker training, (3) programs involving fathers, and (4) care and protection of children. Enclosed are fact sheets that highlight our prior work in these four areas.

To summarize the most relevant reports, we conducted a search of GAO’s publications database, identified those reports published since 2000 that were most relevant to your areas of interest, obtained updates on agency recommendations, and consulted with cognizant GAO staff. We included publicly available funding data on related federal programs, but did not independently verify these data with agency officials. We identified and included any information related to African-American individuals or families contained in these reports. We excluded health-related programs from our scope to reflect your primary areas of interest. We conducted our work from October 2009 to February 2010 in accordance with all sections of GAO’s Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

We are sending copies of this report to interested congressional committees. This report also will be available on the GAO Web site at http://www.gao.gov. Should you or your staffs have any questions, please contact me at (202) 512-7215 or brownke@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors to this report were Janet Mascia, Assistant Director, and Kim Siegal, analyst-in-charge. James Bennett assisted with graphics.

Kay E. Brown
Director, Education, Workforce, and Income Security Issues

Enclosure
Why GAO Did This Work

With poverty rates and unemployment on the rise, the federal system of income, employment, and family supports has become increasingly important to a growing number of Americans. Due to their higher rates of poverty, certain minority groups are more likely than their nonminority counterparts to be represented in these programs and ancillary programs that serve low-income workers and families. The health of these programs is, therefore, especially important to these groups. In addition, because African-American children are more likely than other children to be raised in single-parent households, child support enforcement and programs that promote greater paternal involvement are particularly relevant for African-American families.

Due to interest in the support provided to low-income individuals, and African-Americans in particular, you asked us to summarize GAO reports on programs and policies supporting low-income workers and families through (1) income supports, (2) worker training, (3) programs involving fathers, and (4) care and protection of children.

For more information, contact Kay Brown at (202) 512-7215 or brownke@gao.gov.

Support for Low-Income Individuals and Families

A Review of Recent GAO Work

Introduction

The percent of Americans living in poverty has been on an upward trajectory in recent years, with 13.2 percent of Americans living below the federal poverty line (e.g., $17,163 for a family of three) in 2008 up from 11.3 percent in 2000, according to Census data, and rates have been higher for certain minority groups. African-Americans and Hispanics both had poverty rates almost twice that of the national average at 24.7 and 23.2 percent, respectively. Children also experienced high poverty rates. In 2008, 19 percent of children under 18 lived in poverty, and nearly 30 percent of children living in a family headed by a single mother fell under the poverty line. Those living in poverty face an increased risk of adverse outcomes, such as poor health and low educational attainment. These outcomes, in turn, limit individuals’ development of the skills, abilities, and knowledge necessary to fully participate in the labor force and ultimately become self-sufficient.

Over the past decade and a half, Congress has made significant changes to the federal system of support for low-income families and individuals. These changes have provided states greater authority and flexibility in how they use funds to design program benefits and service delivery. The variability in program implementation by state and local governments heightens the importance of understanding policy choices and practices at these levels, as well as the federal level, in order to describe the nation’s current support system for low-income families. GAO has accordingly produced numerous reports on issues related to supports for low-income families and individuals. The following is a summary of selected findings from GAO reports on programs and policies that affect low-income families and individuals.

Topics of these prior reports include

- strategies aimed at increasing the incomes of welfare recipients;
- how worker training programs are addressing the needs of low-income families;
- implementation of the largest-ever federal marriage and fatherhood program; and
- the availability of subsidized child care for low-income families.

In some instances, the environment during which the reports were written, such the economic climate or the statutory or regulatory framework, may have changed; so it is important to read them in that context.

Enclosure Structure

Income Supports
Worker Training
Programs Involving Fathers
Care and Protection of Children
Related GAO Products

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Temporary Assistance to Needy Families (TANF)

Needy families striving to achieve self-sufficiency can benefit from temporary cash assistance and other supports funded by the federal TANF program. GAO has, in several reports, examined how this welfare program is achieving program goals. We have reported on TANF income-generating activities, states’ spending changes, and special provisions for TANF recipients in domestic violence situations.

Strategies to Increase TANF Recipient Incomes

With TANF’s greater focus on work, many former recipients now rely more on their earnings; however, they often work at low-wage jobs with limited benefits and advancement opportunities. In a 2005 report, we identified four strategies that aimed to increase incomes for recipients of TANF. These were training, post-secondary education, self-employment, and financial asset building. Training strategies often targeted services to particular groups or job-market needs. Other programs used post-secondary education to position clients for higher-wage jobs. Some programs we visited gave participants the tools to run their own businesses as a way out of poverty. Finally, we found asset building strategies aimed to help clients save and invest money to pursue career goals and support their families. HHS was supporting these strategies through research, targeted grants, and technical assistance; however, not enough was known about the effectiveness of specific strategies in increasing TANF recipients’ earnings capacity. Additionally, it was not clear whether service providers understood how to incorporate education and training into a work-focused welfare system.

Figure 1: A Student in the Kentucky River Foothills R.O.U.T.E. Training Program in Richmond, Kentucky Trains for a Commercial Truck Driver’s License

Source: GAO.

We recommended that HHS (1) identify opportunities for additional research on increasing TANF recipients’ earnings, (2) review its existing efforts to better ensure information and implementation assistance reaches the wide range of program administrators and service providers involved in welfare programs, and (3) seek out new opportunities to collaborate with Education and Labor on research and technical assistance. At the time of this 2005 report HHS maintained that its efforts in these areas were currently sufficient; however, the agency has since taken steps to address these recommendations including initiating a joint effort with the Department of Labor to help welfare and other low-income families move ahead in the labor market.

1GAO-06-108. (For full report citations, see Related GAO Products.)
Temporary Assistance to Needy Families (TANF)

TANF Spending Changes

States’ increased flexibility under TANF, as well as the budgetary stresses they experience after a recession, draw attention to the fiscal partnership between the federal government and states. In 2006, GAO issued a report providing information on how welfare-related spending had evolved over the decade after welfare reform and after the short national recession in 2001.\(^2\) We are currently updating this information for a 2010 report on the factors associated with caseload trends. In the 2006 report, we found that welfare-related spending in the nine states we reviewed (representing 50 percent of TANF spending) generally increased from 1995 to 2000 and from 2000 to 2004. Overall, spending increases reflected changes in eligible populations and needs, increasing costs, as well as policy changes. Spending priorities shifted away from cash assistance to other forms of aid, particularly work supports such as child care, in keeping with welfare reform goals. However, reporting and oversight mechanisms had not kept pace with the evolving role of TANF funds in state budgets, leaving information gaps at the national level related to numbers served and how states use funds to meet welfare reform goals, hampering oversight.

We suggested that Congress consider addressing these information gaps, and Congress did so as part of the reauthorization of TANF in the Deficit Reduction Act of 2005, which strengthened work and reporting requirements and required HHS to issue new regulations to improve accountability for state TANF programs.

Figure 2: Percentage Change in TANF and MOE Spending for Noncash Aid and Services (Percentage Change in Real Spending from 1995 to 2004)

Note: This compares 1995 federal and state AFDC-related funds spent in the noncash categories—employment services and training, work and other supports, and aid for the at-risk—with the amount of federal TANF and state MOE spending in these same categories in 2004. These data will not directly correspond to amounts reported by states to HHS because of differences in fiscal years and our study methodology.

\(^2\)GAO-06-414.
Temporary Assistance to Needy Families (TANF)

Domestic Violence Provisions in TANF

Under TANF, states may adopt an exemption from work requirements and time limits for receiving cash assistance for victims of domestic violence. In a 2005 report, we found that 48 states had adopted such exemptions or a comparable state policy at that time. However, the terms of these waivers varied from state to state. For example, some states required recipients to provide evidence that they were victims of domestic violence before the work requirement would be waived. Other states required clients to participate in domestic violence services. In addition, state officials reported that staff in local TANF offices often had limited skills in dealing with domestic violence issues and that policies regarding staff training varied. Although HHS had disseminated information about domestic violence screening, HHS had not issued guidance regarding best practices in that area.

We recommended that HHS (1) examine state domestic violence screening practices and determine whether certain practices—such as employing and training domestic violence specialists—are particularly promising, and (2) provide states with information on the these practices and encourage their adoption. In accordance with these recommendations, HHS issued a guide in January 2009 which includes information on screening practices from programs in several states and includes a chapter on screening and enrollment that describes promising screening practices and identifies assessment tool resources. HHS also now operates a Web site that provides technical assistance on domestic violence topics.

Source: GAO (images above).

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Figure 3: Number of States with Particular Policies Regarding Frequency of Domestic Violence Training Based on 2005 GAO Survey

<table>
<thead>
<tr>
<th>At special intervals</th>
<th>No state requirement</th>
<th>Once in a career</th>
<th>Once in a career, additional optional</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>25</td>
</tr>
</tbody>
</table>

Source: GAO survey.

3GAO-05-701.
Background
The federal Food Stamp Program, now called the Supplemental Nutrition Assistance Program (SNAP) is intended to help low-income individuals and families by supplementing their income so that they can purchase nutritious food. States administer the program by determining whether households meet the program’s income and asset requirements, calculating monthly benefits for qualified households, and issuing benefits to participants on an electronic benefits card. The Food and Nutrition Service (FNS) in the Department of Agriculture pays the full cost of food stamp benefits and shares the states’ administrative costs—with FNS usually paying approximately 50 percent.

Federal costs
$37.7 billion (based on preliminary FY 2008 data). The Recovery Act provides nearly $20 billion in additional funds, increasing benefits for FY 2009-2010, boosting average household benefits by 20 percent.

Authoritative administration
Food and Nutrition Service in the Department of Agriculture

Supplemental Nutrition Assistance Program (SNAP) formerly known as Food Stamps
SNAP, formerly known as the federal Food Stamp Program, provides an important safety net for low-income families, especially during economic downturns. In 2009, an average of 33.7 million people received this benefit each month, according to preliminary administrative data. GAO has reported on automatic eligibility offered through participation in other programs, the number of eligible families who receive the benefit, and various waivers states may adopt to extend access to certain categories of families.

Eliminating Food Stamp Categorical Eligibility
Current law allows households that receive or are authorized to receive TANF noncash services, such as transportation or child care, to obtain automatic eligibility for food stamps, also known as categorical eligibility. For a 2007 report, we examined the potential effects of eliminating this TANF noncash categorical eligibility, an option that was being considered at the time. Our analysis showed that a vast majority of TANF noncash households would remain eligible for food stamps without the noncash categorical eligibility because their income or asset levels are within the regular food stamp limits. However, other households could lose eligibility for food stamps because their income or asset levels were too high. Many state officials also believed eliminating noncash categorical eligibility would decrease Food Stamp Program participation, as well as increase the administrative workload and costs related to the Food Stamp Program. Categorical eligibility remains a part of this program.

Food Stamps and Working Families
GAO work on the Food Stamp Program (pre-SNAP) found that many federal, state, and local officials believed the program was not realizing its potential as a component of the nation’s work support system. They held the opinion that eligible working families participated at a lower rate than the eligible population as a whole. In a 2004 report, we confirmed this supposition, finding that an estimated 52 percent of eligible individuals in working families participated in the Food Stamp Program compared with about 70 percent of eligible members of nonworking families, based on 2001 data. Factors that might have impeded an eligible working family’s participation in the program included whether a family considered the program’s administrative process—including having to make frequent trips to a food stamp office during working hours and providing documentation of income—overly burdensome. However, there were some potentially significant benefits, including error and fraud prevention, to some of the administrative requirements.

FNS and several states and localities had taken or suggested steps to address the impediments to participation in the program for working families, while also considering ways to balance easier participation with program integrity. These efforts included increasing food stamp outreach, adopting new administrative processes to ease participation and reduce program error, developing tools to help families estimate their food stamp benefit amount, and renaming the program to reduce the stigma.

Source: GAO (images above).

\(^{4}\)GAO-07-465.
\(^{5}\)GAO-04-346.
Supplemental Nutrition Assistance Program (SNAP) formerly Food Stamps

Food Stamps and Working Families (cont.)

associated with food stamps. This final effort was undertaken by FNS in 2008 by renaming the Food Stamp Program the Supplemental Nutrition Assistance Program (SNAP). In addition, in a subsequent GAO report, we found that, based on survey results, almost all states allowed households to submit applications, report changes, and submit recertifications through the mail. Also, 26 states had implemented or were developing systems to allow households to perform these tasks online. However, because FNS did not systematically track efforts to improve access, the outcomes of their use were still largely unknown.

We recommended that the Secretary of Agriculture direct FNS to encourage states to collect and report on the results of their outreach and other efforts to increase participation among eligible working families. This recommendation was subsequently implemented. In addition, a 2009 FNS report found that participation has been growing in recent years, reaching 56 percent of the working poor who were eligible based on 2007 data.

Food Stamp Access through Waivers

To help states administer SNAP, FNS has offered options and waivers that states may adopt to their program rules and regulations. For a 2002 report, we found that at that time, almost all states used one or more options or waivers in their food stamp eligibility determination or reporting processes. For example:

- More than half of the states had chosen to make households receiving TANF services automatically eligible for food stamps.
- Thirty-three states had exempted the value of some or all vehicles in the determination of food stamp eligibility.
- Twenty states had planned to implement an option providing food stamp benefits to families who were leaving TANF, and three states were already implementing this option.

States used these options and waivers to simplify paperwork requirements for both the food stamp recipient and worker responsible for determining eligibility. No state was implementing or planning to implement all aspects of another option, which allowed states to merge their TANF and Food Stamp Program eligibility and benefit requirements for families receiving both types of assistance because they believed it would be too difficult to administer.

\(^6\)GAO-07-573.
\(^7\)GAO-02-409.
Earned Income Tax Credit (EITC)

EITC, which provides a refundable tax credit for low-income workers, is one of the largest poverty reduction programs in the U.S. GAO has examined the rate of participation in the program for those who are eligible, as well as Internal Revenue Service (IRS) efforts to address overpayments while maintaining program access.

EITC Participation

In a 2001 correspondence to Congress, we found that about 75 percent of the 17.2 million eligible households had claimed the EITC. While this estimate is several years old, it continues to be cited by researchers. We found that the participation rate varied by the number of qualifying children in the household. Participation rates for households with one or two qualifying children were 96 percent and 93 percent, respectively, based on 1999 data. In contrast, the participation rate for households with three or more qualifying children was 62.5 percent. The participation rate for households without qualifying children was 44.7 percent. Of those eligible for the tax credit, but not participating, more than half (about 60 percent) had no qualifying children (see figure 5).

The relatively low participation rate of households without children may be due to the fact that these households receive significantly smaller benefits from the credit than do households with qualifying children (see table 1). Although qualifying households in 1999 were eligible to claim $23.5 billion in EITCs, the Internal Revenue Service estimates that participating households actually claimed $20.9 billion.

Figure 5: Eligible Nonparticipating Households, by Number of Qualifying Children, 1999

<table>
<thead>
<tr>
<th>No Children</th>
<th>One Child</th>
<th>Two Children</th>
<th>Three or More Children</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>5%</td>
<td>7%</td>
<td>28%</td>
</tr>
</tbody>
</table>

Source: GAO’s analysis of data from the CPS and IRS.

Efforts to Address EITC Overpayments While Maintaining Access

While the EITC has helped lift millions of individuals out of poverty, the program has also experienced high rates of noncompliance. Unlike many benefit programs, EITC recipients generally receive payments without advance, formal determinations of eligibility. IRS estimates on overpayments have ranged from 24 to 32 percent of dollars claimed at a cost of up to $12 billion per year. A joint IRS/Treasury task force found that the leading causes of errors resulting in EITC overpayments were due to taxpayers (1) claiming children who did not meet the definition of a qualifying child, (2) using an incorrect filing status, and (3) misreporting their income (see figure 6). GAO has examined several of IRS’s efforts to reduce these sources of overpayments.

Source: GAO (images above).
Background
The EITC amount increases with a filer’s earnings up to a point, then remains unchanged for a certain bracket of income, and then beginning at the “phase-out income level” gradually decreases to zero as earnings continue to increase. The phase-out level is the highest income at which a filer can receive the maximum credit.

Table 1: EITC Parameters for Tax Year 2009

<table>
<thead>
<tr>
<th>Eligible Child Status</th>
<th>Maximum Tax Credit</th>
<th>Phase-out Income Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>No eligible child</td>
<td>$457</td>
<td>7,470/12,470</td>
</tr>
<tr>
<td>One eligible child</td>
<td>3,043</td>
<td>16,420/21,420</td>
</tr>
<tr>
<td>Two eligible children</td>
<td>5,028</td>
<td>16,420/21,420</td>
</tr>
<tr>
<td>Three or more eligible children</td>
<td>5,657</td>
<td>16,420/21,420</td>
</tr>
</tbody>
</table>

Source: Congressional Research Service.

In August 2002, the Treasury Secretary approved a recommendation that IRS certify the eligibility of taxpayers’ qualifying children, the largest source of filing errors. In our 2003 review of this effort we found that the program was adequately developed to potentially improve EITC compliance with consideration for minimizing taxpayer burden. For example, officials designed the program to include only the taxpayers most likely to make the errors that contribute most to the overpayments.

IRS subsequently implemented three tests in 2004 to address leading sources of EITC errors: the qualifying child test, mentioned above, where selected taxpayers were asked to document that their child lived with them for more than half the year in 2003; a filing status test, in which selected taxpayers were asked to provide documentation to prove the accuracy of their 2003 filing status; and an income misreporting test—a new screening process to select EITC returns that identify taxpayers likely to have the most significant changes in their assessments after underreporting their income. GAO’s 2004 review found that IRS’s implementation of the tests proceeded smoothly and largely as planned. However, IRS’s plans for evaluating the 2004 tests generally lacked documentation and detail for many key issues, which undermined their value to managers and stakeholders.

In accordance with one of our report recommendations, the IRS published reports in both 2005 and in 2008 on the results of the three tests. These reports contain a description of the test designs for the three EITC initiatives and applicable shortcomings, considering effectiveness in reducing erroneous payments as well as the burden on the tax filer. This is important as stakeholders use the report to make future decisions about the EITC.

\( ^9 \text{GAO-03-794.} \)
\( ^10 \text{GAO-05-92.} \)
Worker Training

In 1998, the Workforce Investment Act (WIA) created a new, comprehensive workforce investment system designed to change the way that federally funded employment and training services were delivered. The act’s goal was to unify a fragmented employment and training system to better serve both job seekers and employers. WIA replaced the Job Training Partnership Act with three new funding streams for adults, youth, and dislocated workers and required that these and other employment and training programs be delivered through a single service system, known as the one-stop system.

The amount of money that is allocated to the states and local workforce areas depends on a specific formula that takes into account certain factors, such as local unemployment and the number of low-income individuals in the local population.

Federal funding

For FY 2009:

- **$924 million**: State grants for youth activities
- **$862 million**: State grants for adult activities
- **$1.465 billion**: State grants for dislocated worker training activities.

The Recovery Act provides an additional $3.15 billion for these 3 programs and a national reserve for dislocated workers.

Coordination between WIA and TANF

WIA requires states to provide most federally funded employment-related services through a single service system, known as a one-stop system. Despite its similar focus on increasing employment for able workers, TANF was not required to be part of WIA’s one-stop system, although states and localities have the option to include TANF programs. In response to a 50-state survey we conducted for a 2002 report, nearly all states reported some coordination of their TANF and WIA services at the state or local level, and some of this coordination increased between 2000 and 2001. For example, localities increasingly coordinated the provision of services to TANF clients through local one-stop centers—either through colocating services at the one-stop or through referring clients to providers outside the one-stop. However, at the time of our report, we found this coordination could be affected by geographic considerations, such as variations in layout of agency service districts, physical distance between one-stop centers and welfare offices, and the number of TANF clients in a given area. Also, there was no clear way for states and localities to easily access information on successful approaches.

Worker Training for Low-Wage Workers

Low-wage workers who receive training can achieve wage gains leading to self-sufficiency; however, they often face a unique set of challenges. To better understand how federally funded worker training programs are addressing these challenges, we interviewed state and local program officials that experts identified as having special initiatives focused on some of these challenges for a 2003 report. These officials noted that many low-wage workers have a range of personal challenges—such as limited English and literacy skills, childcare and transportation needs, scheduling conflicts, and financial constraints—that made participating in training difficult. In response, some local programs offered flexible hours and provided help with transportation and child care, among other services. However, officials reported that challenges to implementing successful training still existed. For example, they explained that the WIA performance measure used at the time to track the change in adult earnings after 6 months could limit training opportunities for employed workers. The wage gain for employed workers would not likely be as great as that for unemployed job seekers, and this might provide a disincentive to enrolling employed workers into training because their wage gain may negatively affect program performance.

We recommended that the Secretary of Labor review a current WIA performance measure for change in adult average earnings to ensure that this measure does not create a disincentive for serving already-employed workers. We suggested that the Department of Labor consider having separate average earnings gains measures for employed workers and unemployed workers. Labor subsequently implemented this recommendation.

Source: GAO (images above).

11GAO-03-353.
12GAO-02-696.
Coordination between WIA and TANF (cont.)

to overcome obstacles in coordinating services. Several challenges, including program differences between TANF and WIA and different information systems used by welfare and workforce agencies, inhibited state and local coordination efforts.

To help states more effectively address some of the obstacles to coordination, we recommended that Labor and HHS work together to jointly develop and distribute information on promising approaches for coordinating services for TANF clients through one-stops. We also recommended that Labor and HHS promote research that would examine the role of coordinated service delivery on outcomes of TANF clients. The agencies subsequently implemented these recommendations.

Programs ServingDisconnected Youth

Youth who are disconnected from school and employment are more likely than others to engage in crime, become incarcerated, and rely on public systems of support. While all races and ethnicities are represented among this youth population, research studies show that African-American males constitute a disproportionate share due to their overrepresentation in the child welfare and juvenile justice systems. For a 2008 report, we interviewed directors of 39 local programs identified by agencies and experts as helping youth meet educational and employment goals. These directors attributed their success to, among other things, effective staff and leadership; a holistic approach to serving youth that addresses the youth’s multiple needs; specific program design components, such as experiential learning opportunities and self-paced curricula; and a focus on empowering youth. Many of the 39 local program directors reported common challenges in operating their programs, particularly lack of other services, like housing, mental health care and transportation in the community, funding constraints, and management of multiple federal grants. Most of the 15 directors that relied on Labor’s WIA Youth funds reported that meeting performance goals within the 1-year time frames workforce investment boards often write into contracts hinders their ability to serve youth with great challenges, who may need more time to obtain skills. Labor officials reported that they intend for workforce investment boards to develop longer-term contracts to help programs serve hard-to-employ youth.

We recommended that Labor work with states and workforce investment boards to better ensure they have the information and guidance needed to develop and implement contracts that allow local programs to serve youth who are in need of more assistance than others, while still achieving performance goals. Labor agreed with our recommendation and identified several steps it planned to take to implement it, including issuing related guidance to the workforce investment system on developing contracts.

Source: GAO (images above).
Programs Involving Fathers

In recent years, there has been interest among policymakers and researchers in promoting family formation with the goal of reducing childhood poverty. However, low-income, noncustodial parents, most often fathers, continue to face challenges in providing for their children. GAO recently reported on the implementation of the largest federal marriage and fatherhood program. We have also investigated driver’s license suspension for nondriving related offenses, including nonpayment of child support. Additionally, given that half of all incarcerated adults are fathers, it is important to understand what programs are available for them upon their release to support their self-sufficiency. We have examined the extent of restrictions on public benefits for former drug offenders upon their release from prison.

Healthy Marriage and Responsible Fatherhood Initiative

At $150 million in federal discretionary grants a year, the Healthy Marriage and Responsible Fatherhood Initiative (Initiative), represents an unprecedented federal financial commitment to support marriage and fatherhood programs. GAO was accordingly asked to study how these programs are being implemented and monitored. In the resulting 2008 report, we found that both programs’ grantees provide similar services, but that healthy marriage programs are more likely to target teenaged youth, while responsible fatherhood programs are more likely to target incarcerated parents. However, amid a condensed deadline for awarding the grants, HHS was not able to fully examine grantees’ programs as described in their applications. In addition, HHS’s ability to readily identify which grantees were not in compliance or not meeting goals was hindered because it lacked uniform performance indicators and a computerized management information system that would enable HHS to more efficiently track key information on individual grantees.

We recommended that HHS use its planned management information system and other information to help identify those grantees at risk of not meeting performance goals or not in compliance with grant requirements. We also recommended that HHS create clear, consistent guidance and policy for monitoring grantees. HHS responded that it is in the process of developing a risk-based approach to monitoring, but disagreed that the department lacked clear, consistent monitoring guidance. We believe the recommendations remain valid.

Figure 8: Activities Provided by Healthy Marriage and Responsible Fatherhood Grantees

Source: GAO analysis of Healthy Marriage and Responsible Fatherhood grantees’ responses to survey.

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**Background**

In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) created TANF and made sweeping changes to federal welfare policy, including a new emphasis on marriage as an area of societal and governmental concern. Congress cited the negative consequences to children of unmarried women, including greater risk for child abuse and neglect, higher rates of poverty, and lower educational attainment. The legislation reauthorizing TANF, the Deficit Reduction Act of 2005 (DRA), appropriated $150 million a year for 5 years in discretionary grants to promote healthy marriage (to encourage the formation and maintenance of two-parent households) and responsible fatherhood (to strengthen the role of the father in a child’s life).

**Federal funding**

$150 million (FY 2009)

**Federally administered by**

The Administration for Children and Families in the Department of Health and Human Services

Source: GAO (images above).
Background

Although the federal government has a limited role with regard to driver’s licenses, federal law does promote license suspensions in circumstances that involve child support arrearages.

All states have adopted practices to suspend licenses for some nondriving offenses.

A majority of states have adopted policies to suspend licenses for such offenses as

• failure to maintain proper insurance;
• failure to appear in court for a traffic violation; and
• failure to pay a motor vehicle fine, surcharge, or fee.

Programs Involving Fathers

License Suspensions

States may suspend driver’s licenses for various reasons other than driving offenses, including failure to meet child support obligations, among other things, and these suspensions can then make it difficult for some low-income individuals to maintain or find work. We recently examined the practices being used in four states to mitigate the financial impact of these suspensions on low-income individuals. We identified three types of practices—payment assistance, license reinstatement support, and suspension exemptions—that may ease the financial impact of suspensions on low-income individuals. Payment assistance includes payment plans; payment alternatives, such as performing community service; and fine reductions. License reinstatement support helps drivers take the sometimes complicated steps to obtain a valid license through personalized guidance, ongoing case management, or legal advice and representation. States may authorize exemptions from license suspension in certain circumstances. For example, all four states we reviewed permitted exemptions in cases of child support arrearages, and officials in those states noted that they viewed license suspension as an option of last resort. However, the need to garner support from multiple organizations, difficulty in crossing jurisdictional boundaries, and sustaining program funding were all identified as challenges to implementing practices intended to mitigate the financial impact of driver’s license suspensions.

The limited information on the prevalence and impact of nondriving suspensions, as well as on the effectiveness of the types of practices we found, may make it difficult for other localities and states to readily assess the need for these practices and to identify the most effective approaches. Also, while driver licensure is generally within the domain of state governments, some federal efforts exist that could facilitate information gathering and dissemination. The Department of Transportation participates in a national working group that has brought together federal, state, and local officials to facilitate research, identify effective alternatives to suspension, and share information with state policymakers. In addition, HHS disseminates “best practices” for child support enforcement, including those related to driver’s license suspensions, which provides a mechanism for information-sharing among states.

Source: GAO (images above).

15 GAO-10-217.
Background

Federal Benefits That May Be Denied to Drug Offenders:

- **TANF**: Temporary cash assistance designed to meet a needy family’s ongoing basic needs
- **Supplemental Nutrition Assistance Program**: Food assistance payments to low-income households
- **Postsecondary education**: Federal Pell Grants, Stafford loans, and work-study assistance
- **Federally assisted housing**: Public housing primarily for low-income families with children and vouchers for private-market assistance for very low-income families
- **Other federal benefits**: Federal licenses (e.g., for physicians, pilots, and others) and procurement contracts, among others

Drug Offenders and Denial of Benefits

More than half of male drug offenders in federal and state prisons have minor children who could benefit from their support, material and otherwise, when they are released from prison. However, these fathers are often lacking in the skills, experience, and education necessary for gainful employment and may be restricted from obtaining assistance from some federal support programs. For example, several provisions of federal law allow for or require certain federal benefits to be denied to individuals convicted in federal or state courts of drug offenses, as well as members of their households or families. These benefits include TANF, SNAP, federally assisted housing, postsecondary education assistance, and some federal contracts and licenses. Given the sizable population of drug offenders in the United States, the number and the impacts of federal denial of benefit provisions may be particularly important if the operations of these provisions work at cross purposes with recent federal initiatives intended to ease prisoner re-entry and foster prisoner reintegration into society.

In a 2005 report, we estimated that thousands of men and women, albeit a small proportion of applicants, were denied postsecondary education benefits, federally assisted housing, or selected licenses and contracts as a result of federal laws that allow denial of benefits to drug offenders. During academic year 2003-2004, about 41,000 applicants (0.3 percent of all applicants) were disqualified from receiving postsecondary education loans and grants because of drug convictions. Federal law mandates that convicted drug felons face a lifetime ban on receipt of TANF and food stamps unless states pass laws to exempt some or all convicted drug felons in their state from the ban. At the time of our review, 32 states had laws exempting some or all convicted drug felons from the ban on TANF, and 35 states had laws modifying the federal ban on the then Food Stamp program. Because of the eligibility requirements associated with receiving these benefits, only those convicted drug felons who, but for their conviction, would have been eligible to receive the benefits could be affected by the federal bans. For example, TANF eligibility criteria include requirements that an applicant have custodial care of a child and that income be below state-determined eligibility thresholds. Available data for 14 of 18 states that fully implemented the ban on TANF indicate that about 15 percent of drug offenders released from prison in 2001 met key eligibility requirements and constitute the pool of potentially affected drug felons.

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16GAO-05-238.
For low-income working families, the availability of affordable quality child care, including through a Head Start program, can be critical to keeping parents employed while safeguarding their children’s health and intellectual development. GAO has reported on the availability of child care assistance for low-income families, as well as various aspects of the Head Start program, including enrollment and oversight.

### Child Care Availability

States have flexibility in determining which low-income families are provided child care subsidies funded by CCDF, TANF, and related state resources. States must balance the funds available for subsidies with the number of families who want subsidized child care. For a 2005 report, we found that when they could not serve all families, most states reported giving higher priority to TANF families than those transitioning off of TANF or other low-income working families. In addition, from 2001 to 2005, 35 states made the following eligibility and enrollment changes:

- 19 states made changes tending to decrease access to assistance.
- 8 made changes tending to increase access to assistance.
- 8 made a mix of changes.

We found that many states had been making changes that could decrease program access, such as changing income eligibility criteria, but may have provided larger subsidies to those who receive services. States might have been providing larger subsidies in an effort to keep pace with increasing child care fees or to provide families with a broader array of options among providers. We are updating this information for an upcoming report in order to provide information on state child care policies amid changes in federal law, as well as the current economic climate.

At the time of the 2005 report, HHS reported that since 2001, the number of children and families receiving child care assistance under CCDF had remained relatively constant. Specifically, approximately 1.75 million children and over 1 million families had been served through CCDF (including TANF dollars transferred to CCDF) on an average monthly basis since fiscal year 2001. However, HHS officials did not have information on working families receiving child care assistance directly through TANF funds, although most ($1.4 billion of $1.7 billion) of the federal TANF funds directly spent on child care was directed to these families. We suggested that Congress consider requiring that ACF find cost-effective ways to collect data on the numbers of children and families receiving these subsidies. To date, no action has been taken based on this matter for Congressional consideration.

### Head Start Enrollment

From the mid-1990s through 2003, there were a number of changes in Head Start’s operating environment, including a decrease in the number of poor children; an increase in the number, size, and scope of other federal and state early childhood programs; and an expansion in Head Start spending and enrollment. In a 2003 report, we found that the extent to which Head Start programs had enrolled fewer children than they were funded to serve was unknown because ACF did not collect accurate national data and did not monitor underenrollment in a uniform or timely manner.

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17GAO-05-667.
Head Start

Head Start, created in 1965, is the largest federal early childhood program designed to prepare low-income preschool children for school by providing a comprehensive set of early child development services. Head Start operates through federal-to-local grants primarily provided to community-based organizations, and has expanded substantially over the last two decades. From fiscal years 1990 to 2008, appropriations for Head Start more than quadrupled.

$7.1 billion appropriated in FY 2009. The Recovery Act provides an additional $2.1 billion.

Head Start Enrollment (cont.)

manner. ACF regional officials and officials of underenrolled Head Start grantees cited a mixture of factors that made it difficult to achieve full enrollment, such as increased parental demand for full-day child care, a decrease in the number of eligible children, facilities-related problems, and more parents seeking openings with other sponsors of early education and care. ACF national and regional offices and grantees all reported taking action to address underenrollment; however, guidance issued by ACF lacked clear criteria for prioritizing grantees for corrective actions.

We recommended that the Secretary of HHS direct ACF to (1) ensure the accuracy of national enrollment data, (2) develop a standard criterion for regional offices to use in identifying grantees whose underenrollment merited action, (3) develop an additional enrollment measure that takes into consideration the different levels of service provided by full-day and part-day programs, and (4) develop a more systematic process for regional offices to collect reliable enrollment data during the program year. All four recommendations were subsequently implemented.

Head Start Risk Management

Because reports of financial improprieties at a number of Head Start programs around the country raised questions about the effectiveness of HHS’s program oversight, we were asked to provide information on this issue. In a 2008 report, we found that ACF had not undertaken a comprehensive assessment of risks that might have limited Head Start’s ability to meet federal program objectives. ACF needed to identify external and internal risks, estimate their significance, and decide how to best manage them. While ACF said it was working to establish two systems to address programwide risk, our analysis suggested that these systems fell short of that goal. Both initiatives depended, in part, on data from the annual Program Information Report (PIR) survey of grantees, which had been found to be unreliable. ACF had taken steps to improve oversight of Head Start grantees by implementing a more rigorous process for certifying reviewers who conduct on-site monitoring visits, among other actions. However, ACF did not have clear criteria for determining which grantees needed additional oversight as part of its refunding analysis. Such decisions were made on an ad-hoc basis, and grantees with similar problems may have received different levels of oversight.

We recommended that ACF (1) develop a more strategic approach to assessing risks to the Head Start program, (2) expand its efforts to collect data on and estimate improper payments, (3) improve the accuracy of data from its annual PIR survey, and (4) develop clear criteria for providing additional assistance for high-risk grantees. ACF agreed with the latter two recommendations and emphasized that progress has been made toward the first two.

GAO-04-17.
GAO-08-221.
Child Welfare

The child welfare system aims to ensure the safety, permanency, and well-being of children. If a child is not safe at home, the child welfare agency may place the child in a foster care or an alternative setting or provide services to stabilize and strengthen a child’s own home. Federal funding reimburses states for some of their foster care payments for children from low-income families—who also comprise many of the children in the welfare system. GAO has conducted several related studies including some that focus on the challenges of the child welfare system, the over-representation of African-American children in foster care and the adoption of hard to place foster care children.

Child Welfare Challenges

States have struggled to meet established federal child welfare standards for ensuring the safety and well-being of children in their care. In response to a 2006 GAO survey, state child welfare agencies identified as their most important challenges providing an adequate level of services for children and families, recruiting and retaining caseworkers, and finding appropriate homes for certain children. They also identified three challenges of increasing concern over the next 5 years: children’s growing exposure to illegal drugs, increased demand to provide services for children with special needs, and changing demographic trends or cultural sensitivities in providing services for some groups of children in the states’ child welfare systems. For example, child welfare officials in several states reported that the current protocols for investigating and removing children from their homes do not necessarily reflect the cultural norms of some immigrant and other minority families. These differences included limitations in family functioning that may be caused by poverty, the environment, or culture, as opposed to those that may be due to unhealthy family conditions or behaviors. States we visited reported that HHS’s training, technical assistance and reviews of their child welfare systems helped them improve their child welfare programs.

African American Children in Foster Care

While children of all races are equally as likely to suffer from abuse and neglect, a significantly greater proportion of African-American children enter and remain in foster care than children of other races and ethnicities. In a 2007 report, we found that the higher rates of African-American children in foster care were partly a result of higher rates of poverty and a greater reliance on relatives to provide foster care, among other factors. For example, families living in poverty have greater

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20 GAO-07-75.
21 GAO-07-816.

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Child Welfare

African American Children in Foster Care (cont.)

difficulty obtaining housing, mental health, and other services needed to keep families stable and children safely at home. African-American children also stay in foster care longer because of difficulties in recruiting adoptive parents and also a greater reliance on relatives to provide foster care. These relatives may be unwilling to terminate the parental rights of the child’s parent, as required in adoption, or they may need the financial subsidy they receive while the child is in foster care. However, state child welfare officials we surveyed expressed concerns about the inability to use federal child welfare funds to provide subsidies to legal guardians, considered a promising strategy for reducing the disproportionate number of African-American children in foster care.

We suggested that Congress consider amending current law to allow subsidies for legal guardianships, and Congress subsequently did so as part of the Fostering Connections to Success and Increasing Adoptions Act of 2008 (P.L. 110-351).

Adoption of Hard to Place Children

A significant portion of children waiting for adoption have one or more “special needs,” or factors that discourage or delay their adoption. They can include a child’s age, minority status, or membership in a sibling group. According to state child welfare officials we interviewed and surveyed for a 2005 report, limited resources, court processes, and delays in completing interstate placements hindered recruitment of adoptive families and delayed the adoption process for children with special needs. For example, officials said that interstate placements were often hampered by delays in completing home studies of prospective families, but data to track and credit states for collaborating on interstate placements were not available. States and HHS have implemented strategies and programs, such as post-adoption resource centers, to promote special needs adoptions, but few evaluations measured their effectiveness. HHS’s Adoption Assistance program provided support for special needs adoptions but used an income eligibility threshold that was more restrictive than the standard of need used by other cash assistance programs.

We recommended that HHS help states collect and report data related to the interstate placement processes. This recommendation was addressed in the July 2006 enactment of the Safe and Timely Interstate Placement of Foster Children Act of 2006 (P.L. 109-239). This act requires that a state receiving a request to place a child for adoption or foster care complete a home study within 60 days and that state plans for child welfare services include reference to state efforts to facilitate orderly and timely in-state and interstate placements.

Source: GAO (images above).

22GAO-05-292.
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