United States General Accounting Office

GAO

Report to Congressional Requesters

September 1992

WELFARE TO WORK

Implementation and Evaluation of Transitional Benefits Need HHS Action

GAO/HRD-92-118

GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-248840

September 29, 1992

The Honorable Patricia Schroeder
Chairwoman, Select Committee on Children,
Youth, and Families
House of Representatives

The Honorable Thomas J. Downey
Acting Chairman, Subcommittee on Human Resources
Committee on Ways and Means
House of Representatives

The Honorable Henry A. Waxman
Chairman, Subcommittee on Health and the Environment
Committee on Energy and Commerce
House of Representatives

In response to your August 2, 1991, request and later discussions with your offices, we reviewed state implementation of transitional benefits authorized by the Family Support Act of 1988 (FSA). These benefits consist of up to 12 months of child care and medical assistance for families who work their way off Aid to Families With Dependent Children (AFDC). Because you are concerned that the use of these benefits may be low, you asked us to examine several key issues, including:

- the proportion of eligible families receiving the benefit of transitional child care (TCC) and the reasons for possible variation in use among states,
- the proportion of eligible families receiving transitional Medicaid (TM) and how long they receive the benefit,
- state efforts to track the rates at which families return to AFDC when their transitional benefits expire, and
- the status of the Department of Health and Human Services (HHS) efforts to evaluate the effectiveness of these benefits and report to the Congress by April 1993 for TM and by October 1997 for TCC.

In addition, you were interested in the characteristics of state programs, such as outreach efforts, application processes, and copayments for TCC and medical coverage plan options that states selected for TM. Also, on a separate, but related, child care issue, you asked to what extent FSA child care funds are made available to AFDC recipients who are involved in training programs other than those funded under the Job Opportunities and Basic Skills Training (JOBS) program.

In this letter, we summarize the results of our work. Appendixes I through IV contain information about our methodology for estimating utilization rates, state TM and TCC programs, and the availability of FSA child care funds to AFDC recipients. Appendix V presents data illustrated in selected figures.

Results in Brief

HHS and the states did not have the data readily available to allow us to fully respond to your questions on the use of transitional benefits. This is because HHS requires states to report little data about transitional benefits and has collected limited data on its own. In addition, mandated HHS evaluations of transitional benefits have not progressed beyond initial design work begun in 1990. Unless HHS renews its data collection and evaluation efforts, the Congress will have little information available with which to judge the effectiveness of the benefits. Also, HHS needs to review certain states' policies for notification and application to ensure families are aware of and have access to transitional benefits.

Available state-reported data show that the number of families using the benefits increased steadily during the 15 months after the benefits became available. For this same time period, we estimated that the percentage of eligible families receiving TCC for 20 states ranged from 2 to 66 percent. In states with the highest and lowest use rates, no clear relationships existed between their TCC policies and use rates. For five states, our estimated percentage of eligible families that received TM ranged from 46 to 97 percent. Because of the data limitations, however, we urge caution in the use of these estimates. Regarding how long families received TM, two states estimated at least 75 percent, one estimated 46 percent, two others estimated less than 10 percent received TM for 9 to 12 months. Finally, few states are collecting information about the return of transitional beneficiaries to AFDC, but two states estimated that 4 percent and 28 percent of their respective TCC cases returned, and two other states estimated that 26 percent and 34 percent of their TM cases, respectively, returned.

Background

In efforts to reduce welfare dependency and increase family self-sufficiency, the Congress and the states acted during the past two decades to provide work incentives and a safety net for families attempting to make the transition from welfare to work. In 1981, the Congress attempted to reduce dependency on AFDC by mandating

time-limited income and child care disregards.[1] These disregards allow families some AFDC assistance in addition to earnings for a few months. Obstacles remained, however, as families faced health and child care expenditures with the loss of AFDC and its associated benefits.[2] In 1984, to assist families after AFDC-related Medicaid eligibility is terminated, the Congress extended Medicaid benefits for a limited time.[3] In addition, some state welfare reform efforts before FSA provided child care assistance to families leaving AFDC. With the enactment of FSA, the Congress revised the extended Medicaid provisions by creating TM and began federal assistance to families in need of child care when AFDC eligibility ends.

As of April 1, 1990, states are required to provide up to 1 year of TCC and TM to families that meet specific eligibility criteria. Unless reauthorized by the Congress, these benefits will end September 30, 1998. TCC helps families pay for child care so a family member, usually the primary caregiver, can accept or retain employment; eligible families may request this help any time during their 12 months of eligibility. TM, however, is automatically available to eligible families for the first 6 months, but the second 6 months is contingent on client reporting and income level. The eligibility criteria for each benefit are summarized in table 1.

[1]Disregards are deductions from the earned income of an AFDC recipient family for the purpose of determining AFDC eligibility and benefit amount. A time-limited income disregard deducts a portion of the family's income for a specified period of time. A child care disregard deducts a portion of the family's income for child care costs, up to a federally set limit.

[2]See Mother-Only Families: Low Earnings Will Keep Many Children in Poverty (GAO/HRD-91-62, Apr. 2, 1991) for a discussion of the obstacles to self-support faced by single mothers with low incomes.

[3]The Deficit Reduction Act of 1984 required states to provide a 9-month extension of Medicaid coverage if AFDC eligibility was lost due to the expiration of the time-limited disregards. States had the option of extending the Medicaid coverage to 15 months. This legislation also revised the application of and limits on the income disregards.

Table 1: Eligibility Requirements for Transitional Benefits

Requirement	Transitional Medicaid (TM)	Transitional child care (TCC)
Reason for loss of AFDC benefits	Increased earnings, work hours, or expiration of time-limited income disregards	Same as TM
Length of time on AFDC before loss of AFDC	3 of the 6 months before the family's AFDC benefits were terminated	Same as TM
Child	There must be at least one dependent child (as defined by the state's AFDC plan) living in the house	Child must be dependent and under age 13, unless physically or mentally incapable of caring for self or under court-ordered supervision
Application	None; eligible families automatically continue to receive Medicaid coverage for the first 6 months	Depends on state policy; families must request services, but states design the request procedure
Child support enforcement cooperation	None	Clients must cooperate with child support agencies to establish and enforce child support obligations
Copayment or Premium	State option only in the second 6 months of the benefit year	Families must share in the cost of care according to their ability to pay
Income limit	None in the first 6 months; to receive 6 more months of coverage, family income must not exceed 185 percent of the federal poverty level	None specified, but the sliding scale established by states for the copayment places an upper limit on the family income level that can receive assistance
Periodic income reporting	Families must submit quarterly income reports	State option

HHS is responsible for overseeing the implementation of FSA, and two organizations within the Department share oversight responsibility for transitional benefits. The Administration for Children and Families (ACF) is responsible for TCC, and the Health Care Financing Administration (HCFA) is responsible for TM. In October 1989, ACF issued regulations for TCC with the regulations for the JOBS program. In February 1990, HCFA revised the state Medicaid manual, which prescribes procedures for states to follow, but has not yet issued regulations for TM.

FSA regulations impose few requirements on the states for reporting on the transitional benefits and notifying families about them. In conjunction with other AFDC-related child care reporting, states are required to report monthly TCC caseload size, expenditures, and type of care. No similar

reporting, however, is required for TM. States do not have to make any outreach efforts beyond informing families about either transitional benefit when they initially apply for AFDC or when their AFDC eligibility is redetermined. The regulations require states to notify all families of their potential TCC eligibility when their AFDC benefits are terminated. For TM, FSA requires states to (1) notify eligible families about TM, their quarterly income-reporting requirements, and premium requirements, if any, if they wish to continue TM after the first 6 months and (2) send additional notices and appropriate reporting forms according to a legislatively prescribed schedule to ensure that families have the opportunity to continue receiving TM the entire 12 months.

Scope and Methodology

To understand better the process used to link clients to transitional benefits, we interviewed HHS officials, visited and interviewed TCC and TM administrators in four states, and talked with TCC administrators in eight others.[4] In addition, we obtained and analyzed state-reported TCC data from HHS to determine caseload growth and benefit utilization estimates. Using this information, we developed separate questionnaires for TCC and TM benefit administrators in all 50 states and the District of Columbia.[5] We sent the questionnaires in November and December 1991, and all states responded. From the questionnaires, we obtained information for April 1990 through June 1991 on (1) benefit enrollment, utilization, and attrition; (2) state policies; and (3) state efforts to track the return of transitional families to AFDC and assist them with medical and child care assistance after their transitional benefits expire. For those states in which data were available, we estimated benefit utilization rates (see app. I for further details of our methodology). To determine the priority that former TCC recipient families receive for title IV-A at-risk child care funding, we reviewed selected state plans for IV-A at-risk funds submitted to HHS.[6] In addition, to determine the availability of child care assistance for AFDC families not served by the JOBS program, we reviewed state supportive services plans and HHS guidance to states.[7]

[4]The states we visited are Alabama, Michigan, Nebraska, and New Jersey. The eight additional TCC benefit administrators we interviewed by telephone are from Arizona, Arkansas, Idaho, New Mexico, Ohio, Oregon, Tennessee, and Wisconsin.

[5]In this report, the District of Columbia is referred to as a state.

[6]Title IV-A of the Social Security Act authorizes matching funds to states to provide child care assistance to families who are at risk of becoming eligible for AFDC. Regulations require states to submit separate plans for title IV-A at-risk child care funding.

[7]Supportive service plans explain how child care assistance will be provided and what other work-related services will be offered AFDC clients to help support their education, training, and employment efforts.

We conducted our work between March 1991 and June 1992 in accordance with generally accepted government auditing standards. We did not, however, verify the data reported by the states.

Most States Lack Data to Evaluate Transitional Benefits

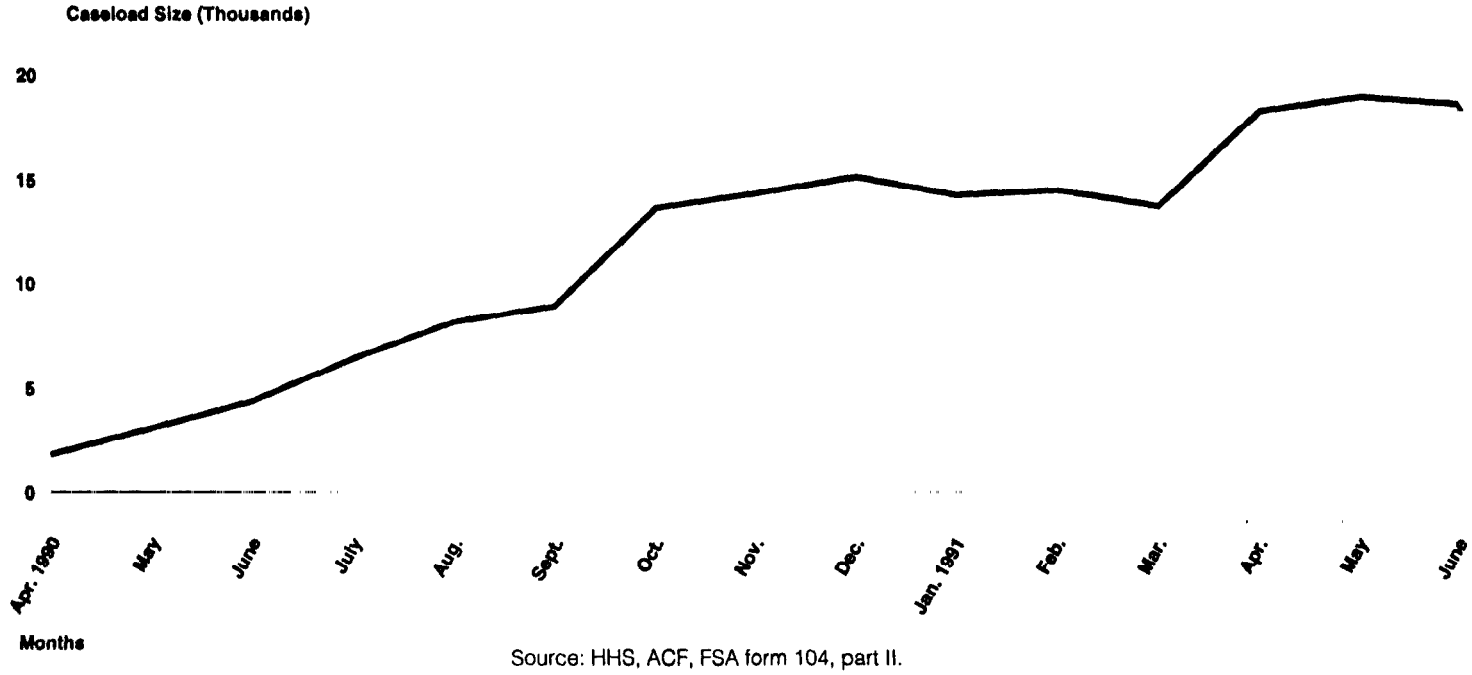
Although state administrative structures are in place to deliver transitional benefits, most states lack readily available data to evaluate the success of their efforts.[8] Many states know caseload size, but are not collecting information about the extent to which eligible families receive and retain transitional benefits during their eligible period. As a result, our analysis of TCC and TM utilization is limited. In addition, states have little information about the effectiveness of these benefits in reducing welfare dependency among the families who do receive them.

Transitional Benefit Caseloads Have Experienced Steady Growth

State TCC and TM caseloads grew steadily during the first 15 months after the benefits became available. As illustrated in figure 1, for 28 states in which data were available for each month of the 15-month period, their combined TCC caseloads in June 1991 were about 10 times that of April 1990. In addition, the TCC caseloads from 20 other states increased as well, although they are not included in figure 1 because of incomplete or incompatible data for the 15-month period.

[8]Appendixes II and III provide descriptions of state TCC and TM programs.

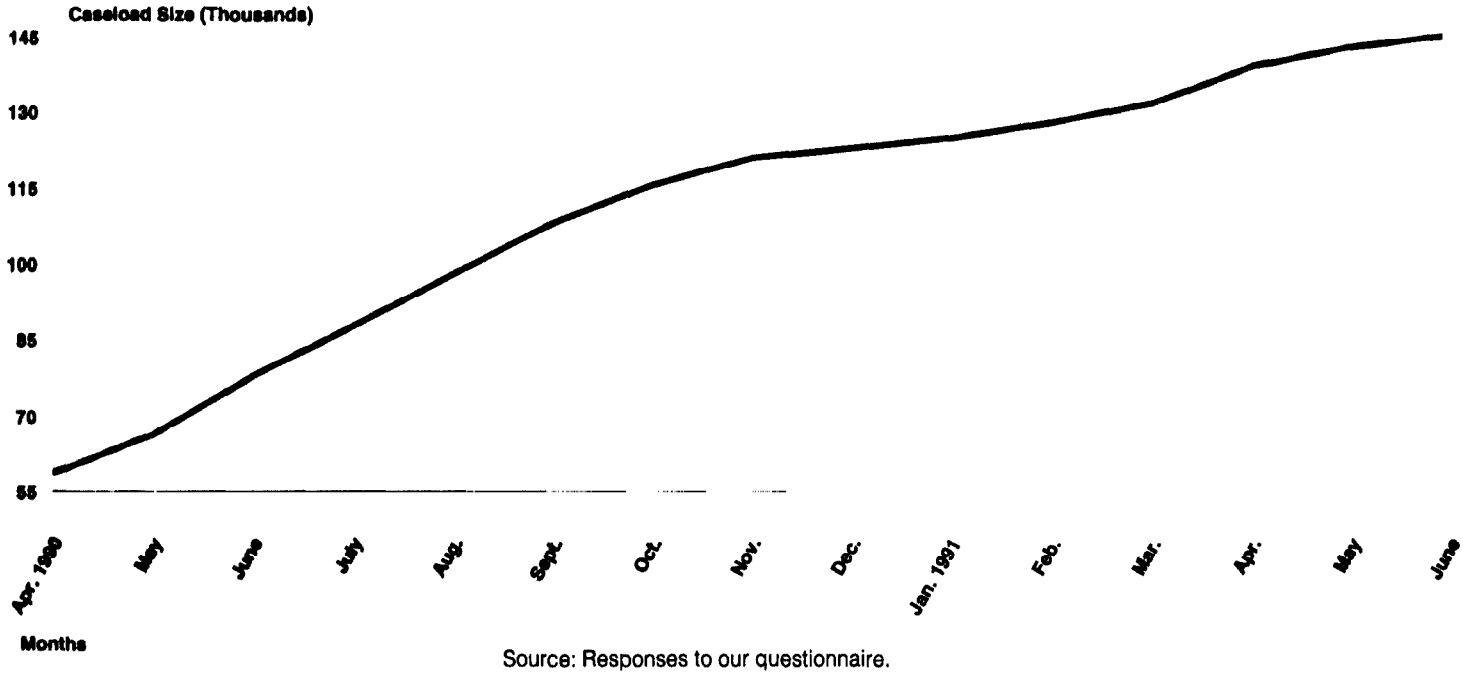
Figure 1: Transitional Child Care Family Caseloads for 28 States (Apr. 1990-June 1991)



Source: HHS, ACF, FSA form 104, part II.

With respect to TM, the combined June 1991 caseloads for 11 states, which provided monthly caseload numbers for the entire 15-month period, were nearly 2-1/2 times that of their April 1990 caseloads, as illustrated in figure 2. In addition, 12 other states, for which only partial data were available for the period, also reflected growth.

Figure 2: Transitional Medicaid Recipient Caseloads for 11 States (Apr. 1990-June 1991)



Source: Responses to our questionnaire.

Lack of Data Hinders Analysis of TCC and TM

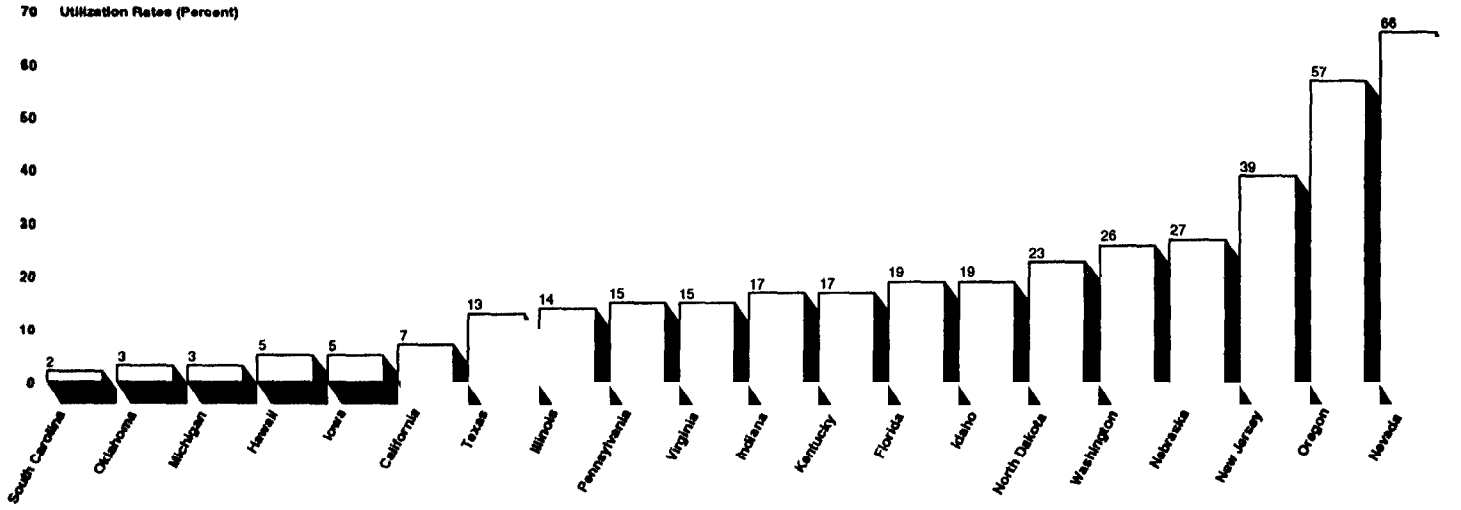
Calculating reliable utilization rates requires information for the same period on (1) the number of families that meet all eligibility criteria for transitional benefits and (2) the number that receive the benefits. However, data are not available from the states or HHS that identify the number of families that meet all eligibility criteria for any state. In addition, less than half the states could provide the number of families that began receiving the benefit each month for TCC, and only five states could provide these data for TM. Accordingly, we made rough estimates of the utilization rates based on the proportion of families whose AFDC cases were closed because of increased earnings and received a transitional benefit for at least 1 month from April 1990 through June 1991. For reasons stated, however, these estimates should be used with caution. See appendix I for an explanation of our utilization rate methodology and data limitations.

Transitional Child Care

For 20 states that had data, the portion of families whose cases were closed because of increased earnings from April 1990 through June 1991

and received TCC for at least 1 month averaged 20 percent.[9] Despite the wide range in estimated TCC utilization rates for these states, as illustrated in figure 3, no clear relationships existed between selected state characteristics and utilization rates at the extremes.[10]

Figure 3: Estimated Transitional Child Care Utilization Rates for 20 States (Apr. 1990-June 1991)



Note: For Pennsylvania, California, and Indiana rates are estimated for 12 months due to data limitations.

Transitional Medicaid

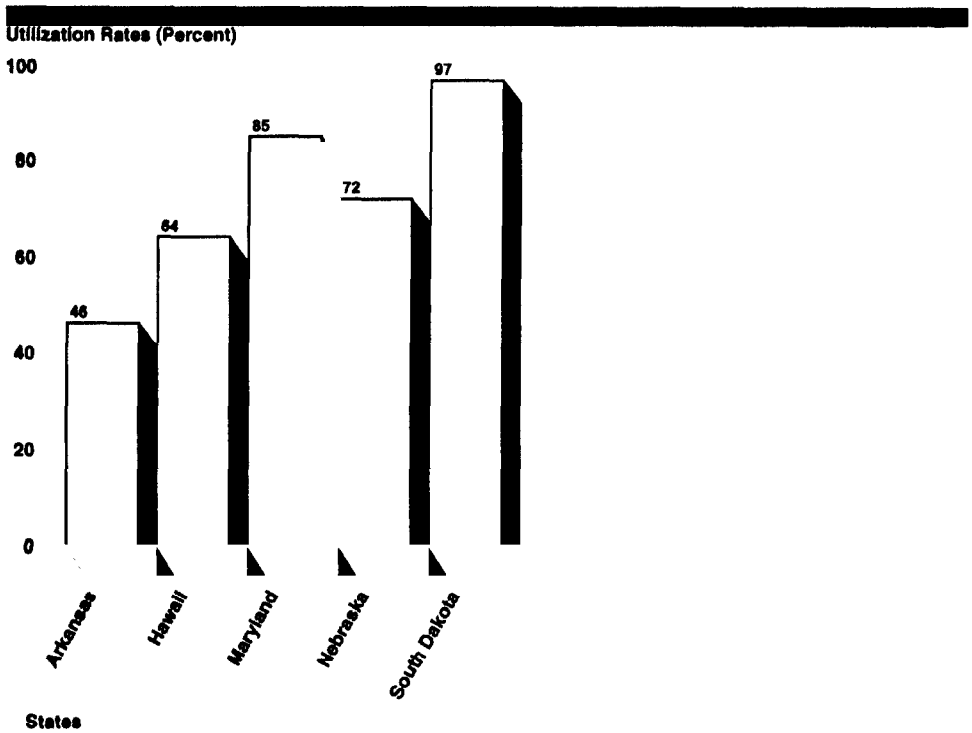
Five states could provide data for estimating TM utilization rates for the period April 1990 through June 1991, as shown in figure 4. The proportion of families whose AFDC benefits were terminated because of increased earnings and received TM benefits for at least 1 month averaged

[9]Utilization rates for 17 states were estimated using 15 consecutive months of data. Utilization for the other three states were estimated from 12 consecutive months of data, because these states could not provide the necessary data for the entire 15-month period.

[10]To determine if states with the highest and lowest TCC utilization estimates had different characteristics or policies, we looked for relationships between AFDC caseload size, federal reimbursement levels, the availability of other child care subsidies, and the literacy level of the written notifications states send to clients. In addition, we considered factors that state administrators believe affect utilization, such as procedures for outreach, notification, application, copayment assessment, and child care provider selection. Appendix II contains a discussion of the factors identified by the states.

73 percent.[11,12] Only five states provided data about the length of time beneficiaries received benefits. Two of these states estimated that at least 75 percent of their beneficiaries received the benefit for 9 to 12 months; two others said that less than 10 percent had received benefits for that long. The fifth state estimated that about half (46 percent) received the benefit for 9 to 12 months.

Figure 4: Estimated Transitional Medicaid Utilization Rates for Five States (Apr. 1990-June 1991)



Note: The rates for Maryland and Nebraska are estimated for 12 months due to data limitations.

Effectiveness of Transitional Benefits in Reducing Welfare Dependency Unknown

Little information is available to assess the extent to which transitional benefits give incentives to families to leave AFDC and help them remain off it. The majority of state administrators believe that transitional benefits are effective, but lack the data to support their beliefs. Only two states provided an estimate of TCC recipient families' return rates to AFDC; one estimated a 4-percent return rate; the other estimated 28 percent. In

[11]For two states, we estimated TM utilization rates for 12 consecutive months of data.

[12]Although TM is automatically available, estimated rates less than 100 percent are possible due to the limitations in the data and the potential for families to obtain private health insurance through employers without TM assistance.

addition, two other states offered estimates of return rates to AFDC for TM recipient families. One estimated that 26 percent of its TM families returned to AFDC, since beginning to receive TM benefits, and the other estimated 34 percent returned. While a majority of benefit administrators are interested in collecting return rate information, most cite a lack of resources and automated systems as obstacles to data collection.

States are not required to have continued contact with families after transitional benefits expire, and few state benefit administrators know whether families receive continued child care or medical assistance after the benefits expire. Most states, however, provide TCC recipients with information about other available child care subsidies, and a number of states have made former TCC recipients a priority for the title IV-A at-risk funds. Administrators in over half the states did not know whether families requested or received child care assistance after TCC expired. Even less is known about what happens when TM expires because most states do not know how many families actually receive the full 12 months; therefore, the states could not say if families get medical coverage after TM expires.

Some States Fall Short of Meeting Requirements

Not all state policies comply with legislative and regulatory requirements. Some states do not have policies to inform families about either transitional benefit at the specified times. In addition, some states do not have policies to notify all families about their potential TCC eligibility when their AFDC is terminated. Other states do not allow families to apply retroactively for TCC within their 12 months of eligibility. Thus, potentially eligible families in these states are at greater risk of being unaware of or not receiving transitional benefits.

Not All States Have Policies to Inform Families About Transitional Benefits at AFDC Application or Redetermination

As mentioned earlier, FSA requires states to inform AFDC applicants and recipients about transitional benefits. HHS regulations further require that AFDC recipients are informed when eligibility is redetermined. Not all states, however, have policies to inform recipient families at the time of either application or redetermination. In some states, AFDC termination may be the first time some potentially eligible families learn about TCC or TM. Informing families this late limits the effectiveness of transitional benefits as incentives for AFDC recipients to seek employment.

As table 2 shows, 12 states do not have policies for informing families about TCC at the time of either AFDC application or redetermination.[13] Nine of these states inform families about the benefits when the families are first told about JOBS or during other JOBS-related activities. However, four of the nine—Alabama, Idaho, North Carolina, and Wyoming—have not implemented JOBS statewide, making it less likely that families not involved in JOBS will learn about TCC before their AFDC benefits expire.

Table 2: States That Do Not Have Policies to Inform Families About Transitional Child Care at AFDC Application or Redetermination

	Specific times when states inform families about TCC before AFDC is terminated		
State	At AFDC application	At AFDC redetermination	With first information about JOBS, during JOBS orientation, or while JOBS participant
Alabama[a]	No	No	Yes
Connecticut	No	No	Yes
Idaho[a]	No	No	Yes
Indiana[a]	No	No	No
Maine	No	No	Yes
North Carolina[a]	No	No	Yes
Ohio	No	No	Yes
Oklahoma	No	No	No
Oregon	No	No	No
South Carolina	No	No	Yes
West Virginia	No	No	Yes
Wyoming[a]	No	No	Yes

[a]States without statewide JOBS programs.

For TM, like TCC, 14 states do not have policies for informing families about TM at either AFDC application or redetermination (see table 3).[14] Among these 14 states, 11 inform clients in connection with the JOBS program. Again, as with TCC, Wyoming does not have a policy to tell clients about TM except in connection with JOBS, but it does not have JOBS statewide.

[13]Connecticut, Idaho, Maine, North Carolina, South Carolina, and Wyoming have policies to inform clients while receiving AFDC benefits, such as through meetings with AFDC caseworkers, newsletters, or notices mailed with AFDC checks.

[14]Iowa, North Dakota, Rhode Island, Tennessee, and West Virginia have policies to inform clients while receiving AFDC through meetings with AFDC caseworkers, newsletters, and notices mailed with AFDC checks.

Table 3: States That Do Not Have Policies to Inform Families About Transitional Medicaid at AFDC Application or Redetermination

State	Specific times when states inform families about TM before AFDC is terminated		
	At AFDC application	At AFDC redetermination	With first information about JOBS, during JOBS orientation, or while JOBS participant
California	No	No	No
Connecticut	No	No	Yes
Delaware	No	No	No
Iowa	No	No	Yes
Maine	No	No	Yes
Minnesota	No	No	Yes
Missouri	No	No	No
North Dakota	No	No	Yes
Rhode Island	No	No	Yes
South Carolina	No	No	Yes
Tennessee	No	No	Yes
Vermont	No	No	Yes
West Virginia	No	No	Yes
Wyoming[a]	No	No	Yes

[a]States without statewide JOBS programs.

35 States Do Not Have Policies to Notify All Families About TCC When AFDC Benefits Are Terminated

The regulations also require states to notify all families of their potential eligibility for TCC at the time the families become ineligible for AFDC. Only 16 states, however, have a policy to notify families when their AFDC is terminated for any reason. As shown in figure 5, the remaining 35 states notify families for certain termination reasons, including failure to submit a monthly report and voluntarily leaving AFDC.[15]

[15]Most states require families that are receiving AFDC and have income that will affect their AFDC benefit level to report their income each month. Families who fail to submit a monthly report have their cases closed for the reporting failure—not for earnings-related reasons.

Figure 5: States That Do Not Have Policies to Notify All Families About Transitional Child Care When AFDC Is Terminated

State	Families are notified about their potential TCC eligibility when AFDC benefits are terminated for...		
	Increased hours of employment, increased income from employment, or loss of an income disregard	Failure to submit a monthly report	Leaving AFDC voluntarily
Alabama	✔		
Alaska	✔		
Arkansas	✔	[a]	✔
California	✔	✔	
Colorado	✔		
Connecticut	✔	✔	
Delaware[b]	✔	✔	
Florida	✔		
Georgia[c]	✔		
Hawaii	✔		
Idaho	✔	✔	
Illinois	✔		✔
Indiana	✔		
Iowa	✔		
Kansas	✔		
Kentucky	✔	[a]	
Louisiana	✔		
Maine	✔	[a]	✔
Maryland	✔		
Michigan	✔		
Missouri	✔	[a]	
Montana	✔		
Nebraska	✔	[a]	
Nevada	✔	✔	
New Jersey	✔		✔
New Mexico	✔		
North Carolina	✔	✔	
Oklahoma	✔	[a]	
Pennsylvania	✔		✔
Rhode Island	✔		✔
Tennessee	✔	[a]	
Texas	✔	[a]	✔
Utah	✔		
Vermont	✔		
Wisconsin	✔		

[a] No monthly reporting is required.

[b] Delaware does inform families that have their cases closed for failure to provide information or failure to keep appointment for redetermination.

[c] Georgia prints a statement about TCC on every client notification form.

13 States Do Not Allow Retroactive TCC Applications Within the Eligibility Period

If families learn about TCC in the months after their AFDC benefits are terminated, HHS regulations allow families to request TCC and begin receiving it in any month during the 12-month eligibility period. In five states, however, families that leave AFDC due to increased earnings are not allowed to apply retroactively. These states are Michigan, New Hampshire, New Jersey, Ohio, and Oklahoma. In addition, Kansas does not allow families the full 12 months to apply. Six other states deny retroactive application to families whose AFDC benefits are terminated because they failed to submit their monthly report. These states are Florida, Indiana, Montana, South Carolina, Utah, and West Virginia. Also, in Connecticut and Kansas, families that leave AFDC because they failed to submit their monthly report are allowed less than the full 12 months to apply.

Mandated HHS Evaluations Stalled

Mandated HHS evaluations of transitional benefits have not progressed beyond initial design work begun in early 1990. FSA requires HHS to evaluate and report to the Congress in 1993 on the effectiveness of TM in helping families remain off AFDC, and a similar evaluation of TCC is due in 1997. In 1989, HHS's Office of the Assistant Secretary for Planning and Evaluation (ASPE) contracted with SysteMetrics/McGraw-Hill (SysteMetrics) to develop alternate strategies and associated cost estimates for evaluating the effectiveness of transitional benefits. As of June 1992, ASPE had not acted on the SysteMetrics' recommendations or developed alternate evaluation plans.

In its May 1990 final report to ASPE, SysteMetrics noted that the ideal evaluation design is not considered "ethical or feasible" because it relies on random assignment of families to an experimental or control group and denies transitional benefits to families assigned to the control group. Instead, SysteMetrics proposed eight design options, acknowledging weaknesses in each, and assigned a priority to each option based on the information it would yield and its cost. SysteMetrics recommended building the evaluation in increments, starting with the highest priority option and adding options based on available funding. The top three options included analyzing (1) data from transitional benefit experiments in Texas and Wisconsin that preceded the FSA mandate, (2) AFDC entries and exits, before and after the implementation of the benefits, from existing administrative data in specifically identified states, and (3) the feasibility of adding a sample of transitional child care users to the ongoing federal evaluation of the JOBS program.

HHS has not acted on the SysteMetrics recommendations, and no plans have been developed for reporting to the Congress about TM in 1993 and TCC in 1997. Our discussions with ASPE staff as recent as June 1992 revealed that evaluation planning is stalled because of the (1) difficulty in isolating the effects of each benefit from one another and (2) the changes to Medicaid since 1988.[16] As to specific SysteMetrics recommendations (1) limited information has been collected from Texas and Wisconsin because the evaluations are behind schedule and Texas had data problems, (2) AFDC preimplementation and postimplementation data had not been collected from the states identified in the SysteMetrics report, and (3) transitional benefits had not been added to the scope of the JOBS evaluation. Furthermore, ASPE and ACF have not discussed what could be collected from states as part of the required routine AFDC/JOBS reporting. HHS did not allocate funds for evaluation planning for transitional benefits in fiscal year 1992 and did not request funding for such evaluations in its proposed fiscal year 1993 budget.

Conclusion

The lack of sufficient data prevents us from fully analyzing and responding to questions about transitional benefits, including utilization, factors affecting their use, and how long families receive such benefits. Such data limitations and the obstacles cited by SysteMetrics and ASPE lead us to conclude that the evaluation of transitional benefits will be complex and challenging. Unless HHS's evaluation planning and data collection efforts are renewed, HHS likely will be unable to report to the Congress by April 1993 on the impact of TM on welfare dependency. In addition, the evaluation of TCC will be in jeopardy if a strategy and schedule for completing it is not developed.

The number of families receiving transitional benefits grew in the first 15 months of program implementation. However, families in some states may not be aware of the benefits because state policies do not comply with federal requirements for informing families about them. In addition, families in some states may have limited access to TCC because state policies do not allow them to apply for the benefit retroactively within the 12-month eligibility period. Until these state policies are reviewed and brought into compliance with federal requirements, families in these states will continue to be at greater risk of being uninformed about and have limited access to transitional benefits.

[16]The Omnibus Budget Reconciliation Acts of 1989 and 1990 required states to expand eligibility for Medicaid to children and pregnant women, regardless of their current or former receipt of AFDC.

Recommendation to the Secretary of HHS

We recommend that the Secretary of HHS review the notification and application policies of the states identified in this report as being noncompliant and act to ensure that such states conform with federal requirements.

Recommendation to the Congress

We recommend that the Congress require the Secretary of HHS to submit a detailed plan for conducting and schedule for completing the evaluations of both transitional benefits to the appropriate authorizing congressional committees by April 1993.

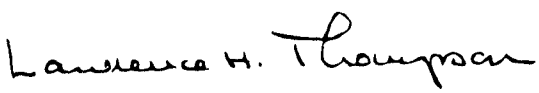
Agency Comments

In commenting on a draft of this report (see app. VI), HHS concurred with our recommendation that the Secretary review state policies not complying with federal requirements for transitional benefits. The Department noted several actions it recently had taken or plans to take to ensure state compliance, including sending our report to its regional offices, requesting each office to evaluate noncompliance in their respective states, and providing additional guidance to the states.

HHS took no position on our recommendation that the Congress require the Secretary to submit by April 1993 a detailed plan for evaluating transitional benefits. HHS commented that it intends to meet the 1997 congressional reporting requirement for the TCC effectiveness study, but was silent about meeting the 1993 deadline for a TM study. HHS noted that other important, competing priorities under FSA and limited resources, with which to address them, are requiring the Department to schedule its efforts among the mandates based on time available and importance of the mandates. It also noted several challenges it faces in conducting the evaluations of transitional benefits, including insufficient information, isolating the effects of the two benefits, and accounting for economic and legislative changes occurring at the same time as the transitional benefit implementation. It is precisely for these reasons that we believe the Congress should require HHS to submit a detailed plan for evaluating transitional benefits. Such a plan would allow HHS to identify the resources it needs to fulfill its mandate and the possible constraints on the evaluations that may affect their usefulness.

HHS also provided technical comments on the draft of our report. We made changes where appropriate in finalizing the report.

Copies of this report are being sent to the Secretary of Health and Human Services and to the Chairmen of the Senate Committee on Finance and the House Committee on Ways and Means. Copies will also be made available to others on request. The report was prepared under the direction of Jane L. Ross, Associate Director, Income Security Issues. If you have any questions concerning it, she can be reached at (202) 512-7215. Other major contributors are listed in appendix VII.



Lawrence H. Thompson
Assistant Comptroller General

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Abbreviations

ACF	Admistration for Children and Families
AFDC	Aid to Families With Dependent Children
ASPE	Office of the Assistant Secretary for Planning and Evaluation
FSA	Family Support Act of 1988
HCFA	Health Care Financing Administration
HHS	Department of Health and Human Services
JOBS	Job Opportunities and Basic Skills Training program
TCC	transitional child care
TM	transitional Medicaid

Transitional Benefits: Methodology and Data for Estimating Utilization Rates

In addition to describing how states are delivering transitional benefits, an objective of our review was to determine the extent to which the eligible population is receiving either transitional child care or transitional Medicaid benefits. For our analysis, benefit utilization rates are defined as the ratio of recipients who received the transitional benefit for at least 1 month to recipients who left Aid to Families With Dependent Children due to increased earnings. Because of limitations in the data that are discussed below, we recommend caution in the use of the estimates.

Methodology for Estimating TCC and TM Utilization Rates

State TCC and TM utilization rates from April 1990 through June 1991 were similarly estimated. To determine state TCC utilization rates, we divided the total number of TCC families that received TCC for at least 1 month by the number of families discontinued from AFDC for increased earnings. We obtained the number of (1) TCC families that received the benefit for at least 1 month from data that state administrators reported in response to our questionnaire and (2) AFDC families discontinued for increased earnings from the Department of Health and Human Services reports.[1]

For determining TM utilization rates, we used the same ratio and sources of data as for TCC. Instead of a family count, however, we used an individual count because state systems account for enrollment by individual. To obtain an individual count of AFDC discontinuances, we multiplied the family count of AFDC discontinuances due to increased earnings by a factor of 2.9, which is the average number of individuals in an AFDC family. We assumed that families that leave AFDC are the comparable to those that receive it.

Data Limitations Prevent Reliable Utilization Calculations

Our estimated TCC and TM utilization rates are subject to error because data were not available to calculate an accurate number of eligible families or individuals. Some data limitations may have increased and others may have decreased the number of eligible families or individuals used in our ratios, as explained below.

The population data we used to represent the eligible families in our TCC ratio both excludes some eligible families and includes other families not eligible for TCC. In the first instance, lack of data did not allow us to identify TCC eligible families among those that had their AFDC cases closed because of failure to submit a monthly report. (See page 13 for an

[1]HHS prepares quarterly reports that summarize data taken from states' quarterly submissions of form FSA-3800, which records statistics about AFDC applications, denials, and discontinuances.

explanation of monthly reporting failure.) Excluding these families from our ratio potentially makes our estimates greater than actual TCC utilization. In the second instance, data limitations did not allow us to isolate, from families that had their AFDC cases closed because of increased earnings, families that (1) were on AFDC at least 3 of the 6 months before AFDC was discontinued and (2) had children younger than the age of 13. Including families in our ratio that do not meet all the eligibility criteria potentially makes our estimates less than actual TCC utilization. The possible offsetting effect of these data deficiencies is unknown.

The precision of our TM utilization estimates also could be affected by two factors. As with TCC, our TM utilization estimates potentially understate actual utilization because the number of eligible individuals in our ratio includes families that were not on AFDC the required length of time before AFDC benefits were terminated. The TM rates may be further affected by the assumptions we made about families leaving AFDC. Those leaving AFDC because of increased earnings may be smaller or larger in number than the adjustment factor of 2.9 individuals per AFDC recipient families that we used.

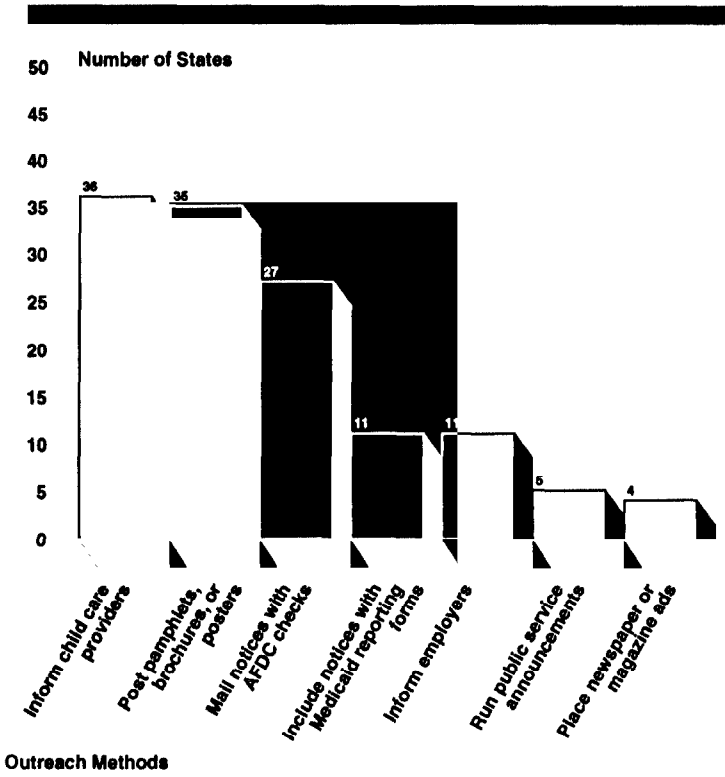
Transitional Child Care: State Program Characteristics and Opinions About Utilization

For TCC, the majority of states tend to use the same policies and methods for such activities as outreach, notification, benefit application, eligibility monitoring, and post-TCC assistance. This appendix provides details about state TCC policies and processes. It also includes state administrators' opinions about factors affecting utilization of TCC.

Outreach

Outreach includes state efforts to publicize TCC's availability among (1) the general public and (2) AFDC families before their benefits are terminated. States use such methods as brochures and posters and informing child care providers to disseminate information about TCC. The different outreach methods used to inform families about TCC are shown in figure II.1.

Figure II.1: Outreach Methods States Use to Inform Families About Transitional Child Care

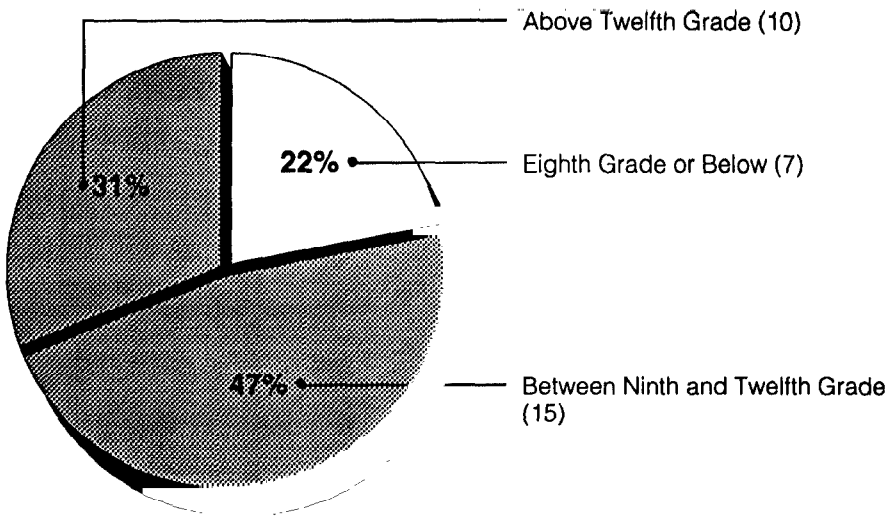


Notification

All states notify families of their eligibility for TCC benefits with written notices. For 32 states, our literacy assessment of notices shows that most

are above the eighth-grade reading level (see fig. II.2).[1] In addition to written notices, states inform families of their TCC eligibility in person or by telephone.

Figure II.2: Literacy Levels of Transitional Child Care Eligibility Notices for 32 States



Benefit Application

States have established similar application processes to take requests for TCC, assist families with provider selection, and assess copayments. As shown in table II.1, most states require families to complete a written application, an interview, or both, as well as document their employment with a pay statement, or a letter from their employer, or both.

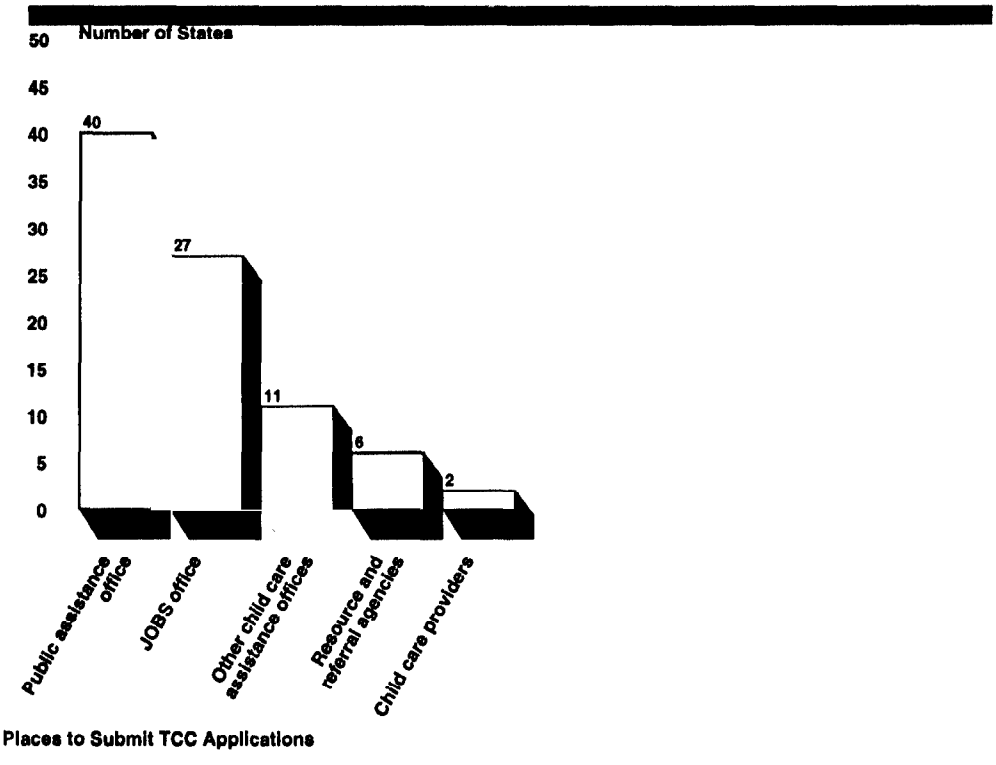
Table II.1: Number of States With Various Application and Documentation Requirements for Transitional Child Care

	Documentation requirements (number of states)			
Application requirement	**Pay statement and employer letter**	**Pay statement only**	**Either a statement or a letter**	**No documentation**
Written application and interview	2	5	8	1
Written application	0	17	7	1
Interview	0	1	1	0
Either written application or an interview	0	2	0	0
Neither a written application nor an interview	0	4	2	0

[1]The literacy level of state TCC notices was assessed using Grammatik IV, with standard settings for general writing style. The software package calculates a Flesch-Kincaid grade-level score, based on a standard formula for assessing sentence length and syllables per word.

In most states, families submit applications at public assistance and JOBS offices, and, as shown in figure II.3, some states accept applications at other places.

Figure II.3: Places States Allow Families to Submit Transitional Child Care Applications



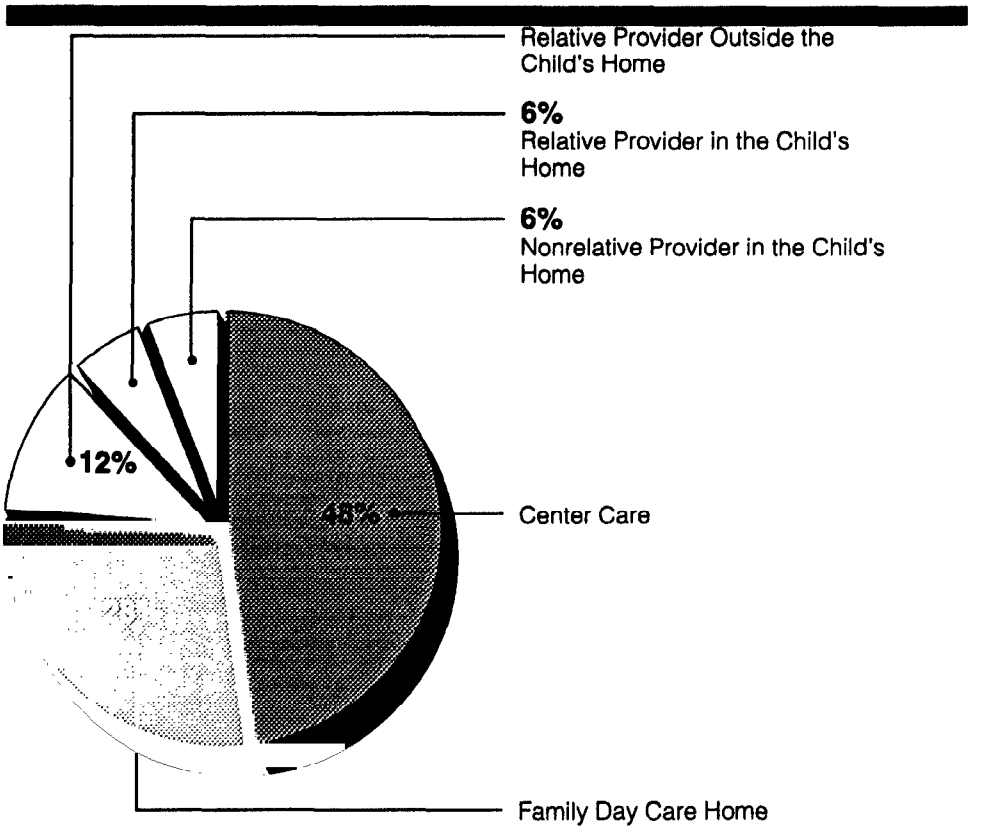
Some families have been denied or found ineligible for benefits in 39 states, but few states identified reasons for such denials. State responses to reasons for denying TCC applicants benefits are summarized in table II.2.

Table II.2: Proportion of State Transitional Child Care Applications Denied by States for Selected Reasons

Reason for denying TCC application	Proportion of applicants denied (number of states)				
	Few or none	Some	Half	Most or all	Do not know
All children were aged 13 or older	14	0	0	1	22
Not on AFDC 3 of the last 6 months	9	7	0	2	20
Left AFDC for reasons other than earned income	8	7	0	2	22
Income was too high	14	3	0	3	19
Did not cooperate with child support enforcement	17	1	0	0	21
Failed to provide documentation	10	1	3	3	21

In addition to offering assistance in provider selection, the majority of states authorize TCC payments to a range of child care providers. Most states assist families in selecting providers by providing checklists and other written guidance. States also assist families in selecting providers by referring them to resource and referral agencies (33 states), agency child care staff (28 states), JOBS case workers (27 states), and AFDC case workers (18 states). In most states, families can choose from a variety of child care providers. Over two-thirds of the reported child care arrangements for each month of the first 15 months of the program were in family day care homes and day care centers (see fig. II.4).

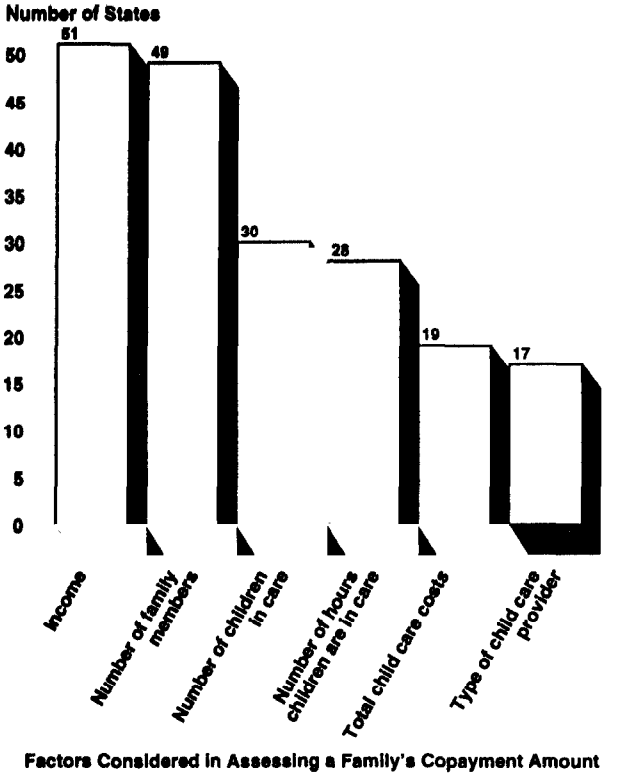
Figure II.4: Average Monthly Transitional Child Care Arrangements (Apr. 1990-June 1991)



Source: HHS, ACF, FSA form 104, part II.

Copayments, assessed on income and other factors, range from less than $1.00 to a maximum of $200.00 per child per week (see fig. II.5). In 17 of 33 states that estimated an average copayment, families pay $10.70 per child per week or less on average.

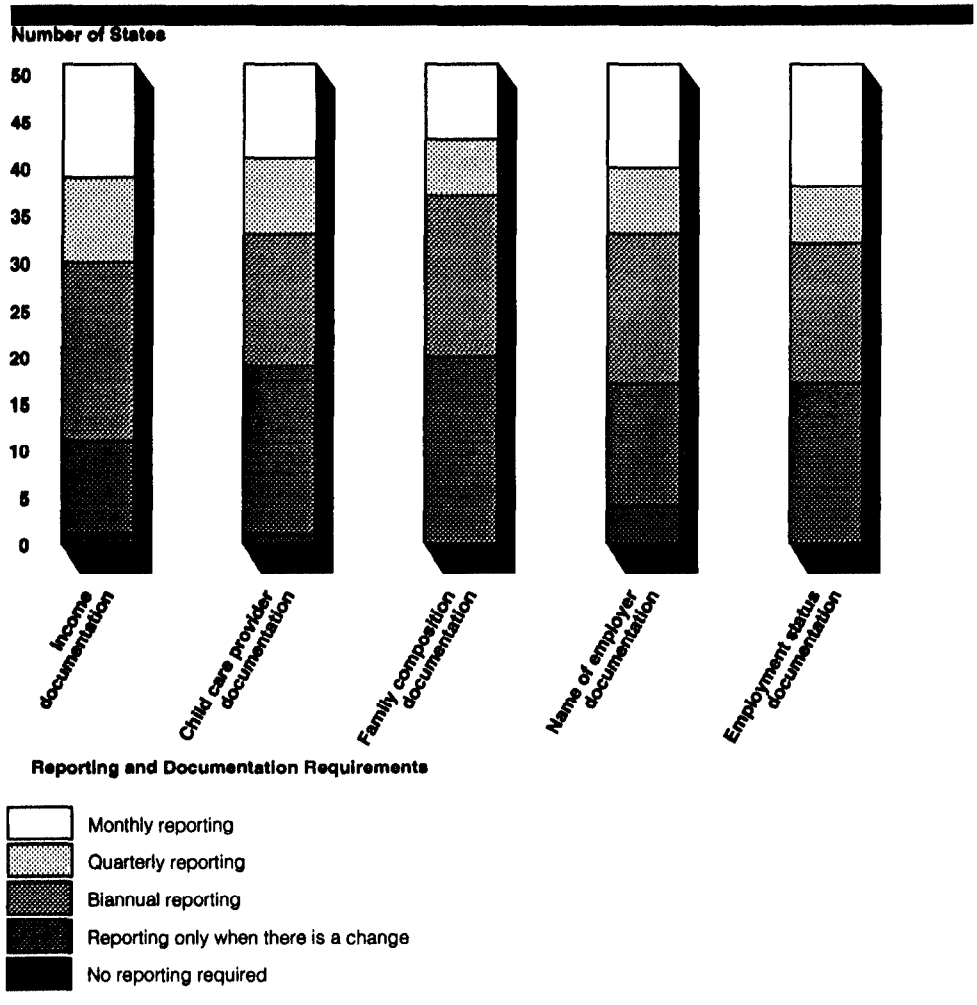
Figure II.5: Factors States Use in Determining TCC Copayment Amounts



Eligibility Monitoring

States have policies that require additional client and state effort after families begin receiving TCC. To monitor continued eligibility for TCC benefits and appropriate copayment arrangements, most states require families to report and document their income on a regular basis. Twelve states require families to report income monthly, and 18 require reporting every 6 months. Forty-nine states require documentation to verify income changes. Reporting and documentation requirements are shown in figure II.6.

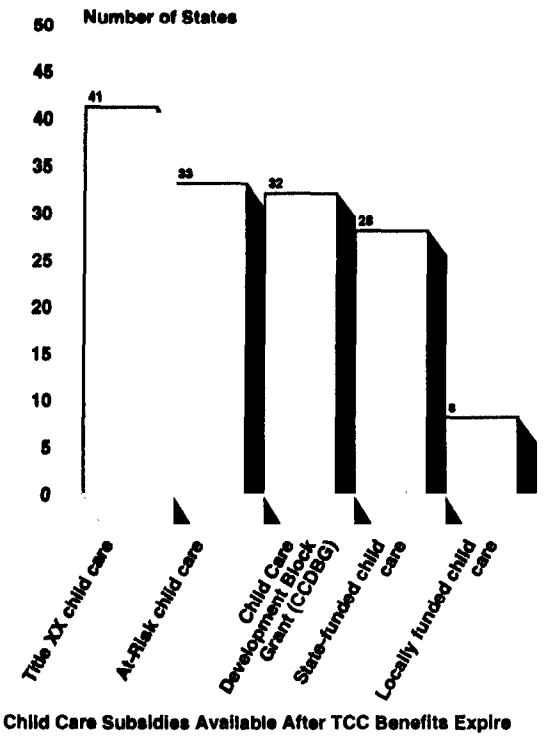
Figure II.6: State Reporting and Documentation Requirements for Transitional Child Care



Post-TCC Assistance

Most states have other child care subsidies available for families after TCC expires and make some effort to assist families in obtaining them. The availability of other child care subsidies in the states is shown in figure II.7. Most states provide additional assistance to families by sending them information and instructions on how to obtain other child care subsidies. In addition, some states provide applications for these subsidies.

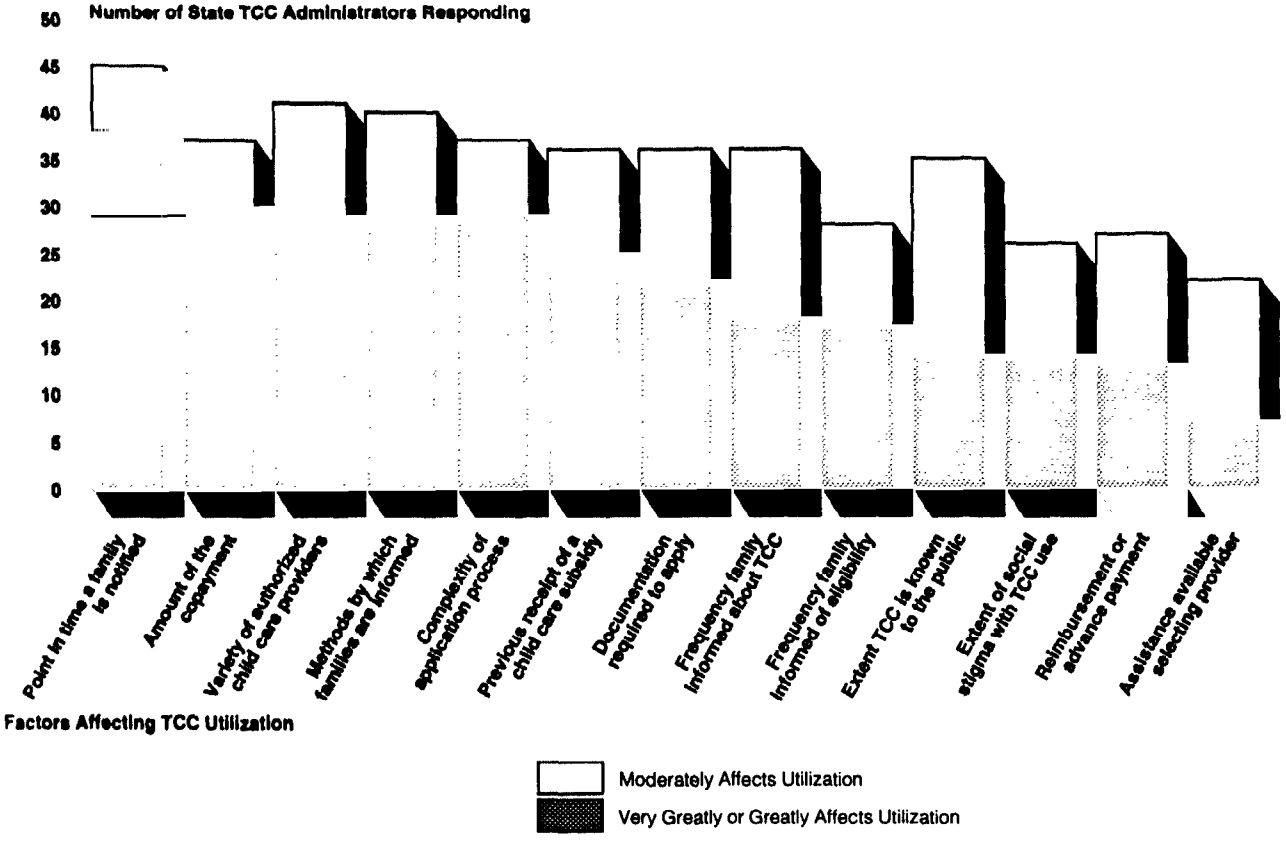
Figure II.7: Child Care Subsidies States Have Available After Transitional Child Care Expires



State Opinions About Factors Affecting TCC Utilization

Administrators in over half of the states said that the following factors greatly affect TCC utilization: (1) the point in time when families are informed about the availability of TCC, (2) the amount of the copayment, (3) the number of different kinds of child care providers authorized to receive payment for TCC services, (4) the methods by which a family is notified of their eligibility for benefits, and (5) the simplicity or complexity of the application process. The distribution of these and other factors noted by states is shown in figure II.8.

Figure II.8: State Administrators' Opinions on Factors Affecting Transitional Child Care Utilization



Transitional Medicaid: Selected Options and State Opinions About Extending Benefits

This appendix provides information about the TM medical coverage options states selected and state opinions about extending TM an additional 12 months with the same TM coverage options currently allowed.

Most States Include Transitional Families in Existing State Medicaid Coverage

Legislative requirements and similar choices among states—as to the medical coverage options states can offer transitional families —produced state TM programs that vary little. Because of the automatic nature of the benefit, states do not have to establish mechanisms for enrolling families and assessing copayments as they do for transitional child care. In addition, the Family Support Act stipulates the precise timing of quarterly notifications and income reporting. FSA gives states the flexibility, however, to provide medical coverage to transitional families, through either their existing Medicaid program or a variety of other options. Figure III.1 defines these options.

Figure III.1: Description of Options and Alternative Medical Coverage Authorized for Transitional Medicaid

Options authorized for the entire 12 months
State Medicaid "wrap-around" option: A state may pay a family's expenses for premiums, deductibles, coinsurance, and similar costs for health insurance offered by an employer of the caretaker relative or by an employer of the noncustodial parent of a dependent child.
Options authorized for the last 6 months
Elimination of most nonacute care benefits: A state may choose not to provide medical assistance for certain items or services for nonacute care.
Family option of employer plan: A state may elect to enroll a caretaker relative and dependent children in a family option of the group health plans offered to the caretaker relative.
Family option of state employee plan: A state may elect to enroll the caretaker relative and dependent children in a family option within the options of the group health plan or plans offered by the state to state employees.
Health maintenance organization: A state may elect to enroll the caretaker relative and dependent children in a health maintenance organization in which fewer than half of the membership are eligible to receive medical assistance benefits. This enrollment option is in addition to any enrollment option that a state might offer with respect to receiving services through a health maintenance organization.
Premiums: A state may impose a premium on a family for additional extended coverage if the family's average gross monthly earnings exceeds the official poverty level.
State uninsured plan: A state may elect to enroll the caretaker relative and dependent children in a basic state health plan offered by the state to individuals in the state otherwise unable to obtain health insurance coverage.

Source: The Family Support Act of 1988 (P.L. 100-485), section (303 (a)).

As figure III.2 illustrates, 11 states selected one or more of the available options. The three states using the "wrap-around" option could not estimate the amount of Medicaid savings gained from using it. Each state continues to supplement employer benefits with Medicaid, state officials said, if the employer coverage provides fewer benefits than the state Medicaid plan. In addition, the health maintenance organization option is an extension of what is currently offered to all Medicaid recipients in the

six states listed in figure III.2; it is not a new offering specifically for transitional benefit recipients. Two states require premiums: Maine requires a payment equal to 3 percent of the family's countable income,[1] and South Dakota imposes a premium of approximately $6.00 to $20.00 a week. All the states shown in figure III.2 reported that recipient families are enrolled in the offered options. Among the 40 states who did not choose any of the allowed options, the majority identified administrative costs as the principal reason for their decision.

Figure III.2: Alternative Medical Coverage Options Selected by States for Transitional Medicaid
(Apr. 1990-June 1991)

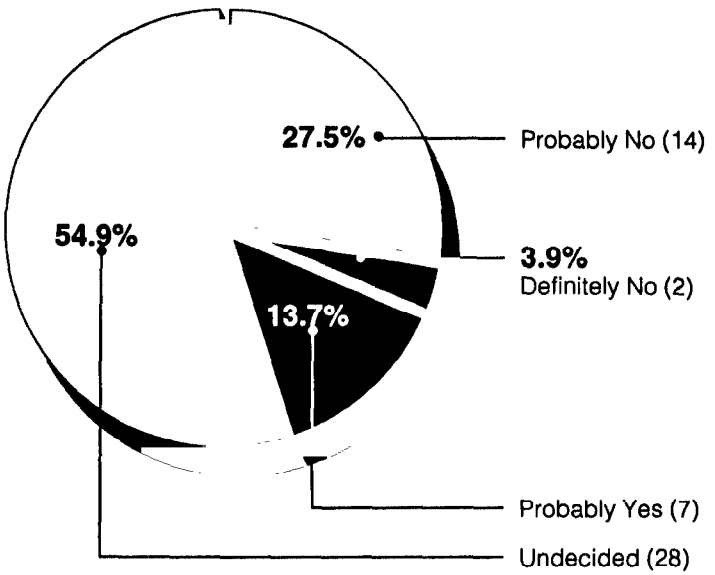
State	Wrap-around option	Enrollment in family option of employer plan	Enrollment in a health maintenance organization	Required premium	Dropped nonacute care
Colorado	✔	✔			
District of Columbia			✔		
Massachusetts			✔		
Maine				✔	
Minnesota	✔	✔	✔		
New York			✔		
Oregon	✔				
South Dakota				✔	
Washington			✔		
Wisconsin			✔		
Wyoming					✔

State Administrators' Opinions About Extending TM

No state administrator believed that, if federal matching funds for TM were made available, his or her state would definitely offer TM recipients a 12-month extension. As shown in figure III.3, however, seven state administrators believed that their states probably would offer such an extension.

[1]In Maine, the countable income is defined as the gross income minus child care costs and other authorized exclusions.

Figure III.3: State Administrators' Opinions About Extending Transitional Medicaid an Additional 12 Months



Note: Numbers in parentheses represent the number of state administrators.

Of 35 state administrators who had some interest in, or were undecided about, extending TM another 12 months, more than half were undecided about which of four coverage options they would offer, if possible, to TM recipients for 18 months instead of 6 months. The distribution of state responses among the four options is shown in table III.1.

Table III.1: Likelihood 35 States Would Offer Alternative Medical Insurance Plans in an Extended Transitional Medicaid Program

	Number of states				
Alternative plan	Definitely yes	Probably yes	Undecided	Probably no	Definitely no
Family option of employer plan	1	5	18	11	0
Family option of state employee plan	0	0	18	14	3
State uninsured plan	0	2	18	10	5
Health maintenance organization	2	5	19	6	3

The majority of the 16 state administrators who would probably or definitely not offer the 12-month TM extension indicated their decision was primarily influenced by two factors. Twelve state administrators said that the costs of potentially expanding their Medicaid caseload greatly affected their decision, and 9 administrators cited that the administrative costs of an extension greatly influenced what they would offer. Table III.2 provides the distribution of opinions among these 16 states.

Table III.2: Reasons Why 16 States Would Not Offer an Additional 12 Months of Transitional Medicaid

	Number of States					
Reason	To a very great extent	To a great extent	To a moderate extent	To some extent	To little or no extent	No response
Administrative costs, such as record keeping, payment processing, or financial reporting	8	1	0	4	2	1
Costs of potentially expanding Medicaid caseload	10	2	3	0	0	1
Recipients qualify for one of the other state Medicaid options; therefore, this would be unnecessary	1	1	3	2	8	1
TM recipients do not need this option because they have jobs that offer health benefits	0	0	1	5	8	2

Availability of Federal Child Care Funds for AFDC Recipients Not in the JOBS Program

Apart from TCC, the Family Support Act requires states to provide a child care subsidy to an AFDC recipient if child care is needed to allow the recipient to participate either in the Job Opportunities and Basic Skills Training (JOBS) program or in state-approved education or training (non-JOBS).[1] One objective of our review was to determine if states are making this child care subsidy available to AFDC recipients who are involved in training or education programs but not participating in JOBS. This appendix summarizes our findings.

Initial HHS Instructions Allowed 11 States to Limit Child Care Assistance

The child care subsidy depends on the state's approval of the AFDC recipient's education or training plan, but initial HHS instructions allowed 11 states to limit child care assistance to AFDC recipients residing in geographic areas served by JOBS. States must include criteria for approving non-JOBS education and training activities for the child care subsidy in their mandated supportive services plans and biennial updates to the plans. In 1990, HHS instructions for the supportive services plans gave states the option of denying consideration to AFDC recipients living in areas not served by JOBS. Eleven states without statewide JOBS programs selected this option. As a result, individuals that lived outside the JOBS service areas and initiated their own education or training plan did not have a means of qualifying for child care assistance in these 11 states.

HHS Has Taken Corrective Action

In August 1991, as a result of problems in the interpretation of the regulations concerning child care for families not served by JOBS, HHS clarified the policy as to the approval of child care for individuals not participating in the JOBS program. All states were required to amend their supportive services plans by December 31, 1991, to include a description of the procedures for considering and approving education and training activities for IV-A child care assistance on a case-by-case basis. Of the 11 states that limited such child care assistance, Mississippi and Nevada had not submitted the required amendment as of March 13, 1992. The other nine states had either submitted the necessary amendment or expanded their JOBS programs statewide, thereby eliminating the need to establish procedures for those in areas not served by JOBS.

HHS took an additional step and revised its instructions to states for their supportive services plan updates. To qualify individuals for child care assistance whether or not they live in areas served by JOBS, by

[1]The child care subsidy is funded through state funds, as well as federal matching funds authorized by title IV-A of the Social Security Act.

October 1, 1992, all states must have HHS-approved supportive services plan updates that contain criteria and procedures for approving non-JOBS activities.[2] In the update, HHS instructed states to address the provision of child care assistance for (1) those living in areas served by the JOBS program but not participating in JOBS and (2) those not living in areas served by the JOBS program. Within the approval criteria, states must stipulate what limits they plan to place on the education and training activities of non-JOBS participants in geographic areas served by JOBS.

[2]While JOBS must be statewide in every state by October 1, 1992, some areas may remain unserved by the JOBS program because of the technical definition of statewide and HHS-granted waivers to states.

Data Supporting Figures in Letter and Appendixes

Table V.1: Data for Figure 1

Month/year	Transitional child care family caseloads
Apr. 1990	1,767
May	3,049
June	4,337
July	6,386
Aug.	8,119
Sept.	8,889
Oct.	13,621
Nov.	14,346
Dec.	15,151
Jan. 1991	14,257
Feb.	14,503
Mar.	13,723
Apr.	18,309
May	18,985
June	18,652

Table V.2: Data for Figure 2

Month/year	Transitional Medicaid recipient caseloads
Apr. 1990	58,575
May	66,228
June	77,941
July	87,707
Aug.	98,077
Sept.	108,350
Oct.	115,755
Nov.	121,135
Dec.	123,047
Jan. 1991	125,121
Feb.	128,122
Mar.	132,015
Apr.	139,438
May	143,244
June	145,552

Table V.3: Data for Figure II.6

	Required reporting frequency (number of states)				
Required documentation	No reporting required	Only when there is a change	Biannual	Quarterly	Monthly
Income	1	10	19	9	12
Child care provider	1	18	14	8	10
Family composition	0	20	17	6	8
Name of Employer	4	13	16	7	11
Employment status	0	17	15	6	13

Table V.4: Data for Figure II.8

	Number of states	
Factors affecting utilization	Very greatly or greatly affects utilization	Moderately affects utilization
Point in time a family is notified	38	7
Amount of the copayment	30	7
Variety of authorized child care providers	29	12
Methods by which families are informed	29	11
Complexity of application process	29	8
Previous receipt of a child care subsidy	25	11
Documentation required to apply	22	14
Frequency family is informed of TCC	18	18
Frequency family is informed of eligibility	17	11
Extent TCC is known to the public	14	21
Extent of social stigma with TCC use	14	12
Reimbursement or advance payment	13	14
Assistance available selecting provider	7	15

Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES — Office of Inspector General

Washington, D.C. 20201

AUG 24 1992

Ms. Jane L. Ross
Associate Director,
Income Security Issues
United States General
Accounting Office
Washington, D.C. 20548

Dear Ms. Ross:

Enclosed are the Department's comments on your draft report, "Welfare to Work: Implementation and Evaluation of Transitional Benefits Need HHS Action." The comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely yours,

Bryan Mitchell

Bryan B. Mitchell
Principal Deputy Inspector General

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE COMPTROLLER GENERAL'S DRAFT REPORT, "Welfare to Work: Implementation and Evaluation of Transitional Benefits Need HHS Action"

General Comments

Since the inception of Transitional Child Care (TCC) in April, 1990 there have been questions about the possible under-utilization of TCC. As the GAO data shows, TCC usage has grown substantially from the first few months.

We reviewed implementation of TCC as part of the broad-based JOBS field reviews that ACF conducted in every State during FYs 90-91. Our purpose in conducting these reviews was to get a broad understanding of what was happening in the States and to identify early signs of potential problems. Through these reviews and from TCC utilization studies several States conducted, we identified some of the same issues noted in the GAO report. In response, we developed a specific field review instrument to look at TCC in selected States in FY 92. These reviews are in progress.

The GAO report says that Federal data collection requirements do not allow for an accurate study of TCC utilization. We believe that they do not even allow for reasonably reliable estimates of the percent of eligible families receiving TCC. We established TCC reporting requirements that comport with those outlined in section 403(e) of the Social Security Act. Collecting even the statutorily-mandated data on families served has been difficult because States are still developing systems to collect child care data. We have been working closely with States in an effort to improve the quality of the child care data that is currently reported.

We resisted increasing related AFDC reporting requirements that would collect the information needed for this study for two reasons. First, we believe that research is the more appropriate means of evaluating TCC utilization and such a study is under discussion. Second, experience with the validity of current and past AFDC reports strongly suggests that if collected, the detailed AFDC case-closure information described in the GAO report would not be a dependable indicator of potential TCC utilization. Nonetheless, we will explore some of the suggestions in the GAO report as we consider future information needs.

GAO Recommendation

That the Secretary of HHS review the notification and application policies of the States identified in this report as being noncompliant and act to ensure that such States conform with Federal requirements.

Department Comment

We concur. One specific problem area that was identified in our first set of reviews that is also cited in the GAO report is the requirement to notify all families who lose eligibility for AFDC of their potential eligibility for TCC. We recently issued an Action Transmittal (AT) reminding States of this requirement and will follow up to ensure that States are doing so. We intend to look more carefully at State implementation of the requirement to provide information at AFDC application and redetermination based on the results of this GAO study and, if necessary, issue additional guidance in this area.

Further, the Medicaid Program Review Guide developed to review State practices in providing Extended Medicaid Benefits includes review of the States' notice of benefits policies and procedures. Specifically, the review guide was designed to review State implementation of the extended transitional Medicaid benefits (TM) provided for in provisions of the Family Support Act of 1988 and clarifying legislative provisions of the Omnibus Budget Reconciliation Act of 1989 and the Omnibus Budget Reconciliation Act of 1990.

We will send the GAO report to HHS regional offices and ask that each regional office evaluate this issue in their States. If necessary, we will recommend that regional offices conduct a review of TM as an optional targeted review in FY 1993. We will continue to give guidance to States as we find problems and will work with the States your report identifies as being noncompliant with other statutory and regulatory requirements.

GAO Recommendation

That the Congress require the Secretary of Health and Human Services to submit to the appropriate authorizing Congressional committees, by April 1993, a detailed plan for conducting and schedule for completing the evaluations of both transitional benefits.

Department Comment

ACF intends to meet the Congressional reporting requirement of September 30, 1997 for the study on the Effects of Extending Eligibility for Child Care. However, ACF is also addressing many other important, competing priorities under the Family Support Act, such as: the Evaluation of the Effectiveness of JOBS Services; Development of JOBS Performance Standards Recommendations; The Evaluation of the Unemployed Parent Program; and, Demonstrations to Expand the Number of Job Opportunities Available to Low Income Individuals. With limited resources, ACF must schedule its efforts among these priority areas in accordance with the time available in addition to the projects' importance.

Further, as pointed out in the GAO draft report, there is insufficient information available to answer the questions asked in the legislation. While we are pursuing some elements of the strategies presented by SysteMetrics, we are more skeptical than SysteMetrics that their strategies can provide the answers sought. One of the fundamental problems in measuring the effect of transitional benefits is, as mentioned in the GAO draft report, disentangling the effects of the child care benefits from those of Medicaid. But an even more fundamental problem is to account for the effect of other powerful influences on the labor supply of low income families which were occurring over the same period as implementation of transitional benefits. These influences include changes to the minimum wage, EITC and other aspects of the economy, and major changes in the program created by other parts of the Family Support Act, such as JOBS.

Note: HHS also provided technical comments, not reproduced here, on factual information in a draft of this report. We considered these comments in finalizing this report and made changes where appropriate.

Major Contributors to This Report

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Related GAO Products

Welfare to Work: Effectiveness of Tribal JOBS Programs Unknown (GAO/HRD-92-67BR, Mar. 19, 1992).

Welfare to Work: States Begin JOBS, but Fiscal and Other Problems May Impede Their Progress (GAO/HRD-91-106, Sept. 27, 1991).

Mother-Only Families: Low Earnings Will Keep Many Children in Poverty (GAO/HRD-91-62, Apr. 2, 1991).

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