
**IMPLEMENTATION OF THE STATE
LEGALIZATION IMPACT ASSISTANCE
GRANTS UNDER THE IMMIGRATION
REFORM AND CONTROL ACT OF 1986**

STATE OF ILLINOIS



OFFICE OF INSPECTOR GENERAL
OFFICE OF ANALYSIS AND INSPECTIONS

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This study was conducted to determine the effectiveness of Illinois' implementation of State Legalization Impact Assistance Grants funds awarded under the Immigration Reform and Control Act of 1986.

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EXECUTIVE SUMMARY

PURPOSE

The purpose of this inspection was to determine how effectively Illinois implemented the State Legalization Impact Assistance Grants (SLIAG) program, to identify potential problems early in the process, and to identify good practices which all States could share.

BACKGROUND

The SLIAG program was established under the Immigration Reform and Control Act (IRCA) of 1986 to reduce the financial burden of providing public assistance, public health assistance, and educational services to eligible legalized aliens. In Fiscal Year (FY) 1988, \$928.5 million in program funds were allocated to States, and funds will continue to be allocated through FY 1991. These funds also cover administrative costs for implementing SLIAG at the State and local levels. Payments are made for public assistance activities generally available to all needy individuals and public health assistance services offered under the States' public health programs. The payments also cover educational services designed to assist eligible legalized aliens to attain a satisfactory level of performance in school and to achieve English language proficiency and citizenship skills necessary to become permanent residents. The Family Support Administration (FSA) is responsible for administering the program.

Because SLIAG was a new program, FSA realized that problems would surface early in its implementation. In addition to the normal difficulties encountered in creating new processes and procedures, FSA recognized that SLIAG would have unique problems. Some of these issues include the diversity of programs which SLIAG encompasses, cultural and language barriers associated with the service population, maintaining confidentiality of information, and the extremely short time frames for the grant award process.

METHODOLOGY

In response to the anticipated difficulties with implementing SLIAG, FSA requested that the Office of Inspector General (OIG) conduct reviews in 10 States to determine the progress of States' implementing this program. The FSA selected nine States and the District of Columbia because of the variety of programs they offered, the number of eligible legalized aliens in the population, or the amount of the grant award. The nine States are Arizona, California, Colorado, Florida, Illinois, Massachusetts, New York, Texas, and Washington.

Interviews based on structured discussion guides for each major program area, as well as documentation furnished by FSA and State and local officials, built the base of information for this report. This report represents the review conducted in the State of Illinois and reports on its implementation of the SLIAG program as of August 1988.

Both FSA and Illinois were committed to identifying problems and developing innovative and effective solutions for them. Immediately following our on-site visits, FSA was given an outline of the State concerns identified in this report.

FINDING: *Since 1987, FSA has held national conferences and issued information to States on implementing the SLIAG program.*

- The FSA held several national conferences beginning in 1987 to share information with States on SLIAG legislation, the implications for States, the application process, and the documentation of costs.
- The FSA also provided States with “Question and Answer” issuances and demographic data from the Immigration and Naturalization Service (INS).

FINDING: *Illinois established a structure to identify organizational and program needs.*

- The Department of Public Aid has been assigned overall responsibility for SLIAG planning. The Department held numerous meetings with State and local agencies to obtain their input on SLIAG implementation.
- Chicago established an overall planning and coordination agency to develop SLIAG-related programs and operations and to share information with other city and State agencies on policy, procedures, and statistical data.

FINDING: *Illinois also took steps to document expenditures and control disbursements.*

- The Department of Public Aid has contracted with a consulting firm to evaluate the State’s systems and determine what modifications of present systems or expanded systems are needed to implement SLIAG.
- To facilitate program implementation and monitoring, the State Board of Education established a policy limiting the amount of educational expenses. At the time of the review, the amount was limited to a maximum of \$4 per hour.

Nevertheless, there are some funds control vulnerabilities.

FINDING: The Illinois Department of Public Health was unsure about its responsibilities for implementing SLIAG and the amount of funding available for SLIAG purposes.

FINDING: The FSA application review process created a number of significant problems for Illinois. Also, the FSA's application review process interfered with the State's ability to plan for services.

- Delay in FSA issuing the implementing regulation resulted in the State's inability to properly plan for SLIAG.
- Numerous policy misinterpretations and disagreements resulted because FSA did not provide definitive written instructions to assist Illinois in understanding SLIAG application requirements.
- The time frames were too short for submitting the initial SLIAG application, FSA review and comment, and revisions of the application.
- No formal appeals process exists if programs or costs are denied in the first level review.

FINDING: The State was unable to access minimal eligible legalized alien information in INS files.

- In many cases, State records did not provide file information for specific identification of eligible legalized alien status. Although INS files contain identifier information, procedures did not exist to permit access to that file information which would allow Illinois to retroactively identify services to eligible legalized aliens.

FINDING: State systems to identify eligible legalized aliens and associated costs were not operational at the time of this review.

FINDING: The FSA's definition of public assistance includes some public health activities which created administrative and service delivery problems for Chicago.

As mentioned earlier, FSA and Illinois have already initiated action on some of the recommendations made in this report. Steps have been taken by FSA to provide States with more specific, formal guidelines for identifying and documenting actual program and administrative costs. However, additional actions are necessary in other areas on the part of FSA and Illinois.

RECOMMENDATION: *The Illinois Department of Public Aid should provide further guidance to the Illinois Department of Public Health regarding the functions expected of the Illinois Department of Public Health and the funding available under the SLIAG program. Also, the Illinois Department of Public Health needs to understand how to monitor and report program and administrative costs for health programs classified as public health.*

RECOMMENDATION: *The FSA should make its application and grant process more orderly. Specifically, FSA should*

- *provide definitive written instructions on the SLIAG application requirements and establish a dialogue with Illinois on SLIAG policy, compliance, and reporting issues to minimize the confusion that occurred in the initial application process;*
- *ensure that sufficient time is allotted to the application process including Illinois' initial application, FSA's review and formal comment, Illinois' consideration of FSA comments and negotiation of disputes, and its submission of the revised application for FSA approval; and*
- *develop an appeals process to use if program or costs associated with providing services are denied in the initial application process.*

RECOMMENDATION: *The FSA should coordinate with INS to conduct matches of State and INS records to permit the State to make retroactive determinations of SLIAG eligibility for public assistance and education, as well as public health assistance.*

RECOMMENDATION: *The Illinois Department of Public Aid should complete developing the automated system to monitor and control SLIAG expenditures and disbursements. Also, the Illinois Department of Public Aid should adequately instruct local components and agencies on the policy and procedures for identifying and keeping track of costs.*

RECOMMENDATION: *The FSA should reconsider its position to classify certain public health services as public assistance and make appropriate adjustments to this position.*

COMMENTS

The FSA and the State of Illinois both commented on the draft report. Both generally agreed with our findings and recommendations. Both reported having taken a number of steps to improve implementing SLIAG. We have modified the report based on their comments, which are included verbatim in appendices B and C.

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INTRODUCTION

PURPOSE

The Family Support Administration (FSA) requested that the Office of Inspector General (OIG) conduct an inspection in nine States and the District of Columbia to determine how effectively the States implemented the State Legalization Impact Assistance Grants (SLIAG) program awarded under the Immigration Reform and Control Act (IRCA) of 1986. The inspection included reviewing mechanisms in place to identify these funds and determining whether present or projected policies and procedures adhere to FSA guidelines. The FSA also was interested in identifying potential problems early in the process and good practices which all States could share. This report presents the results of the inspection pertaining to the State of Illinois.

BACKGROUND

Under IRCA, eligible legalized aliens may apply for permanent residency within a 1-year period after they are first eligible (i.e., by the 31st month after they receive temporary resident status).

This new population will increase the demand for State public assistance and public health assistance services significantly. It will also increase the demand for State educational services as these new residents obtain English language and civic skills needed to become U.S. citizens.

To help States defray many of the costs of providing public assistance, public health assistance, and educational services to eligible legalized aliens, IRCA authorized \$1 billion each year from Fiscal Years (FY) 1988 through 1991 for SLIAG grants, less an amount identified as the "Federal offset." With few exceptions, eligible legalized aliens are ineligible for federally funded public assistance programs such as Aid to Families with Dependent Children (AFDC), food stamps, and Medicaid. The "Federal offset" is the estimated cost to the Federal Government of providing these services or benefits to those few legalized aliens who are eligible for them. In FY 1988, the law allocated \$928.5 million to States.

To receive SLIAG funds, States must apply to the FSA Division of State Legalization Assistance, which is responsible for approving applications and administering the program. The application must be approved in total for a State to receive any SLIAG funds. The FSA also provides States with technical assistance on policy issues and on the methods used to determine costs and verify actual costs.

The basic requirement for States to claim reimbursement is that costs must be allowable, reasonable, and allocable. State public assistance and public health assistance programs must be the same ones available to the general public. States cannot create new programs in these areas specifically for eligible legalized aliens. However, States may create new or additional education programs for the eligible legalized alien population. States may also claim reimbursement for program administrative and SLIAG administrative costs.

Reimbursement for public assistance and public health assistance is limited only to the amount of State and local funds expended for SLIAG-related costs. The maximum SLIAG reimbursement for educational services is an average of \$500 per year per eligible legalized alien. Determining program administrative costs is made in accordance with the final regulation at 45 CFR 402.22.

The FSA is responsible for administering the program. Because SLIAG was a new program, FSA realized that problems would surface early in its implementation. In addition to the normal difficulties encountered in creating new processes and procedures, FSA recognized that SLIAG would have unique problems. Some of these issues include the diversity of programs which SLIAG encompasses, cultural and language barriers associated with the service population, maintaining confidentiality of information, and the extremely short time frames for the grant award process.

METHODOLOGY

The FSA selected nine States and the District of Columbia for the inspection because of the variety of programs offered, the number of eligible legalized aliens in the population, or the amount of the grant. The nine States are Arizona, California, Colorado, Florida, Illinois, Massachusetts, New York, Texas, and Washington. This report reviews Illinois' implementation of the SLIAG program as of August 1988.

Prior to conducting the inspection, the OIG developed structured discussion guides for each major program activity at the State and local levels. In conducting this review, interviews were held with officials from the Illinois Department of Public Aid, the Illinois Department of Public Health, the Illinois State Board of Education, the Chicago Commission on Human Relations, the Chicago Department of Public Health, the Chicago Community College, and a community-based organization, the Polish Welfare Association.

ILLINOIS' ORGANIZATIONAL STRUCTURE

Each State designated a single point of contact to administer and coordinate the SLIAG program. The Director of the Illinois Department of Public Aid, which is responsible for public assistance in Illinois, is the State's single point of contact and the grantee agency. While the agency director is the designated single point of contact, program responsibilities have been delegated to individuals within the Illinois Department of Public Aid's Bureau of Program Services. The bureau is responsible for SLIAG program planning and operational functions. The Illinois Department of Public Health is responsible for public health on the State level. The Illinois State Board of Education is responsible for statewide education programs. Administration is a function of all three components. The Illinois Department of Public Aid compiles and reports their administrative expenditures; its fiscal office handles processing SLIAG funds.

The Illinois Department of Public Aid manages the General Assistance program under a State administered system in the Chicago/Cook County area. Elsewhere in the State the program is locally administered. All other assistance programs are administered statewide by the Illinois Department of Public Aid. In Chicago, agencies provide cash, medical, or other public aid assistance to supplement that provided by State agencies. Outside Chicago, local governments are the point of contact for public aid assistance.

The Illinois Department of Public Health interacts with the local health departments which provide services throughout the State. This applies to all local public health departments, including the Chicago Department of Public Health.

The Illinois State Board of Education oversees local boards of education and has oversight responsibility for all educational facilities in the State. This includes State universities, colleges, technical schools, private education companies, and other local education agencies or community-based organizations which provide services under grants or contracts. Most SLIAG-related educational services (English as a Second Language, citizenship, and literacy) will be provided through local education agencies and community-based organizations. The local education agencies include local boards of education and colleges. The community-based organizations primarily will be those organizations that function as local designated entities previously approved by the Immigration and Naturalization Service (INS) to assist aliens in filing for temporary residence under IRCA.

FINDINGS AND RECOMMENDATIONS

Both FSA and Illinois were committed to identifying problems and developing innovative and effective solutions for them. Immediately following our on-site visits, FSA was given an outline of the State concerns identified in this report.

FINDING: *Since 1987, FSA has held national conferences and issued information to States on implementing the SLIAG program.*

- The FSA held several national conferences beginning in 1987 to share information with States on SLIAG legislation, the implications for States, the application process, and the documentation of costs.
- The FSA also provided States with “Question and Answer” issuances and demographic data from the INS.

FINDING: *Illinois established a structure to identify organizational and program needs.*

- The State of Illinois has considered resources, organizations, and Federal guidelines in preparing its SLIAG program. It held a number of meetings with State and local agencies to obtain input on SLIAG implementation.
- Chicago established an overall coordination component within the Chicago Commission on Human Relations early in 1987. This Commission’s function is to develop a central point of expertise on the IRCA legislation and to act as a coordinating entity to digest and funnel information to the various city components pertaining to policy, procedures, and statistical data. The coordinating agency also acts as the central point of reference for State agencies and has sponsored a number of meetings on SLIAG.

The coordinating agency was found to work quite well in the Chicago area where there are considerable agencies and grantees both in size and number. Also, 90 percent of eligible legalized aliens in the State reside in the Chicago area.

FINDING: Illinois also took steps to document expenditures and control disbursements.

- The Illinois Department of Public Aid has contracted with a consulting firm to evaluate the State's systems and determine what modifications of present systems or expanded systems are needed to implement SLIAG.

Present plans call for creating an identification system which will be used to follow eligible legalized aliens for public aid or education and to identify costs for public health. The final specifications were being developed when we visited the State agency. According to the State agency, for this short-term program, a contract would be preferable to developing internal expertise.

- The Illinois State Board of Education established a limit on educational expenses and a system for keeping track of services and costs. At the time of the review, reimbursement was limited to a maximum of \$4 per hour for eligible legalized aliens attending educational programs.

This reimbursement limitation, combined with the statutory limit of \$500 for educational services per individual, could serve as a control mechanism. Once operational, the system will permit Illinois to record an eligible alien's attendance hours for reimbursement and prevent duplicate billing.

Nevertheless, there are some funds control vulnerabilities. Findings and recommendations concerning these vulnerabilities follow under major topic areas.

PUBLIC ASSISTANCE

Assistance or Service Activities

Illinois offers a number of public assistance programs and services to its residents. To be eligible for these programs, an individual must be an Illinois resident and, in most cases, meet U.S. residency requirements.

The major programs affected by SLIAG are Medicaid, Aid to the Medically Indigent, General Public Assistance, and Emergency Medical Assistance. In addition, public assistance includes the State supplement to the Federal Supplemental Security Income program, Pre-maternal Care, and Project Chance.

The Illinois Department of Public Aid projected low use of public assistance during FY 1988-89 and anticipates incremental increases in future years. The State is evaluating the cost benefits of implementing a system to claim costs for domestic violence shelters and substance abuse treatment services. If it appears that the system can be used to identify eligible legalized aliens, costs for these services will be included through amending the application.

Documentation of Eligible Legalized Alien Status

Identifying individuals as eligible legalized aliens will be made during the intake process where the individual will be requested to provide evidence of eligible legalized alien status (I-688, Temporary Resident Card or I-688A, Employment Authorization Card).

Program Costs

The Illinois Department of Public Aid plans to establish financial accountability through implementing an extensive system which identifies costs to eligible legalized aliens. While the extent of present file documentation is unknown, beginning in 1988 the Illinois Department of Public Aid file was modified to accept a three-digit numeric code to identify the individual as an eligible legalized alien. Use of the assigned alien number would be beneficial, but file space presents a problem yet to be solved. Another identification methodology considered by the State would be to match Illinois Department of Public Aid files against the INS records file. The match would be by Social Security number. The State has requested assistance from FSA in working with the INS on such a match.

The system will be capable of associating costs to identified eligible legalized aliens. This should help in situations where duplicate costs are being claimed or expenditures are being claimed for individuals who are not eligible legalized aliens.

Administrative Costs

There will be SLIAG administrative costs for activities of approximately five Illinois Department of Public Aid staff. At the local level, the Chicago Commission on Human Relations has a dedicated staff of three. Administrative functions or program management operations will include policy development, program implementation and functions, and monitoring the system of associating costs to identified legalized aliens. In the case of assistance, State offices at the local level will provide intake services directly. The State accounting system will collect administrative cost data for identifying SLIAG program individuals or offices, and indirect costs of overhead for staff and other support. The State will be contacting FSA to discuss and determine the specifics for allocating costs to the SLIAG program.

The Illinois Department of Public Aid will administer SLIAG funds in cooperation with other governmental agencies and applicable contractors. The administration will be through the existing State departmental organization using support staff and purchased services.

Drawdown of Funds and Cash Balances

Processing SLIAG funds is the responsibility of the Illinois Department of Public Aid's fiscal office. This office calculates expenditures for the various Illinois Department of Public Aid programs, fiscal reporting, and financial funds control. In Illinois, the legislature appropriates funds that are identified to specific programs/offices. The SLIAG funds can be drawn to the extent that expenditures have not exceeded appropriation. The Comptroller General will produce warrants against the appropriations as long as funds are available. After expenditures for allowable SLIAG services, documentation is prepared and communicated to the Illinois Department of Public Aid. In turn, each program has a fiscal/financial component. The component is responsible for controlling and monitoring funds through expenditures, grant reimbursement, and financial reporting. In Illinois, transfer of funds from one agency to another is basically the same as that of a service contract.

The Illinois Department of Public Aid is the grantee agency and is responsible for drawdown of Federal funds, disbursement of funds to State agencies providing SLIAG-related services, and reporting those expenditures to FSA. Drawdown is made periodically based on reported expenditures and is used to reimburse State and local agencies or contractors providing SLIAG-related services. In public assistance, there are no cash balances since funds must be expended before reimbursement is claimed and drawdown is made.

PUBLIC HEALTH ASSISTANCE

Assistance or Service Activities

The Illinois Department of Public Health interacts with the local health departments, which provide services throughout the State. Services include health education and family planning programs, communicable sexual disease screening and treatment, screening assessment for mental health and substance abuse, and maternal and child health, Hansen's disease, vision, hearing, and dental care. General health oversight services, such as monitoring/testing of the environment, are also covered.

As noted in more detail in the section on Illinois' Organizational Structure, the Illinois Department of Public Health uses a network of local government units and grantees/contractors to provide services throughout the State. Public health in Chicago is the responsibility of the Chicago Department of Public Health.

Documentation of Eligible Legalized Alien Status

The nature of services provided does not render the common practice of identifying costs to a particular eligible legalized alien to be feasible. To protect the entire population from communicable disease, public health services are provided to anyone who needs them without identifying individuals served. The Illinois Department of Public Health is relying upon the system being developed by Illinois Department of Public Aid through contracts to identify eligible legalized aliens. The system is to have the capability of associating costs for allowable activities.

Program Costs

Under SLIAG, funding for public health assistance is available for services that are part of the State or local public health program. The Illinois Department of Public Health plans to use the State SLIAG system being developed which will identify costs to those allowable activities and services. In turn, a population ratio formula will be used to calculate specific State and local SLIAG-related costs. At the time of the on-site visit, public health staff did not know details of this system nor specifics related to report processing.

Public health costs will be claimed against allowable activities/services. Without going to the source for verification, the Illinois Department of Public Health is not in a position to ensure that duplicate services have not been requested and received by eligible legalized aliens, and costs accrued for those services. At the time of the review, the State was aware that there could be a problem with ensuring duplicate services had not been requested and received. In anticipation of this situation occurring, the State was in the process of developing controls for the intake process to ensure that duplicate costs would not be reimbursed by SLIAG funds.

Administrative Costs

Administrative costs will be broken down based on SLIAG and program administration activities. Administration will be identified to specific staff and costs accrued in developing and implementing the SLIAG program. Ongoing program costs will be broken down into costs of administering the SLIAG program in various State and local agencies.

There will be SLIAG administrative costs for activities of approximately two public health staff in Illinois. Administrative functions or program management will include policy development, program implementation, ongoing operations, and monitoring the system of associating costs to identified legalized aliens. Administrative program costs will be calculated and include the applicable indirect cost rates established by the cognizant Federal agency. Using the State accounting system, administrative costs will be compiled for reporting to FSA.

Drawdown of Funds and Cash Balances

The Illinois Department of Public Health is responsible for controlling and monitoring funds through expenditures, grant reimbursement, and financial reporting. Funds are obtained by transfer from the Illinois Department of Public Aid to cover expenditures. In most cases, payments are for cost reimbursement. However, because cash flow may be critical to some service providers, advance payments do exist.

FINDING: *The Illinois Department of Public Health was unsure about its responsibilities for implementing SLIAG and the amount of funding available for SLIAG purposes.*

The Illinois Department of Public Aid staff indicated that funding and reporting for public health activities would be through the State's public health agency. However, the Illinois Department of Public Health indicated uncertainty as to the depth of functions (i.e., oversight/monitoring) expected of that office and the extent of administrative funding. The Illinois Department of Public Health was aware of the system being developed by the Illinois Department of Public Aid consultant to identify and document program costs, but did not know of its procedures.

RECOMMENDATION: *The Illinois Department of Public Aid should provide further guidance to the Illinois Department of Public Health regarding the functions expected of the Illinois Department of Public Health and the funding available under the SLIAG program. Also, the Illinois Department of Public Health needs to understand how to monitor and report program and administrative costs for health programs classified as public health.*

EDUCATION

Assistance or Service Activities

The Illinois State Board of Education oversees local boards of education and has oversight responsibility for all educational facilities in the State. This includes State universities, colleges, technical schools, private education firms, and other education organizations or agencies, as detailed in the section on Illinois' Organizational Structure. The State is claiming reimbursement only for adult education services. The State already offers a number of courses for English, literacy, and civic skills. From experience, it is known that a substantial proportion of eligible legalized aliens are illiterate, which will require addressing their literacy and citizenship skills.

Documentation of Eligible Legalized Alien Status

The Illinois State Board of Education plans to directly access Illinois Department of Public Aid recipient files to document eligible legalized alien status and use its identification system. At intake, education agencies are to question individuals regarding residency and citizenship status, and, as applicable, to make reference to the INS card (I-688, Temporary Resident Card or I-688A, Employment Authorization Card).

Program Costs

The Illinois State Board of Education is awaiting procedures from the Illinois Department of Public Aid to guide the agency on the system for identifying individual eligible legalized aliens and reporting services provided. The intake process will be modified to ensure recording eligible legalized aliens by the registration number. Information on prior education attendance would be obtained, but officials do not expect school attendance to be an issue since most of this population does not have a great deal of formal education.

As mentioned before, the Illinois State Board of Education established a reimbursement of \$4 for each hour eligible legalized aliens attend educational programs. Combined with the statutory limit of \$500 for educational services per individual, this hourly reimbursement limitation could serve as a control mechanism. More importantly, the hourly reimbursement limitation will be part of a system which will permit Illinois to monitor attendance to prevent duplicate billing.

Discussions were held with officials of the city colleges and a community-based organization, the Polish Welfare Association. The Association plans to file as a contractor to provide educational services. Both officials indicated that the \$500 limitation for eligible legalized alien education assistance was more than adequate considering costs and related funding sources.

Administrative Costs

There will be SLIAG administrative costs for activities of approximately two education staff. The Illinois State Board of Education's administrative functions will include program management, policy development, program implementation and monitoring, and reporting. At the local level, administrative expenses are to be covered through the payment rate for educational services. The State accounting system will capture direct and indirect costs for reporting by the Illinois Department of Public Aid.

Drawdown of Funds and Cash Balances

The procedure for interagency transfer of funds is a service contract type of arrangement similar to that for other Federal programs. Transfer of funds will be backed up by an agency agreement on functions or activities to be conducted, and the presentation of a report which identifies services performed and expenditures. Reports received from local units will be compiled into Illinois State Board of Education reports that are submitted in line with the Illinois Department of Public Aid's interagency agreements. Based on these reports, vouchers will be drawn to transfer funds from the Illinois Department of Public Aid to the Illinois State Board of Education.

The Illinois State Board of Education is aware of the relationship of State matching funds being claimed for SLIAG reimbursement that relate to matching for other Federal programs. In most cases, the Illinois Department of Public Aid reimburses other State or local agencies only for expenditures after they have been made. In situations where an education grantee requires an advance of funds to meet cash flow needs, provisions are built into the system to identify such receivables for adjustment at a later time. The Illinois State Board of Education indicated that such credit balance adjustment is made within 3 months on a flow basis.

LOCAL AGENCIES

Assistance or Service Activities

The State application included a separate section on projected costs for services provided by the city of Chicago. These are detailed in the sections on Illinois' Organizational Structure, Public Assistance, Public Health Assistance, and Education, and Good Practices in the appendix. Since more than 90 percent of eligible legalized aliens in Illinois are located in the Chicago/Cook County area, adequate control at this level is important if State agencies and the Illinois Department of Public Aid are to receive accurate expenditure and service data. To prepare for SLIAG, in 1987 Chicago established an office within the Chicago Commission on Human Relations to conduct planning activities and coordinate SLIAG activities for all city agencies.

Documentation of Eligible Legalized Alien Status

Local agencies in Illinois follow the State agencies' procedures. See program costs for the city of Chicago. If eligible for a Federal program, the requirements of that program are followed.

Program Costs

In Chicago, an executive order does not permit requesting information related to immigration status. Therefore, city services allowable as public assistance, public health assistance, and education will not be claimed if they must be linked to individual eligible legalized aliens. However, costs for educational services provided through the system of colleges can be identified to individual eligible legalized aliens and claimed for SLIAG reimbursement.

Administrative Costs

Administrative costs for staff of the Chicago Commission on Human Relations have been appropriated and expended through the city of Chicago. The Commission was to address the city's response to the impact of eligible legalized aliens on city departments and serve as a basic technical assistance resource. The Commission also developed a needs assessment to work with the various departments to determine costs of services and the payment source for those services (local/State/Federal/private). Each agency will report to the Commission with a combined city report for SLIAG expenditures to be made to applicable State departments.

An important concern of the Commission regarded the eligible legalized aliens' ability to cope and be effectively and efficiently assimilated. Particular efforts were made to involve the community and employ local resources to the maximum to reach out to all individuals who could qualify for public assistance and public health assistance services generally available in the community.

Drawdown of Funds and Cash Balances

The State's system provides for processing a warrant to reimburse services only where adequate funds have been appropriated to the activity by the State legislature, and the expenditures have not exceeded the appropriated amounts. Drawdown of Federal funds is made against expended State and local funds. In most cases, the State reimburses other State or local agencies, or contractors/grantees only for expended funds. Where a contractor or grantee requires an advance of funds to meet cash flow requirements, revisions are built into the system to identify such receivables for adjustment at a later time. These processes have been covered in the Public Health Assistance and Education sections of this report.

CROSSCUTTING ISSUES

FINDING: *The FSA application review process created a number of significant problems for Illinois. Also, the FSA's application review process interfered with the State's ability to plan for services.*

- Delay in FSA issuing the implementing regulation resulted in the State's inability to properly plan for SLIAG.
- Numerous policy misinterpretations and disagreements resulted because FSA did not provide definitive written instructions to assist Illinois in understanding SLIAG application requirements.
- The time frames were too short for submitting the initial SLIAG application, FSA review and comment, and revisions of the application.
- No formal appeals process exists if programs or costs are denied in the first level review.

Final regulations, published March 10, 1988, call for the States to submit the FY 1988 application no later than May 16, 1988, with revisions submitted by July 1, 1988. As such, decisions covering the State's programs, services, and SLIAG-related cost estimates had to be made under short time frames and without a formal process of grant appeals. The grant-making process followed during this time made it difficult for Illinois to effectively and efficiently implement the SLIAG program. Likewise, State planning was negatively impacted by delays of FSA and the INS in promulgating regulations, and changing policies that were specified in more than one draft regulation released at various times by the INS.

RECOMMENDATION: *The FSA should make its application and grant process more orderly. Specifically, FSA should*

- provide definitive written instructions on the SLIAG application requirements and establish a dialogue with Illinois on SLIAG policy, compliance, and reporting issues to minimize the confusion that occurred in the initial application process;
- ensure that sufficient time is allotted to the application process including Illinois' initial application, FSA's review and formal comment, Illinois' consideration of FSA comments and negotiation of disputes, and its submission of the revised application for FSA approval; and

- develop an appeals process to use if program or costs associated with providing services are denied in the initial application process.

FINDING: *The State was unable to access minimal eligible legalized alien information in INS files.*

Until the management system is established, the State generally will not be able to identify eligible legalized alien status. Though INS data files contain this information, it is unavailable to other agencies due to unresolved confidentiality and transfer provision issues. According to the Illinois Department of Public Aid, the State is thus unable to retroactively identify services provided to recipients who may or may not be legalized aliens. From recent information obtained through contacts with FSA, FSA is working with INS to establish a way to match files so statistical data can be obtained, but not specific eligible legalized alien data.

RECOMMENDATION: *The FSA should coordinate with INS to conduct matches of State and INS records to permit the State to make retroactive determinations of SLIAG eligibility for public assistance and education, as well as public health assistance.*

FINDING: *State systems to identify eligible legalized aliens and associated costs were not operational at the time of this review.*

Discussion with staff indicated that the Illinois Department of Public Aid had not yet implemented mechanisms to permit identifying services and costs to individual eligible legalized aliens. The State is using a general contractor to develop and implement a major system that will follow all recipients of public assistance and education services. Also, a contractor will be selected for aggregate data collection and management of the client identification and Project Chance (assistance-related employment) services for eligible legalized aliens receiving public assistance. The system will be tied to an eligible legalized alien identifier for public aid and education assistance to claim costs associated with individual eligible legalized aliens.

A three-digit identifier has been used by the Illinois Department of Public Aid since March 1988. The number of the Illinois Department of Public Aid recipients entered onto the rolls since then is unknown. The contractor was conducting a special file review to determine the number of records reflecting such an identifier.

The system is planned to directly access Illinois Department of Public Aid recipient files. In the case of public health and education, local agencies or grantees will report to the Illinois State Board of Education, Illinois Department of Public Health, or directly to the contractor operating the identification system. At the time of the on-site visit, complete details of this system and specific details on the manner of report processing had not been finalized. The

Illinois State Board of Education will be releasing a Request for Proposal for local agencies to submit proposals to provide language and civics education to eligible legalized aliens. However, they will not have a means to trace services to eligible legalized aliens and check for duplication of services until the Illinois Department of Public Aid's system is implemented.

In the case of public health, costs will be identified by activities and a ratio-to-population formula will be used to calculate the SLIAG portion of State and local expenditures. The Illinois Department of Public Health indicated dependency on the identification system being developed by the contractor. Without the benefit of the system, components will not be able to monitor funds to the component or grantee contractors.

RECOMMENDATION: *The Illinois Department of Public Aid should complete developing the automated system to monitor and control SLIAG expenditures and disbursements. Also, the Illinois Department of Public Aid should adequately instruct local components and agencies on the policy and procedures for identifying and keeping track of costs.*

FINDING: *The FSA's definition of public assistance includes some public health activities which created administrative and service delivery problems for Chicago.*

Chicago has a unique situation affecting the identification process. Through an executive order, the city does not permit its agencies to inquire about the legalization status of individuals seeking various forms of assistance.

Local public health components noted that present plans called only for monitoring expenditures through applying a ratio-to-population method. Public health clinics in Chicago also provide a full range of treatment for tertiary level of care. Under current FSA/SLIAG policy, such care would fall under the public assistance category. The distinction is important because identifying a service such as public assistance requires monitoring costs by identifying individual eligible legalized aliens served. As such, the intake identifying, monitoring, and reporting system at the public health service clinics must be equipped to distinguish public assistance from public health and to correctly report program or service costs.

The distinction between public assistance versus public health creates serious administrative and programmatic difficulties for the city of Chicago's public health agency. Public health officials are concerned that any effort to document clinic health care services will affect the willingness of sick patients who are illegal aliens to access public health services.

RECOMMENDATION: *The FSA should reconsider its position to classify certain public health services as public assistance and make appropriate adjustments to this position.*

OIG RESPONSE TO COMMENTS

The FSA and the State of Illinois both commented on the draft report.

THE FSA

The FSA has generally agreed with the OIG report findings and recommendations. The FSA has taken a number of steps to improve implementing the SLIAG program including clarifying program policies and procedures.

The FSA questioned the statement that the new population would significantly increase public assistance and public health assistance services. Early estimates indicated that large numbers of aliens would qualify to access the SLIAG program. The report recognized that information obtained during the review determined that substantial increases in workloads and expenditures could occur in these areas as well as in education. However, we understand from recent discussions with State officials that demand for services is falling behind earlier projections.

We reported that no formal appeals process exists if program costs are denied in the first level review. We agree with FSA's statement that the Grant Appeals Board does have jurisdiction over matters for withholding and repayment of SLIAG funds. However, it was the States' concern that an effective appeals mechanism be in place for issues involving programs or costs at the first level of FSA's review in the application process.

The FSA defined public assistance to include some public health activities, which created administrative and service delivery problems for Chicago. The OIG recommended that FSA reconsider this position.

The FSA replied that they see this position primarily as an issue of cost identification and that they will work with the States to develop methods of documenting costs which are consistent with FSA's responsibilities as stewards of public funds. We believe that FSA's actions to identify alternative methods is responsive to our concerns.

We continue to believe that a strict interpretation which permits public health costs to be claimed only for specific eligible legalized aliens is burdensome to the States and, in many cases, would require considerable revisions to the State's system or statutory requirements. However, we do agree with FSA's proposed use of alternative systems, such as the Cost Documentation System and a revised population ratio method system which reflects usage. These would allow for accurate cost accounting without requiring States to develop new systems or make considerable revisions to present systems. Where appropriate, other alternatives might be used which would produce a more efficient system for the States and

address congressional intent that the States would not be required to establish new or elaborate systems.

The FSA made numerous comments to clarify certain matters of fact, policy, or procedure. We have included these comments verbatim in Appendix B.

The State of Illinois

The State has generally agreed with the OIG report findings and recommendations. Their comments are included verbatim in Appendix C. Since the time of the on-site review, the State has taken significant steps to effectively implement the SLIAG program through procedural and system changes.

APPENDIX A

GOOD PRACTICES

A number of practices have been identified that other States could share.

1. Chicago established an overall coordination component within the Chicago Commission on Human Relations early in 1987. This Commission's function is to develop a central point of expertise on the Immigration Reform and Control Act legislation and to coordinate information sent to the various city components pertaining to policy, procedures, and statistical data. The coordinating agency also acts as the central point of reference for State agencies and has sponsored a number of meetings on SLIAG.

The coordinating agency was found to work quite well in the Chicago area where there are considerable agencies and grantees both in size and number. Also, 90 percent of eligible legalized aliens in the State reside in the Chicago area.

Considered a good practice, other States or local communities may wish to consider this concept where a centralized coordination component might be beneficial.

2. The Illinois Department of Public Aid has contracted with a consulting firm to evaluate the State's systems and determine what modifications of present systems or expanded systems are needed to implement SLIAG.

Present plans call for creating an identification system which will be used to follow eligible legalized aliens for public aid or education and to identify costs for public health. The system is to be used for input from State agencies and for output data for drawing funds and reporting. The final specifications were being developed when we visited the State agency. According to the State agency, for this short-term program, a contract would be preferable to developing internal expertise.

Depending upon the sophistication of a State's systems and resources, the extent of eligible legalized aliens and services, and the cost for a contract, a State may want to explore such an alternative.

3. The Illinois State Board of Education established a limit on educational expenses and a system for keeping track of services and costs. At the time of the review, reimbursement was limited to a maximum of \$4 per hour for eligible legalized aliens attending educational programs. This reimbursement limitation, combined with the statutory limit of \$500 for educational services per individual, could serve as a control mechanism. Once operational, the system will permit Illinois to record an eligible legalized alien's attendance hours for reimbursement and prevent duplicate billing.

APPENDIX B

FSA'S COMMENTS

DEPARTMENT OF HEALTH & HUMAN SERVICES

Family Support Administration

Memorandum

Date: June 27, 1989

From: Acting Assistant Secretary
for Family Support

Subject: OIG Draft Report: Implementation of the State Legalization
Impact Assistance Grants Under the Immigration Reform and
Control Act of 1986 - Illinois (OAI-07-88-00446)

To: Richard P. Kusserow
Inspector General

Attached are the Family Support Administration comments on the above draft report. Many of our comments are technical in nature due to the complexity of the legislation and the fact that the SLIAG program was very new at the time of the review.

We appreciate the assistance and cooperation we have received from you in response to our request to conduct this round of reviews of the SLIAG program. The reports we received are very useful to us in understanding how States are implementing the program.


Catherine Bertone

Attachment

OIG DRAFT REPORT:
Implementation of the State Legalization Impact Assistance
Grants Under the Immigration Reform and Control Act of 1986:
ILLINOIS

The Family Support Administration's comments are divided into three sections: Comments on background information and other narrative material that does not relate directly to the draft report's findings, comments on the findings, and responses to the draft report's recommendations.

Narrative:

Page 1 (Background) -- The draft report says, "This new population will increase the demand for State public assistance and public health assistance services significantly." The draft report isn't clear whose conclusion this is or upon what data and analysis the conclusion is based. The final report should clarify these points.

In the course of implementing SLIAG, we have discovered that neither State and local public health programs nor, with few exceptions, public assistance programs, inquire about legal status. This suggests that at least some aliens were using these services before legalization and that newly legalized aliens do not represent a "new population" for public assistance and public health assistance services. Preliminary cost data from States suggests that newly legalized aliens are accessing public assistance services at rates far lower than the general population. There are indications that a backlog of public health needs existed and was identified during the medical examinations required of all applicants for legalization. However, there is no data to suggest that, other than this temporary bulge in demand for public health services, newly legalized aliens will generate a significant increase in demand for public health assistance or public assistance services.

Page 4 (Findings and Recommendations) -- The draft report says, "Since 1987, FSA has held national conferences and issued information to States on implementing the SLIAG program." Since the OIG's onsite visits in August 1988, we have continued to provide assistance to States. We have conducted several more workshops and meetings to assist states in implementation. In October 1988, we issued a compendium incorporating the extensive formal guidance previously provided to States on methods of cost documentation. We also have provided assistance to individual States in the form of correspondence, telephone consultation, and onsite technical assistance. We are in the process of conducting initial program reviews of the major States, and intend to visit selected other States as well. We request that the final report reflect this continuing dialogue with States.

Page 8 (Program Costs) -- The draft report says, "...the Illinois Department of Public Health is not in a position to ensure that duplicate services have not been requested and received by eligible legalized aliens, and costs accrued for those services." We request that the final report clarify the meaning of this point. For public assistance and public health assistance, the need for and provision of assistance or service to eligible legalized alien clients must be determined on the same basis as that for all other eligible clients residing in the State or county. These are program policy issues for which the State or local administering agency has responsibility, not HHS.

Page 12 (Program Costs) -- The draft report says, "In Chicago, an executive order does not permit requesting information related to immigration status. Therefore, city services allowable as public assistance, public health assistance, and education will not be claimed if they must be linked to individual eligible legalized aliens." The FSA has provided States guidance on alternate methods for establishing costs without checking ELA status of individuals. Guidance has been issued to States on how they can use the population ratio method for establishing costs related to public health assistance. Guidance has also been issued on how the Cost Documentation System can be used to track costs for any program category. Our policy is to assist States in developing methods for establishing costs for all allowable programs in their applications. We have been extremely flexible on this issue, recognizing that in some cases it may not be possible or practical to identify ELA program participants in some programs. A State that is having difficulty establishing costs in a program in its approved application should get in touch with FSA.

Page 12 (Administrative Costs) -- The draft report says, "An important concern of the Commission regarded the eligible legalized aliens' ability to cope and be effectively and efficiently assimilated. Particular efforts were made to involve the community and employ local resources to the maximum to reach out to eligible legalized aliens." The above description implies that outreach activities have been carried out by city agencies. Outreach costs relating to legalization requirements are not allowable under current law. Outreach activities relating to the availability of public assistance and public health services are allowable to the extent that they are generally available and not provided only to ELAs. The final report should clarify the nature of the activities identified in the draft report.

Findings:

Finding: The FSA's definition of public assistance includes some public health activities which creates administrative and service delivery problems for Chicago.

Comments: We question how the definitions of public health and public assistance create service delivery problems for Illinois public health agencies. By law and regulation, all programs or activities under both categories must be generally available. In practice, this means that SLIAG funds are available only to reimburse costs in ongoing, generally available programs. In most programs, immigration status is not a condition of eligibility. If the alien is eligible for services, he or she would receive those services regardless of whether they were reimbursed under SLIAG. The final report should clarify this point.

The draft report notes that "there is no quarrel with the logic of FSA's definition of public assistance versus public health," but does not explain why the OIG recommends that FSA reverse its logic. The final report should explain that the regulatory definitions of public assistance and public health assistance are based directly on the Immigration Reform and Control Act of 1986 (IRCA) which created SLIAG.

Programs of public assistance are defined as programs that "provide for cash, medical or other assistance...designed to meet the basic subsistence or health needs of individuals" [section 204(j)(2)(A) emphasis added]. Consistent with IRCA's explicit inclusion of medical assistance under the public assistance category, FSA considers State or locally funded programs that provide medical treatment to needy individuals to be public assistance programs.

IRCA defines programs of public health assistance as programs which "provide public health services, including immunizations for immunizable diseases, testing and treatment for tuberculosis and sexually-transmitted diseases, and family planning services" [section 204(j)(3)(A)]. These statutory definitions and the legislative history indicate that Congress intended to allow certain traditional public health functions under the public health assistance category and medical assistance to the needy under the public assistance category. In implementing SLIAG, we have followed that statutory framework. We have defined public health assistance as, among other things, programs or activities that "are provided for the primary purpose of protecting the health of the general public" [45 CFR 402.2]. The scope of programs included in that regulatory definition of public health assistance goes far beyond the specific activities listed in IRCA.

The public assistance/public health assistance categorization issue is primarily one of cost documentation requirements, not the allowability of costs associated with any particular health program. Under our regulation, States are allowed to use a single ratio of the number of ELAs in the service population to the total service population to establish actual costs for public health assistance programs, as defined for SLIAG. Implicit in this method is the assumption that eligible legalized aliens will access programs in the same frequency and at the same cost as the general population. We do not believe this assumption to be appropriate for medical assistance programs that provide treatment to needy individuals. To the contrary, the information that we have to date indicates that allowing use of the population ratio method for these programs generally would overstate costs, dramatically in some cases. However, we would be willing to allow use of the population ratio method for any program for which there is an empirical basis to indicate that doing so would not overstate costs.

FSA realizes that many public assistance and public health programs do not routinely collect information on immigration status but has found that many do collect social security numbers. That is why we funded and devoted substantial staff resources to developing a system that will match the social security numbers of program participants with those of newly legalized aliens. This system gives States information on the number of newly legalized aliens participating in a program and the cost of services to them. It is now available and allows States to establish costs for FY 1988 as well as current and future years. Recently, we sent State SLIAG Single Points of Contact suggestions for other possible methods for establishing costs. None of these alternative methods requires setting up new administrative mechanisms or checking status of all program participants.

We will continue to work closely with Illinois to develop methodologies to document costs for all programs in its approved applications.

Finding: The FSA application process created a number of significant problems for Illinois. Also, the FSA's application review process interfered with the State's ability to plan for services.

Comments: The draft report says that the time period for submission, review, revision and approval of the

initial application was too short. We agree that it would have been preferable to have had a longer period of time between the publication of the final regulation and the deadline for submission and approval of FY 1988 and FY 1989 applications. However, the final report should note that, because of the way IRCA set up the allocation formula, one major reason for the compressed timeframe was that we could not award funds to any State until all States' applications had been approved. In order for us to run the allocation formula, which IRCA requires to include estimates of costs, we must have approved estimates for all States before we can calculate States' allocations.

The draft report says that "numerous policy misinterpretations and disagreements resulted because FSA did not provide definitive written instructions to assist Illinois in understanding SLIAG application requirements." Had there been more time, we would have communicated more extensively in writing. Our current practice is to communicate in writing on all substantive issues regarding State applications, amendments, and end-of-year reports.

The report says that no formal appeals process exists if programs or costs are denied. The Grant Appeals Board has jurisdiction over issues related to the withholding and repayment of funds. For other matters, the State may follow normal procedures for disagreeing with an agency finding.

Recommendations

Recommendation: The FSA should reconsider its position to classify certain public health services as public assistance and make appropriate adjustments to this position.

Response: As discussed above, the primary issue relating to the definitions of public assistance and public health assistance is one of cost documentation. States would like to use the population ratio method for all programs run by their health departments. The final report should clarify whether the OIG is recommending that we allow use of the population ratio in programs where, as discussed above, its use would likely overstate actual costs.

We believe that to use the population ratio method for all programs run by State health departments would be

inconsistent with our responsibility to exercise fiscal responsibility in administering SLIAG funds. However, we recognize that some States may encounter difficulties in establishing actual costs, especially where ELAs are a small percentage of a State's population or for programs that few ELAs access. We will continue to work with States to ensure that a method is available to allow them to establish actual costs for each program in their approved applications, consistent with our responsibilities as stewards of public funds.

Recommendation: The FSA grant process should be made more orderly.

Response: The draft report's recommendation refers to the FSA grant process, but the specifics indicate that it is referring to the SLIAG application and grant award process. The language of the recommendation should be more specific.

We agree that the application process should be conducted in a more orderly fashion than was the case for the initial submissions. As the draft report indicates, the timeframes for the FY 1988 and FY 1989 application processes were necessarily short. In effect, the States and we had to complete two application processes in less than a year. We do not expect similar problems for the FY 1990 and FY 1991 application processes.

To ensure that States have adequate time to prepare their FY 1990 applications based on empirical data, we have extended the deadline from July 15 to October 1. Additionally, we have encouraged States to submit as early as possible any new programs, questions, or issues, and have advised them that they may submit all or portions of their applications at any time.

In order to reduce the possibility of misunderstanding, we have advised States that we will communicate all substantive questions and concerns on their FY 1990 applications in writing, as was done for States' end-of-year reports. We issued extensive written guidance on the FY 1990 application process and the standards we will apply.

The draft report also recommends that we develop an appeals process to use if programs or costs associated with providing services are denied in the initial applications process. We do not believe such a process

is necessary. The Department's Grant Appeals Board has jurisdiction over cases involving the repayment or withholding of funds. Normal channels within the Department are open to States that disagree with decisions made during the course of application review.

Recommendation: The FSA should coordinate with INS to conduct matches of State and INS records to permit the State to make retroactive determinations of SLIAG eligibility for public assistance and education, as well as public health assistance.

Response: The FSA has recently established the Cost Documentation System (CDS). This system matches social security numbers of State/local program participants with social security numbers of eligible legalized aliens in the ASVI data base. States are provided aggregate numbers of ELA program participants and costs associated with providing services to them. The system will enable States to document costs associated with ELAs participating in State and local programs without asking program participants for their immigration status or setting up new administrative mechanisms. The system also will match program participants with alien numbers of ELAs in the ASVI data base.

APPENDIX C

ILLINOIS COMMENTS



Susan S. Suter
Director

Illinois Department of Public Aid

Jesse B. Harris Building
100 S. Grand Avenue East
Springfield, Illinois 62762-0001

July 19, 1989

Mr. Richard P. Kusserow
Inspector General
Department of Health and Human Services
Office of the Inspector General
Washington, D.C. 20201

Dear Mr. Kusserow:

Your letter of May 30, 1989 transmitted the draft inspection report, entitled "Implementation of State Legalization Impact Assistance Grants Under the Immigration Report and Control Act of 1986", and requested our comments. Thank you for granting the extension to July 19, 1989 for our comments. We have reviewed the draft report and have the following comments to the text:

In the Executive Summary section on page ii, the eleventh paragraph we have the following comment. The \$4.00 per hour instructional rate maximum for SLIAB reimbursement has been revised to \$5.00 per hour (unless prior approval for a higher rate is granted based on justifiable circumstances).

In the section regarding Illinois' organizational structure on page 3 of the report, the second paragraph states that the Illinois Department of Public Aid (IDPA) is State-administered in the Chicago/Cook County area and is administered by local governments elsewhere in the State. This statement is true only for the General Assistance Program. It does not accurately describe the Statewide operation of IDPA in the administration of all other assistance programs (i.e. AFDC, AABD, Food Stamps, Medicaid and AMI). This paragraph should be clarified to establish greater credibility for IDPA.

We realize that this report is based on an August 1988 review. However, it may be helpful to note that, for new applicants, the individuals' alien registration numbers are now being entered and retained in the client data base and, beginning July 3, 1989, all individuals who claim to be legalized aliens will have their status verified through the INS Systematic Alien Verification for Entitlement (SAVE) Program.

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In the third paragraph same section, reference is made to the network of local health departments throughout the State. There appears to be some confusion regarding the Chicago Department of Health, and providers of public health services.

- Local health departments in Illinois are all local government units, including the Chicago Department of Health. A local health department may be composed of an entire county, a municipality, or several municipalities to comprise a district. The Illinois Department of Public Health (IDPH) interacts with all local health departments in the same manner.
- The local health departments will be the providers of public health services in the local areas. The draft report is incorrect in stating that for-profit businesses and other non-profit agencies are used.

It should be noted that a more accurate reference to locally provided services is made on page seven of the draft report.


In the fourth paragraph same section, the description of the Illinois State Board of Education (ISBE) organizational function is not accurate. ISBE oversees local boards of education, not educational facilities in Illinois. ISBE is, however, responsible for oversight of all SLIAG-funded educational services regardless of the type of facility providing the services.

In the third paragraph section on Education, page 10, we have the following comment. ISBE never planned or established a maximum of 125 instructional hours per Eligible Legalized Alien (ELA). There is no limit on the number of hours an ELA may attend SLIAG-funded instructional services.

Our responses to the two recommendations relevant to Illinois are attached.

If you have any questions relative to our comments, please contact Mr. Robert J. Schwarz, Chief Auditor at (217)782-1156.

Sincerely,


Susan S. Suter

SSS:jsa
Attachment

cc: Greg O'Connor
Gail Huecker
Mary Ring - Illinois Department Public Health
Noreen Lopez - Illinois State Board of Education

DAl-07-88-00446

IMPLEMENTATION OF THE
STATE LEGALIZATION IMPACT ASSISTANCE
GRANTS UNDER THE IMMIGRATION REFORM
AND CONTROL ACT OF 1986

RECOMMENDATIONS & RESPONSES
STATE OF ILLINOIS

Recommendation #1:

The Illinois Department of Public Aid should provide further guidance to the Illinois Department of Public Health regarding the functions expected of the Illinois Department of Public Health and the funding available under the SLIAG program. Also, the Illinois Department of Public Health needs to understand how to monitor and report program and administrative costs for health programs classified as public health.

State Agency Response:

In the discussion of this finding it was stated that some confusion existed between IDPH and IDPA regarding which agency would be responsible for oversight, monitoring and reporting of public health expenditures. Because final definitions of public health services had not been received from FSA, no decision could be reached on allowable activities at other state agencies which provide services in the public health area. Examples of such agencies include the Department of Alcohol and Substance Abuse, Illinois Environmental Protection Agency, and Department of Nuclear Safety. At the time of the program review, there was insufficient information available to make a decision as to which agency (IDPH and IDPA) would work with these other state agencies to identify appropriate SLIAG claims. Since the review, and receipt of necessary materials from FSA and INS, IDPA as the State's lead SLIAG agency, has assumed responsibility for developing the claiming process for other state agencies.

Staff from IDPA have been extremely helpful through the entire life of SLIAG and have at all time been cooperative and instructive. Staff of IDPH are knowledgeable about monitoring and reporting program and administrative costs. Since receipt of program definitions and counts of eligible legalized aliens from which population ratios have been developed, IDPH has begun the claiming process at both the state and local levels.

Final ELA numbers necessary to establish actual FFY'87-88 costs under the population ratio method were not provided to the state until March 24, 1989. The determination of actual GFR and local fund reimbursement for public health activities was not possible until receipt of final ELA numbers from HHS.

Public Health activities allowable under SLIAG are restricted to those "generally available to the residents of the state". This prohibition limits IDPH functions to the administrative activity of claiming reimbursement for existing state and local programs through application of the population ratio. "Funding" as implied in the OIG report was never a possibility; only reimbursement for a pro-rata share of existing operations is allowable under SLIAG Regulations.

IDPA and IDPH continue to work with HHS in the operation of SLIAG. HHS/DRR staff recently conducted a SLIAG program orientation visit in Illinois and met with staff from IDPH, IDPA and ISBE. Contacts such as these assist in addressing concerns and clarifying issues in the implementation and operation of SLIAG. Also David M. Griffith, LTD., a private consulting firm was hired to assist IDPH in identifying and reporting state public health costs.

Recommendation #4:

The Illinois Department of Public Aid should complete developing the automated system to monitor and control SLIAG expenditures and disbursements. Also, the Illinois Department of Public Aid should adequately instruct local components and agencies on the policy and procedures for identifying and keeping track of costs.

State Agency Response:

IDPA has continued to work with HHS and Martin Marietta Data Systems in the development and operation of the Cost Documentation System (CDS). HHS and IDPA believe that CDS (social security matching system) is an important method of establishing costs for public assistance and health costs. Further, IDPA has continued to work with local agencies concerning the implementation and operation of SLIAG.

IDPA's Bureau of Fiscal Operations (BFO) has developed a monthly activity report of Fund 236. Such report delineates the drawdown, the expenditures and cash balance. This report specifies these three accounting components by the respective agency, i.e., IDPA, IDPH and ISBE. Such report is reconciled each month with the State Comptroller's records. Additionally, BFO is maintaining a ledger of the SLIAG Administrative costs. Such costs are posted on a quarterly basis as a result of the Cost Allocation Plan methodology.

