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Testimony

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YEAR 2000 COMPUTING
CHALLENGE

Federal Efforts to
Ensure Continued
Delivery of Key State-
Administered Benefits

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Mr. Chairman and Members of the Committee:

Thank you for inviting us to participate in today's hearing on the Year 2000 challenge facing state and local governments. Among the critical functions performed by states are the administration of federal human services programs such as food stamps and Medicaid. As we reported in November 1998, many systems that support state-administered federal human services programs were at risk from the Year 2000 challenge and much work remained to ensure that services would continue.¹ In February of this year, we testified that while some progress had been achieved, many states' systems were not scheduled to become Year 2000 compliant until the last half of 1999.²

As requested, after a brief background discussion, today I will (1) highlight the reported Year 2000 readiness of 10 key state-administered federal human services programs, (2) discuss federal Year 2000 activities to assess states' readiness for these 10 programs, and (3) discuss the status of the Department of Health and Human Services' (HHS) Payment Management System, which provides crucial support to state-administered programs, and the overall reported status of federal/state data exchanges.

Background

Among the critical functions performed by states are the administration of federal human services programs. These programs provide essential benefits, such as food stamps and unemployment benefits, to millions of people.

In March 1999, the Office of Management and Budget (OMB) designated 42 programs as high-impact (later adding a 43rd) and designated lead agencies for each. OMB reported that it designated those programs that, if disrupted, could have a direct effect on the public's health and safety or the well-being of individuals. Table 1 lists the 10 high-impact state-administered federal human services programs.³

¹Year 2000 Computing Crisis: Readiness of State Automated Systems to Support Federal Welfare Programs (GAO/AIMD-99-28, November 6, 1998).

²Year 2000 Computing Crisis: Readiness of State Automated Systems That Support Federal Human Services Programs (GAO/T-AIMD-99-91, February 24, 1999).

³Appendix I contains a description of each program.

Table 1: State-Administered Federal Human Services Programs

Lead federal agency	Program
Department of Agriculture	Child Nutrition programs
	Food Stamps
	Special Supplemental Nutrition Program for Women, Infants, and Children
Department of Health and Human Services	Child Care
	Child Support Enforcement
	Child Welfare
	Low Income Home Energy Assistance Program
	Medicaid
	Temporary Assistance for Needy Families
Department of Labor	Unemployment Insurance

Source: OMB.

For each high-impact program, the lead federal agency was charged with identifying to OMB the partners integral to program delivery; taking a leadership role in convening those partners; assuring that each partner had an adequate Year 2000 plan and, if not, helping each partner without one; and developing a plan to ensure that the program would operate effectively. According to OMB, such a plan might include testing data exchanges across partners, developing complementary business continuity and contingency plans, sharing key information on readiness with other partners and the public, and taking other steps necessary to ensure that the program would work. OMB directed the lead agencies to provide schedules and milestones of key activities in their plans by April 15, 1999; it also asked agencies to provide monthly progress reports.

OMB also directed federal oversight agencies to include the status of selected state human services systems in their quarterly Year 2000 progress reports. Specifically, in January 1999, OMB requested that agencies describe actions to help ensure that federally supported, state-run programs would be able to provide services and benefits. OMB further asked that agencies report the date when each state's systems would be Year 2000 compliant.

Some State Programs Reported Already Compliant; Others May Not Be Until Late 1999

Table 2 summarizes the latest information on state-administered federal human services programs reported by OMB on June 15, 1999.⁴ This information was gathered, but not verified, by the Departments of Agriculture, HHS, and Labor. It indicates that while many states reported their programs to be compliant, a number of states did not plan to complete Year 2000 efforts until the last quarter of 1999. For example, eight states did not expect to be compliant until the last quarter of 1999 for Child Support Enforcement, five states for Unemployment Insurance, and four states for Child Nutrition. Moreover, Year 2000 readiness information was unknown in many cases. For example, according to OMB, the status of 32 states' Low Income Home Energy Assistance programs was unknown because applicable readiness information was not available.

Table 2: Reported State-Level Readiness for Federally Supported Programs

Program ^a	Compliant ^b	Expected Date of 1999 Compliance				Unknown ^c	N/A ^d
		Jan.- March	April- June	July- Sept.	Oct.- Dec.		
Child Nutrition	29	0	9	10	4	2	0
Food Stamps	25	0	12	14	3	0	0
Women, Infants, and Children	33	0	11	7	3	0	0
Child Care	24	5	5	8	2	6	4
Child Support Enforcement	15	4	13	8	8	6	0
Child Welfare	20	5	9	11	3	5	1
Low Income Home Energy Assistance Program	10	0	3	7	1	32	1
Medicaid – Integrated Eligibility System	20	0	15	15	4	0	0
Medicaid – Management Information System	17	0	19	14	4	0	0
Temporary Assistance for Needy Families	19	3	12	15	1	4	0
Unemployment Insurance	27	0	11	10	5	0	1

(Table notes on next page)

⁴For Medicaid, OMB reports on the two primary systems that states use to administer the program: (1) the Integrated Eligibility System, to determine whether an individual applying for Medicaid meets the eligibility criteria for participation, and (2) the Medicaid Management Information System, to process claims and deliver payments for services rendered. Integrated eligibility systems are also often used to determine eligibility for other public assistance programs, such as Food Stamps.

Note: This table contains readiness information from the 50 states, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands.

^aAccording to OMB, the information regarding Child Care, Child Support Enforcement, the Low Income Home Energy Assistance Program, Medicaid, and Temporary Assistance for Needy Families was as of January 31, 1999; and the information for Child Nutrition, Food Stamps, and Women, Infants, and Children was as of March 1999. However, OMB provided a draft table to the National Association of State Information Resource Executives (NASIRE) which, in turn, provided the draft table to the states. The states were asked to contact HHS and Agriculture and provide corrections by June 1, 1999. For their part, HHS and Agriculture submitted updated state data to OMB in early June. The information regarding Unemployment Insurance was as of March 31, 1999.

^bIn many cases, the report indicated a date instead of whether the state was compliant. We assumed that states reporting completion dates in 1998 or earlier were compliant.

^cUnknown indicates that, according to OMB, the data reported by the states were unclear or that no information was reported by the agency.

^dN/A indicates that the states or territories reported that the data requested were not applicable to them.

Source: Progress on Year 2000 Conversion: 9th Quarterly Report (OMB, issued on June 15, 1999).

Although many states have reported their state-administered programs to be compliant, additional work beyond individual system completion likely remains, such as end-to-end testing. For example, of the states that OMB reported as having compliant Medicaid management information and/or integrated eligibility systems at least four and five states, respectively, had not completed end-to-end testing. The purpose of such testing is to verify that a defined set of interrelated systems, which collectively support an organizational core business area or function, will work as intended in an operational environment. In the case of the year 2000, many systems in the end-to-end chain will have been modified or replaced. As a result, the scope and complexity of testing—and its importance—are dramatically increased, as is the difficulty of isolating, identifying, and correcting problems.

Assessments of State-Administered Human Services Programs Are Ongoing

In addition to obtaining state-reported readiness status information for OMB, the three federal departments are taking other actions to assess the ability of state-administered programs to continue into the next century. However, as table 3 shows, the approaches of the three departments in assessing the readiness of state-administered federal human services programs vary significantly. For example, HHS' Health Care Financing Administration (HCFA) hired a contractor to perform comprehensive on-site reviews in all states, some more than once, using a standard methodology. Agriculture's Food and Nutrition Service (FNS) approach includes such actions as having regional offices monitor state Year 2000 efforts and obtaining state certifications of compliance. The Department of Labor is relying on its regional offices to monitor state Year 2000 efforts as

well as requiring states to obtain and submit independent verification and validation reports after declaring their systems compliant.

Table 3: Number and Types of Assessments Performed

Agency/program	Number of states assessed	Areas covered by assessments		
		Project management/planning	Test plans/results	Business continuity and contingency plans (BCCP)
Agriculture/Child Nutrition Program	Component entity's regional offices are monitoring all states' efforts	Varies by region	Varies by region	Varies by region
Agriculture/Food Stamps	Component entity's regional offices are monitoring all states' efforts	Varies by region	Varies by region	Varies by region
Agriculture/Women, Infants, and Children	Component entity's regional offices are monitoring all states' efforts	Varies by region	Varies by region	Varies by region
HHS/Child Care	As of July 2, a contractor had conducted on-site reviews of 20 states	Yes	Yes—all visits included reviews of test plans and, where applicable, test results	Partial—on-site visits included reviews of states' BCCP processes, but not their content
HHS/Child Support Enforcement	As of July 2, a contractor had conducted on-site reviews of 20 states	Yes	Yes—all visits included reviews of test plans and, where applicable, test results	Partial—on-site visits included reviews of states' BCCP processes, but not their content
HHS/Child Welfare	As of July 2, a contractor had conducted on-site reviews of 20 states	Yes	Yes—all visits included reviews of test plans and, where applicable, test results	Partial—on-site visits included reviews of states' BCCP processes, but not their content
HHS/Low Income Housing Energy Assistance Program	As of July 2, a contractor had conducted on-site reviews of 20 states	Yes	Yes—all visits included reviews of test plans and, where applicable, test results	Partial—on-site visits included reviews of states' BCCP processes, but not their content
HHS/Medicaid	A contractor conducted on-site reviews of 50 states and the District of Columbia once, and as of June 30, the contractor had conducted follow-up reviews of 14 states	Yes	Yes—all visits included reviews of test plans and, where applicable, test results	Partial—initial visits included reviews of states' BCCP processes, and, as of July 9, a contractor had reviewed the content of 42 states' BCCPs, either on site or at headquarters
HHS/Temporary Assistance for Needy Families	As of July 2, a contractor had conducted on-site reviews of 20 states	Yes	Yes—all visits included reviews of test plans and, where applicable, test results	Partial—on-site visits included reviews of states' BCCP processes, but not their content
Labor/Unemployment Insurance	Labor's regional offices are monitoring all states' efforts	Unknown—not specifically addressed in methodology	Unknown—not specifically addressed in methodology	Reviews ongoing

In addition to the departments' completed reviews, all of the departments have ongoing initiatives to ensure that state-administered human services programs will continue to function past the change of century. These initiatives are part of the departments' overall strategies to ensure the continued delivery of these high-impact programs. I will now briefly describe some of the specific actions that the Departments of Agriculture, HHS, and Labor have taken or plan to take.

Department of Agriculture

Agriculture's FNS is responsible for three state-administered federal human services programs—Child Nutrition; Food Stamps; and Women, Infants, and Children. To obtain assurance that state systems are compliant, FNS' regional offices are collecting readiness status information from states as part of their monitoring efforts. Moreover, in June 1999, FNS required its regions to provide for each program a copy of either a state letter certifying that it was Year 2000 compliant or a business continuity and contingency plan. As of June 18, 1999, FNS had received

- 9 certifications and 7 business continuity and contingency plans for Child Nutrition;
- 12 certifications and 16 business continuity and contingency plans for Food Stamps; and
- 23 certifications and 23 business continuity and contingency plans for Women, Infants, and Children.

The number of certifications provided to FNS⁵ is much lower than the number of compliant state-level programs given in OMB's latest quarterly report (see table 2)—29 states for Child Nutrition; 25 for Food Stamps; and 33 for Women, Infants, and Children.

It remains unclear whether all states will have adequate contingency plans to ensure the continuity of these programs. Business continuity and contingency plans are essential to respond to two types of failures: those that can be predicted (e.g., systems renovations that are behind schedule) and those that are unforeseen (e.g., a system that fails despite having been certified as Year 2000 compliant). Therefore, it is important for organizations to have such plans, regardless of the readiness status of their systems. FNS officials told us that they instructed their regional offices to

⁵FNS officials told us that some states are reluctant to provide certification statements because of potential litigation concerns.

require state agencies for all three programs to prepare business continuity and contingency plans regardless of the status of their systems. However, FNS could not provide us with documentation at the time of our testimony showing that its regional offices communicated these requirements to all state agencies nor has it established time frames for when business continuity and contingency plans should be completed. Also, a June 18 FNS document summarizing its review of contingency plans received to date noted that “all need work.”

To help states’ Year 2000 efforts, FNS employed a contractor to conduct on-site visits to certain states. In May 1999, this contractor began visiting states—for one or more state-administered programs—in which (1) the state had estimated it would not be compliant until the last quarter of the year, (2) the state had reported little or no progress to date, and/or (3) an FNS regional office requested that the state be visited.

Using these criteria, FNS currently plans for the contractor to visit a total of 20 states for one or more programs. As of July 9, FNS officials told us that 16 states had been visited. With respect to the scope of these visits, FNS’ regional offices determine for each state and program what specific areas it should encompass. These visits are principally intended to provide technical assistance to the states in areas such as Year 2000 project management, hardware and software testing, and contingency planning. However, the visits are not being used to independently verify state information. Moreover, FNS officials told us that the agency had no plans to follow up with the states in those cases in which the contractor had recommendations for improvement.

At the request of the Chairman of the House Committee on Agriculture’s Subcommittee on Department Operations, Oversight, Nutrition, and Forestry, we are currently reviewing Agriculture’s efforts to ensure the Year 2000 readiness of the high-impact programs for which it is the lead agency.

Department of Health and Human Services

Six of the 10 state-administered federal human services programs are overseen by two HHS component entities, HCFA and the Administration for Children and Families (ACF). HCFA, which oversees the Medicaid program, has adopted an approach that includes on-site contractor reviews of states (performed with the participation of HCFA regional and headquarters offices) using a standard methodology. Between November 1998 and April 1999, the contractor completed an initial round of on-site reviews in all 50 states and the District of Columbia. These reviews

included assessments of states' integrated eligibility systems and Medicaid management information systems in areas such as project management and planning, remediation progress, testing, and contingency planning. After completing the on-site review, the contractor (1) identified barriers to successful remediation, (2) made recommendations to address specific areas of concern, and (3) placed Medicaid integrated eligibility and management information systems into low, medium, or high risk categories.

HCFA's contractor is currently conducting a second round of on-site reviews in at least 40 states—primarily those in which at least one of their two systems was categorized as a high or medium risk during the initial visit. As of June 30, 14 states had been visited during this round. The focus of this second round of visits is on determining how states have resolved Year 2000 issues previously identified, as well as reviewing activities such as interfaces and end-to-end testing. The risk level of state programs may change as additional information about their actions is evaluated.

Of the seven states reviewed during the second round of visits for which final reports had been written, (1) three states' integrated eligibility system risk levels were reduced to medium or low and (2) four states' Medicaid management information system risk levels were reduced to medium or low, and one state's risk level increased to high. For all states' integrated eligibility systems, 5 states were identified as at high risk of failing to fulfill Medicaid requirements after 1999, 22 at medium risk, and 24 at low risk. For Medicaid management information systems, 8 states were identified as at high risk of failing to fulfill Medicaid requirements after 1999, 15 at medium risk, and 28 at low risk.⁶

HCFA plans to conduct a third round of on-site reviews in the fall of 1999 for those states that continue to have systems categorized at high risk. Additionally, another HCFA contractor is reviewing the content of all states' business continuity and contingency plans, with some of these reviews being performed in conjunction with the second round of state visits.

HCFA's actions in monitoring states' Medicaid Year 2000 issues have helped identify critical areas and reduced the risk of Year 2000 disruptions.

⁶The risk levels for the integrated eligibility systems and Medicaid management information systems were based on the results of the first round reviews of 44 states and second round reviews of 7 states.

However, many state Medicaid programs are not yet compliant, and several are still designated as high risk. We are currently reviewing states' Medicaid Year 2000 efforts at the request of the Senate Finance Committee.

ACF, which oversees the Child Care, Child Support Enforcement, Child Welfare, Low Income Housing Energy Assistance, and Temporary Assistance for Needy Families programs, modeled its state assessment program after that of HCFA. Because ACF began its Year 2000 review of state programs several months later than HCFA, however, it is not as far along in its assessment of each state's ability to continue the operation of these programs into the next century. As of July 2, 1999, an ACF contractor had conducted on-site reviews of 20 states and planned to complete these reviews for all states in the last week of August or first week of September. These reviews, performed with the participation of ACF regional offices, were to encompass areas such as project management, business risk assessments, interfaces, testing, and the business continuity and contingency planning process.

The results of the on-site reviews conducted to date are not yet available because ACF and its contractor are revising the reporting format to be used. Under the new reporting format, each program within a state will be given a risk level (i.e., high, medium, or low) rather than a combined risk level for a state that included all five programs. At the request of ACF, the contractor is revising the assessments that it initially provided and expects to have this completed by the end of this month for the states visited thus far. The contractor also expects to begin to provide ACF with draft reports on its findings on these states in the next 3 to 4 weeks. ACF plans to continue working with the states after these initial on-site reviews are completed, and a second round of reviews is expected. However, according to an ACF official, the scope of the next round of reviews has not yet been decided upon.

ACF has not obtained recent readiness status data from the majority of states, and therefore the actual number of state programs that are compliant is unknown. For example, as shown in table 2, four ACF programs had estimated completion dates of January through March 1999 for between 3 to 5 states, but the agency does not know whether these states' programs are currently compliant. While HHS had requested that states provide updated status information for these programs on July 1, 1999, only 5 states had responded as of July 7.

Department of Labor

With respect to Unemployment Insurance, State Employment Security Agencies (SESA) use automated systems to pay unemployment compensation benefits to eligible workers and collect state unemployment taxes from employers. Labor's regional offices are responsible for monitoring the SESAs Year 2000 activities to better ensure the reliability of state-reported readiness status information provided to Labor quarterly. Based on these quarterly reports, Labor places states in one of three categories. As of March 31, 1999—the latest quarter for which information was available—(1) 1 state was a code red—at the highest risk of failure, (2) 5 states were code yellow—in a cautionary status, and (3) 47 states were code green—those that appear to be on schedule to complete system repairs, fully test all system components, and develop and test business continuity and contingency plans. Yet, as we testified in May 1999, Labor requires that state agencies report on their readiness status only every quarter (the next report is scheduled to be released in August 1999 based on data as of June 30, 1999).⁷ With such a relatively large gap in time between reports, it would be difficult for Labor to quickly identify and address key state issues. We therefore suggested that Labor may wish to consider more frequent reporting of state systems' compliance status. Labor agreed with our suggestion and has been requesting updates more frequently from the SESAs with noncompliant systems.

In September 1998, Labor established another key element in gauging the readiness status of state Unemployment Insurance programs by requiring that all SESAs conduct independent verification and validation reviews of their Unemployment Insurance programs. The department set a target date of July 1, 1999, for states to submit independent verification and validation certifications of their Unemployment Insurance systems to Labor's regional offices. Labor required its regional offices to review independent verification and validation reports and certifications of Year 2000 compliance that SESAs submitted, and ascertain whether the material met the department's requirements. If Labor's requirements are met, the regional offices are to approve the SESAs' certification and independent verification and validation reports and forward copies of the approved certifications and reports along with regional office comments to Labor's national office by July 16, 1999.

⁷Year 2000 Computing Challenge: Labor Has Progressed But Selected Systems Remain at Risk (GAO/T-AIMD-99-179, May 12, 1999).

The state readiness information reported by OMB appears to overstate the status of state systems. While OMB reported that 27 state Unemployment Insurance programs were already compliant, which it defined as having completed testing, Labor's most recent quarterly report on the Year 2000 status of the SESAs, which was as of March 31, 1999, stated that these state systems were only "Y2K Ready" and that testing had not necessarily been completed. Specifically, Labor reported that "Y2K Ready" meant that all date fields in the program application had been converted to correctly interpret dates and that "this does not necessarily mean that the systems are fully tested and certified as Y2K compliant." Indeed, six states that OMB reported as compliant had not completed the validation phase, which, according to Labor, included testing the integrated system or subsystem in a Year 2000-compliant test environment.

Status of HHS' Payment Management System

A federal system critical to the administration of several state-administered federal programs is HHS's Payment Management System (PMS). HHS' Program Support Center (PSC) provides grants payments and cash management services through PMS for seven state-administered federal human services programs: Child Care, Child Support Enforcement, Child Welfare, Low Income Home Energy Assistance, Medicaid, Temporary Assistance for Needy Families, and the administrative costs of the Unemployment Insurance program. For example, states receive approximately \$96 billion in Medicaid payments annually through PMS. Overall, PMS allows federal agencies to make available \$165 billion to approximately 20,000 grant recipient organizations, including states, counties, cities, Indian tribes and tribal councils, and private organizations.

As we testified in February, PSC had encountered serious delays in developing, as part of its Y2K strategy, a replacement for its 30-year-old PMS.⁸ As a result of these delays, HHS decided to repair the existing system instead.⁹ According to agency documents, PSC, with the assistance of contractors, recently completed remediation of the system and in June it was independently validated and certified as compliant by a contractor.

⁸Year 2000 Computing Crisis: Readiness Status of the Department of Health and Human Services (GAO/T-AIMD-99-92, February 26, 1999).

⁹Implementation of the replacement system has been postponed until March 2000.

Now that PMS has been certified as compliant, additional work related to its data exchanges must be completed quickly. In particular, the testing of data exchanges must be closely coordinated with exchange partners. PSC has agreed to accept data in two different formats, using either two-digit or four-digit years. However, PSC plans to test only a sample of data exchanges and, as of July 12, PSC had not finalized test plans for any of these exchanges. While all grant awarding agencies have been given the opportunity to participate in the test, some may decide to accept the test report results of the sample test in lieu of actual participation. It is therefore not clear what will be tested or with whom. In its draft test plan, PSC calls for 2 days of testing in August and 2 days of testing in September, and HHS intends to give priority to testing with federal high-impact programs. The limited time remaining until January 1, 2000, the sampling approach taken by PSC, and the lack of a final test plan combine to increase the risk to PMS and its data exchange partners. We are currently reviewing PMS for the Chairman of the House Committee on Government Reform's Subcommittee on Government Management, Information and Technology.

Data Exchanges Critical to Other Programs

The remediation and testing of data exchanges are also important to other federal/state programs. For example, the Social Security Administration exchanges data files with the states to determine the eligibility of disabled persons for disability payments.

Last year, the General Services Administration (GSA) developed a database to capture information on federal/state data exchanges. Federal and state agencies provided information to the database through a secured Internet World Wide Web site. Having the federal agencies and states provide status information separately was intended to provide a check and balance mechanism to make sure that the data were consistent. OMB's quarterly report issued June 15, 1999, stated that 75 percent of federal data exchanges with the states were successfully bridged,¹⁰ tested by both parties, and/or were fully compliant as of May 27. However, this information is based solely on information provided by federal agencies. The states never fully populated the database as originally intended because of (1) inconsistencies among the states and federal agencies over the technical descriptions of some of the data exchanges, (2) limited state

¹⁰A bridge is used to convert two-digit years to four-digit years or to convert four-digit years to two-digit years.

resources that could be applied to this issue, and (3) technical difficulties with the database.

In addition, according to GSA and NASIRE officials, both federal agencies and states are still identifying data exchanges and, therefore, the GSA database may not contain all federal/state exchanges. Nevertheless, these officials stated that they are confident that the most critical exchanges have been identified and are ready for the Year 2000 date change.

In summary, much work remains at the state level to ensure that major services are not disrupted. At particular risk are several states that do not plan to have their systems that support state-administered federal human services programs Year 2000 compliant until the last quarter of this year. Federal agencies are working with their state partners to obtain readiness information and evaluate and provide assistance in key activities such as business continuity and contingency planning. Nevertheless, some state completion dates are so close to the turn of the century that the risk of disruption to their programs is substantially increased, especially if schedule delays or unexpected problems arise. Further, data exchanges for the HHS payment system critical to making federal payments to states have not yet been tested. With less than 6 months to go until the turn of the century, testing of these data exchanges and other essential federal/state exchanges must be completed expeditiously.

Mr. Chairman, this concludes my statement. I would be happy to respond to any questions that you or other members of the Committee may have at this time.

Contact and Acknowledgments

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Descriptions of 10 State-Administered Federal Human Services Programs

Agriculture

Child Nutrition Programs

These provide healthful, nutritional meals to children in public and nonprofit private schools, child care institutions, adult day care centers, and summer recreational programs through the National School Lunch Program, School Breakfast Program, Special Milk Program, Child and Adult Care Food Program, Summer Food Service Program, and Nutrition Education and Training Program. Agriculture funds these programs, while state and local governments administer them. In fiscal year 1998, about \$8.7 billion was obligated for these programs.

Food Stamps

This program provides low-income households with coupons or electronic benefits transfer cards to ensure that they have resources with which to obtain food. Agriculture funds the program, while state agencies administer it at the state and local levels. In an average month in 1998, 19.8 million people, or 8.2 million households, received benefits.

Special Supplemental Nutrition Program for Women, Infants, and Children

This program provides nutrition assistance, nutrition education and counseling, and health and immunization referrals to low-income women, infants, and children. Agriculture provides grants to states, most of which, in turn, provide vouchers that participants use at authorized food stores. In 1998, the program reached an average of 7.4 million people each month.

HHS

Child Care

This is a block grant program that provides low-income families with financial assistance for child care. It also funds activities to improve the quality and availability of child care, and to establish, expand, or conduct early childhood development programs and before- and after-school programs. Grants are made to the states and Indian tribes to administer such programs. In fiscal year 1998, about \$1 billion in grants were made to provide child care services for about 1.25 million children.

Child Support Enforcement	This program provides four major services—locating noncustodial parents, establishing paternity, establishing child support obligations, and enforcing child support orders—to ensure that children are financially supported by both parents. The federal government provides funding to the states and local governments to run this program. In fiscal year 1998, the federal government provided about \$2.6 billion to states and local governments.
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Child Welfare	Federal grants provide for programs delivering foster care, adoption assistance, independent living for older foster children, family preservation and support services, child welfare services, prevention of neglect/disabled infants, and programs designed to improve the investigation and prosecution of child abuse and neglect cases. Grants are provided to states and local agencies to develop and administer such programs. In fiscal year 1998, about \$4.3 billion was obligated to the states in grants for child welfare programs.
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Low Income Home Energy Assistance	This is a federal block grant program that assists eligible low-income households in meeting their home energy needs. Grants are made to states, the District of Columbia, Indian tribes and tribal organizations, and insular areas. They can be used for energy assistance in heating, cooling, energy crisis intervention, and low-cost residential weatherization and other energy-related home repairs. In fiscal year 1998, about \$1.2 billion was obligated for this program.
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Medicaid	This is a federal/state-funded health care program furnishing medical assistance to eligible needy persons. In fiscal year 1998, this program served 33 million low-income Americans, with the federal government spending \$101 billion and the states spending \$76 billion. Within broad federal guidelines, each state establishes its own eligibility standards; determines the type, amount, duration, and scope of services; sets the rate of payment for services; and administers its own program.
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Temporary Assistance for Needy Families	This program provides time-limited assistance to low-income families. HHS provides block grants to the states to operate the program. The states are given broad flexibility to set eligibility criteria and determine the types of assistance they provide. In fiscal year 1998, the federal government provided \$16.5 billion in grants to the states.
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Labor

Unemployment Insurance

The Unemployment Insurance program is a federal-state partnership that covers 97 percent of all wage-earners. Under this program, Labor is responsible for establishing broad guidelines, general oversight, and administrative funding, while State Employment Security Agencies pay unemployment compensation benefits to eligible workers and collect state unemployment taxes from employers. In fiscal year 1998, these state agencies collected \$22 billion in state unemployment insurance taxes.

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