

DOCUMENT RESUME

05319 - [B0585506]

Actions Needed To Improve the Nutrition Program for the Elderly.
HRD-78-58; B-165430. February 23, 1978. 34 pp. + appendix (1 pp.).

Report to Secretary, Department of Health, Education, and Welfare; by Gregory J. Ahart, Director, Human Resources Div.

Issue Area: Federally Sponsored or Assisted Income Security Programs: Quality of Life of the Elderly (1311); Food: Domestic Feeding Programs for School Children and the Poor (1710).

Contact: Human Resources Div.

Budget Function: Education, Manpower, and Social Services: Social Services (506).

Organization Concerned: Administration on Aging; Department of Agriculture.

Congressional Relevance: House Committee on Education and Labor; Senate Committee on Human Resources.

Authority: Older Americans Act of 1965, title VII (42 U.S.C. 3045).

Through provisions of title VII of the Older Americans Act, inexpensive, nutritionally sound meals, supportive services, and opportunities for socialization and recreation are provided to the Nation's elderly. To fulfill its oversight responsibilities, the Administration on Aging (AOA) has an information system which requires States to submit quarterly program performance reports and financial status reports. **Findings/Conclusions:** The information system was not designed to support program management, and its usefulness is limited because of low priorities placed on reporting procedures, system changes, inconsistent data, and unreliable feedback to State agencies. Better data on program performance would help the States in managing the program and the AOA in identifying problems. Other problems noted were: inadequate controls over meal contributions received, a need for improvements in protecting confidentiality of recipients, income from meal contributions was not used in some instances, audits were not always performed and did not always include reviews of meal contributions, some States provided incorrect information on the number of meals served to the Department of Agriculture for its use in making commodity allocations, commodities in excess of needs were provided by the States to some projects, some caterers experienced difficulty in using commodities, and in some instances the quality and form of packaging limited commodity usage. **Recommendations:** The Secretary of Health, Education, and Welfare should require the AOA to: develop a model management information system as a suggested guide for the States and provide technical assistance for the development of adequate State systems; develop instructions for completing program performance reports; provide meaningful reports to State

agencies on national program performance; emphasize to the States the need to collect basic information on amounts of meal contributions; emphasize to the States the need to improve internal controls over meal contributions; emphasize the importance of independent audits; encourage grantees to use proper means of protecting confidentiality; revise program regulations to encourage prompt use of program income; emphasize to the States the need to collect the necessary data on Department of Agriculture commodities; work with the Secretary of Agriculture to establish procedures to maximize the use of commodities in caterer-prepared meals and to identify problems with State commodity distribution systems; and establish procedures to insure that nutrition projects' views on commodity preferences are included in information provided to the Department of Agriculture. (HTW)

5506

REPORT BY THE U.S.

General Accounting Office

Actions Needed To Improve The Nutrition Program For The Elderly

The Department of Health, Education, and Welfare, through the Older Americans Act, provides a vital need to older Americans--inexpensive and nutritionally sound meals and opportunities for socialization and recreation.

However, better data on program performance is needed and controls over meal contributions could be improved. Improvements are also needed to protect the confidentiality of participants' meal contributions and in allocating commodities to the projects.





UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-165430

The Honorable
The Secretary of Health,
Education, and Welfare

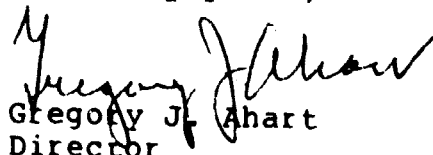
Dear Mr. Secretary:

This report concerns the management of the nutrition program for the elderly (title VII of the Older Americans Act) and the actions that can be taken to improve administration of the nutrition program.

We discussed the report with officials of the Administration on Aging and the Department of Agriculture, and considered their comments in the report's preparation. This report contains recommendations to you on pages 11, 19, and 30. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are furnishing copies of this report to the Chairmen, House Committee on Government Operations; Senate Committee on Governmental Affairs; House Committee on Appropriations; Subcommittee on Agriculture and Related Agencies and the Subcommittee on Labor, Health, Education, and Welfare, Senate Committee on Appropriations; Subcommittee on Select Education, House Committee on Education and Labor; Subcommittee on Aging, Senate Committee on Human Resources; House Select Committee on Aging; and the Senate Special Committee on Aging. Copies are also being sent to the Secretary of Agriculture; the Commissioner of the Administration on Aging; your Inspector General; and the Acting Director, Office of Management and Budget.

Sincerely yours,


Gregory J. Ahart
Director

D I G E S T

Through provisions of title VII of the Older Americans Act, inexpensive, nutritionally sound meals, supportive services, and opportunities for socialization and recreation are provided to the Nation's elderly. However, improvements in the program can be made.

The Administration on Aging's information system for the title VII nutrition programs was not designed to support the ongoing management of the program. Its primary purpose is to provide information for congressional and departmental requests and to other Federal and non-Federal entities. (See pp. 4 and 5.)

Officials at the State and project levels believed that the information system has limited usefulness and reliability because of:

- Low priorities placed on adequate report processing procedures. (See p. 5.)
- Constant changes in information system format and content. (See p. 5.)
- Lack of consistency in data reported to the Administration on Aging by the States. (See p. 5.)
- Unreliable feedback to State agencies on aging. (See p. 6.)

Misunderstandings exist concerning the purpose of the information system and the opportunities available to State agencies on aging to structure their information systems to meet their own needs. In addition, the Administration on Aging is somewhat limited in its capacity to request additional data for managerial purposes by Office of Management and Budget (OMB) requirements. (See p. 6.)

The States could do a better job of managing the title VII program if they had better data on program performance. This data could also help the Administration on Aging identify problems in State operations and provide technical assistance to the States to correct these problems. (See pp. 4 and 5.)

In addition, the following problems were noted:

- Some projects did not have adequate controls over meal contributions received. (See p. 14.)
- Protection of the confidentiality of elderly participants in the meal contribution collection process could be improved. (See p. 17.)
- Income from meal contributions was not used in some instances. (See p. 18.)
- Audits were not performed at some projects and some audits did not include reviews of meal contributions. (See p. 16.)
- Some States provided incorrect information on the number of meals served to the Department of Agriculture for use by the Department in making commodity allocations to the States. (See p. 21.)
- Commodities in excess of needs were provided by the States to some projects and created large commodity inventories. (See p. 27.)
- Some caterers experienced difficulty in using commodities. (See p. 23.)
- In some instances the quality and form of packaging limited commodity usage by the projects. (See p. 24.)

RECOMMENDATIONS

The Secretary of Health, Education, and Welfare (HEW) should require the Administration on Aging to:

- Develop a model management information system, with input from regional, State, and project officials, as a suggested guide for use by the States in improving their management capacities.
- Provide the States with technical assistance through the HEW regional offices for the development of adequate State data management systems.
- Develop instructions and definitions for completing program performance reports to provide consistency in the data provided by the States.
- Provide meaningful reports to State agencies on aging and title VII projects on national program performance.
- Emphasize to the States the need to collect basic information on the actual amount of participant meal contributions received, expended, and on hand.
- Emphasize to the States the need to improve internal controls over meal contributions.
- Emphasize the importance of conducting independent audits of nutrition projects, including reviews of meal contributions in such audits.
- Encourage project grantees to use envelopes or other means to protect the confidentiality of persons during the collection process.
- Revise program regulations and policies to encourage prompt and effective use of program income.
- Emphasize to the States the need to collect data on the amount of Department of Agriculture commodities received, used, and in inventory as well as the storage and transportation costs for handling commodities.
- Work with the Secretary of Agriculture to (1) establish procedures which would maximize the use of commodities in caterer-prepared meals and (2) identify problems

with State commodity distribution systems to improve in-State distribution of commodities to title VII projects.

- Establish procedures to make sure that nutrition projects' views on commodity preferences are included in information provided to the Department of Agriculture to be used in determining commodity purchases.

C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	Scope of review	3
2	BETTER DATA NEEDED TO IMPROVE PROGRAM MANAGEMENT	4
	Shortcomings of the information system	5
	Need for grantees to report more information on USDA commodities	7
	Project contributions not reported to AOA and States	8
	Proposed revision to the program performance report	10
	Conclusions	10
	Recommendations	11
3	NEED FOR IMPROVED MANAGEMENT OF INCOME FROM MEAL CONTRIBUTIONS	13
	Meal contributions are a major source of income	13
	Need for improved internal controls over contributions	14
	Audits not made of income from meal contributions and some nutrition projects not audited	16
	HEW audits of meal contributions	16
	More can be done to protect the confidentiality of persons contributing for meals	17
	Use of program income from meal contributions	18
	Income not used	18
	Corrective actions	19
	Conclusions	19
	Recommendations	19

CHAPTER

Page

4	IMPROVEMENTS NEEDED TO GAIN FULL BENEFITS FROM FEDERALLY DONATED COMMODITIES	21
	Incorrect information provided to USDA for use in making commodity allocations	21
	Some caterers experienced problems in using commodities	23
	Quality and form of packaging limited commodity usage	24
	Other commodity problems	26
	Actions taken or planned to address commodity usage problems	28
	Conclusions	29
	Recommendations	30
5	TYPES OF PERSONS SERVED BY THE TITLE VII PROGRAM	31
	Early program emphasis was to serve meals	31
	Program emphasis to reach minorities and low-income persons	32
	Outreach efforts to reach those in need	32
	Available data on type of persons served	33
	Cleveland study of the elderly	33

APPENDIX

I	Locations where review was conducted	35
---	--------------------------------------	----

ABBREVIATIONS

AOA	Administration on Aging
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
OMB	Office of Management and Budget
USDA	U.S. Department of Agriculture

CHAPTER 1

INTRODUCTION

Title VII of the Older Americans Act of 1965, as amended (42 U.S.C. 3045 et. seq. supp. V 1975), established a nutrition program, referred to as the title VII program, to provide inexpensive, nutritionally sound meals for the elderly. The program also seeks to increase the incentive of elderly persons to maintain their social well-being by providing opportunities for social interaction through congregate meal settings at centralized locations.

The title VII program is available to those persons aged 60 or older, and their spouses, who do not eat adequately because they (1) cannot afford to do so, (2) lack the skills to select and prepare nourishing and well-balanced meals, (3) have limited mobility which may impair their capacity to shop and cook for themselves, or (4) have feelings of rejection and loneliness which obliterate the incentive necessary to prepare and eat a meal alone.

The program was signed into law on March 22, 1972, and the first meals were provided to the elderly in September 1973. From the beginning of fiscal year 1975 through fiscal year 1977, over 235 million meals were served to the Nation's elderly. Over 5 million elderly participants were served from the beginning of fiscal year 1975 through March 31, 1977. Supporting services such as outreach, transportation, information and referral, welfare counseling, nutrition education, and recreation are also included as parts of the program. In addition to promoting better health among older Americans through improved nutrition, the title VII program helps reduce the isolation of older persons by offering them an opportunity to (1) participate in community activities and (2) eat their meals in a friendly atmosphere.

The title VII program provides formula grants to the States based on the ratio of a State's population aged 60 or over to the national population aged 60 or over. The States, in turn, award funds to project grantees to establish meal sites in close proximity to the target population. Federal funds appropriated for the title VII program have increased significantly since the beginning of the program in fiscal year 1974. Funds obligated under the program ranged from

\$100 million in fiscal year 1974 to \$224.6 million in fiscal year 1976. In addition, to further enhance the ability of the program to serve the elderly, the U.S. Department of Agriculture (USDA) provides surplus commodities to the program. The following table shows the Federal resources available to the title VII program for fiscal years 1974 through 1977.

<u>Fiscal year</u>	<u>Title VII obligations</u>	<u>Value of surplus commodities</u>	<u>Total Federal resources</u>	<u>Total number of meals served</u>
1974	\$100,000,000	-	\$100,000,000	(a)
1975	125,000,000	\$ 4,427,000	129,427,000	48,539,000
1976	224,600,000	10,684,000	235,284,000	64,273,000
Transition quarter	31,250,000	3,456,000	34,706,000	21,316,000
1977	<u>203,525,000</u>	<u>b/26,746,000</u>	<u>230,271,000</u>	<u>c/101,600,000</u>
Total	<u>\$684,375,000</u>	<u>\$45,313,000</u>	<u>\$729,688,000</u>	<u>235,728,000</u>

a/Data not available.

b/Estimated value.

c/Includes an estimate of 28,570,000 meals for the fourth quarter of fiscal year 1977.

In addition to the Federal resources available to the title VII program, State and local governments provide funds for program operations. States are required to provide a 10-percent match of Federal funds provided to them by formula grants. Funds are also made available through project income generated by contributions for meals by program participants.

Under the Older Americans Act, most of the responsibility for program administration, evaluation, and oversight is placed on the 50 States and the jurisdictions of the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Trust Territories of the Pacific Islands. As of March 31, 1977, there were 972 project grantees and 8,122 meal sites in operation nationally.

The nutrition sites we visited generally appeared clean and exhibited pleasant atmospheres. The meals, which must provide one-third of the Recommended Dietary Allowance

established by the National Academy of Sciences, appeared to be wholesome and appetizing. Many sites were also operating at capacity and provided an array of supporting services. Although the title VII program has played a vital role in addressing the social and nutritional needs of the Nation's elderly, we noted certain administrative problems which, if corrected, could lead to improvement of the administration of the nutrition program. These matters are discussed in chapters 2 through 5 of this report.

SCOPE OF REVIEW

In our review, our efforts were directed toward the identification of areas in the administration of the title VII program that were in need of improvement.

We made our review of the title VII nutrition program at Federal, State, and project levels from September 1976 to December 1977. In Washington, D.C., we interviewed representatives at the Department of Health, Education, and Welfare (HEW), the Administration on Aging (AOA), and USDA. At HEW, we interviewed responsible grants administration officials and reviewed applicable program regulations regarding the use of program income. At AOA we reviewed the legislation, policies, and procedures applicable to the nutrition program and interviewed appropriate agency officials. We interviewed USDA officials regarding the legislation, policies, and procedures applicable to the provision of Federal commodities to the nutrition program and reviewed pertinent records.

We interviewed representatives of three HEW regional offices, five State agencies on aging, and six title VII project grantees which are listed in appendix I of this report. At these locations, we reviewed policies, procedures, and pertinent documentation on the implementation of the title VII program. Also at the States we examined the extent and nature of information available to the State agencies for the management of the program. We also conducted reviews of the operations of selected nutrition sites.

CHAPTER 2

BETTER DATA NEEDED TO IMPROVE

PROGRAM MANAGEMENT

In an effort to fulfill its oversight responsibilities for the title VII program, AOA's information system requires each State to complete, on a quarterly basis, a program performance report ^{1/} and a financial status report. AOA also allows the States to request whatever additional information they need from the projects to carry out their management, evaluation, and oversight responsibilities. Much of the information collected by AOA is used in its budget justification process.

The primary purpose of the program performance report is to provide information that AOA needs to respond to congressional and Departmental requests and to the Office of Management and Budget (OMB), GAO, and other Federal and non-Federal entities. AOA officials pointed out that the system was not designed to provide a tool for the ongoing management of the program and was not intended to be an elaborate management information system.

The basic end product of the current information system is a cumulative national summary of each State's quarterly program performance report. The national summary is prepared annually and provides yearly totals for key data elements, such as the number of title VII projects and meal sites in operation, the number of meals served, and the estimated number of persons served.

The results of our review indicate that the States could do a better job of managing the title VII program if they had better data on program performance. If AOA had better program performance data, the HEW regional offices would have information that would enable them to identify problems in State operations of the nutrition program that

^{1/} Our efforts in reviewing AOA's information system were primarily concentrated on the parts of the program performance report that contain data on title VII of the Older Americans Act. The report also contains data on titles III and IV of the act.

were in need of improvement. Also, the HEW regional offices would be in a position to identify and provide the types of technical assistance needed by the States. As the Commissioner of AOA pointed out in hearings before the House Select Committee on Aging in September 1975,

"* * * the principal we try to keep in mind is that the managers of these programs (titles III and VII) are the State governments and, under them, the State Agencies on Aging.
* * * Our regional offices assess the work of the State agencies and help them do their management job."

SHORTCOMINGS OF THE INFORMATION SYSTEM

Representatives at the regional, State, and project levels that we interviewed generally believed that the program performance report and national summary have limited usefulness and reliability. In some instances, this general attitude has had an adverse impact on the timely completion of the reports and the importance that nutrition projects placed on obtaining accurate data. Reasons contributing to this attitude toward the program performance report include:

- Early program emphasis on serving meals and recent emphases on reaching operating level goals. These emphases have had an impact on the priorities placed on adequate reporting procedures and the timely completion of reports.
- Constant changes in performance report format and content. Since the beginning of program operations in 1973, there have been eight modifications or revisions to reporting procedures for the title VII program. A ninth change was being considered by AOA in December 1977.
- Lack of consistency in data reported to AOA by the States. The performance report permits the use of estimates in responding to a number of data elements. The use of estimates represents an AOA decision designed to allow State agencies and local programs some flexibility in reporting information. AOA has not provided definitions for key data elements or instructions for completing performance reports to the States.

--Unreliable feedback from the national summary of program performance reports. Because of the inconsistencies in the data reported by the States, the national summary is not useful as a management tool and cannot be used to measure State progress in meeting program goals.

In addition, representatives in the three HEW regional offices we reviewed stated that the current performance report cannot be used to compare meal cost figures between States because the States do not interpret and report on the various line items consistently. State officials in the five States we reviewed also questioned the information provided and its comparability. The following comment by a State title VII program director is typical of the comments obtained during our review.

"We have also had difficulty interpreting what specific information [AOA was] requesting due to lack of written instructions for both the Title III and Title VII Reports. * * * As in the past, AOA is still neglecting to provide instructions which might prove to be useful in the completion of the form. Without instructions and definitions, the probability of AOA receiving accurate data on a uniform basis from the States is extremely low. Stated simply, questionable and inaccurate data serves no good purpose for anyone."

Several States questioned why certain information is not collected on the program performance report, or why adequate feedback is not provided to the States. However, AOA is somewhat limited in its capacity to request additional data by the provisions of OMB Circular A-40 which was designed, in part, to limit Federal recordkeeping and data collection demands on individuals and small organizations.

AOA officials informed us that the preceding comments by State and regional officials emphasize the existence of basic misunderstandings regarding the purpose of the program performance report and the opportunities available to State agencies on aging to structure their own information systems to meet their needs.

Several States mentioned problems they have had in structuring their information systems because AOA has repeatedly changed its informational needs. They mentioned

the following examples of types and forms of information, not currently requested by AOA, which they need to effectively manage their programs.

- Actual figures when available as opposed to estimates.
- Data for each quarter rather than cumulatively for some data elements.
- Separate computations of meal expenditure information for site-prepared and catered meals.
- Meal expenditure information which includes the value of USDA commodities used.
- Social service information for each social service category including the number of persons served, units of service provided, and amounts expended.
- Information on participant meal contributions received, expended, and on hand.

Several States have either revised or plan to revise their information systems so that some of the above data can be collected.

Our comments on the need for improved reporting on USDA commodities and participant meal contributions follow.

Need for grantees to report more information on USDA commodities

Pursuant to section 707 of the Older Americans Act, USDA provides commodities to the States for distribution to title VII grantees. In the five States that we reviewed, grantees were not providing sufficient information on commodities to State aging officials that would be useful in determining whether the nutrition program is efficiently using the commodities.

AOA's performance report, as it pertains to commodities, only requires the States to report to AOA on the number of nutrition projects using commodities and the dollar value of commodities distributed to nutrition projects. The States in our review recognized a need to obtain additional information so that a system could be established to monitor grantee performance on the use of commodities.

Examples of where the States required their grantees to report information on commodities follow:

- In one State, State aging officials received information from project grantees on commodities received from the State commodity distribution agency but did not receive information on commodity usage.
- Another State required its project grantees to submit information quarterly on commodity usage and planned to use a system being developed by the State commodity distribution agency to provide information on commodities offered to and accepted by project grantees.
- A third State received a copy of each projects' monthly report showing commodities accepted from the State's commodity distribution agency. Also, the projects were required to report commodity usage on the quarterly performance report.

Based on our review, we believe that there is a need for the grantees to develop and report to the States more information on commodities. Such information should include the amount of commodities received by grantees, the value of commodities used per meal, an inventory of commodities on hand, and the amount of commodity storage and transportation costs. If such information was provided to the States, the States could make evaluations or determinations as to whether the grantees are (1) obtaining maximum use of commodities offered by USDA, (2) receiving commodities in excess of needs and accumulating excess stocks on hand, and (3) incurring excessive storage and transportation costs.

In chapter 4 of this report, we discuss the problems experienced by the grantees with the Federal commodity program that could have, in part, been identified or alleviated by an adequate information system.

Project contributions not reported to AOA and States

AOA regulations and guidelines provide that program participants may contribute on a voluntary basis for meals received. Each participant determines the amount of their contribution and no one may be refused a meal because of not contributing.

AOA has established requirements for the grantees and the States to report the amount of contributions received from meal recipients. Quarterly financial reports prepared by the States for AOA provide a column for reporting project income expended, but many States do not provide this information. Moreover, as provided by OMB guidelines, the financial reporting system does not require the reporting of unexpended contributions. The contributions received provide significant funds for grantees to use in expanding their programs. Since information on contributions is not collected by some States, they do not have complete information on the total funds available and/or expended on the nutrition program.

An AOA official estimated that the total contributions by nutrition program participants during fiscal year 1976 was \$14 million. However, since AOA does not collect such data, they could not substantiate this estimate. Information that we obtained showed that the 16 States, including the District of Columbia, in HEW regions III, V, and VII received approximately \$10 million in participant meal contributions for about 26.8 million meals served during a 12-month period in 1975-76. ^{1/} The contributions averaged 37 cents per meal. Based on that average, we estimated that, nationally, meal contributions amounted to about \$23.8 million in fiscal year 1976. We also estimated that meal contributions amounted to about \$37.6 million nationally in fiscal year 1977.

Two States included in our review did not have a system that reported amounts received, balances on hand, or the purposes for which such funds had been used. Another State had information available on amounts received and expended. A fourth State implemented a reporting system during our review that will provide this data.

One State official believed that information on meal contributions would be useful on a national basis since it would show the extent to which such income was used to support and expand the program.

^{1/} Figures for five of the States are for the 12-month period ending June 30, 1976. For the remaining 11 States, figures are for the 12-month period ending September 30, 1976.

In chapter 3 we discuss the need for improved management of income from participant meal contributions.

PROPOSED REVISION TO THE PROGRAM PERFORMANCE REPORT

In May 1977, AOA submitted a revised program performance report to OMB for approval. The report was approved in September 1977 but OMB limited its use by AOA through January 1978. Because of the short length of time that the report could be used, AOA did not implement the revised report. AOA planned to resubmit another report revision to OMB in February 1978 that would more closely comply with the provisions of OMB Circular A-102. ^{1/} Our review of the revised report, which was approved by OMB in September 1977, showed that while the basic format had not changed, several data elements had been added, revised, or deleted from the title VII section. We also made the following observations:

- The revised performance report was not designed to serve as a management information system. As under the existing system, it was also designed to collect data needed by AOA during its budgeting process and to respond to congressional and other inquiries.
- According to an AOA official, AOA's goal is that the data requested from the States should be self-explanatory. Previous decisions against issuing instructions have been in keeping with AOA's policy of allowing the States flexibility in carrying out their responsibilities for managing the program. Therefore, definitions and instructions for completion of the performance report were not provided by AOA.

CONCLUSIONS

Improvements are needed in the information provided by nutrition projects so that the use of funds and the impact of services provided can be realistically appraised by State agencies on aging, HEW regional offices, and AOA. Because

^{1/} This circular establishes standards for uniform administrative requirements for grants-in-aid to State and local governments.

sufficient data is lacking, AOA and the HEW regional offices do not have sufficient information to

- make comparisons of the cost effectiveness of various State nutrition programs or to measure the progress that the States are making toward meeting national objectives,
- make comparisons of the quality of services provided in different State programs and compare project operations within States, and
- measure the impact of other resources, such as USDA commodities and participant meal contributions on the program's ability to serve additional participants.

States have voiced the need for certain program data on a nationwide basis. However, confusion appears to exist concerning the purpose of the program performance report and the opportunities available to State agencies on aging to structure their own information systems to meet their needs. The information collected from the States through the program performance report is intended solely for AOA use, primarily in nonmanagerial functions. The program performance report data should supplement the data collection activities of State agencies on aging for managerial purposes. Since AOA is somewhat limited by OMB requirements in its capacity to request additional data, revisions to the program performance report to develop management tools for the States are not feasible. Although States have primary responsibility for program management and oversight, AOA should consider providing additional guidance and direction to the States to insure more consistent national data on the title VII program. Such guidance should also provide suggestions for improving State management information systems and examples which show how such data can be used to improve program operations.

RECOMMENDATIONS

To improve the information available at the State level on program performance for the title VII program, we recommend that the Secretary of HEW require AOA to:

- Develop a management information system, with input from regional, State, and project officials, as a suggested guide for use by the States in improving their management capacities.

--Provide the States with technical assistance through the HEW regional offices for the development of adequate State data management systems.

To improve the information available at the national level on program performance for the title VII program, we recommend that the Secretary of HEW require AOA to put special emphasis on:

--The development of instructions and definitions for completing program performance reports to provide consistency in the data provided by the States.

--Providing meaningful reports to State agencies on aging and title VII projects on national program performance.

CHAPTER 3

NEED FOR IMPROVED MANAGEMENT

OF INCOME FROM MEAL CONTRIBUTIONS

The Older Americans Act of 1965, as amended, provides that elderly persons may contribute for meals received through the title VII program, based on guidelines established by the Commissioner on Aging. Program regulations provide that while project grantees may establish schedules of charges for meals, participants may choose for themselves how much, if anything, they will contribute.

Voluntary meal contributions provide significant funds for use in the nutrition program. We estimate that about \$37.6 million was contributed in fiscal year 1977. But some States do not have basic information to effectively assist the project grantees in managing these funds. In addition, some nutrition sites are not complying with AOA regulations which require controls over amounts received and protection of the confidentiality of amounts contributed by participants in the collection process. Also, in some instances, project grantees retained substantial cash balances and did not follow Federal grant policies on the use of these funds.

MEAL CONTRIBUTIONS ARE A MAJOR SOURCE OF INCOME

Neither AOA nor the HEW regional offices included in our review routinely collected information to show the total meal contributions received. In addition, one of the five States that we reviewed had not compiled such information. To determine the amount of project income received, we requested that the regional offices obtain information on meal contributions from State officials. They provided the following information:

<u>Region (note a)</u>	<u>Estimated receipts</u>	<u>Estimated number of meals served</u>	<u>Average amount received per meal</u>
III (notes b and c)	\$1,319,000	6,185,000	\$.21
V (note c)	6,160,000	15,779,000	.39
VII (note c)	<u>2,445,000</u>	<u>4,842,000</u>	<u>.50</u>
Total	<u>\$9,924,000</u>	<u>26,806,000</u>	<u>\$.37</u>

a/In these regions there are 16 States including the District of Columbia.

b/Amounts for five of the six States in region III are for the 12-month period ending June 30, 1976.

c/Amounts for 10 States in regions V, VII, and 1 State in region III are for the 12-month period ending September 30, 1976.

AOA estimates that about 101.6 million meals were served during fiscal year 1977. If the average of 37 cents per meal that we found for the 16 States including the District of Columbia was also the average nationwide, we estimate about \$37.6 million might have been received during fiscal year 1977.

NEED FOR IMPROVED INTERNAL CONTROLS OVER CONTRIBUTIONS

There is a need to establish or strengthen internal controls over amounts collected to assure that all contributions received are reported and properly safeguarded. Contributions should also be reviewed by auditors in audits of grantee financial activities as required by OMB Circular A-102. Program regulations address the need for internal controls over meal contributions to assure that they are appropriately accounted for and adequately safeguarded.

We noted a lack of adequate controls at many of the nutrition sites visited. Examples of weaknesses noted in internal controls at nutrition sites included

- amounts received were not always adequately safeguarded and were not always promptly deposited in banks,
- amounts reported as received were not always verified to determine if they agreed with amounts deposited in banks,
- some nutrition site coordinators handling the funds were not bonded, and
- only one person counted the payments received.

The need for internal controls over meal contributions was demonstrated in one State where, in October 1976, a new project director discovered a shortage of about \$6,000 in meal contributions simply by comparing receipts reported as collected with actual receipts deposited with a bank. Action was subsequently taken to dismiss the responsible employee and to recover the funds. As a result of the shortage, the project now requires all persons who handle meal contributions to be bonded. At a project we visited in another State, the amount of meal contributions on hand, according to the most current bank balances, was \$10,738 greater than the amount reported to the State agency on aging. The project director said he did not reconcile the amounts reported to the project to the amounts deposited in banks.

Because of the need to maintain a participant's confidentiality in the collection process, receipts are not prepared nor records maintained by nutrition sites to show amounts collected from individual participants. One control to help assure that all amounts received are reported is to have more than one person count the receipts and verify the amounts reported. At many of the nutrition sites we visited, this basic element of control was not present.

Physical controls over the handling of receipts varied considerably. In two States, we noted several instances where makeshift receptacles were used to collect meal contributions and make change. This was in contrast to one project in another State where locked boxes were used to safeguard amounts collected. The money was removed from the locked box by the project director and taken to the fiscal officer for counting. However, the funds were not always counted and verified by two persons. Also, several site managers at another project took funds home with them when unable to make daily bank deposits.

AUDITS NOT MADE OF INCOME
FROM MEAL CONTRIBUTIONS AND SOME
NUTRITION PROJECTS NOT AUDITED

Independent audits are an important element of internal control; however, not all nutrition projects were being audited as required by OMB Circular A-102. One State included in our review, which has 13 title VII projects, received an audit report from only one of its project grantees in each of fiscal years 1975 and 1976. On January 13, 1977, the State approved a new audit policy which requires projects to be audited in order to receive funding for the following fiscal year.

Some audits did not include reviews of meal contributions and the audit reports did not show the amount of meal contributions received, expended, and the balances on hand. For example, in fiscal year 1975, independent audit reports for eight projects in one State we visited showed that one reported contributions received, amounts expended, and partial information on balances on hand. Two other audit reports also showed meal contributions received, but either did not show the amounts expended or the balances on hand. Reviews of meal contributions were not included in audit reports for the remaining five projects.

HEW AUDITS OF MEAL CONTRIBUTIONS

We identified two HEW audit reports which addressed the need for improved management of project income from meal contributions.

In one State, HEW auditors found that meal contributions for the fiscal year ended June 30, 1975, were not being reported by one nutrition project as income for fear that the State agency would automatically reduce the next year's grant by that amount. The project needed the funds to provide meals to the elderly in excess of the number funded by the State agency. The State agency in its comments on the HEW audit report stated that the grant would not have been reduced if the income was reported. The report recommended that all project income be reported and used to further the grant objectives or to reduce project costs.

In another State, HEW auditors found that nutrition sites reported the amount of meal contributions received during calendar year 1974 to the project office daily by telephone.

There was no assurance that all contributions received had been deposited in a bank or recorded in the project's records. To improve internal control, the report suggested that projects use passbooks, deposit receipts, and bank statements to reconcile bank balances with receipts reported by nutrition sites.

AOA has prepared a "Suggested Guide for Independent Accountants and Auditors for Use in Auditing Programs Funded Under Title III and Title VII of the Older Americans Act of 1965, as Amended." The purpose of the guide is to acquaint independent accountants and auditors with the major provisions of Older Americans Act programs, and to supplement the audit procedures necessary to conduct an examination in accordance with "Standards for Audit of Governmental Organizations, Programs, Activities, and Functions" issued by the Comptroller General of the United States in June 1972. AOA distributed the guide to State agencies on aging through Technical Assistance Memorandum 77-13, dated September 26, 1977.

The audit guide addresses specific areas that should be reviewed in relation to grant-related income. It provides that the auditor should determine that:

- Program income is being accounted for on an ongoing basis and is being reported, as it is earned, through the State agency financial reporting system.
- When costs incurred by a project are paid for by program income, the subgrantee's accounting records and the reports submitted to the State agency accurately reflect the expenditure of such funds separate from the expenditure of Federal funds, grantee funds, or use of local resources.
- The grant award issued to a project by the State agency clearly indicates the State agency's requirement with regard to the disposition of program income.

MORE CAN BE DONE TO
PROTECT THE CONFIDENTIALITY
OF PERSONS CONTRIBUTING FOR MEALS

Program regulations require that meal contributions be received from individuals in a manner so as not to publicly identify the amount of the contribution by each participant. We noted that problems existed in maintaining confidentiality during the collection process at several

nutrition sites we visited. For example, in one State, receptacles generally were located at the nutrition site entrance next to the sign-in sheet where other participants could observe what, if anything, was paid for the meal.

Nutrition sites we visited in two other States provided participants with envelopes in order to help protect their confidentiality. Thus, persons unable to pay for their meals could submit an empty envelope, without public knowledge of the amounts contributed.

USE OF PROGRAM INCOME FROM MEAL CONTRIBUTIONS

OMB Circular A-102 requires that program income either be (1) deducted from the project cost on which the Federal share is based, (2) added to funds committed to the project and used to further the purposes of the legislation, or (3) used to finance the non-Federal share of the project when approved by the Federal sponsoring agency. Our review showed that the nutrition projects were not always following the above practices in a timely manner.

Income not used

Neither HEW grants administration policies nor title VII program regulations establish a specific time limit for the use of program income. Nutrition projects in some States we reviewed have retained significant balances of meal contributions on hand.

In commenting on this practice, the director of the HEW Region III Office of Aging said in a June 1976 assessment of one State's agency on aging:

"The use of program income derived from contributions towards meals by Title VII project participants does not always meet the requirements of our Federal Management Circular 74-7 * * *. That is, added to funds committed to the project in order to further eligible program objectives or deducted from the total project costs for the purpose of determining the net costs on which the Federal share will be based. Instead of following either of these alternatives, several grantees are depositing such contributions into savings accounts, thereby depriving project participants the opportunities to benefit from expanded services."

Of the three regional offices we contacted, only one could provide us with information supplied by the States on the amount of program income on hand. The estimated amount on hand for this region, as of September 30, 1976, was \$1.7 million.

One nutrition project we visited in this region had \$252,000 on hand. A project official considered the funds as a reserve in the event Federal funds were cut.

CORRECTIVE ACTIONS

In April 1977, AOA issued a program instruction which provides a uniform policy and clarifies past policies and instructions regarding the receipt, accountability, and disposition of grant-related income under the title III and VII programs. This instruction should be of considerable help in improving the management of program income, if it is adequately implemented, since it

- provides that contributions for meals are program income,
- requires that both the receipt and expenditure of program income must be accounted for, and
- emphasizes that the grant award should clearly indicate the State agency's requirement for disposition of the income.

CONCLUSIONS

While the AOA instruction, if adequately implemented, should help to improve the management of program income, actions still are needed to strengthen internal controls and protect the confidentiality of program participants. Also, further clarification is needed to assure that program income is utilized in a timely manner.

RECOMMENDATIONS

- We recommend that the Secretary of HEW require AOA to:
- Emphasize to the States the need to collect basic information on the actual amount of participant meal contributions received, expended, and on hand.
 - Emphasize to the States the need to improve internal controls over meal contributions.

- Emphasize the importance of conducting independent audits of nutrition projects and including reviews of meal contributions in such audits.
- Encourage project grantees to use envelopes or other means to protect the confidentiality of persons during the collection process.
- Revise program regulations and policies to require prompt and effective use of program income.

CHAPTER 4

IMPROVEMENTS NEEDED TO GAIN FULL BENEFITS FROM FEDERALLY DONATED COMMODITIES

The Secretary of USDA may, pursuant to section 707 of the Older Americans Act, provide commodities to title VII grant recipients, with special emphasis on high-protein foods, meat, and meat alternatives. The Secretary was required to maintain an annually programmed level of assistance of not less than 10 cents per meal in fiscal year 1975. The 1975 Amendments to the Older Americans Act increased the assistance level to not less than 15 cents per meal during the fiscal year ended September 30, 1976, and not less than 25 cents per meal during the fiscal year ended September 30, 1977. The assistance level is also adjusted each fiscal year after June 30, 1975, to reflect changes in food costs indicated by the Consumers Price Index. Application of the Index resulted in a subsistence level of 16.5 cents for the fiscal year ended September 30, 1976, and a level of 27.25 cents for the fiscal year ended September 30, 1977.

Increases in both the commodity entitlement per meal and the number of meals served resulted in an increase in the value of commodities made available--from \$4.4 million in fiscal year 1975 to an estimated \$26.7 million in fiscal year 1977.

The additional resources available through the Federal commodity program have provided nutrition projects the opportunity to prepare more meals and to serve more elderly persons. However, there were a number of areas in the program that could be improved if the States had better information to monitor grantee performance and problems regarding the use of USDA commodities.

INCORRECT INFORMATION PROVIDED TO USDA FOR USE IN MAKING COMMODITY ALLOCATIONS

The number of meals served under the title VII program serves as the basis for determining the value of commodities to be provided by USDA to the States. However, USDA has had problems obtaining accurate data. USDA was obtaining its information from State commodity distribution agents, but it

was not always in agreement with the number of meals reported on AOA's program performance reports prepared by the States. For example, during the first 6 months of fiscal year 1976, one State reported 480,000 more meals to USDA than it reported to AOA on its program performance report. Part of the difference occurred because some meals funded under title III of the Older Americans Act and title XX of the Social Security Act, were included in the number of meals reported by the States to USDA. The practice of reporting meals that were paid for with title III and title XX funds was in question until the USDA Office of the General Counsel issued a formal opinion on July 25, 1977. The opinion stated that:

"* * * a recipient of a grant or contract under title VII is entitled to commodities of the specified value for every meal served, regardless of the source or sources of its income."

AOA has changed its program instructions to request information from the States on all meals served at title VII nutrition sites regardless of the funding source. AOA will request a separate breakout of meals served with title VII funds.

Another State reported 329,000 fewer meals to USDA than it reported to AOA during the first 6 months of fiscal year 1976. A USDA official believed that some projects underestimate the number of meals served in an effort to reduce State entitlements because of large existing commodity inventories. The commodity inventory problem is discussed later in this chapter.

Because of problems in obtaining similar information from the States, AOA and USDA agreed that USDA should establish its own system to obtain information on the number of meals served. A meal information form was designed by USDA and submitted to OMB for approval. However, OMB considered the form a duplication of effort and denied approval on July 21, 1976.

On October 26, 1977, AOA issued Program Instruction 78-2 to State agencies on aging which requires them to quarterly submit meal count data directly to USDA. State agencies on aging must also certify that the meal count information submitted to USDA is the same information to be submitted to AOA on the program performance report. This measure should improve the reporting of essential information to USDA in a timely manner for the purpose of making commodity allocations to the States.

SOME CATERERS EXPERIENCED PROBLEMS IN USING COMMODITIES

In a title VII survey prepared by the staff of the United States Senate Select Committee on Nutrition and Human Needs in April 1976, the problems of commodity usage were highlighted. The survey stated that:

"The commodities problem becomes even more complicated for those projects which use caterers. Most caterers refused to accept commodities because of the paperwork and the difficulty of fitting donated food into a menu plan."

In three of the five States that we reviewed, we also found that some of the nutrition projects that used caterers were experiencing problems in using all of the commodities provided by the States. A USDA official informed us that caterer objections regarding the use of USDA commodities are derived, in part, from profitmaking ambitions since a markup or profit can be made on the purchase of foods if USDA does not supply them.

The State included in our review with the most extensive use of caterers experienced the least amount of problems with USDA commodities. One factor which contributed to this State's success with commodities was the use of school food service departments as caterers for preparing meals. The schools had more experience with commodities since commodities were used in the School Lunch program. The State distribution agency and the State agency on aging had a good working relationship and also appeared to have better information concerning potential commodity problems such as inventory buildups. Therefore, they were able to take corrective actions before problems became too serious.

Because of the lack of food preparation facilities at many nutrition sites, caterers are used to prepare meals for many projects. For example, in one State included in our review, 94 percent of the meals were prepared by caterers. In two other States about 50 percent were prepared by caterers.

Although the use of caterers is quite extensive, the policy concerning commodity usage by caterers varies from State to State. For example, one State included in our review requires each project that uses a caterer to include in the caterer's contract a requirement that commodities be used in the preparation of meals. Another State requires each project to include 20 cents per meal for commodity usage in their annual budget. A fourth State has a policy prohibiting

caterers from using commodities. In a fifth State, the policy regarding caterers' use of commodities varies from project to project.

caterer experienced difficulty in using commodities at one State's largest project which serves meals at over 40 sites and has over 90 percent of its meals prepared by a caterer. The project accepted the equivalent of about 6 cents per meal worth of USDA commodities during the fiscal year ended September 30, 1976. The project contracted with a different caterer in November 1976 and also hired a different nutritionist. The project accepted 15 cents per meal worth of commodities for the 3-month period ended December 31, 1976.

An analysis of project commodity usage for the 3 months ended December 31, 1976, by another State showed the largest commodity usage by a catered project was 17 cents per meal. This was considered a good usage rate by the State nutritionist. In another State, where caterers are used to prepare the majority of the meals, the State nutrition program director believes that 20 cents per meal is a realistic acceptance rate.

QUALITY AND FORM OF PACKAGING LIMITED COMMODITY USAGE

Many of the nutrition projects we reviewed informed us that USDA commodities were of good quality and well received by program participants. They also indicated that in many instances food of comparable value could not be obtained at the USDA listed price on the open market.

However, some of the nutrition projects included in our review complained about the quality of some of the commodities provided. Complaints included excessive sugar content in certain items and excessive salt in others. Officials in one State cited specific problems with meat products. Officials at both projects reviewed in this State indicated that the boned poultry had small bones in it. They also indicated that canned beef was of such poor quality that it would breakup when prepared. The distribution agent in another State said that a common problem with canned beef is that nutrition site personnel have a tendency to overcook the product. When USDA delivers the canned beef to the States it is fully cooked in its own juices and ready to eat. He suggested a short heating process because overcooking will cause the canned beef to breakup.

Another State solicited responses from its projects on the quality of USDA commodities. Responses received from 27 projects showed that 20 considered the quality of canned beef to be good, 2 fair, and 5 considered the beef to be of poor quality. In addition, 4 considered the quality of the canned poultry to be good, 10 considered it fair, and 12 poor. One project did not comment on the quality of the canned poultry.

AOA requested that USDA halt the addition of salt to meat products. USDA changed its specifications to reduce the maximum amount of salt allowed in these commodities in August 1975. In addition, USDA studied the quality of canned beef and boned poultry in fiscal year 1977. According to a USDA official, the quality of the canned beef was determined to be satisfactory. However, the specifications for boned poultry were changed for fiscal year 1978 in an effort to make the product more appealing and acceptable to recipients.

The largest caterer in one State that we reviewed informed us that certain commodity items were refused because they were difficult to use in their food preparation system. The project nutritionist indicated that if commodities were purchased in different forms, caterers could use more commodities. She cited turkey rolls rather than whole turkeys as an example. Since USDA supplies cooked turkey rolls to the States, this appeared to be a commodity distribution problem with the sub-State system.

A caterer in another State also indicated that certain items would be more acceptable in different forms. As an example, the caterer stated that it was difficult to find economical and feasible ways to use 50 pound bags of powdered milk. He suggested that the product be reconstituted and packaged before being sent to the projects. He also stated that margarine could be used more easily if it was pre-cut into chips or patties for individual portions.

This caterer also experienced problems with the types of commodities provided in some instances. Some project personnel believed that peanut butter, which was provided in large quantities, would be better received by a younger age group. Project nutritionists in preparing their menu plans during fiscal year 1976 excluded fried foods from their menus and emphasized low fat diets. The menu plans are required to be approved by the State agency on aging. Therefore, peanut oil and shortening, which was also provided in large quantities was of little use to this project. The State title VII director estimated a 4-1/2 year supply of peanut oil on hand for the State.

The caterer stated that when he incorporated all commodities into the menu plan to use up a 4-week allotment, the menu became very repetitive. He indicated that there were too many poultry items such as boned poultry, whole turkeys, and fresh chickens. This caterer felt that increasing the variety of commodities offered and packaging commodities in smaller quantities would both serve the program and provide the elderly more diversified menus.

During the spring of fiscal year 1977, discussions were held between USDA, AOA, and several food manufacturers concerning the purchase of commodities by USDA in different forms which would provide more variety to the projects. The discussions were initiated by USDA and as a result of these meetings USDA was considering, in December 1977, the purchase of more table-ready items such as stews (beef, chicken, and turkey).

A USDA official informed us that USDA supplies only those commodities which have been designated as suitable for elderly meal preparation by AOA. USDA has asked AOA to review the list of foods proposed for the title VII program and to indicate which items they prefer not to be included. Items not preferred by AOA, such as french fried potatoes, have been eliminated from USDA's offer. The USDA official further stated that if AOA wishes to extend the list of available foods or wants USDA to supply other foods, USDA will cooperate fully and try to oblige them.

OTHER COMMODITY PROBLEMS

The April 1976 title VII survey by the United States Senate Select Committee on Nutrition and Human Needs also stated that:

"There were many problems listed by the directors which adversely impact on the benefits of commodity support. One common problem is the lack of storage facilities, especially refrigeration, to handle surplus goods. Another centers on the unpredictable arrivals of food shipments. The result is that menus are difficult to plan and approve in advance and the commodities cannot always be conveniently picked up on short notice of availability, which is frequent. To make matters worse, there is an enormous burden of paperwork which is required for commodity participation."

The six projects we visited experienced some of the same problems. Under the USDA commodity distribution program, USDA delivers commodities which the States agree to accept

in carload quantities for the various State nutrition programs. State agencies on aging are then responsible for arranging for in-State distribution of commodities to project grantees. Projects in two of the five States included in our review experienced problems with their State commodity distribution systems. Because commodities in excess of needs were provided to the projects through the States, some projects had accumulated large warehouse commodity inventories. All of these problems have added to the time required by State and project officials in administering the program. Examples of the problems experienced by three of the States in our review are detailed below.

State A--The State distribution agency does not always make deliveries on schedule, or give projects notice of commodities it will provide. These problems are compounded by the fact that the projects are required to include 20 cents worth of commodities per meal in their budget. When the commodities are not provided, cash flow problems are created since funds intended for other purposes must be used to purchase food. The inconsistency of deliveries also makes it difficult to plan and implement menus.

State B--One project director stated that he must have a 3-month advance notice of commodities that will be provided by the State distribution agency so that menus can be prepared and approved by the State agency on aging. The lack of such notice has caused problems in incorporating commodities into the menus. Also, the large quantities of commodities provided requires an increased amount of time to prepare menus. The nutritionist at another project stated that an increase in commodity acceptance has increased the time required to prepare menus and to work with caterers.

State C--Commodities are distributed by the State Department of Education from 15 locations throughout the State. If warehousing space was not available at the pickup point, commodities were stored in local Department of Education warehouses until they were picked up by the title VII project. The State Department of Education assumed all storage costs until commodities were delivered. The excessive quantities of commodities accepted by the State agency on aging combined with poor use of commodities by some projects has resulted in large warehouse inventories. As of April 1976, commodities valued at \$131,067 remained in commercial warehouses throughout the State. To avoid excessive storage costs and risk of deterioration, 648 cases of ground beef and 400 cases of cheese valued at over \$27,000 were transferred

to the State's schools in fiscal year 1977. Approximately 400 cases of ground beef valued at \$16,140 was transferred from one large project alone.

The lack of cold or dry storage facilities was mentioned as a problem at five of the six projects we visited. Storage facilities were either unavailable or costly. This problem created the need for more frequent commodity shipments which added to project costs in one State. In some instances project personnel used their private vehicles to transport commodities to nutrition sites. Records in one State indicated excessive inventories on hand of raisins, peanut oil, and shortening.

In a January 1977 letter to State agencies on aging highlighting the limited use of commodities, the Commissioner of AOA stated that the refusal of commodities by some projects has resulted in a substantial loss of resources by the projects and the title VII program as a whole.

ACTIONS TAKEN OR PLANNED TO ADDRESS COMMODITY USAGE PROBLEMS

Public Law 95-65, enacted on July 11, 1977, gives the States an option of accepting cash in lieu of commodities for the title VII program. This measure could alleviate many of the title VII commodity problems addressed in this chapter. However, since this legislation presents the States with an option of accepting cash or commodities, some States may elect to continue receiving commodities because they believe that foods of comparable value cannot be obtained at the USDA listed price on the open market.

In those States which choose to continue receiving commodities, AOA is requiring, as a condition to the approval of the fiscal year 1978 State plan, that written agreements exist between State agencies on aging and State distribution agencies. The purpose of such agreements would be to establish written procedures for effective planning, distribution, and use of commodities.

USDA is also giving States the choice of commodities they wish to accept in fiscal year 1978. In fiscal year 1976, the States could obtain replacements for commodities they rejected. However, in fiscal year 1977 this option was eliminated.

On January 31, 1977, we issued a report to the Committee on Education and Labor, House of Representatives, entitled, "The Impact of Federal Commodity Donations on the

School Lunch Program" (CED-77-32). Many of the problems experienced by the schools are similar to those we found at nutrition projects and planned corrective actions by USDA should also have an impact on the title VII commodity problems. In particular are the actions to identify and implement ways to improve the timing of Federal commodity deliveries and provide more advance notice of commodity deliveries to the States. However, improvements are also needed in some State commodity distribution systems to improve in-State distribution of commodities to title VII projects.

CONCLUSIONS

Some of the title VII nutrition projects have experienced difficulty in using some of the federally donated commodities in the preparation of meals for the elderly. The primary problems were that commodities were sometimes being provided through the States that were in excess of the project's needs, some items were considered to be of poor quality, difficult to include in an elderly person's menu, and difficult to use in caterer-prepared meals. Also, adequate storage facilities were not available at some projects. In some instances improvements were needed in the timing of commodity deliveries to the projects. All of these problems have added to the projects' paperwork and administrative time required to administer the program.

However, some title VII nutrition projects appear to be doing a better job of managing and minimizing their commodity problems. Factors which contribute to better use of commodities include good working relationships between State agencies on aging and State commodity distribution agencies, and the availability of better information on potential commodity problems such as inventory buildups.

The new option of cash in lieu of commodities for the title VII program could alleviate the previously mentioned problems. For those States which elect to continue receiving commodities, USDA's actions to allow acceptance of only preferred commodities in fiscal year 1978 could eliminate many problems being experienced by title VII projects. But, we believe if such a procedure is to be effective, AOA should poll the projects (through the States) to determine the acceptability of commodities before they are purchased by USDA. Also the States should improve the information available on commodity use and the extent of existing problems to be in the position to make managerial improvements through the new options available to them.

RECOMMENDATIONS

To improve the effectiveness of the title VII nutrition program, we recommend that the Secretary of HEW require AOA to:

- Emphasize to the States the need to collect data on the amount of USDA commodities received, used, and in inventory, as well as the storage and transportation costs for handling commodities.
- Work with the Secretary of USDA to establish procedures to maximize the use of commodities in caterer-prepared meals.
- Work with the Secretary of USDA to identify problems with State commodity distribution systems to improve in-State distribution of commodities to title VII projects.
- Establish procedures to insure that nutrition projects' views on commodity preferences are included in information provided to USDA to be used in determining commodity purchases for the title VII program.

CHAPTER 5

TYPES OF PERSONS SERVED

BY THE TITLE VII PROGRAM

In the early stages of the title VII program, AOA emphasized serving as many meals as possible to persons 60 years of age or older in order to give the program national visibility. Such an approach hastened the program's implementation. However, this emphasis resulted in lower participation by some persons who were in need of the program--the disabled, the isolated, those without transportation, the poorest of the poor, the very old, and elderly members of minority groups. A change in emphasis, after the early startup period, to place projects in target group areas has brought more minorities and low-income persons into the program. However, the early emphasis on serving meals is still having an impact on the program. Many projects are operating at capacity, and do not have resources to serve additional persons in need. Therefore, outreach efforts to identify and serve others in need are limited. Information available to AOA on the type of persons served, as well as those in need of services, is also limited.

EARLY PROGRAM EMPHASIS WAS TO SERVE MEALS

Public Law 92-258, authorizing the title VII nutrition program, was signed into law on March 22, 1972, but the first program appropriation of \$100 million was not available until July 1, 1973--the first day of fiscal year 1974. The first major task of AOA, accomplished in August 1973, was to allocate funds to each of the 56 jurisdictions in proportion to their populations aged 60 years and over. The second major task, awarding allotted funds to project grantees, was fully accomplished by all but three jurisdictions by December 31, 1973.

Although the Older Americans Act specifies that preference be given to certain target groups, i.e., low income and minorities, early program emphasis was to serve meals to persons 60 years of age or older, without concentrating on specific target populations. This emphasis was initiated by two AOA decisions in July 1973 which required all projects to

--begin operations the first day of their budget year
and

--be fully operational within 90 days of the beginning of their budget year.

These decisions were modified in September 1973 to permit postponement of providing supporting services for 90 days with State concurrence. Furthermore, with the consent of the Commissioner on Aging, an additional 90-day postponement was permitted, if justified by the State. These moves were made to accelerate the serving of meals and to assure prompt use of appropriated funds.

Although these administrative moves hastened program implementation, they resulted, in part, in lower participation by some potential participants in need of the program including the disabled, the isolated, those without transportation, the poorest of the poor, the very old, and elderly members of minority groups.

PROGRAM EMPHASIS TO REACH MINORITIES AND LOW-INCOME PERSONS

The performance reports submitted by the States for fiscal year 1976 estimated that 21 percent of the persons served by the program were minorities and 62 percent were low-income persons. In addition, during our review, we found that title VII projects have been established in target areas to reach minorities and low-income persons. However, since program participants are not required to provide information on income and projects are estimating the number of individuals reached, it is difficult to know how the States were performing.

OUTREACH EFFORTS TO REACH THOSE IN NEED

The Older Americans Act states that projects must use methods of administration, including outreach, which will assure that the maximum number of individuals have an opportunity to participate in the title VII nutrition program. Each of the projects we visited was performing outreach efforts consisting of such techniques as visits to homes, churches, and hospitals, and advertising in local newspapers. However, the extent of the outreach effort is still somewhat affected by initial efforts to serve as many persons as possible. Many projects are operating at full capacity and place limited efforts on outreach activities.

In December 1975, Opinion Research Corporation conducted "An Evaluation of Outreach of the Nutrition Program for the

Elderly" under a contract with AOA. In the study, the contractor stated that:

"It quickly became apparent in visits to project sites in the planning stages of this study that most sites were able to reach their budgeted quotas of meals easily and quickly after funding. Of a total of 35 sites visited, 32 indicated that they were serving as many meals as they were then budgeted for within a month after opening of the site."

The study further stated that:

"The two most significant forms of Outreach are personal contact by project personnel and word-of-mouth. Together they are the primary means by which about 60% of participants heard of the program."

AVAILABLE DATA ON TYPE OF PERSONS SERVED

Data reported on the performance report by title VII projects on the type of persons served, only concerns whether the person is of low income or a minority. In order to determine whether others also in need are being reached, we analyzed the data collected during our study of the elderly in Cleveland, Ohio, 1/ to see what additional insights it could provide on the type of persons being served.

Cleveland study of the elderly

Applying a questionnaire developed by the Older Americans Resources and Services Program of the Duke University Center for the Study of Aging and Human Development, 1,609 persons 65 years of age and older were interviewed. The questionnaire contains questions about an elderly person's status in five areas of human functioning, (1) physical health, (2) mental health, (3) social resources, (4) economic resources, and (5) capacity for the activities of daily living.

We extracted information from the study on 80 title VII participants included in a scientific random sample. These questionnaire responses showed that:

1/ This study is a two-phased longitudinal effort. The first report, "The Well-Being of Older People in Cleveland, Ohio" (HRD-77-70), was issued on April 19, 1977. Work on the second report was in process in January 1978.

- Minorities (Blacks) and low-income persons are being reached by the title VII program. Forty-six percent of the program participants are minorities and 63 percent have an annual income of less than \$4,000.
- The eldest of the elderly are being reached. Ohio Commission on Aging officials estimate that about 1 percent of the persons 60 years of age or older in Ohio are being reached by the program. However, the responses showed 5 percent of the persons in Cleveland 65 years of age or older are being reached by the program.
- People from various housing patterns throughout the city are being reached. Forty-one percent own their own home, 35 percent live in rental properties, and 24 percent live in public housing.
- People who live alone are being reached. Fifty-four percent of those persons enrolled in the program live alone.

Our analysis of questionnaire responses indicated that the emphasis on target population areas may have restricted the enrollment of socially impaired persons also in need of the program. Of those persons that we identified as being impaired socially and not enrolled in the program, 64 percent were concentrated in 7 of the 19 zip code areas of the city. Only one of the areas was in the poverty area of the city; portions of three others were partially in the poverty area.

Also, 80 percent of those not reached were nonminorities.

- - - -

We believe that the opportunities for program improvements discussed in the previous chapters of this report, if properly implemented, should go a long way toward increasing the number and types of persons served. Better use of meal contributions and resources from USDA (cash or commodities) could increase the number of older persons now being served. Similarly, better management information systems could assist the States in the management of these resources and contribute to improved program operations.

LOCATIONS WHERE REVIEW WAS CONDUCTEDHEW Regional Offices

Region III Philadelphia, Pennsylvania
Region V Chicago, Illinois
Region VII Kansas City, Missouri

State agencies on aging

Maryland Office on Aging
Baltimore, Maryland

Ohio Commission on Aging
Columbus, Ohio

Michigan Office of Services to the Aging
Lansing, Michigan

Missouri Office of Aging
Jefferson City, Missouri

Iowa Commission on Aging
Des Moines, Iowa

Title VII project grantees

Montgomery County Division of Elder Affairs
Rockville, Maryland

Prince George's County Division of Services
and Programs for the Aging
Capitol Heights, Maryland

Ashtabula County Community Action Agency
Rockcreek, Ohio

Western Reserve Area Agency on Aging
Cleveland, Ohio

Mid-East Area Agency on Aging
Clayton, Missouri

District III Area Agency on Aging
Warrensburg, Missouri

(104050)