



Highlights

Highlights of [GAO-06-942](#), a report to Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives

Why GAO Did This Study

The cost of administering human service programs has been a long-standing concern among policy makers interested in ensuring that federal programs are run in a cost-efficient manner so that federal funds go directly to helping vulnerable people. Little is known about how administrative costs compare among programs, or about opportunities to better manage these costs. GAO looked at (1) how administrative costs are defined and what rules govern federal and state participation in funding these costs; (2) what is known about the amounts of administrative spending and how they have changed over time; and (3) what opportunities exist at the federal level to help states balance cost savings with program effectiveness and integrity. GAO's review included seven programs: Adoption Assistance, Child Care and Development Fund (CCDF), Child Support Enforcement (CSE), food stamps, Foster Care, Temporary Assistance for Needy Families (TANF), and Unemployment Insurance (UI). To address the questions, GAO reviewed laws, analyzed spending data, and visited five states.

What GAO Recommends

To identify ways to reduce administrative costs, Congress should consider authorizing state and local demonstration projects designed to simplify eligibility determination and other processes for federal human service programs. None of the responsible agencies commented on the recommendation to Congress.

www.gao.gov/cgi-bin/getrpt?GAO-06-942.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Cynthia Fagnoni at (202) 512-7215 or fagnonic@gao.gov.

HUMAN SERVICE PROGRAMS

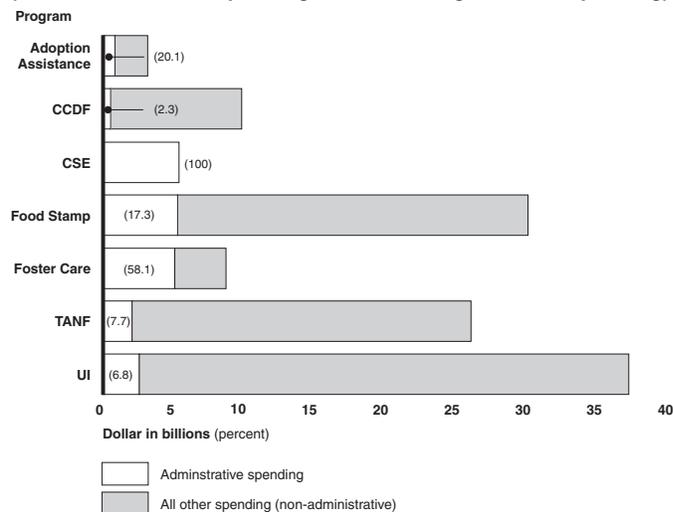
Demonstration Projects Could Identify Ways to Simplify Policies and Facilitate Technology Enhancements to Reduce Administrative Costs

What GAO Found

The statutes and regulations for the seven programs define administrative costs differently, even though many of the same activities are performed to administer the programs. The laws for each program also include different mechanisms for state and federal participation in funding administrative costs, including matching rates, block grants, and spending caps.

The seven programs combined spent \$21 billion on administration, as defined in law, making up about 18 percent of total program spending in fiscal year 2004. However, amounts varied widely across the programs and states. Administrative spending varied from 2 percent in CCDF to 58 percent in Foster Care, with the exception of CSE in which all program spending is considered administrative. Between fiscal years 2000 and 2004, administrative spending increased in five of the seven programs, generally at a lower rate than total program spending.

Fiscal Year 2004 Combined Federal and State Administrative and Other Spending (and Administrative Spending as a Percentage of Total Spending)



Source: GAO analysis of data from HHS, DOL, and USDA.

The federal government may help balance administrative cost savings with program effectiveness and integrity by simplifying policies and facilitating technology improvements. Simplifying policies—especially those related to eligibility determination processes and federal funding structures—could save resources, improve productivity, and help staff focus more time on performing essential program activities. By helping states facilitate technology enhancements across programs, the federal government can help streamline processes and potentially reduce long-term costs. Over the past 20 years, many attempts to streamline processes across programs have had limited success due, in part, to the considerable challenges that streamlining program processes entail. GAO believes one challenge in particular—the lack of information on the effect streamlining efforts might have on program and administrative costs—is thwarting progress in this area.