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STATEMENT OF  
ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES  
BEFORE THE  
SUBCOMMITTEE ON FISCAL POLICY *TNT00705*  
JOINT ECONOMIC COMMITTEE  
ON  
[ADMINISTRATION OF WELFARE PROGRAMS]

We are pleased to be here today to discuss, in the light of the experience of the General Accounting Office, problems of administering welfare programs and the question of whether such programs can be effectively managed.

At the outset, it is appropriate to observe that there are many Federal and federally assisted programs, as well as non-Federal programs, which can all be called "welfare programs." These programs are directed to various needs, including food, shelter, clothing, education, health, employment, and so on, and at the Federal level are administered by a large number of departments and agencies under even a larger number of legislative authorizations. The extent of the multiplicity of such programs is, itself, a factor contributing to the problems which have surfaced in their administration.

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The consolidation of programs in terms of broader categories of assistance, as would be provided for by title III of the proposed Intergovernmental Cooperation Act of 1972 (H.R. 30 and S. 3140), would, we believe be of considerable help in this regard.

Beyond the problem of the proliferation of Federal and federally assisted "welfare" programs, much of the publicity and interest in recent years has focused on "public assistance" programs, specifically those authorized under the several titles of the Social Security Act, as amended. These programs have experienced substantial growth, with the number of participants doubling between 1966 and 1971--from about 7 million to over 14 million. Expenditures more than doubled during the same period, reaching a level of about \$9 billion in 1971.

Medicaid expenditures amounted to about \$6 billion in fiscal year 1971, more than triple the 1966 level as a result of the implementation of the program in more States, the increasing number of recipients, and the increasing cost of medical care.

The unprecedented growth in these programs has caused many questions as to whether they are being effectively managed. Such questions tend to lessen the public confidence in the integrity of the programs.

Our comments today will be directed largely to the welfare programs authorized by the Social Security Act. We will, however, comment on certain others because of the commonality of administrative problems.

This Subcommittee has a broad jurisdiction and interest in all aspects of the nation's economy and welfare. We hope that the study it has launched into welfare programs will help to clarify many aspects of the subject.

#### PUBLIC ASSISTANCE PROGRAMS

There are three basic problem areas in the administration of public assistance programs as they are presently constituted:

- the complexity and lack of uniformity in the massive Federal-State-local administration of the programs
- the difficult problem of ensuring an acceptable level of program integrity consistent with reasonable costs of administration and the needs and dignity of intended program beneficiaries
- the problem of providing for the needs of the intended beneficiaries without creating disincentives to seeking employment and becoming more self-sufficient.

### Program complexity and uniformity

Current federally assisted programs are essentially State-operated or State-supervised programs in which the 54 different States (including the District of Columbia, Puerto Rico, the Virgin Islands, and Guam) have a great deal of discretion with respect to program design and day-to-day administration. There are no comprehensive national standards of eligibility for assistance or level of benefits, and only a few standards with respect to methods of administration.

Accordingly, for each category of beneficiaries--the aged, the blind, the disabled, and families with dependent children--there are in reality 54 programs with widely differing eligibility criteria, benefit levels, and quality of administration.

For example, in Pennsylvania the value of a home owned by an applicant is not a factor in determining eligibility for assistance; in Ohio, a person is not eligible if such value exceeds \$12,000. In Massachusetts, a family of four may receive \$349 a month, 100 percent of the amount the State considers necessary to meet the family's basic needs; in Mississippi, the family could receive just \$60, only 26 percent of the basic need amount set by the State.

Nationwide, over 200,000 persons are employed at the State and local level in administering the programs, engaged largely in determining the eligibility of applicants and recipients for benefits and providing needed social services. They perform under differing management and administrative systems of differing quality. The large size,

diversity, and complexity of the administration of the various programs makes it difficult to generalize on its effectiveness.

Because of the basically State and local character of the programs, administrators at the Federal level have frequently only reacted to problems arising in the States rather than attempting to directly influence the management of the programs. A considerable amount of their time has been necessarily devoted to ensuring that the States' descriptions of their plans for program administration meet the basic requirements of the governing legislation, rather than assessing the administration of the programs in actual practice. In this regard, even the proper implementation of the statutory criteria governing the Federal share of the costs of administering the programs has been a difficult problem.

#### Program integrity

Concern with the integrity of public assistance programs--the degree to which benefits are given only to eligible recipients and in the correct amounts--goes back many years. As a result of a nationwide study of the extent of ineligibility and incorrect payments conducted by HEW--which we monitored--at the request of the Senate Appropriations Committee in 1963 (see Appendix A), the Department of Health, Education, and Welfare designed a quality control system to be implemented by the States, which was intended to measure the integrity of the programs on a continuing basis.

As a result of more recent studies, including one in New York City which we monitored at the request of the House

Ways and Means Committee and which showed an ineligibility rate of 10.7 percent (plus 7 percent partially ineligible) compared with a 1.2 percent rate reported under the quality control system (see Appendix B), HEW revised the quality control system in 1970 in an attempt to make it more effective. We will comment later on our review of the revised system.

There is something of a dilemma in the problem of program integrity. On the one hand, the job of fully investigating all factors bearing on the eligibility of an applicant or recipient for benefits is time consuming and difficult and costly. On the other, persons in need should not have their benefits delayed and should be treated with dignity and respect. Accordingly, a balance must be struck among the desire for program integrity, the cost of assuring this integrity, and the needs of the program beneficiaries.

The approach to seeking this balance in recent years has been to try to simplify to the extent possible the determination of eligibility, and to assure integrity within certain tolerance limits through a quality control system which can identify reasons for excessive rates of ineligibility and incorrect payments, and provide a basis for strengthening the eligibility determination process.

#### Simplified method of determining eligibility

In 1969 HEW began urging States to implement a "simplified method" for determining eligibility for public assistance. Under this method States are permitted to accept persons as eligible for public assistance on the basis of information furnished by the applicants without verification. Under the previously used "traditional method," independent verification of information furnished by applicants was required.

At the request of the Senate Committee on Finance, we made two reviews of the simplified eligibility system. In one, we evaluated a test conducted by HEW and selected States which led to HEW's decision to implement the simplified method for the aged, blind, and disabled (adult) programs. In the other, we compared the relative effects of using the simplified and traditional methods in the aid to families with dependent children (AFDC) program.

We noted some weaknesses in the test of the simplified method in the adult programs. The biggest problem was that the States tested something other than the method prescribed by HEW. Local jurisdictions added additional requirements in determining eligibility--such as selective verification of applicants' statements--which raised questions concerning the validity of the data upon which a decision was made to mandate the use of the simplified method for the adult programs. We made several recommendations relating to (1) verification of information furnished by applicants, (2) effectiveness of the application forms used by the various States, and (3) the acceptable level of errors prescribed by HEW. (See Appendix C.)

In our comparison of the two methods in the AFDC program, we noted that caseloads had increased significantly at all welfare centers visited regardless of the eligibility method used by the individual centers. Also, there was not much difference between the extent of verification of eligibility information under the respective methods; under the traditional method, verification of factors having a bearing on applicants' eligibility was not as extensive as was

commonly thought and under the simplified method some verification was being done before eligibility decisions were made.

We noted that AFDC caseloads rose disproportionately when welfare centers first began using the simplified method and at the time welfare centers separated their eligibility and social service functions. Regardless of the method used, ineligibility appeared to be a problem. We recommended certain actions aimed at helping HEW to attain improved integrity of the welfare programs. These recommendations involved (1) face-to-face interviews and verification of key eligibility factors, (2) using more experienced people, and (3) prescribing a quality control system which would alert management when the incidence of ineligibility and incorrect entitlement reaches a point where corrective action is called for. (See Appendix D.)

H.R. 1, which was approved by the House on June 22, 1971, and HEW's plans for administering the eligibility system under the proposed welfare reform program encompass these recommendations and should help HEW to effectively manage the program.

#### Quality control system

It is not administratively feasible to thoroughly investigate all eligibility factors of all applicants for welfare, and still produce proper and timely eligibility decisions. Therefore, it is very important that a sample of cases--representative of all recipients--be thoroughly investigated to determine whether any problems--such as unreported income, age of recipients, number of children--affecting eligibility or amount of payment are widespread. If



wide spread problems of one kind or another are found, corrective action, in terms of improved eligibility determination methods, can then be taken. This is what the quality control system is supposed to do.

As previously mentioned, HEW revised the quality control system in 1970 in an attempt to make it more effective. We undertook a review of the revised system shortly after it was implemented and concluded that the quality control system had not accomplished its purpose of maintaining the integrity of the welfare programs. Most of the problems were of an administrative nature.

All States visited by GAO encountered problems in carrying out quality control activities. These problems varied in intensity from State to State. Two States--California and New York--had not implemented the Federal system as of July 1971. None of the States had sufficient staff; none reviewed the required number of cases; and verification of eligibility information in cases reviewed was often inadequate. Because of limited staff and the desire to implement the revised system as quickly as possible, HEW was not ready to deal with many of the complexities of implementing a system that required close cooperation between the Federal Government and the States.

As a consequence HEW and the States did not know whether rates of ineligibility and incorrect payments were within established tolerance limits.

HEW intends to build upon the present quality control system for use in a welfare reform program. To strengthen the present system and to provide for a sound basis for any

changes to the system, we recommended that HEW (1) assure that top State officials are aware of the benefits to be derived from an effective quality control system, (2) increase quality control staffs to a level where they can effectively assist and monitor State quality control operations, and (3) define necessary steps to be considered as requirements in determining eligibility factors so that quality control investigations provide conclusive findings.

HEW has promised corrective action which, if effective, should strengthen the quality control system (see Appendix E). We plan to keep abreast of HEW's progress in this area.

#### Incentives

The degree to which public assistance benefits provide a disincentive to work and achieve self-sufficiency has been much debated and has been the subject of certain experimentation. To our knowledge, however, no clear answers have been found. Our work in this area has been limited to monitoring an evaluation of the extent to which programs in New York City were effective in encouraging the employment of welfare recipients in suitable cases (as part of the previously mentioned work requested by the House Committee on Ways and Means), an evaluation of the "so-called "New Jersey experiment" on the effects of a negative income tax, and evaluation of the Work Incentive Program administered by the Departments of HEW and Labor.

Factors which tended to inhibit the achievement of self-sufficiency through work training programs for AFDC recipients in New York City included:

- A State policy noting that when a mother is the only parent in the home, she should be regarded as having family-care responsibilities and not be considered available for work;
- lack of sufficient day-care facilities; and,
- administrative responsibilities of the caseworkers which allowed little time to provide self-support services to AFDC recipients. (See Appendix F.)

After 1-year's testing of a work incentive experiment in New Jersey, the Office of Economic Opportunity (OEO) concluded that there was no evidence of a disincentive to work among those receiving income support payments. Our analysis of the OEO data led us to conclude that OEO's conclusion was premature. OEO's conclusion was drawn from information on less than 1-year's activity in a 3-year experiment. We believe the data has not been subjected to as complete an analysis as needed to support OEO's conclusions and that there were defects both in the underlying data and in its preparation sufficient to preclude conclusions from such data. (See Appendix G.)

The work incentive (WIN) program--administered by HEW and the Department of Labor--has had only limited success and has not had any significant impact in reducing welfare payments because of its limited size in relation to the soaring AFDC rolls. The WIN program has contributed to the creation of disincentives for self-sufficiency because of the restrictions in the cash assistance programs. For example, AFDC

families frequently lose money when fathers go to work because AFDC payments are discontinued when fathers obtain full-time employment, regardless of their wages. On the other hand, families continue to receive AFDC payments following the employment of mothers and such payments are reduced only after certain income levels have been reached. The immediate cut-off of welfare payments to AFDC families with working fathers is unrealistic and tends to discourage fathers from seeking employment. (See Appendix H.)

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In the short time available today, we have been able to only briefly outline the major problems, as we see them, in the public assistance programs. We have summarized our work in this regard in several appendixes to our statement, as follows:

- Appendix I - Three reports dealing with problems in administering certain aspects of the Medicaid program
- Appendix J - Reports on the efficiency of the administration of programs by OEO and the extent to which program objectives have been achieved
- Appendix K - Report on federal manpower training programs
- Appendix L - Report on controls needed over occupancy of federally subsidized housing program
- Appendix M - Listing of GAO reports issued to the Congress and its Committees covering fiscal year 1969 to present dealing with social programs

#### WELFARE REFORM

If certain administrative actions were taken such as those we have suggested on the basis of our various studies, improvements would result in the management of welfare programs. Yet

improvements in the present welfare programs would not necessarily serve to overcome the social problems that have caused families to seek public assistance--such as inadequate income, poor health and sanitary conditions, bad housing, ineffective schools, insufficient jobs, poor work incentives, and insufficient day-care facilities.

Several provisions of welfare reform as passed by the House in H.R. 1 are directed towards overcoming some of the social problems which have perpetuated the welfare cycle for many families. Key provisions of H.R. 1 include:

- National eligibility and minimum national benefit levels. Poor families, regardless of whether or not the father was present or working would be eligible for assistance. Such benefits would taper off as income increased.
- A work-training program for able-bodied recipients. The bill specifically identifies those who must be referred for and accept job training.
- Child care and other supportive services for recipients who require them in order to accept or continue to participate in manpower services, training, employment, or vocational rehabilitation.
- A public service employment program to provide needed jobs--with substantial Federal participation in the costs of the program.

There are other provisions of the bill relating to Federal administration of the welfare program which should also provide better assurance that the integrity of the system is maintained.

Welfare reform legislation, however, cannot provide the framework to solve all social problems. Other programs are needed that deal with the educational, environmental, health, and housing problems of the recipients with the goal of improving conditions so that fewer citizens will find it necessary to seek public assistance.

In this connection, our pilot test in Norfolk for your Subcommittee has shown that of 100 families sampled in a low income area, 66 are receiving some type of social welfare benefits. Sixteen of these families have been or are receiving benefits from five or more individual welfare programs such as cash assistance, food stamps, Medicaid, Neighborhood Youth Corps, school lunches, or public housing. One family is receiving benefits from eight different programs and has been on welfare intermittently since 1949.

Expansion of our pilot program to other cities should assist your Subcommittee in considering the problems arising from the multiplicity of programs affecting the poor and assist you in identifying the underlying causes of these families' problems. What is already apparent, though, is that an overall solution to the problems of such families involves more than just providing benefits from different programs. At the local level--where the programs have their impact--a coordinated approach for solving basic problems should be developed taking into account the benefits available from

various separate programs. Families need to be assisted in developing a coordinated approach to try to solve their problems and they should understand that benefits received from the various programs are related and are designed to help them achieve independence.

The success of coordination of programs among Federal agencies will depend in large part on how well the programs are managed. If the public confidence in welfare programs is to be improved then management of such reform programs must be equally improved.

Reforms, therefore, should be thoroughly evaluated. Sufficient lead-time is needed to ensure proper implementation. The Congress and the Administration must also be willing to commit the resources necessary to ensure that the systems are operated both effectively and in coordination with one another.

This concludes my prepared statement, Madam Chairman. I have tried to highlight the more important aspects of our work as they relate to the matters of interest to this Committee. We would be pleased to respond in greater detail to any questions the members of the Committee might have.

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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON 25

OCT 4 - 1963

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Dear Mr. Chairman:

Herewith is our report on observations on the adequacy of the nationwide review of eligibility in the Aid to Families with Dependent Children program which was conducted under the direction of the Welfare Administration, Department of Health, Education, and Welfare, during the period from January to July 1963. Our report is made pursuant to your request dated December 21, 1962, also signed by the Chairman, Subcommittee on Departments of Labor, and Health, Education, and Welfare, and Related Agencies.

Our observations are summarized in the forepart of the report. The most important observation is that the field investigation techniques used to obtain information on the eligibility of assistance recipients were not consistently applied in a thorough manner, particularly as to the degree of inspection of the premises of the recipients and the completeness of collateral checks. Because our participation in the review was established as that of an observer and reviewer and therefore did not include independent investigations, we are unable to estimate the extent to which the findings from the review might have been different if the field investigation techniques had been consistently applied in a thorough manner. Our observations raise a question as to whether, for many cases, the investigations provided sufficient acceptable information on which to base conclusive determinations as to eligibility.

Since your Committee wished to receive our report as soon as possible after release of the Department's report, it was determined, on the basis of discussions with the Committee staff, not to obtain agency comments regarding the draft report. However, we have discussed our principal observations with officials of the Department of Health, Education, and Welfare.

In the letter dated July 27, 1963, transmitting the report on the nationwide review to your Committee, the Secretary of Health, Education, and Welfare stated that certain administrative actions had been or would be taken to correct deficiencies in the operation of the State programs. These actions pertain to (1) a requirement, effective July 1, 1963, for a redetermination of eligibility for each case every



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6 months instead of every 12 months, (2) a requirement, effective September 1, 1963, for testing the quality and accuracy of decisions on eligibility and payments through a reinvestigation, including home visits, of a sample of cases each month, and (3) a detailed review with the States of the results of the nationwide study, with the objective of improving, where necessary, the methods of administration within each State. We plan to review the corrective actions taken by the Department and the States and to consider the need for possible additional corrective measures during our regular work on public assistance activities.

We appreciate the cooperation shown us by representatives of the several States and the Department of Health, Education, and Welfare during the course of our work on the nationwide review.

Sincerely yours,



Comptroller General  
of the United States

Enclosure

The Honorable Carl Hayden, Chairman  
Committee on Appropriations  
United States Senate

## SUMMARY

The principal observations based on our participation in the nationwide review are summarized in this section and discussed in detail in later sections of this report.

### HEW PLANS, INSTRUCTIONS, AND SUPERVISION

Our review of the preliminary instructions sent to the States in December 1962 raised certain questions regarding (1) the scope of the review, (2) the selection of cases to be reviewed, and (3) an interim report to the Senate Appropriations Committee. The questions were discussed with HEW officials early in January 1963, before the actual review was started in the States. Subsequent discussion of these matters in January and February 1963 by representatives of the Senate Appropriations Committee, HEW, and GAO resulted in certain changes in the nationwide review procedures. (See pp. 8 to 13.)

The HEW instructions concerning the supervision and direction of the review were adequately followed in the 10 selected States. We observed one weakness in supervision in that the HEW instructions did not require, as an additional quality check on the thoroughness and consistency of field investigation techniques, that State supervisors or HEW staff members accompany each State reviewer on a field investigation of at least one case. (See pp. 14 to 16.)

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### FIELD INVESTIGATION

Field investigation techniques were not consistently applied in a thorough manner. It is particularly significant that

(1) visits to the homes of AFDC recipients did not include an inspection of the entire premises in 70 percent of our subsample cases and (2) collateral checks were frequently incomplete in that all pertinent information was not obtained before eligibility determinations were made.

HEW officials advised us they did not intend that an inspection of the entire premises be made in every case and that the information which could be obtained from such inspections could also be obtained by other means. We believe that, from an investigative or fact-finding standpoint, inspections of the entire premises of assistance recipients, with their consent, can provide worthwhile information for making more conclusive eligibility determinations and for verifying the correctness of amounts of the assistance payments.

Our observations raise a question as to whether, for many cases, the investigations provided sufficient acceptable information on which to base conclusive determinations as to eligibility. (See pp. 17 to 28.)

#### HEW REPORT

We believe that the HEW report to the Senate Appropriations Committee represents a reasonable summary of the statistical information furnished by the States as part of the nationwide review, except for 468 cases that were classified as eligible even though they were found to be ineligible by the review and subsequently were closed. Some, if not all, of these cases should have been classified and reported as ineligible or should have been reported

in another category. If all the cases had been classified as ineligible, the reported results would have been changed considerably in several States. (See pp. 29 to 32.) Also, the HEW report did not include information as to the monthly amount of the payments to ineligible families and the monthly amounts of overpayments and underpayments to eligible families. (See pp. 33 to 35 and appendix III.)

COMPTROLLER GENERAL'S  
REPORT TO THE CHAIRMAN,  
COMMITTEE ON WAYS AND MEANS,  
HOUSE OF REPRESENTATIVES

MONITORING OF SPECIAL REVIEW OF AID  
TO FAMILIES WITH DEPENDENT CHILDREN  
IN NEW YORK CITY CONDUCTED BY THE  
DEPARTMENT OF HEALTH, EDUCATION,  
AND WELFARE AND THE NEW YORK STATE  
DEPARTMENT OF SOCIAL SERVICES  
B-164031(3)

## D I G E S T

### WHY THE REVIEW WAS MADE

At the request of the Chairman, House Committee on Ways and Means, the General Accounting Office (GAO) monitored a special review of the program under which aid is provided to families with dependent children (AFDC) in New York City.

The review was conducted jointly by the Department of Health, Education, and Welfare (HEW) and the New York State Department of Social Services (NYSDSS), at the request of the Committee.

The three objectives of this special review were to:

- Identify the reasons for the rise in the AFDC case load and expenditures in New York City during 1966-68.
- Determine the number of AFDC families receiving assistance who were ineligible and the number of AFDC families who, although eligible, were receiving payments in excess of, or less than, amounts authorized.
- Ascertain the effectiveness of the New York City Department of Social Services (NYCDSS) in assisting potentially employable AFDC recipients to become self-supporting.

In the 3-year period (1966-68) the AFDC case load in New York City rose from about 92,000 to 187,000 families. Expenditures increased during this period by about \$360 million--from \$209 million to \$569 million.

GAO monitored the special review at each of its stages and made suggestions to the HEW-State reviewers, designed to ensure that areas of particular interest to the Committee were given adequate attention.

GAO's draft report was not submitted to HEW, State, or New York City officials for comment.

OCTOBER 17, 1969

FINDINGS AND CONCLUSIONS

The HEW-State review was carried out in a competent and effective manner in accordance with plans and instructions agreed upon by HEW and State officials. The HEW-State report issued to the Chairman, Ways and Means Committee, September 24, 1969, presents a fair overall summarization of the results of the joint review.

There are certain conclusions in the HEW-State report with which GAO does not completely agree. There are also matters in the HEW-State report which GAO has commented upon to provide the Committee with additional views. These matters concern, essentially, three areas:

- Reliability of HEW-State conclusions as to the rise in the AFDC case load.
- Eligibility and correctness of AFDC payments.
- Problems which hinder provision of employment and self-support services to AFDC recipients.

Reliability. The HEW-State study to identify the reasons for the recent rise in AFDC rolls in New York City provided important information relative to this subject and the study dealt with many, but not all, of the factors often suggested as reasons for the rise; more research appears to be needed.

Certain precautions appear to be required in the use of the study results presented to demonstrate the relationship between various factors that might be associated with the rising AFDC case load. (See pp. 12 to 16.)

Eligibility and payments. GAO has estimated that

- 10.7 percent of the AFDC families were ineligible,
- 34.1 percent of the AFDC families received overpayments, and
- 14.9 percent of the AFDC families were underpaid. (See pp. 17 to 33.)

GAO has also estimated that

- payments to ineligible families amounted to about \$3.5 million a month,
- overpayments to AFDC families amounted to about \$2.8 million a month, and

--underpayments to AFDC families amounted to about \$389,400 a month.  
(See pp. 38 and 39.)

GAO's estimates are based on the results of the HEW-State review as modified to reflect differences pointed out by GAO.

If the same rates of ineligibility, overpayments, and underpayments were applicable for the entire year and the AFDC case load and expenditures remained constant, the total dollar amount of excess payments to AFDC recipients in New York City would amount to about \$75.6 million. The total dollar amount of underpayments to AFDC recipients would amount to about \$4.7 million annually, which would make a net amount of excess payments of about \$70.9 million. Fifty percent of the costs of the AFDC program in the State of New York are financed through Federal financial participation.

Since the quality control system administered by NYSDSS did not alert responsible officials to the high rate of ineligibility found in the special review, GAO believes that changes in the quality control system are needed. HEW advised the Chairman, House Ways and Means Committee, that a thorough review of the quality control system would be made. GAO intends, as part of its ongoing review of HEW activities, to keep informed as to the results of the HEW reexamination of its quality control system and to appraise the adequacy of corrective measures taken, through reviews of the system in operation in selected States. (See pp. 40 to 43.)

Problems. GAO noted that the HEW-State review demonstrated that NYCDSS had had only limited success in its attempts to provide self-support services to AFDC recipients. (See p.45.)

GAO believes that solutions to problem areas, such as rapid turnover of caseworkers and language barriers with Puerto Rican recipients, which now exist in New York City, must be found before the provision of social services will become a wholly effective tool in helping welfare recipients to become independent. (See pp. 47 and 48.)

GAO noted also that the work incentive program authorized under the Social Security Amendments of 1967, with its various provisions aimed at enabling the AFDC recipient to become self-sufficient, should help NYCDSS to increase its effectiveness in providing self-support services to AFDC recipients. (See p. 47.)

COMPTROLLER GENERAL'S REPORT TO  
THE COMMITTEE ON FINANCE  
UNITED STATES SENATE

OBSERVATIONS OF THE TEST OF THE  
SIMPLIFIED METHOD FOR DETERMINING  
ELIGIBILITY OF PERSONS FOR ADULT  
PUBLIC ASSISTANCE PROGRAMS  
Department of Health, Education,  
and Welfare B-164031(3)

D I G E S T

WHY THE REVIEW WAS MADE

The traditional method of determining eligibility of persons for public assistance programs has been the object of criticism in recent years because it was considered to be too expensive and time consuming and too humiliating to the applicant. Generally under this method no decision on eligibility or extent of entitlement was made by welfare agencies until a caseworker had visited the applicant's residence and verified information previously furnished at the time of application, which included obtaining information from collateral sources. For applicants deemed eligible, redeterminations of eligibility were made at least annually following these procedures.

The Department of Health, Education, and Welfare (HEW) developed a simplified method for eligibility decisions designed to reduce administrative costs, initiate payments to eligible recipients more promptly, and make more time available for social workers to render services to recipients of public assistance.

The simplified method provides for eligibility determinations to be based, to the maximum extent possible, on the information furnished by the applicant, without routine interviewing of the applicant and without routine verification and investigation by the caseworker. In January 1969 HEW required all States to begin to implement the simplified method for adult public assistance programs in selected locations.

The Social and Rehabilitation Service of HEW instituted a test of the simplified method in July 1969, to determine whether the intended objectives were being achieved. The test included validating the correctness of decisions made by the caseworkers on eligibility and extent of entitlement through acceptance-sampling techniques. The test was carried out by State and local welfare agencies and was monitored by HEW. The results were reported to the Secretary, HEW, in January 1970. Largely on the basis of this report, HEW directed the States to fully implement the simplified method for adult programs. Implementation began in July 1970 and is to be completed by July 1971. States were also directed to develop a plan to be carried out over a period ending July 1, 1973, which would result in further simplification and improvement of the method.

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Because of the continuing congressional interest in the rising costs of federally aided public assistance programs, and because of the potential significant impact of the simplified method on such costs, the General Accounting Office (GAO) observed the procedures followed in making the test and reviewed the results of the test. GAO's observations have been discussed with HEW officials but written comments have not been obtained.

FINDINGS AND CONCLUSIONS

GAO observed a number of problems in the implementation of the simplified method by the States in selected locations and in HEW's conduct of the test of the method. These suggest that HEW needs to closely monitor the nationwide implementation of the simplified method.

In implementing the simplified method,

- few States pretested the simplified application form to the extent set forth in the HEW regulations; as a result, when the testing began many States found their simplified forms to be inadequate (see p. 15),
- many welfare agency workers found it was not possible to make decisions on eligibility solely on the basis of information provided by the applicant (see pp. 15 to 16), and
- some welfare offices conducted prescreening interviews with applicants; and, in cases where the welfare worker believed the applicant to be ineligible, the applicant was not allowed to complete a simplified application form (see p. 17).

GAO noted also that

- about 83 percent of the total cases included in the test were re-determinations of eligibility which had previously been subjected to the traditional method of determining eligibility, so that the overall results of the HEW test may not be indicative of the manner in which the simplified method will operate (see pp. 17 to 18),
- a 3-percent level of incorrect eligibility decisions for accepting sampled lots was established largely on a discretionary basis (see pp. 19 to 20),
- the sampling plan used by HEW contained relatively high probabilities that the tolerable level of ineligibility was exceeded (see pp. 21 to 22), and
- a benefit-cost analysis of the simplified method was not made during the test period (see pp. 22 to 23).

GAO believes that the problems associated with the HEW test were, collectively, sufficient for questioning certain of the data from which conclusions were drawn to have the simplified method implemented on a nationwide basis. However, the problems we observed should not be construed as meaning that GAO is opposed to use of the method.

HEW advised GAO that most of the problems were the result of a short time frame within which to plan, conduct, and report on the test.

RECOMMENDATIONS OR SUGGESTIONS

To ensure that the States implement HEW's simplified method in an effective manner and work toward further simplification and improvement of the method, the Secretary of HEW should

- provide the States with specific guidelines as to when, and the manner in which, inconsistent statements made by applicants at the time of application should be verified by information obtained from collateral sources (see p. 24),
- provide for an examination of the simplified application forms adopted by the States and, where the forms are found to be inadequate, provide assistance to the States in designing and implementing a simplified form upon which proper eligibility determinations can be based (see p. 25), and
- reevaluate the 3-percent tolerance level for ineligibility on the basis of experience gained through continued validating procedures when the simplified method becomes operational in a representative number of States (see 25).

COMPTROLLER GENERAL'S  
REPORT TO THE COMMITTEE  
ON FINANCE  
UNITED STATES SENATE

COMPARISON OF THE SIMPLIFIED AND  
TRADITIONAL METHODS OF DETERMINING  
ELIGIBILITY FOR AID TO FAMILIES WITH  
DEPENDENT CHILDREN  
Social and Rehabilitation Service  
Department of Health, Education, and  
Welfare B-164031(3)

## D I G E S T

### WHY THE REVIEW WAS MADE

In January 1969 the Department of Health, Education, and Welfare (HEW) permitted the States to accept persons as eligible for public assistance on the basis of information furnished by the applicants *without verifying their statements*. This is known as the simplified method for determining the eligibility of persons for public assistance.

Under the traditional method, decisions are made as to applicants' eligibility only after information furnished by them is independently verified by welfare agency workers.

Under the program for aid to families with dependent children (AFDC), States have the option to use either method. As of January 1971 a simplified method was being used statewide in 22 States.

The Chairman of the Senate Committee on Finance asked the General Accounting Office (GAO) to compare the AFDC caseload data from welfare centers using the simplified method with data from centers still using the traditional method.

GAO's work was done in three metropolitan areas--New York City, Kansas City, and Los Angeles County--and may not represent the situation nationally.

During February 1971 AFDC expenditures of \$105 million (Federal, State, and local) were made in these areas. These expenditures represented about 22 percent of the nationwide AFDC expenditures for that month. Therefore operations in these three areas do have a significant impact on the total program.

HEW has not been given an opportunity to examine and comment on this report. Most of the matters in the report, however, were discussed with local welfare officials.

### FINDINGS AND CONCLUSIONS

#### Conformity to HEW criteria

*Does the simplified method in use conform to HEW's criteria?*

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There was not much difference between the extent of verification of information at welfare centers using a simplified method and those using the traditional method of determining eligibility.

Welfare centers supposedly using the simplified method were using a "modified" version of that method. Generally the modified version did not conform to HEW's criteria because:

--Personal interviews were carried out routinely to obtain eligibility information.

--Certain eligibility factors were verified routinely.

Without exception, the directors of the centers using the simplified method stated that the centers should not rely completely on applicants' statements as a basis for making eligibility determinations. The directors emphasized that, although they believed that most applicants were honest, eligibility workers had an obligation to assure themselves that their decisions were based on a reasonable amount of evidence that applicants qualified.

At centers supposedly using the traditional method, verification of factors having a bearing on applicants' eligibility is not as extensive as is commonly thought. These centers generally verified certain of the applicants' statements through home visits but did not follow normal additional investigative techniques before making a final decision. (See pp. 11 to 26.)

#### Increase in caseloads

*Does the AFDC caseload in centers using a simplified method increase faster, slower, or at about the same rate, as the caseload in centers using the traditional method?*

AFDC caseloads have increased significantly at all centers visited regardless of the type of eligibility method used.

Caseloads in the centers using a simplified method increased disproportionately when (1) the centers first switched from the traditional method and (2) they no longer required the same welfare agency worker to determine an applicant's eligibility and also provide social services. (See pp. 27 to 36.)

#### Rejection rates

*Do centers using a simplified method reject more, less, or about the same percentage of applications as do centers using the traditional method?*

Rejection of applications for assistance by centers using a simplified method were at similar or lower rates than those experienced by centers in the same area using the traditional method.

Rejection rates tended to be higher where the eligibility workers made comprehensive investigations, including checks with collateral sources, than under a simplified method which relies on applicants' statements.

Centers' rejection rates dropped significantly immediately after adopting a simplified method but tended to level off, or even recover, as eligibility workers gained experience. (See pp. 37 to 49.)

#### Case closings

*Do centers using a simplified method close fewer, more, or about the same number of cases as centers using the traditional method?*

Data available on case closings--discontinuing payments to aid recipients--did not indicate any particular trend or wide fluctuations that could be attributed to the different eligibility methods in use at the centers.

In all areas visited by GAO, a lower percentage of cases was closed during 1970 than during earlier periods.

Welfare officials have informed GAO that cases are usually closed on the basis of a specific request by the recipient or data supplied voluntarily by informants. They are seldom closed on the basis of data developed during periodic redeterminations of eligibility for assistance. (See pp. 50 to 53.)

#### Ineligibility rates

*Does a simplified method result in higher, lower, or about the same ineligibility rates among the AFDC recipients as does the use of the traditional method?*

Where local welfare departments made special reviews of the eligibility of recipients of assistance qualified under a simplified method, they found that a high percentage of these recipients were (1) ineligible, (2) could not be located, or (3) refused to cooperate.

Where data was available--regardless of the method used to determine eligibility--the ineligibility rates either exceeded the 3-percent tolerance level established by HEW or contained many cases where eligibility was questionable. (See pp. 54 to 61.)

Any method for determining the eligibility of an applicant for assistance should be designed to produce proper and timely decisions. The traditional method did not provide for timely decisions because of the time needed to make home visits and collateral checks to verify factors bearing on an applicant's eligibility.

The simplified method--as prescribed by HEW--was not wholly acceptable to those who were responsible for implementing it at local levels. Modified simplified methods produced timely results and, for the most part, caused little inconvenience to the applicant. The use of a modified simplified method tends to result in a greater number of applications being rejected, when compared with a truly simplified method.

HEW estimates that nearly 25 million persons would be eligible for assistance under its proposed welfare reform program--about double the number currently receiving public assistance.

Under a program of that size, it does not appear practicable to require detailed field investigations of each eligibility factor for each applicant and still render prompt decisions. On the other hand, the integrity of such a program must be ensured by keeping ineligibility at a low level.

RECOMMENDATIONS OR SUGGESTIONS

To help maintain such integrity, the eligibility method should provide for

- determining the eligibility of applicants for assistance on the basis of information obtained through face-to-face interviews and verification of certain key eligibility factors;
- using, to the maximum extent possible, experienced people and, before assigning new people to do eligibility work, training them in program policies, procedures, and interviewing and investigative techniques; and
- prescribing a quality control system designed to alert management when instances of ineligibility and incorrect entitlement rates reach a point where special corrective action is called for. (See p. 64.)

COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS

PROBLEMS IN ATTAINING INTEGRITY  
IN WELFARE PROGRAMS  
Social and Rehabilitation Service  
Department of Health, Education,  
and Welfare B-164031(3)

D I G E S T

WHY THE REVIEW WAS MADE

Whether welfare assistance payments are being provided to eligible persons only is a source of increasing national concern aroused by the following facts.

--From fiscal year 1960 to fiscal year 1971, Federal and State welfare costs more than tripled--from \$2.8 billion to \$8.7 billion.

--The number of recipients increased from 5.8 million to 14.3 million.

The General Accounting Office (GAO) examined the effectiveness of the quality control system used by the States, to ensure that public assistance funds were being provided to eligible persons only and that public assistance programs were being managed fairly and efficiently. This system was developed by the Department of Health, Education, and Welfare (HEW).

GAO's review was made in California, Colorado, Louisiana, Maryland, Michigan, New York, Ohio, and Texas. These eight States spent about 50 percent of all Federal welfare funds in fiscal year 1971.

Background

The quality control system was adopted by HEW in 1964 for evaluating eligibility under the welfare programs. It is an adaptation of a technique which is used widely in industry for evaluating the quality of products and services. In October 1970 HEW required the States to implement a revised quality control system. The new system was based on experience under the prior system and on the States' increasing use of a simplified method of determining applicants' eligibility.

Under the new system cases are selected on a statistical-sampling basis and are investigated to see whether the eligibility of recipients and the amounts of payments are within established levels of accuracy. If they are not, the States must identify the inaccuracies and take necessary corrective actions.

FINDINGS AND CONCLUSIONS

Benefits from the implementation of a well-conceived quality control system can be achieved only through effective Federal and State administration. Adequate staffing and timely resolution of problems are essential to effective administration.

The Federal quality control system had not been implemented fully in the eight States at the time that GAO completed its fieldwork (July 1971). Consequently quality control has not accomplished its purpose of maintaining integrity over the public assistance programs.

HEW does not know whether rates of ineligibility and incorrect payments are within established levels of accuracy.

The problems encountered in implementing and operating the quality control system are complex, as shown below.

HEW's problems

HEW decided that the Federal quality control system should be implemented as soon as possible after its design was completed. HEW's organization, however, was not ready to deal with many of the complexities of implementing a system that required close cooperation between the Federal Government and the States.

HEW recognized, 5 months prior to the system's implementation, that 55 additional staff members were needed--45 for the regional offices and 10 for headquarters. As of September 1971--almost a year later--only 19 of these positions had been filled. (See p. 40.)

HEW was only marginally successful in obtaining State recognition of the importance of quality control and of the need to commit the resources necessary to ensure its success. (See p. 45.)

Once the quality control system was in operation, HEW was able to recognize the problems that the States were having with it. HEW's regional offices, because of insufficient staff and limited knowledge of the system, usually were able only to react to State problems as they occurred rather than to anticipate them and assist States in avoiding the problems.

States' problems

All States visited by GAO had encountered problems in carrying out quality control activities. These problems varied in intensity from State to State. (See p. 12.) Two States--California and New York--had not implemented the Federal system statewide as of July 1971 but had attempted to use other methods to control public assistance expenditures. The methods used were not designed to meet Federal objectives. (See p. 28.)

The remaining six States--which implemented the system statewide--encountered one or more of the following problems.

Staffing--As of April 30, 1971--7 months after the Federal system was to be implemented--only Colorado and Michigan had met their staffing needs. Insufficient staffing continues to be a major problem limiting quality control's effectiveness. (See p. 12.)

Investigations--HEW specified the number of cases to be reviewed in each State so that reliable statistical projections could be made concerning the total number of cases. None of the six States, however, completed the required number



of quality control reviews for the quarter October to December 1970, although Colorado and Ohio came close. (See p. 16.)

For those cases that were reviewed, ineligibility rates or incorrect payment rates generally were high. Although these sample results could not be used for statistical-projection purposes for the total number of welfare cases, GAO believes that some error rates were sufficiently high--in view of the number of cases reviewed--for the States to have taken corrective action. (See p. 18.)

Verification--HEW requires that independent verification and documentation of all aspects of eligibility and payment be pursued to the point at which decisions on eligibility and the amounts of payment are conclusive. About 90 percent of the completed quality control reviews analyzed by GAO had not done this.

HEW guidelines did not specify the extent and types of verification to be obtained. For example, if recipients stated at the time of initial application that they had no savings or earnings, this information was reaffirmed in an interview and was accepted by reviewers without further attempts at verification. Use of additional sources--such as employment offices and local credit bureaus--to verify eligibility information could enable States to make more accurate decisions as to eligibility and amounts of payment. (See p. 19.)

GAO analyzed 150 quality control reviews in Colorado and Maryland and in Cuyahoga County, Ohio (50 cases selected at random from each). Had reviewers used additional sources, they could have had more assurance that their eligibility and payment decisions were accurate. (See p. 22.)

#### Pending legislation

Under pending welfare reform legislation (H.R. 1), HEW would take over administration of all federally assisted welfare programs and would have sole responsibility for quality control. GAO believes that HEW's plans for carrying out this proposed change, if effectively implemented, could restore public confidence in the integrity of the welfare programs.

Because the present Federal quality control system is to be the basis for such a system in the welfare reform program being considered by the Congress, HEW should make a concentrated effort to solve the problems in the present system not only to help accomplish the objectives of the present system but also to provide an adequate basis for the development of the quality control system to be used in the welfare reform program. (See p. 43.)

#### RECOMMENDATIONS OR SUGGESTIONS

HEW should:

- Ensure, through appropriate efforts, that top State officials are aware of the benefits to be derived from an effective quality control system.

- Increase headquarters and regional office quality control staffs to a level at which they can effectively assist and monitor State quality control operations.
- Define, for the guidance of State and local quality control reviewers, necessary steps to be considered as requirements in determining recipients' resources, incomes, and other eligibility factors so that quality control investigations can provide conclusive findings. (See p. 46.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

HEW has stated that:

- Its regional commissioners are taking vigorous action to ensure that States which do not have fully operational quality control systems comply with Federal regulations.
- Training seminars are being conducted for its regional staff so that they can provide assistance to States for realizing fuller use of quality control as a management tool.
- As of March 1972 all but one of the 55 authorized quality control staff members had been hired, and a request has been submitted to the Congress for additional staff members.
- It is developing additional guidelines for issuance to State agencies so that quality control investigations can provide conclusive findings.

The actions taken or planned by HEW should strengthen the quality control system and should make it more effective. (See p. 47.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

This report provides the Congress with timely information for its consideration of welfare legislation and also provides the appropriations committees with information for their consideration of HEW's request for additional quality control staff members. It contains no recommendations requiring legislative action.

CHAPTER 5

EMPLOYMENT AND OTHER SELF-SUPPORT SERVICES

PROVIDED TO AFDC RECIPIENTS IN

NEW YORK CITY

The HEW-State review to ascertain the effectiveness of the NYCDSS in assisting potentially employable recipients to become self-supporting included interviews with welfare agency staff members in five social services centers, reviews of selected case records, and reviews of the policies and procedures of the State and City agencies engaged in the provision of the self-support services. GAO accompanied the HEW-State review teams to each of the five centers and monitored all aspects of the reviews at these centers.

At our suggestion, the centers visited included one "declaration" center and one "satellite" center. The centers were selected on a stratified sample basis, i.e., randomly selected after grouping by types of centers. A declaration center was so classified because of its experimental use of formal declaration statements by welfare applicants as the basis of eligibility determination without field investigations except in special situations; two such centers were in operation at the time of the HEW-State review. A satellite center was so classified because of its use of branch service centers located in the immediate neighborhoods being served; seven such centers were in operation at the time of the HEW-State review. It should be noted that the information obtained through interviews at the social services centers visited is applicable to those centers only and should not be construed as having applicability to all of the 41 centers in operation at the time of the HEW-State review.

During the review it became apparent that statistics on the number of AFDC clients who were being assisted by the various work training and employment programs were not readily available. Accordingly, at our suggestion the HEW-State review team formally requested such data from New York City so that adequate consideration could be given to reported progress in the several programs. Much of this data is

included in the HEW-State report; however, in some instances it is not possible to distinguish the number of AFDC recipients from other welfare recipients.

We believe that the HEW-State review demonstrates that NYCDSS has had only limited success in its attempts to provide self-support services to AFDC recipients. The HEW-State report points out several factors which the review team believed were barriers to the provision of self-support services to AFDC recipients. Many of these factors are also cited as contributing to the "problems" mentioned in other sections of the HEW-State report, i.e., eligibility determination and reasons for increase in the AFDC rolls. These factors include (1) inadequate training, (2) work disruptions due to strikes and client demonstrations, and (3) a high rate of staff turnover. The report also brings to light three major factors which tended to inhibit the success of self-support programs for the AFDC client in New York City, namely,

- a State policy (adhered to by New York City) that, when the mother is the only parent in the home, she should be regarded as having family-care responsibilities and, as such, not available for employment,
- lack of sufficient day-care facilities for children of AFDC mothers who are employed, in training, or desirous of becoming employed or trained, and
- administrative responsibilities of the caseworkers, which allowed little time to provide self-support services to the AFDC clients.

The HEW-State report added that the principal effort of NYCDSS was to use special programs for self-support and training purposes. These programs included the Employment Incentive Program, State Aid to Vocational Education, the Welfare Education Program, and Adult Education Classes. Also, programs established under the Manpower Development and Training Act were used by New York City, and training courses were provided in connection with the Manpower and Career Development Agency of the Human Resources Administration. Such programs and projects contained many innovative

features for which the NYCDSS is to be commended; however, cumulatively such programs served a very small number of the total AFDC case load.

The HEW-State report points out that the work incentive (WIN) program for AFDC families was initiated in New York City in December 1968 shortly after the inception of the joint study. The WIN program, which was authorized under the Social Security Amendments of 1967, was designed especially for AFDC recipients. Its purpose, as stated in the authorizing legislation, is to:

"\*\*\* require the establishment of a program utilizing all available manpower services, including those authorized under other provisions of law, under which individuals receiving aid to families with dependent children will be furnished incentives, opportunities, and necessary services in order for (1) the employment of such individuals in the regular economy, (2) the training of such individuals for work in the regular economy, and (3) the participation of such individuals in special work projects, thus restoring the families of such individuals to independence and useful roles in their communities."

The Department of Labor (DOL) has principal administrative responsibility for the WIN program, with the cooperation of HEW. The law requires that the Secretary of Labor use the three approaches mentioned above to assist persons referred to him by the welfare agencies to become self-sufficient. These persons are to be pointed toward regular employment regardless of their present level of skill.

New York State directives issued in August 1968 require employable AFDC mothers to accept suitable training or employment under the WIN program after consideration of the mothers' physical and mental health, child-care needs, and the adequacy of child-care plans. NYCDSS announced in September 1969 that 40 new child-care centers would be financed by the Department during the next 12 months and that 123 additional sites for child-care centers had been selected. NYCDSS also advised the review team that the responsibility

for providing social services and financial assistance was being formally separated and assigned to different staff members. The income maintenance division, responsible for the financial assistance aspects of the AFDC program, is to be staffed totally by clerical and clerical-administrative personnel, which releases social service staff to concentrate on providing social services to families.

The start-up of the WIN program with its many provisions aimed at enabling the AFDC recipient to become self-sufficient--particularly the provision for suitable child-care arrangements--and the separation of responsibility for financial assistance and social services should, in our opinion, help NYCDSS increase its effectiveness in providing self-support services to AFDC recipients. We believe, however, that solutions to other problems which are now present in New York City must also be found before the provision of social services will become a wholly effective tool in helping welfare recipients to become independent. For example:

1. NYCDSS must find ways to retain qualified and competent caseworkers so that a feeling of confidence can be created between the client and caseworker. As pointed out in several places in the HEW-State report (for example, see pp. 51, 90, and 128), New York City has had a high rate of caseworker turnover--61 percent in the 1967-68 period; about 80 percent of the caseworkers had less than 2 years experience; and the average age is 22.5 years. In our opinion, the delivery of self-support services is extremely difficult under such circumstances.
2. Programs must be developed which direct themselves to problems of the large Puerto Rican welfare population. The HEW-State report points out problems caused by a language barrier (see p. 128) and a lack of desire on the part of both men and women to develop employment skills (see pp. 114 and 117). Since the report predicts (see p. 24) that Puerto Ricans will soon account for the majority of AFDC recipients in New York City, we believe that special emphasis must be placed on this group of recipients.

Research in these areas by the City, State, or HEW, seem warranted in view of predictions in the HEW-State report that the AFDC rolls will climb to new levels in the early 1970's.

In further regard to the WIN program, the need for continuing program evaluations was recognized by the Congress when enacting the program. The Social Security Amendments of 1967 require DOL to make a continuing evaluation of the program, including its effectiveness in achieving stated goals and its impact on other related programs. The DOL guidelines for the WIN program show that DOL, in accordance with the act, is developing a comprehensive monitoring and evaluation system for the program.

These guidelines provide that the WIN program evaluation system consist of (1) evaluation studies, (2) operations reviews, and (3) program monitoring. Evaluation studies are to be specifically directed toward the effectiveness of the program in achieving established goals. The frequency and nature of the three basic factors of the system, as set forth in the guidelines, if properly implemented, together with the required reporting thereon that is directed to all appropriate levels, should, in our opinion, provide a sound basis for developing, maintaining, and strengthening program effectiveness.

The Committee may find it helpful, in keeping abreast of the trends in the AFDC rolls, to arrange with DOL for it to periodically furnish the Committee with evaluation reports on the WIN program projects in New York City. These reports should serve as an indicator of the extent to which the WIN program is effective in reducing the AFDC rolls.

**PRELIMINARY COMMENTS**  
**ON**  
**THE NEW JERSEY GRADUATED WORK INCENTIVE EXPERIMENT**

**PREPARED BY THE STAFF OF THE**  
**U. S. GENERAL ACCOUNTING OFFICE**  
**FOR USE OF THE SENATE FINANCE COMMITTEE**  
**JUNE 1970**



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SUMMARY

This paper deals with work performed by GAO in connection with OEO's New Jersey Graduated Work Incentive Experiment, and more specifically, with a report issued by OEO in February 1970, describing the results of that experiment. Our review was limited by constraints on our access to the full data base accumulated during the experiment.

We believe that a number of important qualifications which are omitted from the OEO report are necessary to a proper understanding of the issues which the report seeks to address. We found problems in the collection and analysis of data supporting the OEO report--and in the completeness of the presentation of the data in that report.

We believe our findings raise serious questions as to the appropriateness of the conclusions drawn in the OEO report. Our own overall conclusions are found on page 16 of this paper.

BACKGROUND AND SCOPE OF THE GAO WORK

The Office of Economic Opportunity (OEO) initiated the New Jersey Graduated Work Incentive Experiment in 1968. The experiment, which is scheduled to be completed in 1972, is being conducted by a contractor (Institute for Research on Poverty, Madison, Wisconsin) and a sub-contractor (Mathematica, Princeton, New Jersey).

On February 18, 1970, OEO issued a 26 page report describing preliminary results of the experiment. The report emphasized questions of work effort behavior and income patterns of families included in the experiment, and suggested that certain conclusions might be drawn from the preliminary data being reported.

The material we are presenting in this paper for the information of the Committee is addressed to the content of the OEO report and the data supporting it. More specifically, we centered our inquiry on those parts of the report concerning the income and work effort and characteristics of the families included in the experiment. We have not yet inquired into those parts of the report concerning spending behavior, family stability, and administrative costs.

After preliminary contacts with OEO and OEO's contractors, we began work on April 13, 1970 at the offices of Mathematica, where most of the material supporting the OEO report is maintained. Our work proceeded with some difficulty because of objections raised by OEO and OEO's contractors as to the propriety of GAO's access to data which they considered preliminary and experimental. In the interest of expediting our work and as an accommodation to the concerns expressed by OEO and OEO's contractors relative to the unique character of the experiment, we have proceeded to date to carry on our work under the following

constraints: We agreed not to insist on access to the complete data base accumulated during the experiment, and we agreed to test certain of the data presented in the report by means of a sampling procedure which we devised.

These constraints clearly limit our ability to report more fully to the Congress on the status of the experiment. While our access was adequate to permit us to prepare the charts in our Appendix II and to make the other observations on the OEO report which are contained in this paper, our ability to provide additional information and explanations would be severely limited unless complete access were to be allowed by OEO and the contractors.

#### INTRODUCTION

Page 2 ("Introduction") of the OEO report stated:

"The New Jersey data now available were gathered from August, 1968, through October, 1969, in Trenton, Paterson, and Passaic from 509 of the 1,359 participating families. They are based on the experiences of 364 families receiving various levels of support payments and a control group of 145 families not receiving payments. The control group is used for purposes of comparison with the experimental group, since their characteristics at the beginning of the experiment were similar to those of the experimental group. We can therefore tell whether the payments have had any effect at the end of the experiment by looking at any differences between the two groups."

We are bringing to the attention of the Committee a number of facts not stated in the OEO report which we believe bear on the usefulness of the OEO report and which relate to the data described in the paragraph quoted above. Some of these facts we believe quite seriously affect the conclusions which, according to OEO, are suggested by the data. Other of these facts are of lesser importance but do relate to matters of accuracy and understanding of the report.

CHARACTERISTICS OF FAMILIES IN THE EXPERIMENT

Pages 6 and 7 of the OEO report describe "...the characteristics of the families in the experimental group at the beginning of the project."

We believe that the reader of the report should be made aware - and the OEO report fails to point out - that these data on family characteristics do not relate to the 509 families from whose experience the income data described later in the report were drawn. The data relate, instead, to the larger group of 1,359 families, which include those from Jersey City, New Jersey, and Scranton, Pennsylvania, as well as those from Trenton, Paterson, and Passaic, New Jersey.

The importance of this distinction is that some of the characteristics of the larger and the smaller groupings are different - for example, ethnic composition. When all five cities are included, the ethnic composition is correctly described on page 6 of the OEO report, as follows:

"About 36 percent of the families were white, another 36 percent were black, and the remainder were principally Spanish-speaking Puerto Ricans."

However, other data in the OEO report (e.g., work effort) were not obtained from the five cities, but only from three of them: Trenton, Paterson, and Passaic. The ethnic composition of the 509 families from whom data were drawn in these three cities was about 13 percent white, 45 percent black, and 42 percent Spanish-speaking Puerto-Rican.

We make this point as a matter of accuracy since we believe that pages 6 and 7 of the OEO report are somewhat misleading insofar as the rest of the OEO report is concerned. In order to clarify the actual characteristics of the 509 families on whom the OEO report was based, we asked OEO's contractor to prepare the descriptive material which we are including as Appendix I for the information of the Committee.

WORK EFFORT BEHAVIOR

On pages 10 and 11, the OEO report briefly describes work effort behavior and provides a chart comparing the earnings of the experimental and control groups. The contents of these two pages from the OEO report are reproduced below:

ACTUAL WORK EFFORT BEHAVIOR

"Chart IV indicates actual work effort on the part of the participants. On the basis of these data, we can say that work effort did not decline for the group analyzed, but rather that it followed a pattern close to Line B on Chart III. There is, in fact, a slight indication that the participants' overall work effort actually increased during the initial test period."

(GAO note: Chart III is attached as our Appendix III).

CHART IV

ACTUAL WORK EFFORT BEHAVIOR

Percent of families whose:	<u>Control</u>	<u>Experimental</u>
Earnings increased	43%	53%
Earnings did not change	26%	18%
Earnings declined	31%	29%

We believe that readers of Chart IV should be aware of several facts concerning it which are not made explicit in the OEO report:

(1) The chart is based on only 318 of the 509 families participating in the experiment in the cities of Trenton, Paterson, and Passaic. The data on 191 of the families (37 percent of the families) was not used by OEO's contractor in preparing Chart IV because of the problems in the interviews and coding of the data.

Based on generally accepted statistical standards we believe that conclusions are made highly questionable if drawn from data in which this large an attrition has occurred.

(2) The basis used by OEO's contractor for determining whether a family's earnings changed was a comparison of weekly earnings. A family's earnings for the week preceding the pre-enrollment interview was compared with the family's earnings in the week preceding an interview conducted ten to twelve months after the pre-enrollment interview. Approximately twenty percent, or greater, change in the weekly earnings between the two periods was the criterion used to determine whether the family's earnings would be considered to have increased, to have decreased, or not to have changed.

The two weekly periods used in making the comparison for the Trenton families differed from the two weekly periods used for the Paterson and Passaic families. For the Trenton families, earnings for a week in August 1968 were compared with earnings for a week in August 1969.



For the Paterson and Passaic families, earnings for a week in November or December 1968 or in January 1969 were compared with earnings for a week in either November or December 1969.

We believe that combining the data from the two different periods into Chart IV represents a violation of good statistical practice and precludes the application to Chart IV of appropriate tests of statistical significance. In summary, we believe that any conclusions drawn on the basis of Chart IV are highly questionable based on the data from which the chart was constructed.

#### INCOME PATTERNS OF THE EXPERIMENTAL GROUP

Page 12 of the OEO report describes income patterns of the experimental group and page 13 of the report contains Chart V showing the average monthly income of experimental families over 10 consecutive four-week periods, extending from December 28, 1968 through October 3, 1969. The time period covered by the chart was not identified in the report.

We believe readers of Chart V should be aware of several other facts concerning it which are not made explicit in the OEO report:

(1) Chart V reflects the income experience only of families in Paterson and Passaic, New Jersey. The income experience of families in Trenton, New Jersey - the city longest in the experiment - is not shown.

(2) The income data for the first month (\$340 on Chart V) was obtained in a different manner than the income data for the subsequent 9 months. The first month's income data was obtained by interview (from the stated recollection of the interviewees) and was not supported by income statements, and payroll stubs, as was the data for subsequent months after families had been enrolled. We have no evidence that the manner in which the first month's income data was obtained reflects any upward or downward bias, but we do believe that readers of the chart should be aware of this difference in derivation of the data.

(3) Chart V was based on data from income statements submitted every four weeks by families in the experimental group. Similar data was not collected from families in the control group, and so it is not possible for OEO's contractor to directly relate the monthly experience of the control group families to the monthly experience of the experimental group families.

We believe that, in general, this seriously diminishes the utility of the control group as a means of isolating the effects of the experiment. With respect to Chart V, we believe that the absence of comparable data from the control group makes extremely difficult and tenuous any attempt to draw conclusions from it relative to the effects of the experiment on the income

patterns of the families reflected in it. That is, Chart V should be read as reflecting not only the effects of the experiment but such factors as changing economic conditions as well, e.g., changes in the prevailing wage scales.

(4) As stated above, the OEO contractor had accumulated data from income statements submitted by the families in the experimental group every four weeks. This data was accumulated by city (Trenton, Paterson, and Passaic) and by the level of income the families stated they were earning when they entered the program. These latter, termed "income strata" by the contractor, reflected three levels:

- Families whose stated incomes were within the defined poverty standard at the time they were enrolled in the experiment. These were identified as Stratum I.
- Families whose stated incomes were up to 25 percent above the defined poverty standard. These were identified as Stratum II.
- Families whose incomes fell between 25 and 50 percent above the defined poverty standard. These were identified as Stratum III.

Most of the families enrolled in the experiment fell into Strata II and III, i.e., those whose stated pre-enrollment incomes placed them above the defined poverty standard.

While we would caution that data such as that shown in Chart V is inconclusive, we believe that to the extent that the Committee chooses to consider it, the Committee would benefit by having the data accumulated by the contractor presented more comprehensively, and with further refinement, than was presented in the OEO report. For this reason we have prepared, and are furnishing as Appendix II the following charts:

- A corrected Chart V. Chart V, as published by OEO, contains a number of minor arithmetic errors in its construction. The errors were not serious and are shown in our Appendix II, page 20 along with the corrected chart prepared by us. This chart combines Strata I, II, and III families.
- Charts depicting for the Paterson - Passaic families the average family income over the 12 consecutive four-week periods from December 28, 1969, through November 28, 1969 for each of the three income strata (See Appendix II, pages 21, 22, and 23). Data has not as yet been made available to us to extend these charts into 1970.
- Charts depicting average family income for the Trenton families over 21 consecutive four-week periods extending from August 3, 1968, through March 13, 1970. This data is presented for all Trenton experimental families (Appendix II, page 24) and by income strata (Appendix II, pages 25, 26, and 27).

THE DIFFERENT PAYMENT PLANS

The allocation of the families in the experiment among the various income maintenance plans being studied in the experiment is not addressed in the OEO report. We believe a brief discussion of this allocation is useful in understanding the data being accumulated and reported by OEO and OEO's contractors.

The 1,359 families in the full experiment and the 509 families in the three cities on which the OEO report is based are distributed among 8 different income guarantee plans and to a control group. The variations among the 8 plans are the result of combinations of two specific factors: the "guarantee" and the "benefit reduction rate."

The guarantee is the amount of money a family will receive if they have no other income. The guarantee is expressed as a percentage of the poverty level, which varies according to family size. The guarantees in this experiment are 50 percent, 75 percent, 100 percent, and 125 percent.

The benefit reduction rate is the rate (percentage) of income earned by which the benefits are reduced. For example, if the benefit reduction rate is 30 percent, the benefits will be reduced by 30 cents for each dollar of earned income.

The control group is made up of a similar mixture of families which receive no benefits under the plan other than small fees for cooperating in the periodic interviews and reporting changes of address. These fees have been adjusted to increase the incentive to co-operate. We have not as yet, reviewed these payments but we understand that a family may receive from ten to twenty dollars per month depending upon the information required of them in the month.

As stated in the OEO report, 364 of the 509 families in Trenton, Paterson and Passaic were assigned to plans under which they were guaranteed a certain income. The eight plans and the number of families assigned to each plan are as follows:

ALLOCATION OF FAMILIES TO PLANS

PATERSON - PASSAIC

Plan	<u>Percentage Guarantee</u>	<u>Benefit Reduction Rate</u>	<u>NUMBER OF FAMILIES</u>			
			<u>Pre-enrollment/Family Income</u>			<u>Total</u>
			<u>(Expressed as Percentage of Poverty Level)</u>			
			<u>Stratum I</u>	<u>Stratum II</u>	<u>Stratum III</u>	
			<u>(0-100)</u>	<u>(101-125)</u>	<u>(126-150)</u>	
A	50	30	0	0	10	10
B	50	50	23	21	0	43
C	75	30	19	0	17	36
D	75	50	0	10	34	44
E	75	70	7	28	1	36
F	100	50	17	7	9	33
G	100	70	6	6	31	43
H	125	50	9	8	14	31
			<u>81</u>	<u>80</u>	<u>116</u>	<u>277</u>

ALLOCATION OF FAMILIES TO PLANS

TRENTON

Plan	<u>Percentage Guarantee</u>	<u>Benefit Reduction Rate</u>	<u>NUMBER OF FAMILIES</u>			
			<u>Pre-enrollment Family Income</u> <u>(Expressed as Percentage of Poverty Level)</u>			
			<u>Stratum I</u> <u>(0-100)</u>	<u>Stratum II</u> <u>(101-125)</u>	<u>Stratum III</u> <u>(126-150)</u>	<u>Total</u>
A	50	30	5	5	3	13
B	50	50	3	5	6	14
C	75	30	6	4	3	13
D	75	50	5	7	1	13
E	75	70	4	4	1	9
F	100	50	6	2	6	14
G	100	70	4	4	3	11
H	125	50	0	0	0	0
			<u>33</u>	<u>31</u>	<u>23</u>	<u>87</u>
	<b>TOTAL</b>		<u>114</u>	<u>111</u>	<u>139</u>	<u>364</u>

The following is an example of how the experiment works.

A family of four assigned to Plan B, which most closely approximates the Family Assistance Plan, is guaranteed an income of \$1,741. If the family's other income for the year is \$1,000, the benefit received from the experiment will be reduced 50 percent of that amount. The family's total income would be:

Other income		\$1,000
Income from experiment Guarantee	\$1,741	
Less: 50% of \$1,000	<u>500</u>	<u>1,241</u>
<b>TOTAL</b>		<u><u>\$2,241</u></u>

The data drawn from the 364 experimental families and 145 control families (total of 509) was presented in the OEO report in an aggregated way without reference to the operation of the 8 different plans within the experiment. The experiment was deliberately designed to provide data which presumably would be sensitive to the varying effects of these plans. Such conclusions as may eventually be drawn from this data, are likely to vary with the plans and strata defined in the experiment. For this reason, we would caution readers of the OEO report that the aggregated data reported is not necessarily representative of the operation or effects of any particular income maintenance plan.



CONCLUSIONS

On page 3, the OEO report concludes the following from the preliminary data obtained in the three cities:

"The data suggest that:

"There is no evidence that work effort declined among those receiving income support payments. On the contrary, there is an indication that the work effort of participants receiving payments increased relative to the work effort of those not receiving payments."

We believe it is premature to conclude generally that, "There is no evidence that work effort declined among those receiving income payments." The data reflected in the OEO report represents less than a year's activity. Moreover, on the basis of the material in the OEO report and the other material to which we were given access, we do not believe the data has been subjected to sufficient analysis to support conclusions from it. Finally, we believe that such conclusions as may eventually be drawn from this data are likely to vary with the plans and strata defined in the experiment. In such cases, premature conclusions drawn from the aggregated data could be misleading.

We believe it is wrong to conclude that, "On the contrary, there is an indication that the work effort of participants receiving payments increased relative to the work effort of those not receiving payments." The only evidence we find in the OEO report to support this statement is Chart IV on page 11. We believe there are defects both in the underlying data and in the preparation of that chart sufficient to preclude conclusions from it.

COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS

PROBLEMS IN ACCOMPLISHING  
OBJECTIVES OF THE WORK INCENTIVE  
PROGRAM (WIN)  
Department of Labor  
Department of Health, Education,  
and Welfare B-164031(3)

D I G E S T

WHY THE REVIEW WAS MADE

The Work Incentive Program (WIN) was designed to provide recipients of welfare under the Aid to Families with Dependent Children (AFDC) program with training and services necessary to move them from welfare dependency to employment at a living wage.

The General Accounting Office (GAO) reviewed WIN because of the program's cost--\$328 million appropriated for the first 4 years--and because of widespread concern over AFDC welfare rolls. As of June 1970 the AFDC rolls had soared to 2.2 million adults who were receiving \$391.2 million a month.

FINDINGS AND CONCLUSIONS

Results of WIN operations

WIN has achieved some success in training and placing AFDC recipients in jobs, which has resulted in savings in welfare payments in some cases. The complete results of the program cannot be determined readily, however, because of significant shortcomings in the management information system for WIN. Complete, accurate, and meaningful information was not generally available on program costs, benefits, or operations.

Because of its limited size in relation to the soaring AFDC rolls, WIN does not appear to have had any significant impact on reducing welfare payments. The success of WIN is determined largely by the state of the economy and the availability of jobs for its enrollees. WIN is not basically a job-creation program and, during periods of high unemployment, encounters great difficulty in finding permanent employment for the enrollees. (See p. 10.)

SEPT. 24, 1971

Problems in program design

WIN and AFDC need to be changed if the overall objective of encouraging AFDC family heads to seek employment is to be realized. Conditions in Denver, Colorado, and Los Angeles, California, illustrate what is wrong.

Fathers frequently lose money by going to work because their AFDC payments are discontinued when they obtain full-time employment, regardless of their wages. Mothers, on the other hand, continue to receive AFDC payments following their employment, and payments are reduced only after certain income levels have been reached.

The immediate cutoff of welfare payments to AFDC families with working fathers is unrealistic and tends to discourage fathers from seeking employment. GAO believes that family income should be the primary criterion for establishing AFDC eligibility, irrespective of whether the family head is male or female. (See p. 24.)

AFDC payments to mothers are not reduced fairly after they become employed. In Los Angeles a mother with three children may continue to receive payments, plus food stamps and free medical and dental care for herself and her children, until her earnings exceed \$12,888 a year. (Medical and dental care may continue even beyond this point if the family is medically needy.) In Denver a similar family may continue to receive benefits until the mother's income reaches \$9,000 a year. (See p. 28.)

The effectiveness of sanctions applied against persons who refuse to participate in WIN or to accept employment, without good cause, appears questionable. Local officials have been hesitant to apply the sanctions because such application is administratively time consuming and penalizes the entire family, not just the uncooperative individual. (See p. 32.)

Funding restrictions have severely limited implementation of the special work projects. The projects were provided by the law to subsidize employment for AFDC recipients who are considered not suitable for training or who cannot be placed in competitive employment. (See p. 35.)

RECOMMENDATIONS OR SUGGESTIONS

The Department of Labor should improve the management information system for WIN so that it will provide accurate and complete data on program operations, costs, and benefits.

Data should be developed consistently both on a nationwide basis and on individual projects and should be used for managing and evaluating the effectiveness of WIN operations and for developing estimates of appropriation needs. (See p. 20.)

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

The Assistant Secretary of Labor for Administration advised GAO that the Department of Labor considered the report a fair and objective appraisal of some of the major problems confronting WIN. He said that, although WIN activities in Los Angeles and Denver were not necessarily typical, the Department's experience showed that the problems faced by these cities were universal, to varying degrees.

The Assistant Secretary described actions being considered by the Department for improving the management information system for WIN and stated that the proposed Family Assistance Plan/Opportunities for Families Program (H.R. 1, 92d Cong., 2d sess.) if enacted, would correct the four major problem areas cited by GAO for consideration by the Congress. (See pp. 20 and 23.)

The Assistant Secretary also informed GAO that the WIN sponsors in both California and Colorado had indicated their general agreement with the report, although Colorado had offered no comments on the section of the report dealing with program design. (See p. 23.)

The Assistant Secretary, Comptroller, Department of Health, Education, and Welfare (HEW), also informed GAO that HEW was in general agreement with GAO's conclusions and recommendations and stated that the welfare reform provisions of the proposed legislation would correct many of the deficiencies cited by GAO. (See pp. 20 and 23.)

The State welfare agencies in California and Colorado also agreed generally with GAO's conclusions. (See p. 23.)

In August 1971 California enacted legislation designed to deal with the problem of continuing AFDC benefits to employed mothers with high earnings. California also took action in August 1971 to make more State money available for special work projects. Since these actions will not be effective until October 1971, GAO is unable to evaluate their results at this time.

MATTERS FOR CONSIDERATION BY THE CONGRESS

Since the designs of WIN and the AFDC program cannot be dealt with effectively by administrative action alone, GAO believes that the Congress, during its current deliberations on welfare reform, may wish to consider

- making family income and family needs the principal criteria upon which AFDC eligibility determinations are based, irrespective of whether the family head is male or female or whether employment accepted by heads of families is full time or part time (see p. 28);
- adjusting the welfare cutoff provisions with respect to both dollar payments and related supplemental benefits (see p. 32);
- examining the present penalty provision of WIN and enacting legislation which would strengthen work incentive and work requirements (see p. 35); and
- amending the Social Security Act to permit the use of regular WIN funds to subsidize the wages of enrollees in special work projects (see p. 41).

*COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS*

PROBLEMS IN PROVIDING PROPER CARE TO MEDICAID  
AND MEDICARE PATIENTS IN SKILLED NURSING  
HOMES  
Department of Health, Education, and Welfare  
B-164031(3)

D I G E S T

WHY THE REVIEW WAS MADE

America's "age 65 and over" population has increased from 9 million in 1940 to 20 million in 1970. As persons become older their need for care increases, and, for those requiring more intensive care, this means institutional care in hospitals or nursing homes. Nursing-home care is generally classified as:

Skilled nursing care (Medicaid) and extended care (Medicare)--Periodic medical and daily nursing care without hospitalization.

Intermediate care--Care over and above that classified as room and board but less than skilled care.

Supervised care--Primarily room and board with some supervision.

Because the cost of such care has increased beyond the financial capability of State and local governments, Federal financial assistance has been made available through the Medicaid and Medicare programs administered by the Department of Health, Education, and Welfare (HEW). For example, under these two programs the Federal Government expended in 1969 about \$1 billion for skilled nursing care and extended care--primarily for the elderly.

The Congress is interested in answers to questions about skilled nursing homes, such as:

--Are skilled nursing homes providing proper care to patients?

--Are patients being provided with levels of care more intensive than needed?

The States of Michigan, New York, and Oklahoma have about 1,200 nursing homes certified as skilled. In 1969 these States expended \$336 million of Federal, State, and local funds to care for Medicaid patients in these homes; about half of the expenditures represented the Federal share.

MAY 28, 1971

The General Accounting Office (GAO) visited 90 nursing homes (30 in each State) having 5,581 Medicaid patients and examined into whether the homes were adhering to the requirements established by HEW for participation in the Medicaid program as skilled nursing homes. For those homes which also served Medicare patients, GAO examined into whether the homes were adhering also to Medicare requirements.

GAO examined also into whether it appeared that a less intensive level of care would satisfactorily meet the patients' needs.

FINDINGS AND CONCLUSIONS

Many of the skilled nursing homes GAO visited may not have provided proper care and treatment for their Medicaid and Medicare patients. (See p. 9.)

Many patients in the nursing homes GAO visited may not have needed skilled care and should have been provided with less intensive--and less costly--care. (See p. 25.)

Care and treatment given to  
nursing-home patients

Many nursing homes participating in the Medicaid program--and in some cases the Medicare program--were not adhering to Federal requirements for participation. As a result, the health and safety of the patients may have been jeopardized, since the homes' providing proper skilled-nursing-home care is directly related to their meeting established requirements for skilled nursing homes.

This problem resulted primarily from weaknesses in State procedures for certifying eligibility of nursing homes and from ineffective State and HEW enforcement of Federal requirements which include State licensing requirements. (See pp. 9 to 24.)

Following are examples of deficiencies by nursing homes in meeting requirements for participation in the Medicaid and Medicare programs found by GAO.

--Patients were not receiving required attention by physicians. HEW requires that Medicaid and Medicare patients in skilled nursing homes be seen by physicians at least once every 30 days. Nevertheless, 47 of the 90 homes were not complying with this requirement. Of the 47 homes, 12 were approved also for Medicare.

--Patients were not receiving required nursing attention. Of the 90 nursing homes visited, 16 did not have a full-time registered nurse in charge of nursing service, 27 did not have a qualified nurse in charge of each 8-hour shift, and 20 did not meet State licensing requirements for nurse-patient ratios. In total, 48 homes accounted

for the 63 nursing deficiencies. Eight of the 48 homes were approved also for Medicare.

--Many nursing homes did not have complete fire protection programs. Of the 90 homes visited, 44 did not comply with HEW regulations which require that simulated fire drills be held at least three times a year for each 8-hour shift in each home participating in the Medicaid and Medicare programs. Seven of the 44 homes were approved also for Medicare.

Level of care needed by  
nursing-home patients

Patients have been placed in skilled nursing homes even though their needs are for less intensive and less costly care which should be provided in other facilities; however, alternative facilities in which less intensive levels of care could be provided were limited. This not only could result in unnecessary costs but also--and perhaps more important--could make unnecessary demands on professional care available for patients who are in need of such care.

GAO believes that the primary cause of this problem is that HEW has not developed a yardstick or criteria for measuring the need for skilled care under the Medicaid program. In the absence of such criteria, each State follows its own procedures for determining the need for skilled-nursing-home care. (See pp. 25 to 37.)

The Social Security Administration has developed criteria defining skilled nursing care under the Medicare program.

In the absence of Medicaid criteria, the State of Michigan--to assist those persons who normally evaluate patient needs--has explicitly defined the medical and nursing-care characteristics that it believes that patients should have to qualify for skilled-nursing-home care.

In Michigan--the only one of the three States in GAO's review that had developed such criteria--the State's evaluators accompanied GAO to selected nursing homes and, at GAO's request, evaluated patient needs.

The evaluators concluded that, of the 378 patients whose needs were evaluated, 297, or about 79 percent, did not require skilled-nursing-home care. (See p. 28.)

GAO could not have similar evaluations made in New York and Oklahoma since these States had not developed such criteria. The evaluators advised GAO, however, that if, in a limited test, the medical and nursing-care characteristics of New York and Oklahoma patients were



measured against the Michigan criteria, a similar high percentage (71 and 85 percent, respectively) of the patients would not require skilled care. (See pp. 26 and 34.)

Further, recent reviews of patient needs by professional health teams of voluntary areawide health planning agencies in 10 counties in New York, using criteria established by the agencies' staffs, showed that 25 to 35 percent of the patients in skilled nursing homes did not require the level of care provided in those homes. (See p. 30.)

GAO did not judge the reasonableness of any criteria, including Michigan's, because of the medical expertise and judgments involved. GAO is of the opinion that criteria developed by HEW would help pinpoint more precisely the extent to which skilled or less costly nursing care is needed and, as a result, limited human resources could be allocated to meet more effectively the most critical nursing-care needs. Under the existing, unrealistic procedures, decisionmakers often are confronted with two choices--skilled nursing care or no care at all.

#### RECOMMENDATIONS OR SUGGESTIONS

The Secretary of HEW should instruct the Social and Rehabilitation Service and the HEW Audit Agency to continue and increase their monitoring of States' adherence to HEW's requirements for nursing homes' participation in the Medicaid program as skilled nursing homes. (See p. 22.)

The Secretary of HEW, to assist the States in determining whether Medicaid patients are in need of skilled care, should issue criteria setting forth the medical and nursing care required for patients to be classified as being in need of skilled-nursing-home care. GAO suggests that consideration be given to the experience with the criteria already developed for the Medicare program. (See p. 36.)

The Secretary of HEW should instruct the Social and Rehabilitation Service and the HEW Audit Agency to continue and increase their monitoring to ensure that States are following existing HEW Medicaid regulations relating to the admission of patients to skilled nursing homes and are periodically determining whether patients admitted to skilled nursing homes are still in need of skilled care. (See p. 36.)

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

HEW stated:

--That the Social and Rehabilitation Service had implemented a new monitoring and liaison program in each regional office that required the regional offices to maintain closer relationships with State agencies. It required also that regional officials make more frequent visits and make detailed reviews of State Medicaid

operations, which should aid in the reduction of such deficiencies as those discussed in this report. (See p. 22.)

- That the Social and Rehabilitation Service planned to issue, within 6 months, guidelines to assist the States in evaluating a patient's need for skilled nursing care and services under the Medicaid program and that, where applicable, these guidelines would consider areas of common interest, as outlined in criteria developed for the Medicare program. (See p. 37.)

The actions taken or promised by HEW should strengthen administration of the Medicaid and Medicare programs. In view of the substantial Federal and State expenditures under these programs, prompt attention should be given to the implementation of the promised administrative actions.

MATTERS FOR CONSIDERATION BY THE CONGRESS

This report contains no recommendations requiring legislative action by the Congress. It does contain information on weaknesses in HEW's administration of Medicaid and Medicare programs for nursing homes, suggestions for their correction or improvement, and corrective actions taken or promised by HEW. This information should be of assistance to committees and individual members of the Congress in connection with their legislative and oversight responsibilities relating to the Medicaid and Medicare programs.

COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS

CONTROL NEEDED OVER EXCESSIVE USE OF  
PHYSICIAN SERVICES PROVIDED UNDER THE  
MEDICAID PROGRAM IN KENTUCKY  
Social and Rehabilitation Service  
Department of Health, Education, and  
Welfare B-164031(3)

D I G E S T

WHY THE REVIEW WAS MADE

Under Medicaid, the Department of Health, Education, and Welfare (HEW) shares with the States the costs of providing medical care to individuals unable to pay. About \$4.2 billion was spent under the program during fiscal year 1969; the Federal share was \$2.2 billion.

The Social Security Amendments of 1967 require that the States safeguard against unnecessary use of medical services. Because Medicaid's spending for physician services, nationally, amounted to \$505 million in fiscal year 1969, the General Accounting Office (GAO) reviewed this aspect of the program.

The percentage of Medicaid expenditures for physician services in Kentucky--where GAO made its review--was substantially higher than the nationwide average. Kentucky reported Medicaid expenditures for fiscal year 1969 of about \$53 million; of this amount, about one fourth was for physician services.

FINDINGS AND CONCLUSIONS

HEW did not provide the States with guidelines to follow in evaluating the need, quality, quantity, or timeliness of medical services provided. HEW also did not adequately supervise or monitor, on a continuing basis, Kentucky's evaluation of medical services provided.

Although Kentucky had established some procedures for reviewing physician services and had identified instances of physician services being misused, more effective action by the State was needed to curb excesses in using the program. (See p. 11.)

Kentucky formed a committee in November 1968 to review the Medicaid services. At the time of GAO's fieldwork (July 1969 to Apr. 1970), the committee was understaffed and had directed its efforts primarily to reviewing pharmacy services; relatively little attention had been given to physician services, which accounted for almost one fourth of the State's Medicaid costs. (See p. 9.)

FEB. 3, 1971

GAO selected 100 Medicaid recipients' cases to review the use of physician services. GAO's selection was made from recipients identified by the State's review committee as having received large quantities of drugs. Interviews with the physicians who attended these recipients or reviews of correspondence between the State and prescribing physicians showed that:

--84 recipients received an excessive number of prescriptions and were overusing physician services. They received an average of 18 prescriptions a month at an average monthly cost of \$47.

--Of the 84 recipients, 62 were averaging five visits a month to different physicians at an average monthly cost of \$33.

For example one recipient obtained services 170 times during a 14-month period, or about once every 3 days, from six different physicians. He sometimes visited two physicians on the same day. During one 3-month period, Medicaid paid for 50 prescriptions for this recipient. (See p. 16.)

Although Kentucky had taken steps to advise physicians on matters concerning the quantity and quality of medical care under the program, the physicians visited by GAO generally expressed the view that they--and the recipients--had not been adequately informed by the State about the purposes and uses of Medicaid. (See p. 17.)

An obstacle to examining and evaluating the quantity and/or frequency of physician services is the HEW regulation--adopted by Kentucky--which allows providers of service to submit bills for payment under Medicaid up to 2 years after the services are provided. (See p. 12.)

It appeared to GAO that staffing limitations at both the Federal and State levels contributed to these problems and that better monitoring of Kentucky's activities by HEW would have assisted in their solution. (See pp. 20 to 23.)

RECOMMENDATIONS OR SUGGESTIONS

HEW should

--provide the States with guidelines to assist in effectively reviewing the use of physician services, including limits as to the quantity and/or frequency of medical services,

--increase its monitoring of the States' evaluations of physician services, and

--reduce the 2-year period during which providers may bill for services. (See p. 23.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

HEW said that guidelines for evaluating the use of medical services had been prepared in draft form and it was hoped that such would be issued in the near future. In addition, contracts had been awarded to Colorado, Oklahoma, Rhode Island, and West Virginia for a pilot surveillance and review program. (See p. 24.)

HEW has (1) provided for an increase in the Medicaid program staff, (2) agreed to increase its monitoring of State evaluations of physician services, and (3) agreed to shortly institute a closer monitoring and liaison program with each individual State agency. HEW feels that this will provide for more frequent visits and detailed reviews of State operations. Kentucky has advised HEW that it is adding to the staff of its Medicaid program as rapidly as it can. (See pp. 24 and 25.)

HEW said that it was in the process of amending its regulations to require submission of bills within 6 months of the date the services were provided rather than 2 years. Kentucky put such a limitation into effect on October 1, 1970. (See p. 25.)

GAO believes that these actions will help to improve the effectiveness of evaluations of the use of physician services.

MATTERS FOR CONSIDERATION BY THE CONGRESS

GAO is sending this report to the Congress because of congressional interest in the Medicaid and other health-related programs.

*COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS*

CONTINUING PROBLEMS IN PROVIDING  
NURSING HOME CARE AND PRESCRIBED  
DRUGS UNDER THE MEDICAID PROGRAM  
IN CALIFORNIA  
Social and Rehabilitation Service,  
Department of Health, Education,  
and Welfare (B-164031(3))

D I G E S T

WHY THE REVIEW WAS MADE

Problems in providing nursing home care and controlling payments for prescription drugs under the medical assistance program for welfare recipients in California were pointed out by the General Accounting Office (GAO) in an August 1966 report to the Subcommittee on Health of the Elderly, Special Committee on Aging, U.S. Senate.

California, in March 1966, replaced its medical assistance program with Medicaid, a grant-in-aid program administered at the Federal level by the Department of Health, Education, and Welfare (HEW). Expenditures for its nursing home care program increased from about \$67 million in 1965 to about \$160 million in 1968. HEW paid about half of the amount each year.

Because of that substantial increase and the concern of the Congress over the rising costs of medical care, GAO examined into the actions taken by HEW and the State of California to correct the problems discussed in its August 1966 report.

FINDINGS AND CONCLUSIONS

Actions taken by HEW and the State to correct the previously reported problems were generally ineffective. Coordination between State agencies still is insufficient to successfully implement the Medicaid program. (See p. 36.)

Some problems continue because California's Medicaid plan, as approved by HEW, does not provide adequate guidelines. GAO's review shows that

- payments are not stopped for Medicaid patients in nursing homes where significant substandard conditions persist (see pp. 10 to 18),
- narcotics and other drugs in nursing homes are not controlled properly (see pp. 20 to 23), and
- patients are transferred from one nursing home to another for the benefit of the attending physician or nursing home operator (see pp. 34 and 35).

AUG. 26, 1970

Improper practices continue also because the State does not have adequate procedures to help ensure compliance with guidelines. GAO's review showed that

- controls over authorizations for medication and treatment were inadequate (see pp. 19 and 20),
- drugs for patients who had died or had been discharged were not destroyed or proper records of their destruction were not kept (see pp. 24 and 25),
- supplemental payments, prohibited under Medicaid, were made to nursing homes for services covered by the rates paid to the homes (see pp. 26 to 28),
- patients' personal funds were not always properly safeguarded (see pp. 28 to 30), and
- some nursing home advertising was misleading and advertising was not being policed (see pp. 31 to 33).

The continuing nursing home problems are attributable, at least in part, to the inadequacy of administrative reviews by HEW regional representatives. (See pp. 36 and 37.)

GAO has found also that the procedures for payment of prescribed drugs do not ensure that payments are made only for prescribed drugs actually delivered for use by program recipients in nursing homes or other institutions, or private homes, or that drugs are dispensed by pharmacies in quantities and in frequencies consistent with physicians' dosage instructions. (See pp. 39 to 45.)

RECOMMENDATIONS OR SUGGESTIONS

The Secretary, HEW, should

- direct HEW regional representatives to review State agencies' implementation of HEW regulations on the care of Medicaid patients in nursing homes,
- impress upon State officials the need to clarify the roles of State and county agencies involved in the Medicaid program,
- help the State find solutions to the problems discussed in this report, and
- urge the State to see that payments for prescribed drugs are made only for drugs actually delivered for the use of program recipients and that drugs are dispensed in quantities and in frequencies consistent with physicians' instructions. (See pp. 37 and 44.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

HEW informed GAO that it would review Federal regulations relating to the quality of nursing home care and their application with California officials. Similar reviews would be made in some other States and possibly in all States eventually, HEW said.

HEW agreed that the State agencies responsible for administering California's Medicaid program should make sure that other agencies assisting them are aware of their responsibilities. HEW promised to discuss that issue, as well as other GAO findings, with State officials, and to assist the State in determining corrective actions.

HEW stated that it would review with the State the implementation of HEW regulations designed to ensure delivery of proper quantities of drugs and the new pharmacy billing form designed by the State to improve drug claim processing and determine whether further action would be necessary. (See pp. 38 and 44.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

GAO is sending this report to the Congress because of the congressional interest in the Medicaid program and in the provision of quality nursing home care to program recipients. The report should be useful to the Congress in its consideration of planned legislative changes to the Medicaid program.



CHAPTER 1

ORIGIN OF STUDY AND PLAN OF REVIEW

The Economic Opportunity Act of 1964 (42 U.S.C. 2701), commonly referred to as the war on poverty act, was enacted on August 20, 1964. It was designed to strengthen, supplement, and coordinate efforts of the United States to eliminate poverty by opening to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity. To lead this endeavor, the act created the Office of Economic Opportunity (OEO), headed by a Director, in the Executive Office of the President.

Amendments enacted in 1965, 1966, and 1967 authorized continuance of the programs included in the original legislation, added new programs, and made various changes governing the administration of the programs. A description of the programs and activities authorized by the act is included in appendix I.

In the Economic Opportunity Amendments of 1967, enacted on December 23, the Congress directed that a comprehensive and impartial investigation of the antipoverty programs be undertaken. In title II it authorized and directed the Comptroller General of the United States to make an investigation of programs and activities financed in whole or in part by funds authorized under the act to determine

"(1) the efficiency of the administration of such programs and activities by the Office of Economic Opportunity and by local public and private agencies carrying out such programs and activities; and

"(2) the extent to which such programs and activities achieve the objectives set forth in the relevant part or title of the Economic Opportunity Act of 1964 authorizing such programs or activities."

The statutory direction to make this investigation did not add greatly to the authority already vested in the Comptroller General to review, investigate, and appraise performance of the programs and activities authorized by the act. The assignment made by title II, however, is, at least in degree, considerably greater in scope than the audit work normally performed by the General Accounting Office (GAO). The unique and unprecedented character of this examination lies in the direction contained in paragraph (2) above. There we were directed to formulate judgments as to the extent to which OEO's antipoverty programs are achieving the objectives set forth in the act.

This task is an extremely complex and difficult one. The methods of evaluating social programs such as these and the indicators of progress or accomplishment are not well developed or understood. We recognize that, as the scope of governmental activity broadens and as the complexity of governmental programs increases, the Congress is recurrently confronted with the necessity of appraising accomplishments that cannot be measured in terms of dollars expended or in terms of such tangible yardsticks as the number of

miles of road built or pieces of mail delivered. We recognize that it is essential that efforts be made to develop new yardsticks of effectiveness, to meet the needs of the Congress.

PLAN OF GAO REVIEW

Our examination of the OEO programs and activities was made over a period of 14 months. The examination was conducted on the basis of two closely related approaches.

1. Field examinations into the efficiency of administration and the achievement of objectives of the major programs at selected locations and a review of management functions of the administering Federal agencies as they pertained to the antipoverty programs. These examinations were made at field offices of the responsible Federal agencies and of grantees, contractors, and delegate agencies.
2. Statistical and economic analyses designed to broaden the geographical coverage of our field examinations pertaining to the achievement of objectives and studies of various aspects of the function of evaluating the antipoverty programs.

Of the programs authorized by the Economic Opportunity Act, the most significant, in monetary terms are the Job Corps, Community Action, Neighborhood Youth Corps, Work Experience and Training, Concentrated Employment, and Volunteers in Service to America Programs. We conducted field examinations at various places with respect to each of these programs and the Economic Opportunity Loan Program, the Rural Loan Program, and the Migrant and Seasonal Farmworkers Program. Further information as to locations where our fieldwork was performed is included in appendix IV.

Our review of management functions of the administering Federal agencies as they pertain to the antipoverty programs was directed to their headquarters and field offices and included organization, interagency coordination, recruiting and staff development, and past and current evaluation efforts by these agencies.

Although we concentrated principally on programs authorized under the Economic Opportunity Act, we also obtained data on similar programs authorized under other legislation for comparative purposes. These other programs included the preschool program under title I of the Elementary and Secondary Education Act (HEW), institutionalized training under the Manpower Development and Training Act (Labor), and the Vocational Rehabilitation program (HEW).

The statistical and economic analyses relating to achievement of objectives on a national basis were undertaken because of the difficulty of generalizing from conclusions based on detailed audit work performed at relatively few places. This difficulty stems from such factors as local variations in the characteristics of the people served, institutional environment, economic environment, and proximity to related non-Federal activities or to related non-OEO-sponsored Federal activities. Therefore we

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expanded our review work on achievement of objectives to obtain performance and accomplishment information from a large number of localities, for use in our effort to make assessments on a national basis.

In making evaluations as to the achievement of objectives, we expected that there would be shortcomings in the types of data available. Therefore in conducting our review, we performed extensive work to fill gaps in the available data and to check the validity of the data used in our evaluations.

To assist us in our examination, we engaged the services of three firms under contracts.

Resource Management Corporation of Bethesda, Maryland

To conduct independent economic and statistical studies of antipoverty programs, particularly those in the areas of health, manpower, and education.

Also, to conduct an across-the-board review of national statistical and economic evaluations that have been carried out at OEO and at other agencies.

In performing these services, the firm assessed (a) the usefulness of national data banks for evaluation, (b) available evaluation criteria and methods, and (c) numerous evaluation studies that have been conducted.

Peat, Marwick, Livingston & Co. of Washington, D.C.

To assist in reviewing the information systems relating to the antipoverty programs.

TransCentury Corporation of Washington, D.C.

To interview selected enrollees and former enrollees in the Community Action, education, and manpower programs as to their experience in the programs and their status thereafter. These interviews were made to obtain essential information, not generally available in the agencies in any complete form, regarding the status of enrollees several months after their leaving the programs. The completed questionnaires were turned over to us for analysis and use in our field examinations and national evaluation efforts.

We were also assisted in our examination by a number of individual consultants in specialized fields who advised us on various aspects of the programs we reviewed. These individuals included:

Benjamin Aaron

Professor of Law, University of California at Los Angeles

Peter S. Bing

M.D., Los Angeles, Calif.; formerly, Office of Science and Technology,  
Executive Office of the President

Urie Bronfenbrenner

Professor, Department of Child Development and Family Relations, The New York State College of Home Economics, Cornell University, Ithaca, N.Y.

Glen G. Cain

Associate Professor of Economics, University of Wisconsin; on staff of Institute for Research on Poverty at the University of Wisconsin, Madison, Wisc.

John J. Corson

Consultant, Washington, D.C.

Educational Testing Service

Princeton, N.J.

Roger O. Egeberg

Dean, School of Medicine, University of Southern California, Los Angeles, Calif.

John Forrer

Bureau of the Budget, City of New York; formerly, Office of Economic Opportunity; formerly, Bureau of the Budget, Executive Office of the President

Arthur M. Harkins

Director, Training Center for Community Programs, University of Minnesota, Minneapolis, Minn.

Robert A. Levine

Urban Institute, Washington, D.C.; formerly, Office of Economic Opportunity

Sar A. Levitan

Center for Manpower Policy Studies, The George Washington University, Washington, D.C.

Colin M. MacLeod

Commonwealth Fund, New York, N.Y.; formerly, Office of Science and Technology, Executive Office of the President

Garth L. Mangum

Center for Manpower Policy Studies, The George Washington University, Washington, D.C., and Professor of Economics and Director of Human Resources Institute, University of Utah, Salt Lake City, Utah

Rufus E. Miles

Princeton University, Princeton, N.J.; formerly, Department of Health, Education, and Welfare

Robert N. Moore

Robert N. Moore Company, management, marketing, and governmental consultants, Nashville, Tenn.

Joseph N. Reid  
Child Welfare League of America, New York, N.Y.

Rosemary C. Sarri  
School of Social Work, University of Michigan, Ann Arbor, Mich.

James L. Sundquist  
The Brookings Institution, Washington, D.C.; formerly, Department of  
Agriculture

Sidney E. Zimbalist  
Welfare Council of Metropolitan Chicago, Chicago, Ill.

#### STRUCTURE AND CONTENT OF THE REPORT

This report summarizes the results of our examination. A summary of our principal findings and recommendations is included in chapter 2. Succeeding chapters describe the dimensions of poverty and the antipoverty effort and OEO's role therein (chapter 3); our evaluation of each category of current programs (chapters 4-8); planning and coordination of antipoverty programs (chapter 9); proposals for improving the organization and management of antipoverty programs (chapter 10); improving the evaluation function (chapter 11); and financial management and related administrative matters (chapter 12).

Supplementary reports on our examination will be submitted as they are completed (a) on our field examinations where such work was performed, (b) on our review of management functions of the administering Federal agencies, (c) on our program evaluation work on a national basis, and (d) on the special studies performed for us under contract.

Several reports on OEO programs, undertaken prior to this overall review, have already been submitted to the Congress or committees or members of Congress. These are listed in appendix V.

CHAPTER 2

SUMMARY OF PRINCIPAL FINDINGS AND RECOMMENDATIONS

Our examination has yielded a large body of information from which we have drawn conclusions and developed recommendations. Our overall findings are summarized in this chapter under the following broad categories.

1. The financial dimensions of the total Federal antipoverty effort and the part played by the Office of Economic Opportunity (OEO).
2. The extent to which the objectives set forth in the act have been achieved.
3. The efficiency with which the programs authorized by the act have been administered.
4. The actions which should be taken to realize more effective and economical use of the resources available for reducing poverty.

TOTAL FEDERAL ANTIPOVERTY EFFORT

Passage of the act which became known as the "War on Poverty," may seem to many to have been the beginning of Federal antipoverty efforts. In terms of the Federal budget, the Economic Opportunity Act of 1964 represented a relatively small increment to the already existing programs which have aided the poor.

The aggregate of all Federal programs for assistance to the poor (see chapter 3 for the nature of assistance) amounted to \$22.1 billion in fiscal year 1968 and will amount to an estimated \$24.4 billion in fiscal year 1969. The projection for fiscal year 1970 is \$27.2 billion. Increases in Federal programs in recent years have been accompanied by a reduction in the number of the poor, based upon the definition used by the Social Security Administration, from about 34 million in 1964 to 22 million in 1968. Although Federal programs for assistance to the poor undoubtedly contributed importantly to this reduction, much of the reduction can be attributed to the expansion of the national economy in recent years.

In monetary terms, the funds appropriated for programs authorized by the Economic Opportunity Act (\$1.8 billion in 1968 and \$1.9 billion in 1969) are small in relation to the total Federal effort. In other terms the role of OEO is significant--it is the only Federal agency exclusively devoted to antipoverty; its programs are for the most part innovative in one or more aspects; and it shares with the Economic Opportunity Council the responsibility for coordinating antipoverty activities of other Federal agencies, at least nine of which in addition to OEO administer significant programs directed to assisting the poor.

OVERALL PERSPECTIVE

The accomplishments achieved under the Economic Opportunity Act should be appraised in the light of the difficulties encountered by the agency

(OEO) created to carry out the purposes of the act. These difficulties include:

- The urgency of getting programs underway as quickly as possible.
- Problems in the development of a new organization and in obtaining experienced personnel.
- Problems involved in establishing new or modified organizational arrangements at the local level.
- The delays and uncertainties in obtaining congressional authorizations and appropriations.
- The problems of working out relationships with other agencies and with State and local governments.
- Lack of consensus as to the meaning of poverty, i.e., who are the poor for purposes of receiving assistance.

Our review properly and inevitably focuses on problems, shortcomings, and recommended improvements. OEO and other participating agencies are in agreement with many of our conclusions and recommendations. Agency actions to deal with certain of these problems are under way or are in the process of being initiated. This report notes these actions to the extent practicable. Also, we are including as a part of this chapter the OEO comments on our summary of principal findings and recommendations.

Achievements of the programs authorized by the act can be assessed only in judgmental terms. This is so for several reasons: the programs are new; they deal with such intangible concepts as the economic and social levels of disadvantaged people; they impose requirements and are subject to conditions which are not amenable to reliable, and in some cases, any quantitative, measurement. More specifically:

- Criteria is lacking by which to determine at what level of accomplishment a program is considered acceptably successful.
- The methods for determining program accomplishments have not yet been developed to the point of assured reliability.
- The large volume and variety of pertinent data necessary to ascertain program results have been and still are either not available or not reliable.
- Program results may not be fully perceptible within a relatively short time frame.
- Other programs--Federal, State, local, and private--aimed at helping the poor, as well as changes in local conditions--employment, wage scales, local attitudes--have their effect upon the same people who receive assistance under the programs authorized by the act.

--Amendments to the act and revisions in agency guidelines, at various times have necessitated redirection of programs and other changes, which have affected the progress of programs in the short run.

#### ACHIEVEMENT OF OBJECTIVES

The basic objective of the Economic Opportunity Act is to strengthen, supplement, and coordinate efforts to provide to everyone the opportunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity.

Toward the achievement of this objective, the act authorized a series of programs and activities designed to bring new approaches to the task of eliminating poverty and to supplement efforts authorized by other legislation. The programs authorized by the act can be grouped in five broad categories--Community Action, Manpower, Health, Education, and Other.

An important and basic objective is coordination of the programs authorized by the act with one another and with related programs administered by other agencies. This coordinating task was assigned to the Economic Opportunity Council created by the act and to OEO, the former having the dominant role.

The Council has never functioned effectively and as recast by the 1967 amendments has not been established.

OEO, preoccupied with setting up the machinery to get a new agency started and then with its responsibility for initiating and administering programs authorized by the act, was not able to devote as much effort to its coordinating function as that function demanded. This coordinative task was made difficult by the necessity of OEO's influencing the actions and policies of older established agencies; OEO, a new agency of lesser status in the Federal hierarchy, was unable to bring together all programs related to attacking poverty. As a consequence effective coordination has not been achieved; we do not believe that it can be so achieved under the existing organizational machinery.

An important part of the overall program management process is the evaluation of performance and accomplishments. Evaluations during the first years of OEO operations were too small in scope and too unrelated to one another to provide satisfactory information on the achievement of objectives nationally. OEO has more recently responded to the provisions of the 1967 amendments to the act which directed an expansion of evaluation efforts.

#### Community Action Program

The Community Action Program (CAP) was intended by the act to be the means of bringing a unified effort to bear on the problems of the poor in urban and rural communities through projects designed to organize community residents; to engage the poor in the planning and implementation of projects; and to be an organized advocate for the poor to effectuate changes which would expand the availability of services to the poor.



The program has achieved varying success in involving local residents and poor people in approximately 1,000 communities; it has been an effective advocate for the poor in many communities and appears to have gained acceptance in most communities as a mechanism for focusing attention and action on the problems of the poor; and it has introduced new or expanded existing services to the poor. However, CAP has achieved these ends in lesser measure than was reasonable to expect in relation to the magnitude of the funds expended. This shortfall is attributable principally to deficiencies in administration which should be evaluated in the light of the nature of the program and the fact that it has been in operation for a relatively short time.

### Manpower Programs

Unemployment and the lack of those capabilities that enable individuals to obtain employment are major causes of poverty. To attack these causes, OEO currently invests approximately one half of its resources in manpower development, training, and employment programs; a significant portion of this effort is focused on youth. The programs have provided training, work experience, and supportive services to the participants. Apparent results--in terms of enhanced capabilities, subsequent employment, and greater earnings--are limited.

The Concentrated Employment Program (CEP) has shown some promise, during the short period it has been in existence, of contributing meaningfully to the coordination of existing manpower programs in specific target areas. There is evidence, however, that there is an especial need for better coordination with the federally funded State employment security agencies and with the Job Opportunities in the Business Sector (JOBS) program sponsored by the National Alliance of Businessmen.

Through the institutionalized training of the Job Corps program, corps members have had opportunity to receive certain benefits, many of which are not subject to precise measurement; however, post Job Corps employment experience, which is measurable, has been disappointing. In light of the costly training provided by the Job Corps program, we doubt that the resources now being applied to this program can be fully justified. Our doubt is especially applicable to the conservation center component of the program.

The in-school and summer components of the Neighborhood Youth Corps (NYC) program have provided youths enrolled with some work experience, some additional income, improved attitudes toward the community, and greater self-esteem. If it is intended, however, that these components continue to have as a principal objective the reduction of the school dropout problem, greater flexibility should be provided in the use of funds for such things as the enlargement of existing school curriculums, more intensive and professional counseling, and tutoring for potential dropouts.

We question the need for retaining the NYC out-of-school component as a separate entity. The objective of this component seems to be encompassed in other existing programs, particularly the Manpower Development and Training Act (MDTA) program, with which it could be merged. As presently

operated the out-of-school component has not succeeded in providing work training in conformity with clearly expressed legislative intent.

The work experience and training program, soon to be replaced by the work incentive (WIN) program, has enabled persons on the welfare rolls to obtain employment and assume more economically gainful roles in society. On the other hand the program experienced deficiencies in certain functions of administration which detracted from the accomplishment of the program's mission.

Our limited review of locally initiated employment and job creation programs under CAP revealed varying degrees of success.

The available data showed that most of the manpower programs experienced high, early dropout rates which strongly indicated that many enrollees received little or no actual help.

#### Health Programs

The Comprehensive Health Services Program is a rather recent innovation and, partly because of delays in becoming operational, has reached only a portion of its intended population. Many of those that it has been able to reach have been provided for the first time with readily accessible medical care on a comprehensive basis. Uniform plans and procedures are needed to evaluate OEO and the Department of Health, Education, and Welfare health projects during the development phase and on a long-range basis. More appropriate and equitable standards need to be established for determining eligibility for free and reimbursable services.

The family planning programs are also of recent origin, and only limited data as to results is available.

#### Education Programs

Head Start (for preschool-age children) has been one of the most popular programs in the economic opportunity portfolio. Potential long-range effects cannot yet be measured.

Available evidence suggests, however, that Head Start children at the locations visited made modest gains in social, motivational, and educational characteristics and were generally better prepared for entry into regular school than their non-Head Start counterparts. The children also benefited from medical and dental services, although some did not receive them because of delays in providing these services; from well-balanced meals; and from group instruction activities. The program, however, has not succeeded in getting sufficient involvement by parents of Head Start children, which is a primary objective of the program.

The Upward Bound program has provided participants with opportunities to overcome handicaps in academic achievement and in motivation, to complete high school, and to enter college. National statistics show that Upward Bound students have lower high school dropout rates than is considered normal for the low-income population; have higher college admission rates in comparison with the national average for high school graduates;

and have college retention rates above the national average for all college students. The extent to which ineligible youths are accepted detracts from the effectiveness of the program.

Other education programs have experienced some success by raising the enrollees' proficiency in basic educational skills and by culturally enriching their lives; however, the management of such programs was in need of improvement.

#### Other Programs

The Legal Services program has improved the plight of the poor by affording them legal representation and educating them as to their legal rights and responsibilities. The success of this program in assisting the poor to form self-help groups, such as cooperative and business ventures has been limited and few Legal Services projects have engaged in efforts to bring about law reform.

An overall evaluation of the performance of the Volunteers in Service to America (VISTA) program is a complex task, because VISTA volunteers are involved in a variety of functions alongside other program personnel.

The Migrants and Seasonal Farmworkers program in Arizona has been beneficial in helping migrant adults to obtain or qualify for employment and in preparing preschool migrant children to enter elementary school. Program effectiveness could be increased by more closely relating education and training courses to the specific needs of program participants and by limiting participation to the target population.

The Economic Opportunity Loan program (transferred to the Small Business Administration (SBA) in 1966) would better achieve the objective for which it was established if it offered greater assistance to borrowers to aid them in improving their managerial skills and if it were carried on with greater administrative efficiency. The Economic Opportunity Loan program for low-income rural families administered by the Department of Agriculture made only a limited contribution to bettering the income of a majority of loan recipients included in our review. Our evaluation which was based on borrowers' operations for a 1-year period, did not permit an assessment of whether program objectives would be achieved in succeeding years. Inadequate counseling and supervision and lack of definitive eligibility criteria tended to limit program effectiveness.

EFFICIENCY OF ADMINISTRATION

The effectiveness of the total antipoverty effort is dependent, in considerable measure, on the manner in which individual programs and activities are administered. It was to be expected that establishment of a new Office of Economic Opportunity (in 1964) with responsibility for launching innovative (i.e., unprecedented) programs and for difficult or impossible coordination would create many administrative problems in the early years of operations. Also, the emphasis placed in 1964 on getting programs underway and obtaining results quickly did not leave sufficient time to plan and establish well-designed and tested administrative machinery. Although progress has been made in the past 4 years, the administrative machinery is still in need of substantial improvement; the nature of needed improvements is specified in this report.

Program and project managers, in most programs, have not been provided with adequate guidance and monitoring by OEO and other responsible Federal agencies. There is need for improved policies and procedures to strengthen (1) the process by which program participants are selected, (2) the counseling of program participants, (3) the supervision of staff, (4) job development and placement, (5) the ways in which former program participants are followed up on and provided with further assistance, and (6) the recordkeeping and reporting necessary to permit more effective evaluations of accomplishments and more adequate accountability for expenditures. Some of these shortcomings can be attributed to insufficient and inexperienced staff, particularly at the local level.

The Community Action Program, for which a substantial portion of OEO funds are expended, requires greater effort to aid the local CAA's build effective administrative machinery, more adequate program planning and evaluation, and better operational procedures and trained personnel at the neighborhood centers and to support innovative efforts of the type currently underway at OEO to evaluate CAP's.

The administrative support to the antipoverty programs will have to be substantially augmented and improved to achieve satisfactory effectiveness of antipoverty efforts with the limited resources available.

For substantially all programs, payroll procedures, particularly in the manpower programs, need to be strengthened to afford adequate control against irregularities; procurement practices should be modified to limit purchases to what is demonstrably needed and at the lowest cost; and more effective procedures are needed to ensure the utilization and safeguarding of equipment and supplies and their timely disposition when they become excess to needs. Closer attention should be given to claims for non-Federal contributions so that only valid items supported by adequate documentation are allowed.

Many of the administrative deficiencies identified in our examination could have been avoided or corrected sooner if requisite auditing and monitoring by responsible local and Federal agencies had been more timely and comprehensive.

PRINCIPAL RECOMMENDATIONS

We believe that, to provide more effective means for achieving the objectives of the Economic Opportunity Act, revisions are needed in the programs and organization through which the effort to eliminate poverty has been outlined in the act. Accordingly, we offer the following recommendations.

Programs

Community Action (ch. 4)

1. Community Action Agencies and OEO should institute efforts to:
  - a. Improve the planning of local projects.
  - b. Generate greater cooperation among local public and private agencies.
  - c. Stimulate more active participation by the poor.
  - d. Develop means by which the effectiveness of programs can be evaluated and require periodic evaluations to be made.
  - e. Strengthen the capability of the neighborhood centers to carry out their functions of identifying residents in need of assistance in the target areas and of following up on referrals made to other units or agencies for rendering needed services.
2. OEO should consider including income among the eligibility requirements for those component programs, such as education and manpower, which are directed to individuals or families and involve a significant unit cost and for which income is not now an eligibility requirement.
3. OEO should give greater emphasis to research and pilot projects that offer promise of alleviation of poverty in rural areas and should encourage Community Action Agencies in rural areas to broaden the range of activities that will contribute to economic development.
4. The Congress should consider whether additional means are necessary and desirable to assist residents of rural areas that cannot build the economic base necessary for self-sufficiency, to meet their basic needs.

Manpower (ch. 5)

5. The Secretary of Labor should take further steps to ensure that:
  - a. Full use is made of the existing facilities and capabilities of the State employment security agencies in connection with CEP operations.
  - b. CEP operations are coordinated fully with the JOBS program.

6. The Congress should consider whether the Job Corps program, particularly at the conservation centers, is sufficiently achieving the purposes for which it was created to justify its retention at present levels.
7. The Congress should consider:
  - a. Redefining and clarifying the purposes and intended objectives of the NYC in-school and summer work and training programs authorized for students in section 123(a)(1) of the Economic Opportunity Act of 1964, as amended.
  - b. Establishing specific and realistic goals for programs authorized and relative priorities for the attainment of such established goals.
8. The Congress should consider merging the NYC out-of-school program, currently authorized in section 123(a)(2) for persons 16 and over, with the MDTA program.
9. The Secretary of Labor, to make the WIN program effective, should give close and continuing attention to the problem of enrollee absenteeism, and ascertain the causes of early terminations and absenteeism and how these causes may be alleviated or eliminated through additional services, modification of program content, or other means.

Health (ch. 6)

10. The Director, OEO, through his cognizant program office, should define the circumstances under which health centers may finance costs of hospitalization, establish more appropriate and equitable criteria to be used in determining the eligibility of applicants for medical care, and in accordance with grant conditions require centers to claim reimbursement from third parties.
11. Increased attention should be given by both the Director of OEO and the Secretary of HEW to the coordination of the agencies' health efforts and the development of uniform standards for evaluating health projects and programs, including family-planning programs, both during the development phase and on a long-range basis.

Education (ch. 7)

12. The Director, OEO, should direct and assist local Head Start officials to make further efforts to involve more parents of Head Start children in the program in order to enhance the opportunity for developing the close relationship between parents and their children that is so vital to the child's social and educational growth.
13. The Director, OEO, should improve procedures for the recruitment and selection of participants in the Upward Bound program.

14. The Director, OEO, should require, as prerequisites to funding locally initiated education programs:
  - a. Determinations as to whether the program will conflict with existing programs directed to the poor and whether it could be financed with other than OEO funds.
  - b. The identification of available resources and facilities which could be used in the program to reduce the expenditure of limited OEO funds.
  - c. The identification of complementary education programs through which further educational assistance could be afforded to OEO program graduates.

Other programs (ch. 8)

15. The Director, OEO, should:
  - a. More clearly define program objectives and major goals to the Legal Services project directors and instruct them on the methodology of engaging in activities directed toward economic development and law reform.
  - b. Make efforts to develop and implement measures of the extent to which Legal Services projects are achieving national program priorities and objectives.
16. To improve procedures leading to the assignment of selected applicants to the VISTA regional training centers, the Director, OEO, should give consideration to the feasibility of requiring that applicants be interviewed and given aptitude tests before they are considered eligible for VISTA training.
17. The Director, OEO, should require, with respect to the Migrant and Seasonal Farmworkers program, that:
  - a. Systematic employability plans be prepared whereby participants' handicaps can be identified at the time of enrollment so that an appropriate curriculum may be developed to meet such needs.
  - b. Participants' progress in the program be periodically reviewed.
  - c. Data on participants' postprogram experience be maintained.
18. The Administrator, Farmers Home Administration, Department of Agriculture, should:
  - a. Conduct a study primarily aimed at:
    1. Establishing minimum standards with respect to the amount of supervisory assistance that should be given borrowers under

the Economic Opportunity Loan Program in order to ensure that they receive adequate guidance.

2. Determining, consistent with the foregoing standards, the quantity and types of supervision needed, and the loan activity level which can be sustained within the supervisory capabilities available.
- b. Revise its instructions as to loan eligibility to require appropriate consideration of net assets and the recording of the circumstances considered to justify the making of loans to applicants whose income and/or assets exceed specified amounts.

Coordination and organization (chs. 9 and 10)

19. A new office should be established in the Executive Office of the President to take over the planning, coordination, and evaluation functions now vested by the act in the Economic Opportunity Council and OEO.
20. OEO should be continued as an independent operating agency outside the Executive Office of the President, with responsibility for administering the Community Action Program and certain other closely related programs.
21. Funding and administration of certain programs now funded by OEO should be transferred to agencies which administer programs that have closely related objectives.
22. The proposed new office in the Executive Office of the President should have responsibility for ensuring coordination of activities of local Cities Demonstration Agencies and the Community Action Agencies. If this new office is not established, consideration should be given to placing this responsibility under the Secretary of Housing and Urban Development.
23. The Congress should direct that a report be submitted on longer term actions required to coordinate and to maximize the use of community action and citizen participation efforts in federally assisted antipoverty programs.

The evaluation function (ch. 11)

24. The recommended new office in the Executive Office of the President should further develop the evaluation function with respect to antipoverty programs.

General (ch. 12)

25. The responsible Federal agencies should give particular attention to providing for more frequent and comprehensive audits of all antipoverty programs.

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More specific and supplementary recommendations are presented in subsequent chapters of this report, and in our individual location reports as the situations apply to each location.

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OEO RESPONSE TO CHAPTER 2 OF THE GAO REPORT

The Office of Economic Opportunity responds to the 15-month study of its programs by the General Accounting Office with a certain degree of ambivalence.

On the one hand, we appreciate the great amount of work and time that has gone into the preparation of the report. Essentially, Chapter 2 seeks to present a calm, objective discussion of a complex problem. Many of its criticisms and recommendations have merit, and we are in concurrence with GAO that remedies are in order. Throughout the study, GAO has been able to count on the cooperation of OEO officials and staff in supplying full and complete information. We believe we have benefitted from the need to respond to the questions of GAO's investigators and contractors.

On the other hand, however, we find ourselves somewhat restricted in responding to but a single chapter of the document. While we had an opportunity to review an initial draft of the remaining chapters, we have not seen them in their revised and final form. Therefore, we do not know the extent to which revisions and suggestions given the GAO by this agency are incorporated in the final document.

GAO's Summary Chapter 2 defines the context within which the study was conducted in these words: "Our review properly and inevitably focuses on problems, shortcomings, and recommended improvements." The GAO thus confined itself largely to areas of deficiencies, and while it lists many of the factors that contributed to the agency's problems, the overall result is necessarily on the negative side.

It is with this aspect of GAO's focus that we have our greatest difficulty in viewing the report as a definitive study and evaluation of the antipoverty program. By concentrating on "problems, shortcomings and recommended improvements," the report largely omits the accomplishments of OEO programs over the past 4-1/2 years. As a result, it lacks a balance that we feel is important for the objective reader.

Furthermore, we are not convinced that all the conclusions reached by GAO properly flow from the relatively small sample of each of the OEO programs studied in depth. A more comprehensive study, based on a larger sample, may well have modified or altered criticisms and recommendations.

In its section called "overall perspective," GAO lists a large number of conditions which have contributed to the agency's difficulties in carrying out its mission. We can only concur in and embellish this catalogue of vicissitudes. For example, the reference to the delays and uncertainties in obtaining Congressional authorizations and appropriations only touches the surface of the problems this situation induces. For the fiscal year beginning July 1, 1967, OEO did not receive its authorization until December and its appropriation until January 1968, after more than

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half its operating year had passed. Community Action Agencies, particularly, have suffered from these funding problems which must contribute, in large measure, to the GAO's conclusion that community action has achieved its ends "in lesser measure than was reasonable to expect in relation to the magnitude of the funds expended."

Actually, since 1966, no local community action program has been given sufficient money to expand appreciably beyond its first-year levels of operation. Since these local programs were initiated in the belief that they were "pilot" efforts designed to expand to an operational "war on poverty," it seems remarkable that OEO was able to keep interest and enthusiasm alive, to stimulate the quest for other sources of funding, to enlist the energies and resources of private enterprise and public and private agencies, and to maintain as well as we have the faith and participation of the poor.

While the course we have followed has been largely uncharted, while we acknowledge our mistakes and accept criticism, it is the positive which we feel must be given at least equal emphasis.

We have deep pride and satisfaction from much that OEO has accomplished. There are the indisputable community action achievements of institutional change, the enlistment of the largest peacetime army of volunteers in history, the mobilization of community resources, and the pioneering involvement of the private sector in social welfare programs. Head Start, Upward Bound, Foster Grandparents, Legal Services and Neighborhood Health Centers were created and developed by OEO.

We find great significance in the stationing of U.S. Employment Service personnel in ghetto offices; in the location of welfare workers in OEO's neighborhood centers; in the more than 50 law schools which have incorporated courses on poverty law into their curriculum; in the "participation of the poor" principle adopted by almost every Federal agency concerned with domestic programs; in the increasing proportion of United Fund efforts that are directed toward the poor; in the adoption by the military services of Job Corps-developed techniques for educating hardcore youth, and in the public school systems which are utilizing Head Start practices of employing non-professionals as classroom aides.

It is an incontestable achievement that 500,000 Americans have served as volunteers to Head Start; that 50,000 volunteers work in community action agencies; that 30,000 persons serve without compensation on CAA boards; that 20,000 volunteers actively work with Job Corps enrollees; that 45,000 volunteers have dedicated their time and energies to other antipoverty programs.

It is also worthy of mention that more than 500,000 people in 389 counties were eligible for OEO Emergency Food Programs in 1968; that multi-purpose neighborhood centers have cared for the diverse needs of 3-1/2 million poor people; that Neighborhood Health Centers have a capacity to give free and full health care to one million residents of impoverished

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neighborhoods; and that Legal Services Programs have brought justice to over one million people who otherwise would not have known it.

It is noteworthy that OEO has brought together for discussion and decision-making, all segments of each of the communities it serves -- groups which in many instances had never before engaged in dialogue -- much less united action.

Now, at every program level the poor are deeply involved and participating in a broad spectrum of activities. They comprise one-third of all CAA boards. Eighty thousand are employed in CAP programs on a year-round basis with another 80,000 during the summer. Seventy percent of all Head Start programs utilize parents as staff members. (We do not understand GAO's criticism in this regard.) And the poor even comprise the membership of one of OEO's national advisory committees. Four million dollars in grants are currently earmarked for training residents for participation in the Model Cities programs. And through the impetus of the OEO's "new careers" approach, more than 100,000 poor people are now employed in public service capacities in schools, hospitals, recreation and conservation programs.

OEO's relationships with public officials, not always smooth, nevertheless have achieved a significant degree of understanding and accommodation. In 1968, when local officials had the opportunity by law to take over the operation of Community Action Agencies, fewer than two percent exercised their option to restructure the CAAs in their communities as public agencies.

Many recommendations for improvements in the performance of all OEO programs -- CAP, Job Corps, VISTA and the delegated manpower programs -- are constructive and appear valid. Within the limitations of available staff and resources OEO has itself recognized its shortcomings and conducted ongoing self-improvement programs to make its efforts more effective and more susceptible to audit, analysis and evaluation.

OEO believes, however, that GAO's question of whether the Job Corps is "sufficiently achieving the purposes for which it was created" might not be asked if there was a greater understanding of the program's mission and accomplishments. The purpose of the Job Corps is to help the hardest core youth receive the education, training and motivation necessary for employment and constructive citizenship. Considering that the young men and women eligible for the Job Corps have been for much of their lives 100 percent dropouts, the score of 70 percent placed in jobs, school or military service would certainly seem a sufficient achievement.

The GAO report considers the problems of coordination. We certainly agree that the hoped-for degree of coordination among the large number of Federal agencies and programs affecting the poor has not been achieved, nor as the report states, can it "under the existing organizational machinery." The validity of this statement, however, should not obscure the significant advances that have been made in coordination and

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cooperation. By virtue of its role as an innovator and operator of programs, and as a funding and policy source of programs administered by other Federal departments, OEO has broken new coordination ground through example and persuasion. Agencies and departments at all levels of government have devoted an increased share of their resources to the poor and have altered their administrative procedures to dovetail with that objective. In many specific instances such as hardcore training and employment programs, neighborhood centers, health centers, and Indian and migrant programs, resources have been combined and strong interagency cooperation has been developed.

Additionally, OEO was the first agency at the Federal level to develop, set up and live by a system of interagency delegation agreements. These agreements have involved such programs as Neighborhood Youth Corps (Labor), Rural Loan Program (Agriculture), Work Experience (HEW), Adult Basic Education (HEW) and Economic Loans (SBA). And through its "check-point" procedure of program signoff, OEO has successfully established cooperation between local officials which otherwise would not have taken place.

None of these efforts has worked perfectly. But a significant start has been made. As a result of its experiences, OEO has long advocated a recommendation in the GAO report for the establishment of a separate high level unit in the Executive Office of the President to handle overall coordination and planning of antipoverty efforts. GAO correctly notes that the Economic Opportunity Council, with which OEO was to "share" coordination responsibilities, has not existed for the past 15 months.

Finally, we would comment on the accelerated speed with which the poor are coming out of poverty. While we have agreed that there is a lack of criteria with which to determine "success," we believe the ultimate criterion is the contribution of the programs to the net decrease in the number of those in poverty.

Since 1964, as GAO mentions, more than 11 million Americans have come out of poverty. While GAO recognizes an "important" contribution from the social programs, it nevertheless attributes the reduction in large part to a healthy and expanding economy. We agree that economic expansion has played a big part in this reduction. However, the rate of economic growth has not accelerated sufficiently to account for the fact that since the inception of OEO, Americans have come out of poverty at a rate 2-1/2 times faster than ever before. It cannot account for the fact that nonwhite Americans are emerging in numbers a thousand percent greater than the average for the years prior to 1964. OEO believes that much of this progress is due to the specific programs it has instituted, the climate of concern it has generated, the additional resources it has called forth, the opportunities it has provided, the influence it has had on other agencies and the mobilization of private individuals and businesses that it has spearheaded.

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The foregoing discussion has been, necessarily, a brief comment on a summary. Consequently, it makes no attempt to address itself to many specifics which will be contained in the overall GAO report. We anticipate that questions regarding specific conclusions and recommendations contained elsewhere in the report will be directed to OEO by Members of Congress and others. We will, of course, attempt to respond to any such inquiries as fully and completely as possible.

Meanwhile, OEO will continue its own close study of the recommendations in the report, seeking to respond positively to all those which it finds valid and which are within its power to implement.

Until poverty is eliminated in this Nation -- a goal which we believe has been proved obtainable -- there can be no letup in dedication or in efforts to perform the task more efficiently and effectively. As long as there is an Office of Economic Opportunity, we will continue to improve our contribution toward that objective.

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COMPTROLLER GENERAL'S  
REPORT TO THE COMMITTEE  
ON APPROPRIATIONS  
UNITED STATES SENATE

FEDERAL MANPOWER TRAINING PROGRAMS--GAO  
CONCLUSIONS AND OBSERVATIONS  
Department of Labor  
Department of Health, Education, and Welfare  
Office of Economic Opportunity B-146879

## D I G E S T

### WHY THE REVIEW WAS MADE

This report, prepared by the General Accounting Office (GAO) in response to a request by Senator Allen J. Ellender, Chairman of the Senate Committee on Appropriations, contains background information on the principal manpower programs and a summary of GAO's findings, conclusions, recommendations, and overall observations resulting from its reviews of manpower programs over the past 3 years.

The Department of Labor obligated over \$6 billion dollars for manpower training programs from fiscal year 1963 through fiscal year 1971. About 6 million persons were enrolled for training during that period. The Department's planned funding for such programs in fiscal year 1972 is about \$2.6 billion.

### FINDINGS AND CONCLUSIONS

A major GAO effort in the manpower training area was a review during 1968 and 1969 of antipoverty programs and activities authorized by the Economic Opportunity Act of 1964. More recently GAO issued reports on the operations of the Manpower Development and Training Act, on-the-job and institutional training programs, the Job Opportunities in the Business Sector program, the Special Impact program, and the work incentive program.

GAO did not review the same aspects of manpower training programs at all locations. The findings discussed below therefore may not have been common to all the manpower programs GAO reviewed or even common to one program at various locations, but they are indicative of areas needing improvement.

Program design--Program design has a significant bearing on a program's potential for achieving statutory objectives. For example, GAO believes that the program design for the in-school and summer components of the Neighborhood Youth Corps involved too simplistic an approach to bring about any dramatic reduction in the dropout rates among high school students.

Also problems existed in the design of the Job Opportunities in the Business Sector program. It does not work well during periods of a declining economy when it is difficult to interest employers in manpower programs. The design of the work incentive program and the aid to families with dependent children program needs to be changed in certain respects if the overall objectives of providing encouragement and opportunities for employment is to be realized. (See p. 21.)

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Eligibility and screening--Substantial numbers of persons enrolled in various manpower programs did not meet the eligibility criteria established by the Department of Labor or could not be identified readily by GAO as having met such criteria because the sponsors did not have enough information about program participants. (See p. 25.)

Counseling--Improved counseling services were needed to ensure that participants benefit from a program. Generally counseling was not conducted on a regularly scheduled basis, and records of counseling activities were not adequately maintained. (See p. 27.)

Occupational and academic training--A need existed to improve the quality and content of occupational and academic training given in a number of programs. For example, work assignments given to youths in the Neighborhood Youth Corps in-school, out-of-school, and summer components were directed almost entirely to providing these youths with work experience and work habits, as distinguished from training them in particular job skills. Also some program sponsors were not providing needed basic education. (See p. 29.)

Job development and placement--Enough appropriate jobs had not been developed for all Concentrated Employment Program enrollees. Also program sponsors of the Neighborhood Youth Corps out-of-school components generally did not provide the needed postenrollment services, such as exit interviews, placement in permanent employment, and referral to more advanced vocational training.

A significant number of the jobs provided by contractors under the Job Opportunities in the Business Sector program paid low wages and appeared to afford little or no opportunity for advancement. Often they were jobs that traditionally were filled with unskilled or low-skilled persons. (See p. 32.)

Monitoring--Effective and continuous monitoring of manpower programs by Federal representatives is essential to detect and correct program weaknesses, strengthen program administration, and better ensure achievement of program objectives. Many of the administrative weaknesses observed in a number of programs could have been corrected earlier through more effective monitoring efforts by the Department of Labor. (See p. 34.)

Follow-up--The Department of Labor or the program operators should develop information on the status of former trainees and if necessary provide them with follow-up services, such as additional training or placement. (See p. 36.)

Program planning--The Special Impact program in Los Angeles, California, was implemented hurriedly without the detailed planning and attention required to enhance the chances of its success and to protect the interests of the Government. It had fallen far short of accomplishing its objectives.

Little use was made of a training facility primarily because of a reduction in funding. Also the facility was not made available for use by other organizations. (See p. 38.)



Supportive services--Certain contractors in the Job Opportunities in the Business Sector program failed to provide trainees with supportive services, such as counseling, basic education, and health care, although such services were required by their contracts. Training allowances, which are intended as subsistence or incentive payments and which are determined in accordance with enabling legislation, varied considerably among four manpower programs in the Atlanta, Georgia, area. (See p. 41.)

Management information systems--Deficiencies existed in the management information systems for the work incentive program, the Job Opportunities in the Business Sector program, and the Concentrated Employment Program. (See p. 42.)

Fiscal and financial matters--GAO's reviews identified defects in the adequacy and exercise of controls over procurement and property management, payrolls and allowances, values assigned to non-Federal contributions, and auditing. (See p. 44.)

#### RECOMMENDATIONS OR SUGGESTIONS

GAO reported these findings to the Congress and to agency officials and made recommendations to improve the manpower programs.

#### AGENCY ACTIONS AND UNRESOLVED ISSUES

The agencies, in commenting on GAO findings (see ch. 3), indicated that they had taken or would take actions on most of GAO's recommendations. GAO has not made follow-up reviews to determine whether the actions promised have been taken or whether the actions taken have been effective in correcting the problems.

#### OVERALL OBSERVATIONS

In addition to reaching the conclusions and making the recommendations discussed above, GAO gained certain overall impressions about several aspects of manpower training which, GAO believes, warrant consideration in formulating programs and evaluating their results.

--Some manpower programs can be assessed only in subjective terms because they deal with intangible concepts, such as the social levels of disadvantaged persons, and are subject to conditions which are not readily measurable. Although the Department of Labor is working to improve its management information system, a problem still will remain in attempting to ascertain at what point--using measurable data--programs are effective. GAO believes that evaluations, despite their limits, are of value to program managers and should continue to be made. (See p. 47.)

- There has been a proliferation of manpower training programs, many of them specifically authorized in legislation and having their own funding source and eligibility requirements. Although some competition is healthy and desirable, duplication or overlapping can be counterproductive. For example, in one large eastern city 18 different organizations were involved in job development and placement activities. (See p. 48.)
- During periods of high or increasing unemployment, manpower training programs are not too successful in achieving their main objective--placing persons in jobs utilizing their new skills--because the abundance of unemployed trained workers offsets the benefits to the employers in hiring disadvantaged program participants. (See p. 49.)
- Manpower training programs face limited chances for success in rural areas where job opportunities are limited and where there is a general lack of economic growth. (See p. 51.)

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COMPTROLLER GENERAL'S  
REPORT TO THE CONGRESS

TIGHTER CONTROL NEEDED ON OCCUPANCY  
OF FEDERALLY SUBSIDIZED HOUSING  
Department of Housing and Urban  
Development B-114860

D I G E S T

WHY THE REVIEW WAS MADE

Since 1961 the Department of Housing and Urban Development (HUD) has had a mortgage insurance program authorized by section 221 of the National Housing Act to provide multifamily housing for low- and moderate-income families. Under the program, the Government finances mortgage loans on cooperative and other rental housing projects at interest rates of as low as 3 percent.

In 1968 HUD was authorized by section 236 of the act to administer a multifamily housing mortgage insurance program for lower income families, under which HUD can pay all interest on privately financed mortgage loans in excess of 1 percent.

At the time that the General Accounting Office (GAO) began its review in the latter part of 1968, no section 236 projects were in operation. Therefore GAO's review was focused on the earlier section 221 program in areas served by HUD's Boston, Dallas, Detroit, and Fort Worth insuring offices, which had about one fourth of the projects. A determination, however, of the adequacy of HUD's policies and procedures for rating the eligibility of families for occupancy of housing under the section 221 program will have applicability to the section 236 program. HUD has established similar policies and procedures for that program.

FINDINGS AND CONCLUSIONS

Procedures and practices of HUD and project owners were not adequate to ensure that the federally subsidized housing was provided to families that were intended to be served by the section 221 program. (See p. 11.)

The records at 25 projects opened for occupancy during the 12 months ended June 1968 showed that project owners (1) did not obtain current income and employment information from families occupying about 20 percent of the 2,947 units and (2) did not verify, prior to occupancy, income and employment information reported by families occupying about 26 percent of the units.

Without current income information, as required by HUD procedures, the project owners had no assurance that those families had incomes within

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the limits prescribed by HUD for occupancy of the federally subsidized housing. (See p. 15.)

Some HUD insuring offices had not reviewed the practices of projects in enough depth to ascertain whether HUD's procedures for determining the eligibility of families for occupancy of housing units were being followed. HUD could not be sure that the projects were being operated in accordance with objectives of the program. (See p. 16.)

GAO's test of the incomes reported to the 25 projects by families occupying about one tenth of the housing units showed that 33 percent of the families may have had incomes that exceeded the prescribed limits. Income information provided by many of these families

--may not have included the incomes of all adult members and

--may not have been current, in the case of applicants for cooperative housing, because income information often was furnished considerably in advance of occupancy--sometimes nearly a year to comply with a HUD requirement that 90 percent of the cooperative membership be approved prior to construction of the project. (See p. 18.)

GAO also checked on whether some projects in operation several years were following HUD's procedures for determining whether tenants continued to be eligible for subsidized rents. GAO found that the projects had not verified, as required, updated income information received from families occupying about one third of the units that GAO selected for review. Without such verification, the projects had no assurance that the families continued to be eligible for subsidized rents. (See p. 15.) GAO tested the updated income reported by randomly selected families in three of the above projects. The test indicated that about half of the families may have had incomes which exceeded the incomes that they had reported. (See p. 20.)

The practices of 38 projects regarding the assignments of families to appropriate-sized units also were reviewed. About 20 percent of the units checked were assigned to families of less than the minimum number of persons appropriate under HUD criteria. (See p. 15.)

Of 2,500 families occupying units in 25 projects opened during the 12 months ended June 1968, more than 60 percent contributed less than 25 percent of their incomes for rent. One fifth of the families contributed less than 20 percent. (See p. 27.)

The Congress has determined a minimum contribution of 25 percent as appropriate for generally lower income families under other HUD programs, including the new section 236 program. (See p. 27.)

RECOMMENDATIONS OR SUGGESTIONS

HUD should:

- Strengthen its procedures to promote accurate reporting of income by families occupying federally subsidized projects. GAO suggests that each family adult should be required individually to certify the accuracy of income information. Also, families approved for membership in federally subsidized cooperative housing projects more than 60 days before occupancy should be required to provide updated income information prior to occupancy; and, if their incomes have increased above the applicable income limits, they should pay the prescribed rent surcharge. (See p. 24.)
- Provide for more effective surveillance by its field offices of the adherence of federally subsidized housing projects to HUD instructions for obtaining and verifying family income information and for assigning families to appropriate-sized units. (See p. 24.)
- Establish an appropriate percentage-of-income contribution as the minimum rent to be required for units in section 221 projects, the maximum rent being the equivalent market, or unsubsidized, rent for the housing. (See p. 31.)

With respect to GAO's recommendation that HUD establish an appropriate percentage-of-income contribution as the minimum rent to be required for section 221 projects, the Secretary of Housing and Urban Development has said that, although there have been ample opportunities since the enactment of the program in 1961, the Congress has chosen not to amend the legislation to establish such a percentage. (See p. 31.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

The Secretary of Housing and Urban Development stated that HUD was devoting much time and attention to the consideration of various income verification and compliance procedures. He said that GAO's findings and recommendations would be studied carefully. (See p. 24.)

The Secretary said that HUD already required full reporting of all family members' incomes and that requiring approved members of cooperatives to update their income information prior to occupancy would diminish their willingness to become members. GAO noted that, under the program reviewed, all adult family members were not required by HUD's procedures to certify to the accuracy of information reported on their incomes. GAO believes that its suggestion that cooperative members' income information be updated prior to occupancy is consistent with the objectives of federally subsidized housing programs. (See pp. 24 and 25.)

The Secretary said also that project managements would be issued strong reminders of their responsibilities in regard to occupancy requirements.

MATTERS FOR CONSIDERATION BY THE CONGRESS

The Congress may wish to consider whether HUD should establish an appropriate percentage-of-income contribution as the minimum rent to be required of families occupying housing units in section 221 projects, the maximum rent being the equivalent market, or unsubsidized, rent for the housing.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

1. Need to Improve Procedures for Reporting Individuals as Rehabilitated Under the Vocational Rehabilitation Program (B-164031(3), November 26, 1968)
2. Need for Timely Action in Resolving Problems Affecting the Eligibility of Hospitals Under the Medicare Program (B-164031(4), December 27, 1968)
3. Additional Information Relating to GAO Report Concerning Eligibility of Hospitals Under Medicare Program (request of Chairman, Senate Special Committee on Aging) (B-164031(4), March 25, 1969)
4. Review of Medicare Payments for Services of Supervisory and Teaching Physicians at Cook County Hospital, Chicago, Illinois (B-164031(4) September 3, 1969) (request of Chairman, Senate Committee on Finance)
5. Monitoring of Special Review of Aid to Families with Dependent Children in New York City conducted by the Department of Health, Education, and Welfare, and the New York State Department of Social Services (request of Chairman, House Committee on Ways and Means) B-164031(3) October 17, 1969)
6. Questionable Claims Under the Medicaid Program for the Care of Persons in State Institutions for the Mentally Retarded in California (B-164031(3), May 11, 1970)
7. Problems in Approving and Paying for Nursing Home Care Under the Medicaid Program in California (B-164031(3), July 23, 1970)
8. Observations of the Test of the Simplified Method for Determining Eligibility of Persons for Adult Public Assistance Programs (request of Chairman, Senate Committee on Finance) (B-164031(3), August 5, 1970)
9. Continuing Problems in Providing Nursing Home Care and Prescribed Drugs Under the Medicaid Program in California (B-164031(3), August 26, 1970)
10. Improvement Needed in the Administration of the Iowa and Kansas Medicaid Programs by the Fiscal Agents (B-164031(3), October 20, 1970)
11. Controls Over Medicaid Drug Program in Ohio Need Improvement (B-164031(3), November 23, 1970)
12. Improvements Needed in Processing Medicare Claims for Physicians' Services in Texas (B-164031(4), December 31, 1970)
13. Opportunity to Reduce Medicare Costs by Consolidating Claims Processing Activities, Department of Health, Education, and Welfare and Railroad Retirement Board (B-164031(4), January 21, 1971)

14. Ways to Reduce Payments for Physician and X-Ray Services to Nursing Home Patients Under Medicare and Medicaid (B-164031(3), February 2, 1971)
15. Control Needed Over Excessive Use of Physician Services Provided Under the Medicaid Program in Kentucky (B-164031(3), February 3, 1971)
16. Problems in Providing Proper Care to Medicaid and Medicare Patients in Skilled Nursing Homes (B-164031(3), May 28, 1971)
17. Lengthy Delays in Settling the Costs of Health Services Furnished Under Medicare (B-164031(4), June 23, 1971)
18. Comparison of the Simplified and Traditional Methods of Determining Eligibility for Aid to Families with Dependent Children (request of Chairman, Senate Committee on Finance (B-164031(3) July 14, 1971)
19. Ineffective Controls over Program Requirements Relating to Medically Needy Persons Covered by Medicaid (B-164031(3), July 28, 1971)
20. Improved Controls Needed Over Extent of Care Provided by Hospitals and Other Facilities to Medicare Patients (B-164031(4), July 30, 1971)
21. Drug Purchases for Medicaid Patients in Nursing Homes in Illinois (request of Chairman, Senate Subcommittee on Long-Term Care, Special Committee on Aging) (B-164031(3), September 10, 1971)
22. Limited Impact of Federal Programs for Treating and Rehabilitating Narcotic Addicts (B-164031(2), September 20, 1971)
23. Analysis of Federal Expenditures to Aid Cuban Refugees (request of Chairman, Senate Subcommittee to Investigate Problems Connected with Refugees and Escapees Committee on the Judiciary) (B-164031(3), November 3, 1971)
24. Problems in Paying for Services of Supervisory and Teaching Physicians in Hospitals Under Medicare (B-164031(4), November 17, 1971)
25. Drugs Provided to Elderly Persons in Nursing Homes Under the Medicaid Program (request of Chairman, Senate Subcommittee on Long-Term Care Special Committee on Aging) (B-164031(3), January 5, 1972)
26. Continuing Problems in Paying State Claims for Administrative Expenses of Public Assistance Programs (B-164031(3) February 7, 1972)
27. Problems in Attaining Integrity of Welfare Programs (B-164031(3), March 16, 1972)



Office of Education

1. Need for Strengthening Controls for Determining Compliance with Statutory Restrictions on Use of Academic Facilities Constructed with Federal Financial Assistance (B-164031(1), December 23, 1968)
2. Practices Followed in Adjusting Federal Grants Awarded for Construction of Academic Facilities (B-164031(1), March 4, 1969)
3. Opportunities for Improving Administration of Federal Program of Aid to Educationally Deprived Children in West Virginia (B-164031(1), March 5, 1970)
4. Opportunity to Reduce Federal Interest Costs by Changing Loan Disbursement Procedures Under the GSL Program (B-164031(1), April 20, 1970)
5. Improvement Needed in Administration of the Federal Program of Aid to Educationally Deprived Children in Ohio (B-164031(1), December 28, 1970)
6. Need to Improve Policies and Procedures for Approving Grants Under the Emergency School Assistance Program (request of Senate Select Committee on Equal Educational Opportunity) (B-164031(1), March 5, 1971)
7. Improved Administration Needed in New Jersey for the Federal Program of Aid to Educationally Deprived Children (B-164031(1), April 7, 1971)
8. Weaknesses in School Districts' Implementation of the Emergency School Assistance Program (request of Senate Select Committee of Equal Educational Opportunity) (B-164031(1), September 29, 1971)
9. Assessment of the Impact of the Teacher Corps at: (B-164031(1))
  1. The University of Miami and Participating Schools in South Florida, April 16, 1971
  2. The Northern Arizona University and Participating Schools on the Navaho and Hopi Reservations, May 13, 1971
  3. Western Carolina University and Participating Schools in North Carolina, May 20, 1971
  4. The University of Southern California and Participating Schools in Los Angeles and Riverside Counties, July 9, 1971
  5. The University of Southern California and Participating Schools in Tulare County serving rural-migrant children, August 25, 1971

Department of Housing and Urban Development

1. Review of Financing of Community Facilities (B-118718, January 17, 1969)
2. Improvements Needed in the Management of the Urban Renewal Rehabilitation Program (B-118754, April 25, 1969)
3. Administration of the Leased Housing Program (B-118718, February 4, 1970)
4. Need to Strengthen Concrete Inspections and Testing Requirements in the Construction of Low-Rent Public Housing Projects (B-118718, March 24, 1970)
5. Opportunity for Accelerating Construction and Reducing Cost of Low-Rent Housing (B-114863, August 4, 1970)
6. Certain Aspects of the Housing Program Administered by the Department of Housing and Urban Development (request of Honorable John Sparkman, Chairman, Subcommittee on Housing and Urban Affairs, Committee on Banking and Currency, United States Senate) (B-114860, August 7, 1970)
7. Information Regarding the Rent Supplement Program Insurance Funds and Federally Assisted Housing Programs (request of Chairman, Subcommittee on Housing and Urban Affairs, Senate Committee on Banking and Currency) (B-114860, August 7, 1970)
8. Opportunity to Improve Allocation of Program Funds to Better Meet the National Housing Goal (B-118754, October 2, 1970)
9. Tighter Control Needed on Occupancy of Federally Subsidized Housing (B-114860, January 20, 1971)
10. Problems in the Program for Rehabilitating Housing to Provide Homes for Low-Income Families in Philadelphia (B-118718, March 19, 1971)
11. Benefits Could Be Realized Through Reuse of Designs for Public Housing Projects (B-114863, December 2, 1971)

Department of

Labor

1. Need for More Realistic Wage Determination for Certain Federally Financed Housing in the Washington Metropolitan Area. (B-164427, September 13, 1968)
2. Report to the Congress on Improvements Needed in Contracting for on-the-job Training Under the Manpower Development and Training Act of 1962. (B-146879, November 26, 1968)
3. Report to the Congress on Need for Improvements in Certain Neighborhood Youth Corps Program Operations in Detroit, Michigan. (B-162001, December 26, 1968)
4. Report to the Congress on Review of Certain Aspects of the Administration of the Neighborhood Youth Corps Program in Los Angeles, County, California. (B-165214, January 7, 1969)
5. Report to the Chairman, Senate Committee on Appropriations on the Audit of Department of Labor Contracts With Youth Pride, Inc., Washington, D.C., (B-164537, January 16, 1969)
6. Report to the Department of Labor on Review of Certain Neighborhood Youth Corps Program Operations in Philadelphia and Pittsburgh, Pennsylvania. (B-165666, April 8, 1969)
7. Effectiveness and Administrative Efficiency of the Neighborhood Youth Corps Program Under Title IB of the Economic Opportunity Act of 1964. (B-130515)
  1. Grand Rapids, June 17, 1969
  2. Carroll, Chariton, Lafayette, Ray, and Saline Counties in Missouri, July 11, 1969
  3. Gila River Indian Reservation and Pinal County Arizona, September 4, 1969
  4. Gary, Indiana, September 5, 1969
  5. Kansas City, Missouri, September 5, 1969
  6. Maricopa County with emphasis on the City of Phoenix, Arizona, September 11, 1969
  7. Los Angeles County, California, September 17, 1969
  8. Detroit, Michigan, September 30, 1969
  9. Selected Rural Areas of Minnesota, October 14, 1969
  10. Chicago, Illinois, October 24, 1969
8. Effectiveness and Administrative Efficiency of the Concentrated Employment Program Under the Title IB of the Economic Opportunity Act of 1964, (B-130515)
  1. Los Angeles, California, October 24, 1969

2. Detroit, Michigan, October 27, 1969
3. Chicago, Illinois, November 6, 1969
4. St. Louis and St. Louis County, Missouri, November 10, 1969
5. St. Louis, Missouri, November 20, 1969
  
9. Report to the Departments of Labor and Health, Education and Welfare on Review of Institutional Training Programs in California, Illinois, and Texas Under the Manpower Development and Training Act. (B-146879, November 17, 1969)
  
10. Report to the Department of Labor on Survey of the Effectiveness and Efficiency of Manpower Training Contracts With the Chicago, Illinois Urban League,(January 7, 1970.)
  
11. Report to the Department of Labor on Improvements needed in Procedures and Their Application in Certain Employment Security Program Activities. (B-133182, June 1, 1970)
  
12. Construction Costs for Certain Federally Financed Housing Projects Increased Due to Inappropriate Minimum Wage Rate Determinations. (B-146842, August 12, 1970)
  
13. Report to the Congress on the Special Impact Program in Los Angeles is not Meeting Goal of Providing Jobs for the Disadvantaged. (B-168560, October 7, 1970)
  
14. Report to the Department of Labor on Survey of on-the-job Training Activities Carried Out Under Selected Manpower Development and Training Act Contracts in Milwaukee, Wisconsin,(October 8, 1970.)
  
15. Report to the Congress on Need to Enhance the Effectiveness of on-the-job Training in Appalachian Tennessee. (B-146879, November 13, 1970)
  
16. Report to the Congress on Opportunities for Improving Training Results and Efficiency at the East Bay Skills Center, Oakland, California Under the Manpower Development and Training Act. (B-146879, February 10, 1971)
  
17. Report to the Congress on Evaluation of Results and Administration of the Job Opportunities in the Business Sector (JOBS) Program in Five Cities. (B-163922, March 24, 1971)
  
18. Problems in Accomplishing Objectives of the Work Incentive Program. (B-164031-(3), September 24, 1971.)
  
19. Opportunities for Improving Federally Assisted Manpower Programs Identified as a Result of Review in the Atlanta, Georgia Area. (B-146879, January 7, 1972.)

Office of Economic Opportunity

1. Federal Programs for the Benefit of Disadvantaged Preschool Children, Los Angeles County, California (B-157356, February 14, 1969)
2. Review of Economic Opportunity Programs (B-130515, March 18, 1969)
3. Selected Aspects of Payments and Charges to Job Corps Members (B-130515, June 30, 1969)
4. Opportunities for Improving the Neighborhood Health Services Program for the Poor Administered by St. Luke's Hospital Center, New York City (B- 130515, June 15, 1971)
5. Activities Managed by Community Action Migrant Program, Inc., Fort Lauderdale, Florida (B-130515, June 16, 1971)
6. Progress Being Made and Difficulties Being Encountered by Credit Unions Serving Low-Income Persons (B-164031(4) June 17, 1971)
7. Opportunities for Improving the Southern Monterey County Rural Health Project, King City, California (B-130515, July 6, 1971)
8. Improvements Needed in Management of Projects to Develop Business Opportunities for the Poor (B-130515, July 20, 1971)
9. Development of Minority Businesses and Employment in the Hough Area of Cleveland, Ohio, Under the Special Impact Program (B-130515, August 17, 1971)
10. Improvements Needed in Administration of Contracts for Evaluations and Studies of Anti-Poverty Programs (B-130515, December 28, 1971)