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REPORT TO THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

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Comparison Of The Simplified
And Traditional Methods Of
Determining Eligibility For
Aid To Families
With Dependent Children B-164031 (3)

Social and Rehabilitation Service
Department of Health, Education,
and Welfare

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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JULY 14, 1971



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164031(3)

Dear Mr. Chairman:

This is our report on the comparison of the simplified and traditional methods of determining eligibility for the federally assisted program of aid to families with dependent children. The Department of Health, Education, and Welfare is responsible for administering the program.

Our review was made pursuant to your request of March 3, 1971.

Sincerely yours,

A handwritten signature in cursive script that reads "James B. Staets".

Comptroller General
of the United States

The Honorable Russell B. Long
Chairman, Committee on Finance
United States Senate

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ELIGIBILITY FOR AID TO FAMILIES WITH
DEPENDENT CHILDREN
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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?

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.)

C o n t e n t s

		<u>Page</u>
DIGEST		1
CHAPTER		
1	INTRODUCTION	5
	Determinations of eligibility	5
	Scope of work	7
2	HEW REGULATIONS PERTAINING TO THE SIMPLIFIED METHOD	8
3	METHODS USED TO DETERMINE AFDC ELIGIBILITY IN AREAS VISITED	11
	General observations	11
	New York City	12
	Kansas City area	18
	Los Angeles County	22
4	INCREASE IN AFDC CASELOADS	27
	New York City	29
	Kansas City area	32
	Los Angeles County	33
	Conclusions	34
5	REJECTION OF APPLICATIONS FOR ASSISTANCE	37
	New York City	38
	Kansas City area	43
	Los Angeles County	46
	Conclusion	49
6	CASE CLOSINGS	50
	Closings through redeterminations of eligibility	50
7	SPECIAL ELIGIBILITY REVIEWS AT CENTERS USING SIMPLIFIED METHODS	54
	New York City review results	54
	Los Angeles County review results	60

	<u>Page</u>
CHAPTER	
8 GENERAL OBSERVATIONS REGARDING AFDC CASE-LOADS AND THEIR RELATIONSHIP TO ELIGIBILITY METHODS	62

APPENDIX

I Letter dated March 3, 1971, from the Chairman, Senate Committee on Finance, to the Comptroller General	67
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ABBREVIATIONS

AFDC	Aid to Families With Dependent Children
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare
SRS	Social and Rehabilitation Service

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- 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.)

CHAPTER 1

INTRODUCTION

DETERMINATIONS OF ELIGIBILITY

Determining an applicant's eligibility for public assistance is of fundamental importance in achieving effective operation of public assistance programs. Two different methods of determining eligibility--generally called the traditional method and the simplified method--are used today.

Traditional method

The traditional method of determining the eligibility of an applicant for public assistance has been used by public welfare agencies for many years. Under this method, welfare agency employees interview each applicant for public assistance and complete an application form for the applicant (intake interview). Decisions regarding eligibility and the amount of assistance are not made until after a caseworker visits the applicant's home to verify the information obtained at the intake interview.

In many cases collateral sources of information--such as school attendance records, interviews with landlords and employers, and inquiries of the Social Security Administration--are sought to verify factors relating to an applicant's eligibility and the extent of his entitlement. A decision on his eligibility and on the extent of his entitlement is made only after a thorough investigation.

For an applicant determined to be eligible for public assistance, a redetermination of his eligibility is made on a recurring basis (usually every 6 to 12 months) following the same procedures.

Simplified method

Criticism of the traditional method of determining eligibility has been that it is too expensive and time-consuming and that it is humiliating to the person involved. Therefore HEW developed a simplified method for determining

eligibility designed to initiate payments to eligible applicants more promptly, to reduce administrative costs, and to make more time available for social workers to render services to recipients of public assistance.

The HEW simplified method of determining eligibility of applicants for public assistance provides for the determinations to be based, to the maximum extent possible, on information furnished by the applicant without interviewing the applicant for the purpose of verifying information and without verifying information through collateral sources. For applicants determined to be eligible, redeterminations of need are made on a recurring basis (usually 6 to 12 months) following the same procedures.

On May 28, 1970, the Secretary of HEW mandated the use of the simplified method beginning July 1, 1970, for the public assistance programs covering the aged, the blind, and the disabled (adult programs). This method was to be in effect, nationwide, not later than July 1, 1971, for these programs. States still have the option, however, to use either the traditional or the simplified method for the aid to families with dependent children program. HEW records show that, as of January 1971, a simplified method was being used on a statewide basis in 37 States for their adult programs and in 22 States for their AFDC programs.

Primary difference between the two methods

The primary difference between the traditional method and the HEW-prescribed simplified method is the means used to substantiate eligibility information. Under the traditional method emphasis is placed on the verification of applicants' statements through home visits and checks with collateral sources. The simplified method, on the other hand, provides for reliance on the applicants' statements with verification of these statements only when there appear to be reasons for doubting the applicant's truthfulness.

Currently much attention is being focused on the simplified method of determining eligibility because (1) HEW is considering mandating its use in the AFDC program and (2) HEW has proposed to use such a method in the Family Assistance Program.

SCOPE OF WORK

Our review concerned only the AFDC program. In New York City and Los Angeles County, we compared AFDC caseload data from welfare centers using the simplified method with similar data from welfare centers using the traditional method. In the Kansas City area, we compared AFDC caseload data from the Jackson County, Missouri, welfare center (Kansas City, Missouri), which used the traditional method, with similar data from the Wyandotte County, Kansas, welfare center (Kansas City, Kansas), which used the simplified method. City and county welfare officials in all locations stated that the centers selected for comparison were comparable in regard to general demographic data, such as economic, educational, and ethnic characteristics.¹ Information was gathered also through interviews with welfare agency staff and observations of activities relating to eligibility methods at the centers.

Our fieldwork was carried out in only three major metropolitan areas and therefore may not be representative of the national situation. During February 1971 AFDC expenditures of \$105 million (Federal, State, and local) were made in these three areas. These expenditures represented about 22 percent of the nationwide AFDC expenditures for that month and therefore operations in these areas do have a significant impact on the total AFDC program.

¹1970 census tract data was not available for the geographical areas covered by the welfare centers. At our request local welfare officials selected centers using the traditional method that they believed to be comparable to the centers using the simplified method so that comparisons could be made.

CHAPTER 2

HEW REGULATIONS PERTAINING TO THE SIMPLIFIED METHOD

Within HEW, the Social and Rehabilitation Service (SRS) has been delegated responsibility for Federal administration of the various public assistance programs. SRS Program Regulation 10-3, issued on January 24, 1969, provided guidance to State public assistance agencies in establishing and administering a simplified method for determining eligibility under all public assistance programs authorized by the Social Security Act. The SRS regulation states:

"The simplified method means an organized method by which the agency accepts the statements of the applicant for, or recipient of assistance, about facts that are within his knowledge and competence *** as a basis for decisions regarding his eligibility and extent of entitlement."

The Assistance Payments Administration of SRS issued supplementary instructions to State welfare agencies on March 28, 1969, explaining more fully the simplified method. These instructions state that the simplified method could not be effective in a State that required either a mandatory interview or a routine verification of information in all or a substantial number of cases.

These instructions emphasize that the States still have the task of simplifying their eligibility regulations so that the application form can be designed to permit applicants to clearly answer questions or furnish information relating to their eligibility. The instructions note that a test of achieving such simplification would be whether personal interviews were necessary to determine initial or continuing eligibility.

Under the SRS instructions the States are required to use the information provided by the applicant and recorded on the simplified application form in determining his eligibility and extent of his entitlement. If questions arise concerning the information on the form, the applicant is to be given the opportunity to furnish additional or clarifying information. If the applicant is unable to provide such

information, the State agency is required to obtain permission from the applicant to seek the information from other sources.

The States were instructed to establish criteria for unusual cases; that is, instances of inconsistencies or gaps in the information presented by an applicant which could not be resolved by him and which, to a prudent person, suggested the need for further explanation or verification. The instructions specify that there must be a particular reason for seeking additional information; that is, a specific factor of eligibility for a specific case must be in question and not a factor applicable to all cases.

States were required to use the SRS Program Regulation 10-3 and the supplemental instructions in establishing the simplified method in their welfare centers. The simplified methods in use in the areas we visited were developed on the basis of SRS regulations and instructions issued early in 1969.

In a report to the Senate Finance Committee on our observations on HEW's test of the simplified method for determining eligibility of persons for the adult public assistance programs (B-164031(3), August 5, 1970), we stated that one of the main problems that States had in testing the simplified method was in determining the extent to which they were to verify information of the applicants if inconsistencies appeared in information provided on the applications. We concluded in that report that HEW needed to develop more specific guidelines as to when, and the manner in which, inconsistent statements made by applicants should be verified by information obtained from collateral sources. In a letter dated December 4, 1970, to the Comptroller General in which HEW commented upon that report, HEW agreed to issue additional guidance to the States.

On February 9, 1971, the Assistance Payments Administration of SRS issued another supplementary instruction further defining the simplified method by specifying instances when information, in addition to that furnished by the applicant, should be secured. Basically, however, this definition of the simplified method is the same as that enunciated in Program Regulation 10-3 issued in January 1969.

(See p. 8.) This new instruction also reiterates that mandatory interviews or routine verifications of information in either all or a substantial number of cases are not compatible with the simplified method. The instruction stresses that interviews are permissible for the purpose of interpreting the program or assisting individuals, upon request, to complete the application form as distinguished from investigatory interviews aimed at gathering eligibility information or documentary proof of applicants' statements.

CHAPTER 3

METHODS USED TO DETERMINE AFDC ELIGIBILITY

IN AREAS VISITED

The methods used to determine eligibility for AFDC in the areas visited by us--New York City, Kansas City area, and Los Angeles County--differ from the HEW-prescribed simplified method described in chapter 2 and from the traditional method described on page 5. We believe that the differences in the methods used to make eligibility determinations have had a bearing on the trends in the AFDC data, which are discussed in later chapters of this report.

GENERAL OBSERVATIONS

Generally welfare centers which were supposedly using the HEW simplified method were, in fact, using a modified version of that method. We found that applicants for public assistance routinely were being interviewed to secure information regarding their eligibility and that certain eligibility information routinely was being verified.

Centers which were supposedly using the traditional method generally verified certain of the applicants' statements through home visits but did not follow normal additional investigative techniques before making a final eligibility decision. There appears to have been a decreasing emphasis placed on the use of collateral sources of information because

- the unprecedented increase in AFDC caseloads made it impossible to follow normal investigative procedures and

- SRS regulations require eligibility decisions to be made within 30 days of submission of applications for assistance.

Under both the traditional and the various simplified methods of determining eligibility, the information furnished by the applicant was relied upon to a large extent.

For example, we noted that eligibility workers at centers using the traditional method were verifying information furnished by the applicants concerning such eligibility factors as cash in the bank or amount of earnings only if the applicants stated that they had bank accounts or were working.

Similarly, eligibility workers at centers using a simplified method pursue with applicants questions about property, earnings, or other resources, only if the applicants state that they have them. Usually no further inquiry is made regarding any eligibility factor which is answered in the negative by the applicant--such as no earnings, no savings, no property. Thus the verification is dictated--under either method--to a great extent by the information willingly furnished by an applicant.

The details of the eligibility methods used in the areas visited by us are described below.

NEW YORK CITY

Simplified method

In April 1967 the East End and Clinton welfare centers in New York City began a pilot program using a simplified method for determining eligibility under the various public assistance programs.¹ The pilot program ended in February 1969, but the two centers continued to use this method.

Under the simplified methods in use, both centers require applicants to apply in person for assistance unless they are homebound; in such cases a welfare center worker visits the home and assists the applicant in filling out the application. Thus in every case a face-to-face interview between an applicant and a welfare center worker is

¹The pilot program to test the simplified method was funded, in large part, by an HEW demonstration project grant under title XI, section 1115 of the Social Security Act. The total Federal contribution of special project funds was about \$175,300.

required to develop information regarding the applicant's eligibility for assistance before an eligibility decision is made. Neither center makes home visits to verify any eligibility factors.¹

According to officials at the two centers, eligibility decisions in about 90 percent of the cases are made on the day of application. Also, the directors of both welfare centers have advised us that, in their opinion, eligibility workers must be experienced, trained employees if they are to develop complete information during interviews with applicants to enable proper eligibility decisions to be made.

Although both centers routinely interview all applicants to establish their eligibility, the eligibility workers at the two centers differed in the degree to which they relied upon the applicants' statements.

From April 1967 until March 1969, eligibility workers at the East End center used a model simplified method; that is, they relied completely on the applicants' statements and did not verify any items affecting the applicants' eligibility. The director of the East End center advised us that--since this was a pilot program--he wanted the center to apply a truly simplified method as intended by the New York City Department of Social Services.

After the test period, however, the director assigned his more experienced caseworkers as eligibility workers to routinely interview applicants and encouraged these eligibility workers to verify applicants' eligibility factors, such as rent payments, income, and number of children, in any case in which there was any doubt as to the validity of the information furnished by an applicant. Over a period of time, the verification of such items has become almost routine. Thus since March 1969 the East End center has been using a modified simplified method.

¹An exception exists if the applicant is a narcotic addict or an alcoholic, has a previous record of fraud, or has had a welfare case closed previously because he had not reported all income or resources. In such cases, investigations of eligibility factors are made.

The Clinton welfare center, on the other hand, operated a modified simplified method from the beginning of the pilot program. The director of the center told us that he felt that it was necessary to verify certain key items affecting every applicant's eligibility for assistance and extent of his entitlement. Therefore from the inception of the modified simplified method, the center's eligibility workers have verified applicants' statements regarding their rent payments and income earned for those applicants who stated that they were employed. Rent verification consisted of (1) examining a rent receipt furnished by the applicant or (2) securing confirmation from the landlord. Income verification consisted of (1) examining pay slips furnished by the applicant or (2) securing confirmation from the employer. Contacts with landlords and employers were usually by telephone.

A third center was created in February 1969, from part of the territory and caseloads previously served by the East End center. This center--Franklin--operated a simplified method from its inception in much the same manner as the Clinton center; that is, certain eligibility factors were routinely verified.

In March 1970 the New York City Department of Social Services began to separate the eligibility and service functions of the 44 welfare centers in the city. Under this separated approach, a staff of social workers handles the service needs of the recipients (such as housing, child care, medical) and a staff of administrative workers handles money payment needs (eligibility and extent of entitlement).

The three centers--Clinton, East End, and Franklin--using the modified simplified method for determining applicants' eligibility for assistance were the first centers to separate the eligibility and service functions.¹ Thus in March 1970 these centers began using eligibility workers to make eligibility decisions. These workers were not

¹As of May 1971 six centers had separated the eligibility and service functions. A city official advised us that a separation of these functions at other centers was being delayed pending negotiations with the social workers' union.

experienced caseworkers but were, for the most part, high school graduates who were either newly hired or newly trained.

As noted earlier, under the simplified method at the Clinton and Franklin centers--prior to separation of the eligibility and service functions--all applicants' statements regarding their rent and income were verified. At the East End center, these eligibility factors were verified only when there was a question regarding the information provided by an applicant. According to the directors of the three centers, the inexperience of the new eligibility workers delayed effective implementation of the centers' particular verification policies for several months. As the new workers at each center gained experience, however, they were able to more effectively evaluate information provided by the applicants and to follow established center policies. By March 1971 when we visited the three centers in New York City, workers in all the centers were routinely interviewing applicants and routinely verifying certain eligibility factors.

On the basis of information gathered by us, we conclude that the simplified method in use at the three welfare centers in New York City does not meet the HEW criteria but is a modification of those criteria in that

--applicants for assistance are interviewed in all cases to secure eligibility information and

--certain eligibility factors are routinely verified.

HEW criteria state that a simplified system cannot be effective if it requires either of the above-mentioned factors. The directors of each of the three New York City welfare centers told us that they did not believe that the integrity of their welfare operations could be maintained if they did not operate under a modification of the HEW criteria. They stated that, under the modified simplified method, there was better assurance that only eligible applicants would be provided assistance and that it would be in the proper amount.

Traditional method

We also visited certain welfare centers in New York City that were using the traditional method of determining an applicant's eligibility for assistance. Under this method an applicant must apply in person at the center. Exceptions are made for homebound cases. The applicant is interviewed by a center worker (intake interviewer) who records the applicant's family and economic history. If, on the basis of the information obtained and recorded during this interview, the center worker believes the applicant to be eligible for assistance, he is considered presumptively eligible and the case is referred to a caseworker for field investigation. The interview, however, can result in a decision of ineligibility, in which case the application is not processed any further.

Caseworkers usually make an appointment and visit the applicant's home within a week after the case has been referred by the intake interviewer. While in the home the caseworkers review pertinent available documents, such as birth certificates, bankbooks, or insurance policies, to substantiate information provided by the applicant at the time of application.

The center directors and caseworkers whom we interviewed stated that the home visit was not a very effective means of determining eligibility but that it was vital for providing social services. They stated also that arranging appointments for home visits with applicants permitted the applicants to ensure that their living situations conformed to what was reported at the intake interviews. Further, the caseworkers said that they generally do not seek collateral sources of information to substantiate factors affecting an applicant's eligibility or the extent of his entitlement. For example, inquiries are usually not made of (1) the landlord or neighbors as to whether the applicant is known to be working or as to the whereabouts of a reported absent father, (2) school officials as to whether a child over 18 is regularly attending school, or (3) the last known employers as to reasons for applicants' leaving employment and possible availability of unemployment compensation.

Directors, eligibility workers, social workers, and various management officials of the New York City Department of Social Services advised us that--with the exception of a visit to an applicant's residence--the verification of eligibility factors under the traditional method was not as extensive as was commonly thought. Those interviewed attributed the lessening of eligibility verification to insufficient time to carry out such work which was, in turn, attributed to the increased AFDC caseloads which the centers were handling. Certain of these officials stated that the general attitude of many caseworkers had changed in recent years with more emphasis being placed on providing services to recipients than on making detailed eligibility investigations.

KANSAS CITY AREA

Simplified method (Wyandotte County, Kansas)

On March 23, 1970, Wyandotte County began using a type of simplified method for determining an applicant's eligibility for assistance under the AFDC program. Separation of eligibility and service functions (see p. 14) began in June 1970 and was completed by October 1970. In this county there is only one welfare office that processes applications for AFDC assistance.

Our observations and discussions with State and county welfare officials indicated that the county had been using a type of simplified method for more than a year prior to its formal adoption in March 1970.

In the summer of 1968 caseworkers became unable to investigate each applicant under the traditional method and began using a type of simplified method. According to the caseworkers whom we interviewed, they could not use the traditional method because of

--the increasing caseload for each worker and

--HEW's requirement that eligibility decisions be made within 30 days of submission of applications for assistance.

We were advised that the sharp increase in the AFDC caseload began occurring in the summer of 1968 primarily because of strong community pressure on the welfare center from community action groups which urged low-income persons to apply for public assistance and urged recipients to apply for special clothing and furniture grants.¹ According to county welfare officials, these groups also pressured for quick eligibility decisions. Caseworkers advised us that, because of the increased work load, it was necessary to forego their normal eligibility investigations.

¹A Jackson County welfare official informed us that pressures from community groups did not begin to affect the caseloads until 1969.

From the summer of 1968 until March 1970, eligibility decisions were made in many cases on the basis of information provided by an applicant during the intake interview and obtained during the visit to the applicant's home. In some cases decisions were made on the basis of the intake interview and an examination of certain documents furnished by the applicant without an additional verification of the information. Thus before the county formally began using a simplified method, it had already begun to shift away from the traditional method.

When the simplified method was formally adopted on March 23, 1970, the method of determining eligibility of an applicant was changed further. The current policies of the county are discussed below.

An application for assistance can now be made by mail. Applicants need not apply in person at the welfare center for assistance, although--according to the chief of the intake section--about 90 percent of all applicants do so. At the center group interviews of new applicants are held to explain the welfare department policies and to instruct the applicants concerning the proper way to complete an application form.

After an applicant completes an application form, it is forwarded to an eligibility worker for review and a decision as to the applicant's eligibility and the extent of his entitlement. According to local welfare officials, these workers are not experienced caseworkers but are, for the most part, newly hired college graduates who have had brief exposure to the welfare department's operation.¹

No face-to-face interviews are routinely made to obtain information needed to make an eligibility decision. Eligibility workers have told us that, for three of every four applications, they find it necessary to contact the applicants--either by telephone or by their return to the

¹According to State officials, of the 121 caseworkers in Wyandotte County, 73, or 60 percent, were hired in the last 2 years.

center--to obtain clarification of eligibility information shown on the application or to develop eligibility information which was not shown on the application. They have stated that, because of the complicated State regulations concerning welfare, the application form is necessarily complicated and that many applicants are not able to complete it correctly.

The eligibility workers have advised us that they (1) routinely verify an applicant's reported income by requiring the applicant to produce pay slips or by contacting his employer or other sources from which he receives income--such as the State unemployment office--and (2) verify other factors affecting the applicant's eligibility whenever they have any doubts concerning the information furnished by the applicant.

The Wyandotte County welfare center uses a separate staff to handle the eligibility and service functions. The director of the center advised us that, because of the importance of making correct decisions concerning applicants' eligibility and extent of their entitlement, the center employed college graduates as eligibility workers. He stated that, in his opinion, these workers could exercise better judgment than clerical staff in reviewing applications for assistance and in computing recipients' budgetary needs.

The center's staff told us that they generally felt that the type of simplified eligibility method in use was not much different from the method in use from mid-1968 to March 1970. They also stated that the information obtained under the traditional method by interviewing the applicant at home was just as easily obtained by talking to the applicant on the telephone or in an interview at the welfare center.

On the basis of the data gathered by us, we believe that Wyandotte County has been using a type of simplified method since mid-1968. When the county formally adopted the simplified method in March 1970, the eligibility workers found it necessary to routinely contact most of the applicants to obtain eligibility data and to routinely verify stated income. Wyandotte County's method of determining an

applicant's eligibility for assistance therefore does not strictly conform to HEW's prescribed simplified method.

Traditional method (Jackson County, Missouri)

Jackson County has always used the traditional method for determining an applicant's eligibility for assistance under the AFDC program. The county has one welfare office where all applications are processed. Our discussions with the county welfare director and other county officials indicate that considerable emphasis is placed on making complete investigations of factors affecting an applicant's eligibility before his application is approved or rejected. According to the county director, Missouri law requires complete investigations prior to making an eligibility decision.¹ Thus the county's welfare office caseworkers, in addition to conducting eligibility interviews, must obtain evidence--including responses from collateral sources contacted--on all relevant eligibility factors before making a decision.

HEW regulations require that eligibility decisions concerning assistance under the AFDC program be made within 30 days from the time of application. The Jackson County investigations, however, have resulted in eligibility decisions' not being made within the prescribed time. For example, in calendar year 1970 the average time taken by the county to approve an AFDC application was 46 days and the average time taken to reject an AFDC application was 40 days.

County welfare officials advised us that there were no delays in making home visits to interview the applicants but that the primary cause of the delays was the time needed to verify eligibility information with collateral sources--such as present or former employers, schools, insurance

¹Section 208.070 of the Missouri Social Security Law states:

"Whenever the County office receives an application for benefits an investigation and record shall be promptly made of the circumstances of the applicant by the County office in order to ascertain the facts supporting the application."

companies, and the county assessor's office. They emphasized that checks with collateral sources were vital to verify information upon which eligibility decisions were based. They have pointed out, however, that collateral checks are made only if applicants indicate that they have resources and that no checks are made if negative responses are given. Therefore, even under the traditional method, the extent of the investigation depends to some degree upon the information which an applicant willingly provides. County officials also noted that, in their opinion, most information obtained during a visit to an applicant's home could just as easily be obtained by interviewing the applicant at the welfare center.

In January 1971 HEW conducted a hearing regarding Missouri's compliance with Federal welfare laws. In a report dated May 3, 1971, to the Administrator of SRS, the hearing examiner proposed that the State be found out of compliance with the Federal laws because--among other compliance issues--the State was not furnishing public assistance with reasonable promptness to all persons eligible under the AFDC program, that is, within the prescribed 30 days for that program.

The State took the position during the hearing that the 30-day rule was arbitrary and unreasonable in the light of existing Missouri law requiring complete investigations.

The Administrator, SRS, has 60 days to decide whether to find the State out of compliance and withhold applicable Federal funds.¹ If found out of compliance, the decision may be appealed in the U.S. Court of Appeals for the Eighth Circuit.

LOS ANGELES COUNTY

Simplified method

In October 1969 the Pomona and Inglewood welfare centers in Los Angeles County adopted a simplified method for determining an applicant's eligibility for assistance.

The two centers had separated their eligibility and service functions in July 1969 but did not complete a

¹On July 2, 1971, the Administrator found Missouri out of compliance because the State was not furnishing assistance with reasonable promptness.

changeover to the use of eligibility workers (clerical staff) to carry out functions relating to determination of eligibility and extent of entitlement until the summer of 1970. At the time of our fieldwork in April 1971, 18 other centers in the county were still using the traditional method.

Under the type of simplified method adopted, applicants usually fill out an application form at the centers and eligibility workers routinely interview the applicants to clarify information recorded on the form and to develop other information needed to make an eligibility decision. Welfare officials at both centers have told us that the routine interviews are considered essential if they are to make reliable eligibility decisions. County welfare officials have pointed out to us that the HEW-prescribed simplified method cannot really be effective until the complex State and county welfare eligibility rules are also simplified.

Although primary reliance is placed on the information furnished by an applicant on the application form and in the interview, we have found that eligibility workers at both centers (1) routinely verify an applicant's reported earned income and (2) often verify the place of residence or the primary factor causing a need for emergency aid in cases where such aid is being requested. Verification of earned income usually consists of examining pay slips provided by the applicant or contacting the applicant's employer. Verification of an applicant's place of residence or other factors necessitating emergency aid usually consists of requiring the applicant to provide appropriate documents, such as a driver's license, an eviction notice, or a utility shutoff notice.

In cases where AFDC assistance is provided to an applicant who is earning some income, both centers require that he file a monthly earnings report with the welfare center.

The directors of the two centers have advised us that, under the type of simplified method followed, their eligibility workers have been able to approve or reject about 90 percent of the applications for assistance on the day

the applications were submitted despite the sharp increase in applications under the AFDC program.

Our review showed that Los Angeles County used a type of simplified method which deviated from the method prescribed by HEW. County welfare officials felt that, to ensure effective operation of their AFDC program, it was essential to routinely interview applicants and to routinely verify certain eligibility factors.

Traditional method

Eighteen welfare centers in Los Angeles County use the traditional method for determining an applicant's eligibility for assistance. The separation of the eligibility and service functions has facilitated the determinations.

An applicant applying for assistance at a center using the traditional method for determining eligibility is provided an eligibility packet containing the necessary application forms. The applicant completes the forms and is then interviewed by an eligibility worker--usually on the day of application. During this intake interview the eligibility worker asks the applicant probing questions about his family and financial situation and why assistance is needed. The eligibility worker can reject an application on the basis of this interview if it is apparent that the applicant's family would not be eligible for assistance.

If the eligibility worker believes that the applicant's family might be eligible after reviewing the application forms and interviewing the applicant, he arranges to visit the applicant's home within 24 hours. During this home visit the worker asks the applicant to produce documentation to support statements made at the intake interview (such as birth certificates and pay slips). After the visit the eligibility worker can declare the applicant presumptively eligible and provide him with assistance. If the eligibility worker believes that there is still a need to make collateral checks regarding such factors as ownership of property, savings accounts, or receipt of unemployment compensation, the case is referred to a separate property unit for investigation. Thus welfare officials have stated that, even under the traditional method, basic reliance is placed

on the applicant for eligibility information and that usually no independent verification is routinely undertaken in the case of applicants who state that they have no income or other resources.

The caseworkers whom we interviewed pointed out that, although they believed visits to an applicant's home to be beneficial, eligibility determinations could be just as effective if the applicants brought all the necessary documentation to the welfare center. The workers emphasized, however, that they found home visits to be an effective way for quickly assessing the service needs of the applicants and their children.

According to officials at two traditional centers which we visited, eligibility decisions were made in most cases within 48 hours after the home visit. As noted above, eligibility workers can refer an application to the property unit for investigation if they have some reason to question the applicant's statements after the intake interview and the home visit. Generally, though, primary emphasis is placed on the applicant's word and documentation to support eligibility factors rather than on independent checks with collateral sources.

The increase in welfare applications during the last 6 months of 1970--particularly under the AFDC program--curtailed the ability of eligibility workers at the traditional centers to use their normal investigation techniques. At one of the traditional centers which we visited, officials stated that, from June through December 1970, home visits were curtailed because of the tremendous increase in the application caseload. They stated also that, to make prompt eligibility decisions during this period, the eligibility workers often relied entirely on the applicants' statements and on documentation which the applicants furnished during the intake interviews. Also eligibility workers at the other traditional center which we visited stated that, during this period, they frequently were not able to adequately carry out their eligibility work, including home visits. In effect, the two centers curtailed normal procedures under the traditional method during this period.

In December 1970 the Los Angeles County Department of Public Social Services--in recognition of the problems caused by the increased caseloads--issued a memorandum to the centers restating the policy requiring that visits to an applicant's home be made before financial assistance is provided to the applicant. Eligibility workers have told us that they have been able to make timely home visits since January 1971.

As in New York City, the Los Angeles County eligibility workers had to curtail their normal investigative efforts when the caseload was increasing rapidly. Also, as in both Jackson County and New York City, the traditional method as followed by the two centers in Los Angeles County places primary reliance on the willingness of the applicant to furnish eligibility information rather than on independent investigations through collateral sources.

CHAPTER 4

INCREASE IN AFDC CASELOADS

AFDC caseloads increased significantly in recent years in the areas where we made our review as well as in the individual welfare centers visited. Such increases followed a nationwide trend in the AFDC program. The increases experienced nationwide and in the areas included in our review are shown below.

	<u>Number of AFDC cases in December</u>				<u>Percentage increase from 1967</u>
	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	
Nationwide	1,297,000	1,522,000	1,876,000	2,552,000	97
New York City	133,164	172,968	190,871	220,488	66
Los Angeles County	64,189	75,988	90,346	125,269	95
Jackson County	3,305	3,881	4,901	7,223	119
Wyandotte County	1,436	1,892	2,476	3,750	161

County and city welfare officials in the areas we visited attributed the increase in the AFDC caseloads to three primary factors.

- Liberalization of eligibility requirements through changes in welfare policies and court decisions, such as the 1967 amendment to the Social Security Act which requires States to disregard the first \$30 and an additional one third of a working welfare recipient's monthly income when computing the extent of his entitlement and the Supreme Court decision prohibiting a durational residency requirement.
- Activities of community action groups in increasing the awareness of potential recipients of benefits available under the program.
- General downturn in economic conditions which resulted in increased unemployment and fewer job opportunities.

The city and county welfare officials have stated that, although it is undoubtedly easier for applicants to obtain

assistance under a truly simplified method, compared with the traditional method, generally they did not believe that the adoption of the modified simplified methods had resulted in providing assistance to more ineligible persons than would have been provided under the traditional method. They have stated also that, under the simplified method, more persons may have been encouraged to apply for assistance.

To evaluate the effect of the simplified methods on the size of the caseloads, in the areas where we made our review, we compared the quarterly changes in caseload of welfare centers using the simplified methods with the changes in caseload of welfare centers using the traditional method. For the New York City and the Kansas City areas, we used January 1966 as the base period; for Los Angeles County we used July 1967 as the base period because not all of the centers used for comparison were in existence before that date. The results of our comparisons are discussed below.

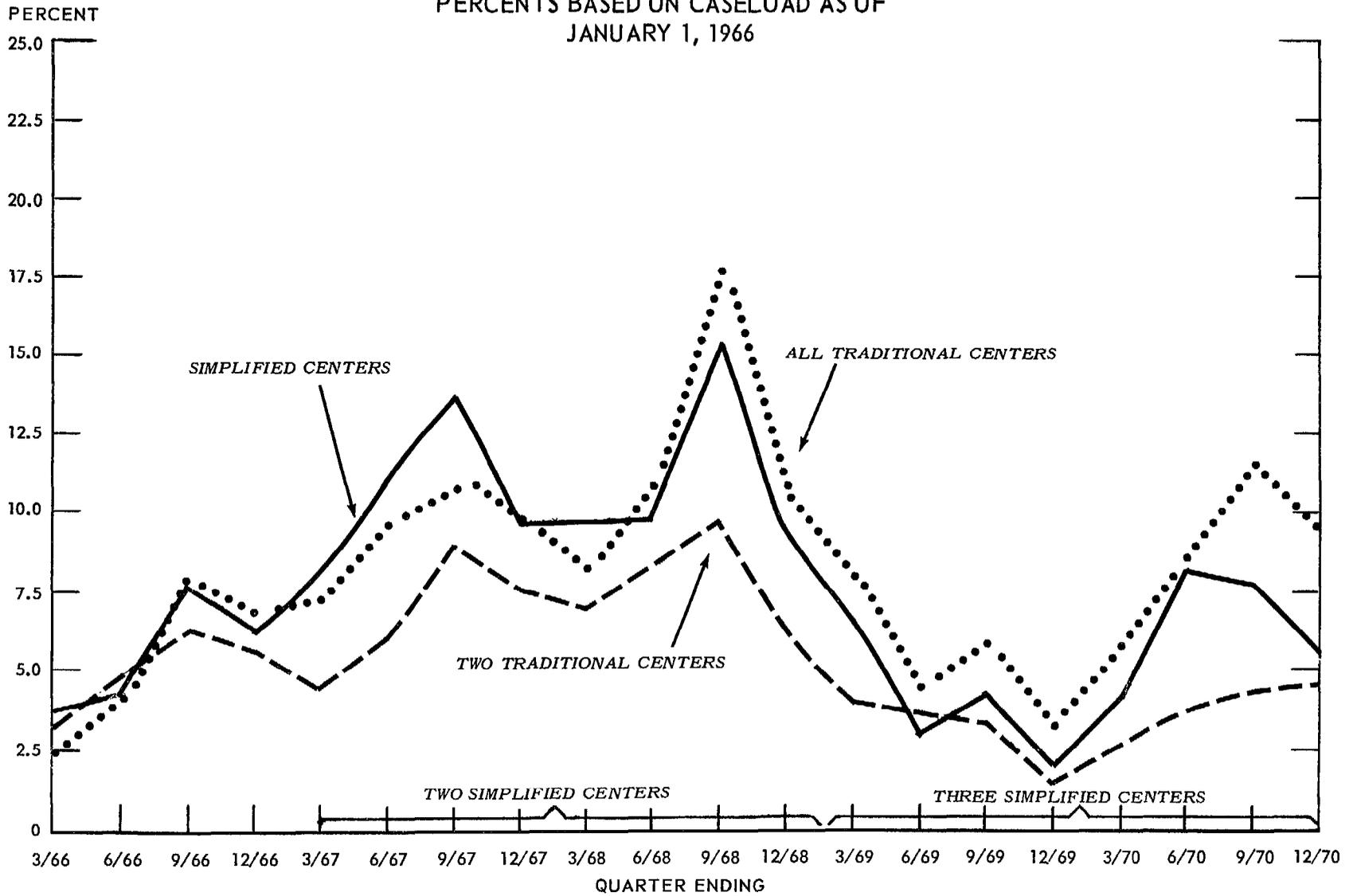
NEW YORK CITY

As shown in the following graph, the two centers which began using simplified methods (Clinton and East End) had greater percents of increases in their AFDC caseloads for about a year after the adoption in April 1967 of the modified simplified methods than the two centers (Harlem and Fort Greene) that used the traditional method. Also, for most of that year, there was a slightly greater percent of increase in the caseload of the two simplified centers than in the caseload of all other centers in New York City.

As shown by the graph, the percent of increase in the caseloads during the period April 1967 through June 1968 over the base period (January 1966) was as follows:

PERCENT OF INCREASE IN AFDC CASELOADS
 NEW YORK CITY
 PERCENTS BASED ON CASELOAD AS OF
 JANUARY 1, 1966

29



<u>Quarter ending</u>	<u>Percent of increase in caseloads</u>		
	<u>Two simplified centers</u>	<u>Two traditional centers</u>	<u>All traditional centers</u>
June 1967	11.2	6.1	9.6
Sept. "	13.7	9.0	10.7
Dec. "	9.6	7.5	9.9
Mar. 1968	9.6	6.6	8.2
June "	9.8	8.1	10.8

Although the caseload of all centers increased, the adoption by the two centers of simplified methods may have accounted for some of the difference in the intensity of the percent of increase.

In the quarter (April to June 1970) in which the simplified centers separated their eligibility and service functions, the percent of increase in the centers' caseloads was greater than for the two traditional centers. The percent of increase in the caseloads of the simplified and traditional centers during the period October 1969 to December 1970 over the caseload during the base period follows.

<u>Quarter ending</u>	<u>Percent of increase in caseloads</u>		
	<u>Three simplified centers (note a)</u>	<u>Two traditional centers</u>	<u>All traditional centers</u>
Dec. 1969	2.1	1.4	3.2
Mar. 1970	4.2	2.6	5.7
June "	8.1	3.8	8.5
Sept. "	7.7	4.5	11.6
Dec. "	5.6	4.6	9.5

^aIn February 1969 a third simplified center (Franklin) was created from territory and caseloads previously served by the East End center.

The separation of the functions may have accounted for some differences in the intensity in the rate of increase in the caseloads, as did the situation when the simplified

methods were adopted. As the eligibility workers gained experience and began to apply the simplified eligibility methods more effectively, the percent of increase in the simplified centers' caseloads dropped back to a level commensurate with that for the two traditional centers.

A city welfare official advised us that, during the period June to December 1970, the increases in the caseloads were particularly great because of poor economic conditions. He stated that the increases were greatest in those centers serving areas where the potential for unemployment and the resultant need for public assistance was high. The poorer areas--which had already experienced the precipitous rise in the number of persons receiving assistance--included the areas served by the simplified centers where high unemployment had already been experienced.

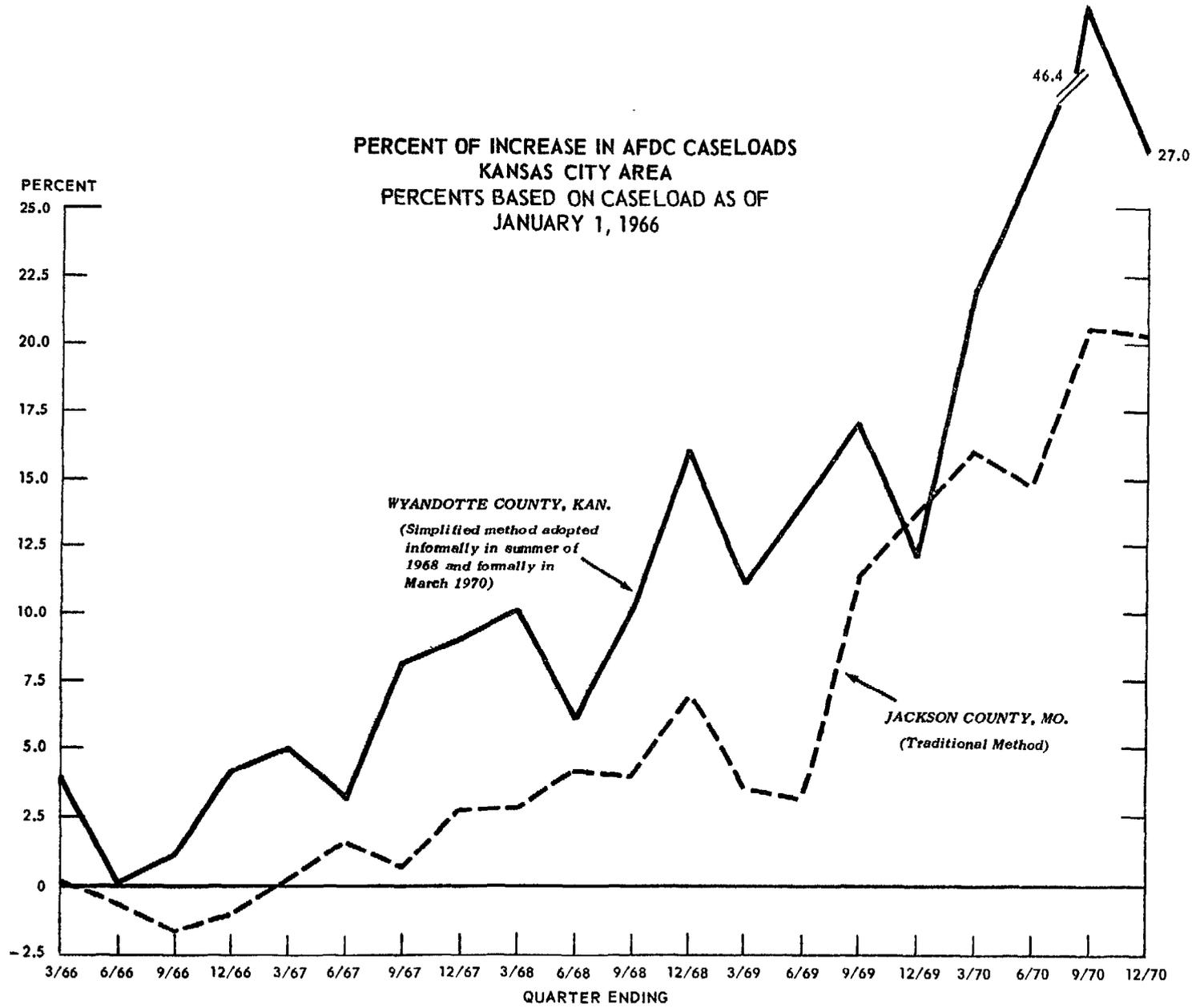
KANSAS CITY AREA

The AFDC caseloads in Wyandotte County and Jackson County have been steadily increasing in recent years (see p. 27.) Our analysis of available caseload data shows, however, that the percent of increase in the caseload of the Wyandotte County center, which uses a simplified method of determining an applicant's eligibility for assistance, has been markedly greater than the percent of increase in the caseload of the Jackson County center, which uses the traditional method. The differences are depicted on the following graph.

The largest differences in the caseloads of the two counties began to show up in the summer of 1968 when the Wyandotte County center began using a simplified method and became greater in the quarters immediately after the formal adoption of the method in March 1970. The differences became even greater when the center began to separate the eligibility and service functions in June 1970. The percent of increase in the caseloads of the two counties over the caseloads during the base period is as follows:

<u>Quarter ending</u>	<u>Percent of increase in caseloads</u>	
	<u>Wyandotte County (simplified method)</u>	<u>Jackson County (traditional method)</u>
June 1968	6.1	4.1
Sept. 1968	10.5	3.9
Dec. 1968	16.3	6.9
Mar. 1969	11.2	3.4
June 1969	14.2	3.0
Sept. 1969	17.8	11.3
Dec. 1969	12.7	13.7
Mar. 1970	22.0	15.9
June. 1970	26.6	14.6
Sept. 1970	46.4	20.4
Dec. 1970	27.0	20.2

As shown by the above table, the rate of increase in the Jackson County center's caseload was much lower than the rate of increase in the Wyandotte County center's caseload. The lesser rate of increase can be attributed mainly to two factors: (1) the Jackson County center generally made a



complete investigation of an applicant's entitlement to assistance and (2) Missouri's eligibility requirements are more restrictive than those of Kansas.

LOS ANGELES COUNTY

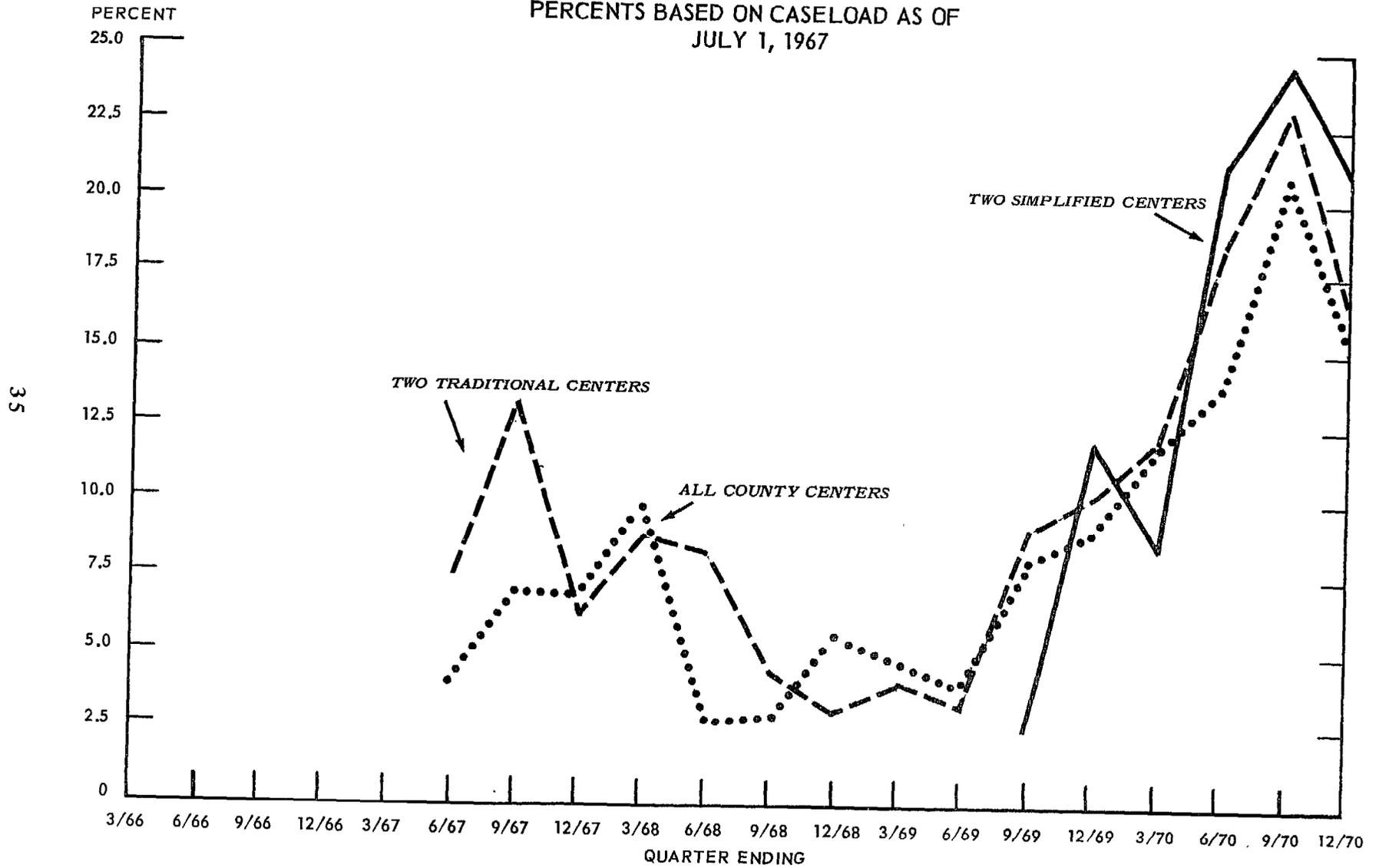
Our comparison of the percent of increase in the caseloads of two simplified and two traditional centers in Los Angeles County showed that there was no significant difference in the rates of increase for centers using a simplified method and centers using the traditional method. The Pomona and Inglewood centers began using a simplified method for determining an applicant's eligibility in October 1969 and, as shown by the graph on the next page, the percent of increase in their caseloads was slightly greater in four of the five quarters--October 1969 through December 1970--than (1) the percent of increase in the caseloads of the El Monte and Exposition Park centers which used the traditional method, and (2) the percent of increase for all centers in the county. The percent of increase in the caseloads during January 1969 through December 1970 over the base period (July 1967) is as follows:

<u>Quarter ending</u>	<u>Percent of increase in caseloads</u>		
	<u>Two simplified centers</u>	<u>Two traditional centers</u>	<u>All county centers</u>
Mar. 1969	-	3.8	4.5
June 1969	-	3.0	4.1
Sept. 1969	-	12.4	7.9
Dec. 1969	12.2	9.6	8.9
Mar. 1970	8.5	11.6	11.9
June 1970	21.3	17.7	13.8
Sept. 1970	24.7	22.1	20.9
Dec. 1970	21.1	16.1	15.3

CONCLUSIONS

It seems evident that the adoption of the simplified method and the separation of eligibility and service functions have had an impact in the form of increased caseloads in the welfare centers included in our review. The effect of the impact was diminished, however, as time permitted the eligibility workers to become experienced in carrying

PERCENT OF INCREASE IN AFDC CASELOADS
 LOS ANGELES COUNTY
 PERCENTS BASED ON CASELOAD AS OF
 JULY 1, 1967



out the eligibility functions, and the centers modified their systems for determining eligibility to provide better assurance that proper eligibility decisions were made. Our overall conclusions are discussed in chapter 8.

CHAPTER 5

REJECTION OF APPLICATIONS FOR ASSISTANCE

As part of our evaluation of the relative effects of determining an applicant's eligibility for assistance under the traditional method and under the simplified methods, we examined whether the centers using simplified methods were rejecting a higher, lesser, or about the same percentage of applications as centers using the traditional method. On the basis of our examination, we concluded that:

- The rates of rejection of applications resulting from the use of the modified simplified methods, under which center workers interviewed applicants and verified certain eligibility factors, did not differ significantly (although they were lower) from the rates of rejection that resulted from the use of the traditional method.
- The use by one center of a truly simplified method, under which reliance was placed entirely on the applicants' statements, resulted in a significant drop in the rate of rejection of applications in relation to the rate of rejection of centers using modified simplified methods.
- The centers' separation of their eligibility and service functions resulted in reductions in the rates of rejection of applications.

Because of dissimilarities in eligibility requirements of the States, there is no average rejection rate against which to measure the correctness of eligibility decisions. Rejection rates for the areas visited by us therefore should not be compared in terms of percentage differences. What can be compared is the trend in rejection rates when certain events--which have an impact on all welfare centers and which are not affected by dissimilarities in eligibility requirements--occur, such as the introduction of a simplified method and the separation of eligibility and service functions. The data we obtained concerning the rejection rates in the areas is discussed below.

NEW YORK CITY

Two dates are important when analyzing rejection rates in New York City, namely, April 1967 (the adoption by two centers of a simplified method) and March 1970 (the separation at the two centers of eligibility and service functions). As shown by the graph on the following page, a significant drop in the rate of rejection of applications for assistance occurred upon the centers' adoption of a simplified method and an even greater drop occurred upon the separation of the eligibility and service functions.

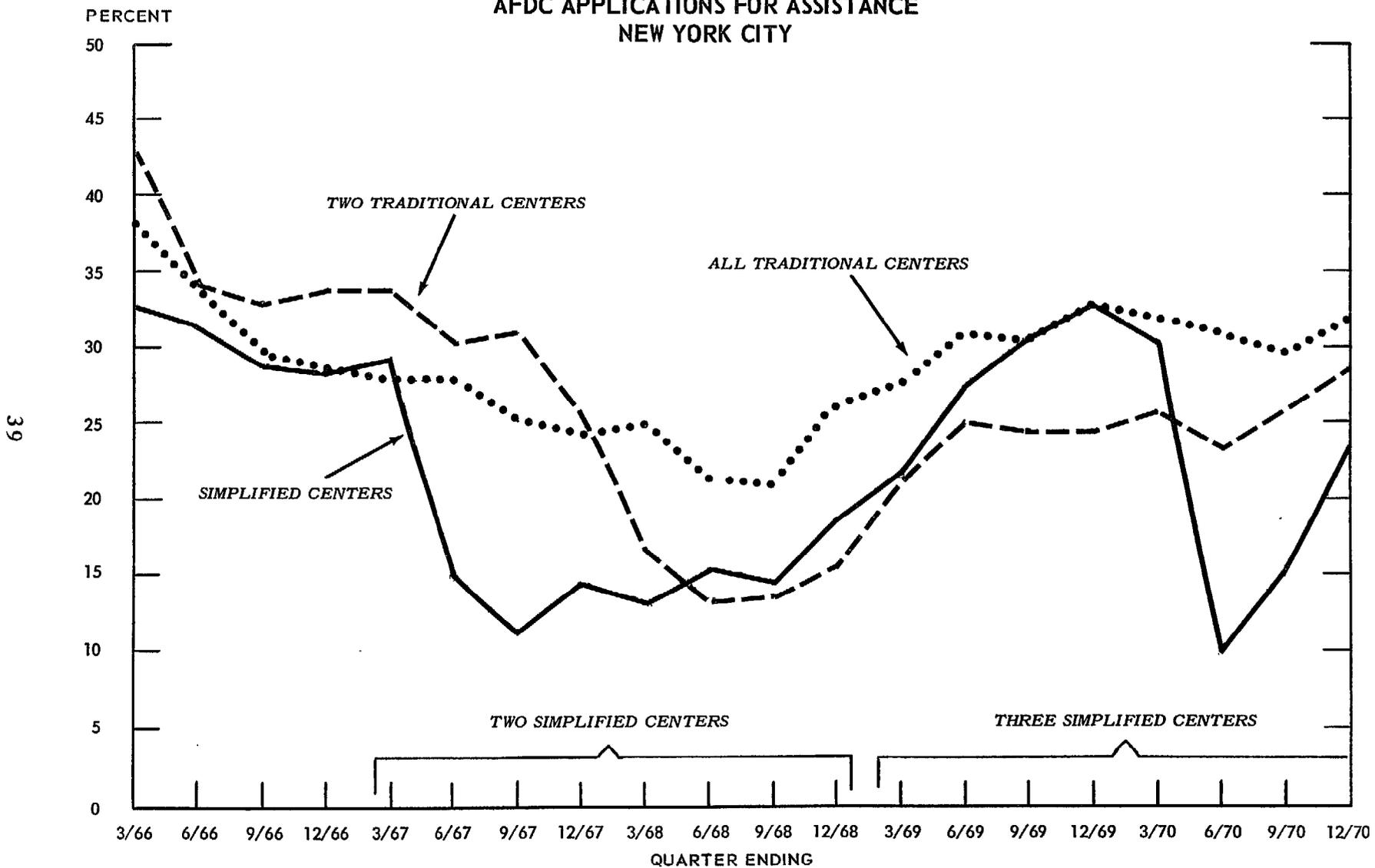
Adoption of simplified methods

Immediately following the adoption by the Clinton and East End welfare centers of simplified methods, the rate of rejection of applications of about 30 percent experienced in the preceding year dropped to about 15 percent and did not return to the 30-percent level until 2 years later. During this 2-year period, the rejection rate of all centers in the city also dropped--from about 27 to 21 percent--but not as drastically as that of the simplified centers. Local welfare officials attributed the drop in the citywide rejection rate to pressure caused by community groups and riots. The two traditional centers used for comparative purposes--Fort Greene (which includes part of Bedford-Stuyvesant) and Harlem--also experienced a large drop in the rejection rate. Officials at these centers advised us that the eligibility workers had been unable to make their normal eligibility investigations during this period.

They advised us also that a drop in the two centers' rate of rejection of applications had been expected upon adopting the simplified method but that they had also expected that the rates would return to the previous levels much sooner than they had. Our analysis of the recovery of the rates of rejection of the two centers using the simplified method (Clinton and East End) indicates that the type of simplified method used affects the rates of rejection differently.

As noted on page 14, Clinton center eligibility workers routinely interviewed applicants and routinely verified certain eligibility factors under its simplified method. In

**RATE OF REJECTION OF
AFDC APPLICATIONS FOR ASSISTANCE
NEW YORK CITY**



contrast, as noted on page 13, East End center eligibility workers, under a model simplified method, relied completely on applicants' statements from April 1967 until March 1969, at which time they began making routine verifications of certain eligibility factors. The graph on the following page shows (1) that the East End center experienced a greater drop in its rejection rate than did the Clinton center and (2) that East End center's rejection rate remained at a very low level until March 1969 when eligibility workers began making routine verifications.

Separation of functions

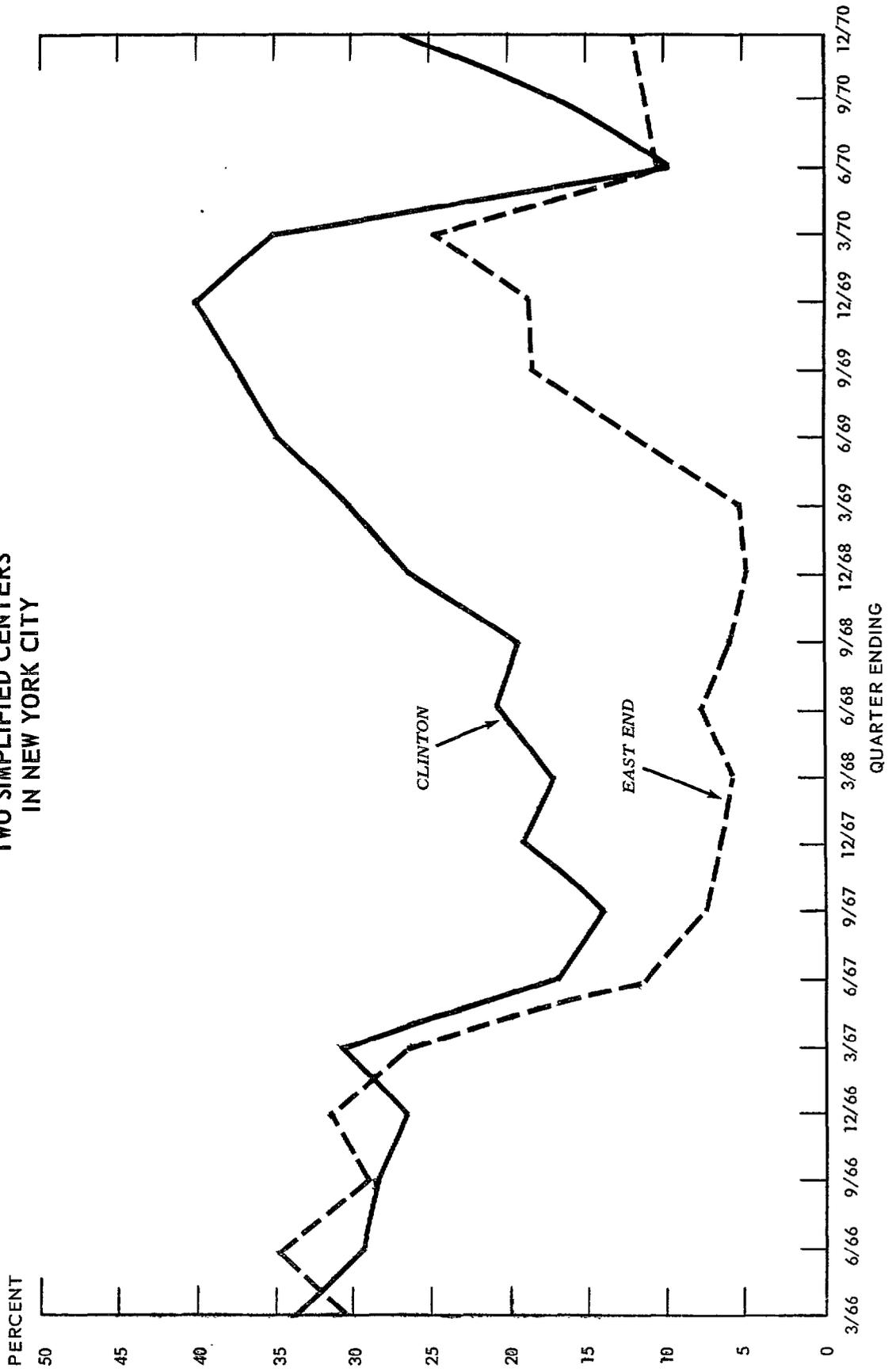
During the quarter April to June 1970, the simplified centers again experienced a drastic drop in their rates of rejection of applications. (See graph on p. 39.) This drop--greater than any previously experienced--was due to the centers' separation of their eligibility and service functions.

Upon the separation of these functions, newly hired or newly trained eligibility workers were responsible for making eligibility decisions. According to the local welfare officials, the new workers initially were not effectively interviewing applicants and were not detecting discrepancies in the applications that, to an experienced caseworker, would have raised questions concerning the applicants' eligibility for assistance.

The eligibility workers whom we interviewed indicated that they had not been given sufficient training in effective interviewing techniques or had not been adequately trained regarding the detailed welfare policies. Generally the workers were given 2 weeks of formal training before they began making eligibility decisions. Thus according to both the welfare officials and the eligibility workers, adequate eligibility decisions were not made until the workers gained experience on the job.

An official of the New York City Department of Social Services has informed us that the department has strengthened its prejob training of new eligibility workers in those centers that were scheduled to separate their eligibility and service functions in an effort to prevent a drop in the

**RATE OF REJECTION OF
AFDC APPLICATIONS FOR ASSISTANCE
TWO SIMPLIFIED CENTERS
IN NEW YORK CITY**



rate of rejection of applications that has been experienced by the other centers. Three additional centers were scheduled to adopt a simplified method and to separate their eligibility and service functions in March 1971. Thus at the time of our fieldwork, data was not available to indicate whether the strengthened training had been effective.

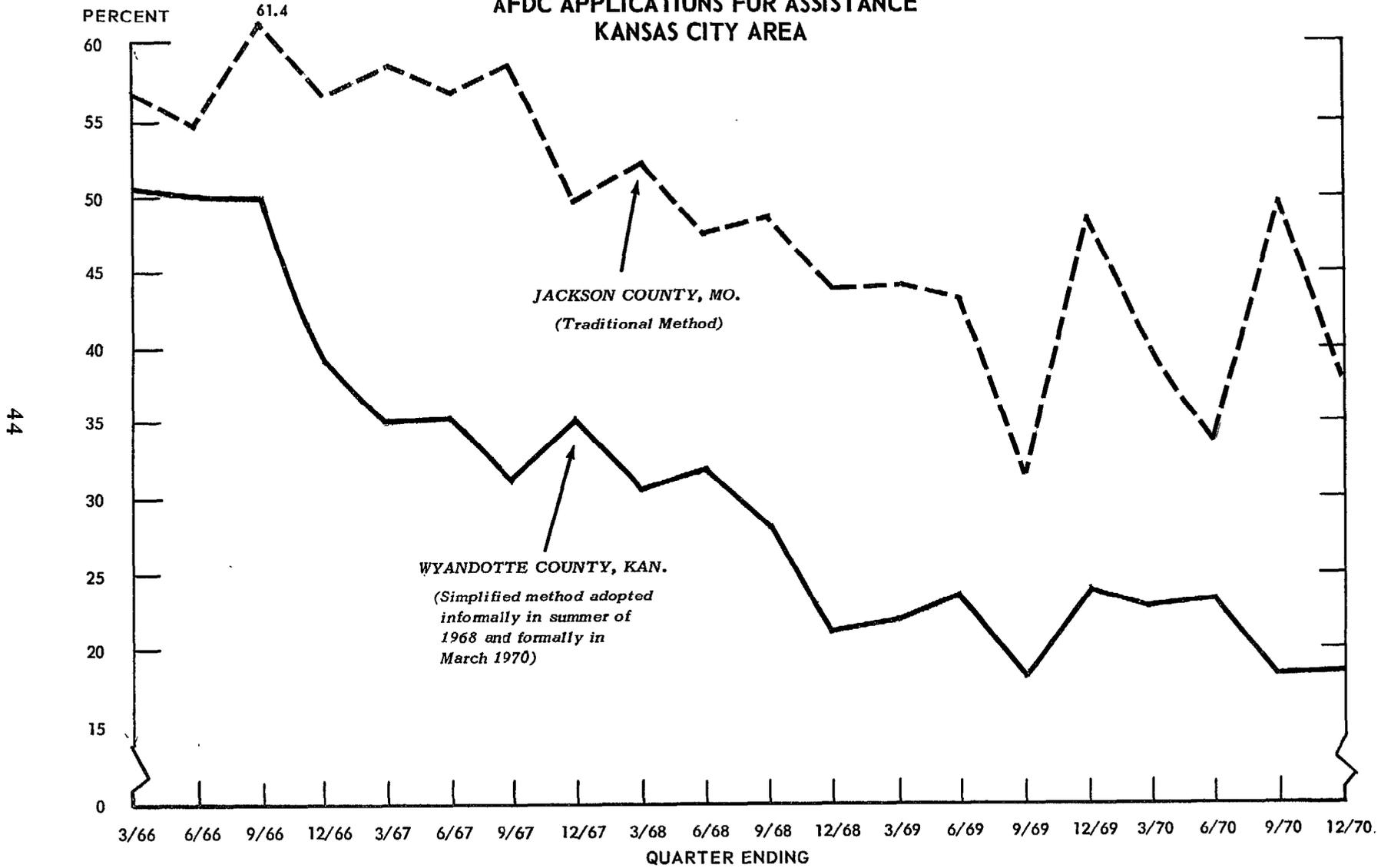
KANSAS CITY AREA

As shown by the graph on the next page, a comparison of the rates of rejection of applications for assistance by the Jackson County center and by the Wyandotte County center showed that, during the past 5 years, the Jackson County center experienced a much higher rejection rate than the Wyandotte County center regardless of the eligibility methods in use.

It appears that there were two primary reasons for the Jackson County center having a higher rate of rejection of applications than the Wyandotte County center. First, in computing the needs of an AFDC family in Kansas where the family had some earnings, the State allows more of the earnings to be exempted than does Missouri. For example, in computing the needs of a family in Kansas, exemptions are made for the actual amount of social security and income tax withheld, actual cost of transportation to and from work (up to 9 cents a mile in Wyandotte County), and other work-related expenses. In Missouri, however, a fixed-dollar exemption is allowed; the amount exempted is dependent upon the applicant's gross income. These fixed exemptions are generally less than the actual work expenses and taxes incurred by the applicant. Thus families with similar incomes are more likely to receive assistance in Kansas than in Missouri.

Secondly, as discussed earlier on pages 21 and 22, the Jackson County center conducted an extensive eligibility investigation of an applicant before making an eligibility decision. As noted also, an SRS hearing examiner has recommended that Missouri be held out of compliance with Federal law because of the length of time being taken to make eligibility decisions. The extra time taken by Jackson County to process applications would have a tendency to result in a higher rejection rate compared with that of Wyandotte County because of the possibility that (1) evidence gathered during the detailed investigations would show that the applicants did not meet all of the State's eligibility requirements and (2) family and economic changes would occur subsequent to the date of application and before the detailed investigations were completed--such as applicants' securing employment or the return of an absent parent.

**RATE OF REJECTION OF
AFDC APPLICATIONS FOR ASSISTANCE
KANSAS CITY AREA**



Simplification of procedures

As discussed on pages 18 and 19, the Wyandotte County center, in effect, began using a simplified method in the summer of 1968 because pressure from community groups forced the county to suspend normal eligibility checks. Because of the pressures, eligibility decisions were sometimes made on the basis of interviews at the center and examination of documents furnished by the applicant at the center. Thus at the time of the center's formal adoption of its simplified method in March 1970, no significant change occurred in its method of determining eligibility.

The rejection rate data for the Wyandotte County center (see graph on p. 44) shows that a significant drop--about 10 percent--occurred during the June to December 1968 period and that the rate in later periods was at a similarly low level.

Separation of functions

The director of the Wyandotte County center advised us that he considered the method of determining the eligibility of an applicant to be extremely important in maintaining the integrity of the welfare program. He stated that, at the time of the separation of the eligibility and service functions (between June and October 1970), he assigned college graduates, when possible, to perform the eligibility functions. He expressed the opinion that the quality of such a staff permitted better judgments to be made and probably resulted in keeping the rejection rate from dropping significantly.

- - - -

A comparison of the effect of the adoption of simplified methods for determining eligibility and of the separation of the eligibility and service functions by the New York City centers and the Wyandotte County center showed that the New York City centers experienced much sharper drops in their rates of rejection of applications after the adoption of the simplified method (see pp. 38 to 40) and after the separation of the functions (see p. 40) than were experienced by the Wyandotte County center.

Two factors may have contributed to the differences in the drop in the rejection rates. First, the New York City centers separated their eligibility and services functions on a specific day. In contrast, the Wyandotte County center took about 5 months to complete the separation of its functions and thus permitted the eligibility workers to gradually become familiar with its functions. Secondly, the New York City centers used clerical workers--usually newly hired or newly trained high school graduates--to perform the eligibility functions. In contrast, the Wyandotte County center used college graduates to perform those functions.

A comparison of the rejection rates for Jackson and Wyandotte Counties showed that other sharp changes occurred in the rates at times other than those discussed above. The most obvious changes were during the quarters ended September 1966 through March 1967 in Wyandotte County and in 1969 and 1970 in Jackson County. We found that these sharp changes were caused by administrative decisions unrelated to the methods used for determining eligibility.

On August 1, 1966, Kansas increased the AFDC basic needs allowance; this automatically made more persons eligible for assistance.

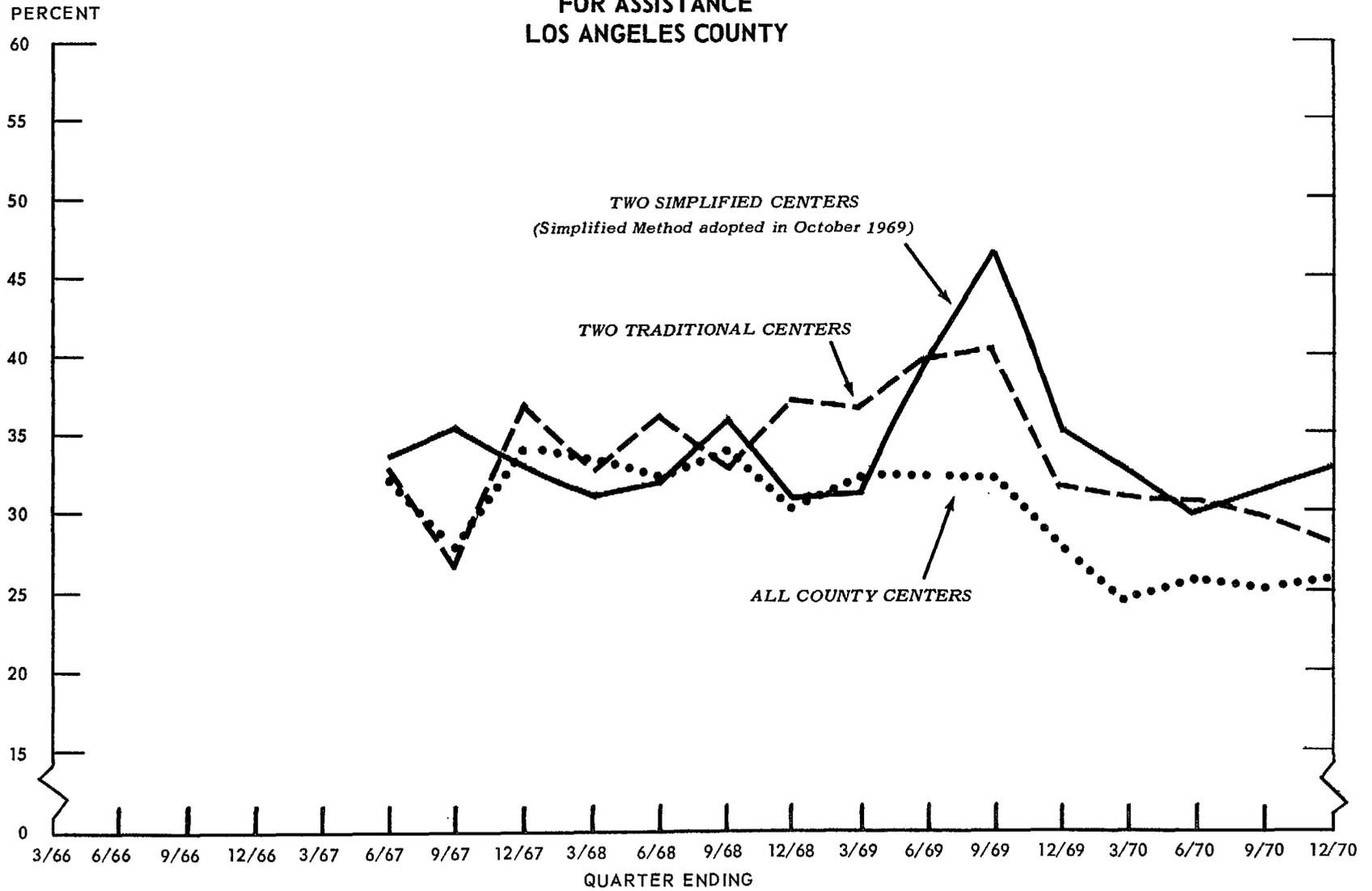
According to the director of the Jackson County welfare center, the overall increase in applications during 1969 and 1970 created an administrative logjam for the center's eligibility workers. He said that periodically the staff intensified their efforts to clear out the backlog which resulted in the rejection rate peaks and valleys during that period.

LOS ANGELES COUNTY

All Los Angeles County welfare centers began to separate their eligibility and service functions during the last half of 1969; the separations were completed during different periods of time. Two of the centers, Pomona and Inglewood, began using simplified methods in October 1969.

As shown by the graph on the next page, the two centers' rate of rejection of applications increased in the quarters ended June and September 1969. According to the

**RATE OF REJECTION OF AFDC APPLICATIONS
FOR ASSISTANCE
LOS ANGELES COUNTY**



directors of the centers, these increases resulted from administrative action taken to clear up all pending applications before adopting the simplified methods and separating the eligibility and service functions.

Most of the pending applications were under investigation by the property units which were responsible for making collateral checks on eligibility factors, such as applicants' ownership of savings accounts and property and receipt of unemployment compensation. The directors stated that they had assigned their most experienced workers to assist in evaluating the results of the detailed investigations by the property units to expedite eligibility decisions. According to the directors, the assignment of the experienced workers and the information obtained by the property units resulted not only in a reduction of the backlog of pending applications but also in a more thorough review of the applications and a temporary increase in the rejection rate.

Since the adoption of the simplified method in October 1969, the trend in the rejection rate for the two simplified centers--although slightly higher--has not been significantly different from all centers in the county or from the two traditional centers used for comparison. Perhaps this can be attributed to the similarities between the manner in which the two methods were actually being carried out. As discussed on pages 22 and 23 the simplified centers were using a modified version of simplification (routinely interviewing and verifying certain eligibility factors) and the traditional centers were placing considerable reliance on the applicants' statements rather than independently verifying eligibility factors through collateral sources.

The county's centers--including the two simplified centers--experienced a relatively sharp drop in the rate of applications rejected in the quarters ended December 1969 and March 1970, the period in which most of the centers separated their eligibility and service functions and the new eligibility workers were gaining experience in carrying out the eligibility functions. Welfare officials of the two simplified centers advised us that the lower rejection rates represented, to some extent, a return to the rejection rate levels existing before clearing out the backlog of pending applications.

The drop in the rejection rates during the July to December 1970 period of the two traditional centers used for comparison purposes probably occurred because of the increase in the number of applications that curtailed the ability of eligibility workers to use their normal investigation techniques. (See p. 25.)

CONCLUSION

The findings of our review indicate that the rejection rate is higher when eligibility workers perform comprehensive eligibility investigations, including checks with collateral sources, as was noted in Jackson County and in the Pomona and Inglewood centers in Los Angeles County just prior to separation of eligibility and service functions and the adoption of the simplified method. Also our findings indicate that the rejection rates drop when changeover to separation or simplification occurs but tend to level off, or even recover, as eligibility workers gain experience. Our overall conclusions are discussed in chapter 8.

CHAPTER 6

CASE CLOSINGS

Once an AFDC applicant is determined to be eligible for assistance, the case generally remains open and payments are continued until (1) the recipient requests that the case be closed or (2) information becomes available to the welfare center that the recipient is no longer eligible for assistance.

The available data we examined pertaining to the number of AFDC cases closed in New York City, the Kansas City area, and Los Angeles County did not indicate any particular trend or wide fluctuations in the number of cases closed that could be attributed to the different methods for determining eligibility.

For example, during 1969 an average of 1.7 cases per hundred each month were closed by the New York City centers using a simplified method, compared with an average of 2 cases by all New York City centers. Conversely, during this same period, an average of 4.2 cases per hundred each month were closed by the Los Angeles centers using the traditional method compared with an average of 5.4 cases by the centers using the simplified method.

In the Kansas City area during 1969, both Jackson County and Wyandotte County were using the traditional method. For all areas visited by us, the percentage of cases closed during 1970 was lower than in the 2 preceding years.

CLOSINGS THROUGH REDETERMINATIONS OF ELIGIBILITY

Once an applicant is determined to be eligible for assistance under a public assistance program, HEW regulations require that his eligibility be periodically redetermined. For the AFDC program, HEW has prescribed that such redeterminations be made at least every 6 months. The manner in which these determinations are made by the centers visited by us are described below.

Traditional method

Each of the welfare centers we visited that use the traditional method for determining the eligibility of applicants for assistance followed the same procedures in making eligibility redeterminations as in making initial eligibility determinations. Caseworkers usually interview the recipients in their homes and make their usual investigations in an effort to ascertain that recipients' economic and family situations qualify them for continued assistance. The redeterminations are usually completed more quickly than the initial determinations since some of the previously verified eligibility factors are relied upon at the time of redetermination (for example, age of children and establishment of paternity).

Simplified method

The centers visited by us that were using simplified methods did not follow the same procedures in redetermining eligibility that were used in making initial eligibility determinations. The centers initiate a redetermination of eligibility by mailing a form to the recipient to be completed and returned to the center.

The content of the forms used in making redeterminations of eligibility differed markedly between those used by the New York City centers and those used by the centers in the Kansas City area and Los Angeles County, which used a form similar to the one originally completed by the recipient. The New York City centers used a single sheet "declaration" form on which recipients could certify that they were still in need, or not in need, of public assistance, or note changes which might have an effect on the extent of their entitlement to assistance. A copy of this declaration form is reproduced on the next page.

Upon receipt of the completed forms, the welfare centers' eligibility workers review the forms to ascertain whether the information reported affects the recipients' eligibility and extent of entitlement. Eligibility workers only contact recipients to clarify information noted on the form. Center directors in Wyandotte County and Los Angeles County advised us that such contacts--usually by telephone--are needed in many of the redetermination cases.

THE CITY OF NEW YORK
DEPARTMENT OF SOCIAL SERVICES

Date _____

DECLARATION - CONTINUED NEED FOR PUBLIC ASSISTANCE OR CARE

It is necessary at this time for us to secure information from you about your current situation. Therefore, we want to know if there have been any changes which would affect your need for public assistance. Complete this form. Sign and date the certification. Mail in the enclosed envelope. No. postage stamp is required. It is important that you complete and return this form promptly to prevent any lapse in your public assistance grant.

Please check the box which applies to your situation.

I CERTIFY THAT I AM STILL IN NEED OF PUBLIC ASSISTANCE

THERE ARE NO CHANGES

HAVE ANY OF THE FOLLOWING CHANGES OCCURRED?

a. Has anyone left or been added to the members of your family? If so, please list the changes, the date the changes occurred and the relationship to you of the person(s) involved:

b. Has there been any change in your financial situation? (such as bank accounts, Unemployment Disability Benefits, Social Security, Workmen's Compensation, property, etc.)

c. Has there been any change in your regular income from employment, relatives, or other sources?

d. Other changes?

I AM NO LONGER IN NEED OF PUBLIC ASSISTANCE AND YOU MAY DISCONTINUE SENDING ME FURTHER AID BECAUSE:

(For additional space use reverse side)

(I) (We) certify that all of the information contained in this Declaration is true and correct to the best of our knowledge and belief. We understand that we will furnish any additional information which may be required and that we will report immediately any changes in circumstances including changes in financial resources, to the public welfare official to whom this statement is submitted. We have not assigned any of our assets or property to anyone in order to qualify for public assistance.

(I) (We) know that anyone who obtains, or attempts to obtain, public assistance or care based on false statement, or deliberate concealment, is subject to prosecution and punishment in accordance with the penalties fixed by law.

WITNESS

(Necessary only if signature of client is by mark)

SIGNATURE(S) OF CLIENT(S)

DATE

Signature

1. _____

Address

2. _____

The Wyandotte and Los Angeles County centers accumulated no statistical data showing the nature of decisions made on the basis of redetermination forms. The center directors or supervisors, however, stated that most of the recipients reported some change in their family or economic condition but that few recipients were actually removed from the welfare rolls on the basis of these changes. They stated also--as did welfare officials in New York City--that, once recipients were on the rolls, they were usually removed on the basis of (1) the specific request of the recipient or (2) data voluntarily supplied by informants.

At the three New York City centers using simplified methods, we were able to obtain statistics on the experience with the use of the declaration form. The data, however, is for all categories of public assistance (aged, blind, disabled, AFDC, and general assistance) and is not limited to the AFDC program. A summary of the data for the period April through December 1970, follows.

	<u>Number of cases</u>	<u>Percent</u>
Total declaration forms due during the April-December 1970 period	<u>23,391</u>	<u>100.00</u>
Declaration forms received	22,372	95.64
Declaration forms not received	1,019	4.36
- - - -		
Total declaration forms received	<u>22,372</u>	<u>100.00</u>
No changes reported	21,368	95.51
Changes reported (note a)	894	3.99
Closed--termination of assistance requested	110	.50
- - - -		
Declaration forms not received	<u>1,019</u>	<u>100.00</u>
Recertified as eligible (note b)	266	26.10
Suspended--assistance discontinued (note c)	753	73.90
- - - -		
Percent of cases closed or suspended (110 + 753 ÷ 23,391)		3.69

^aInformation was not available as to the number of cases, if any, which were closed because of a reported change.

^bCases in which follow-up contacts by eligibility workers found recipients to be eligible or cases in which recipients came to the welfare office once their assistance payments were stopped and eligibility was reestablished.

^cCases in which additional information could not be obtained to determine eligibility and payments were discontinued.

CHAPTER 7

SPECIAL ELIGIBILITY REVIEWS

AT CENTERS USING SIMPLIFIED METHODS

Since 1964 HEW has required States to maintain a system of quality control over the decisions made by local welfare workers regarding eligibility and extent of entitlement of recipients for public assistance. Past reviews by HEW and GAO have shown that the system, as it was generally implemented by the States, did not provide Federal and State program managers with information needed to assure them that proper eligibility determinations were being made.

In October 1970 HEW prescribed a revised quality control system designed to ensure the integrity of the public assistance program by alerting responsible program officials to the need for instituting corrective measures whenever established ineligibility tolerances (3 percent) or incorrect payment tolerances (5 percent ignoring first \$5) were exceeded. The revised system has been modified to recognize the increasing use of the simplified method of determining eligibility.

At the time of our visit to welfare centers in New York City, the Kansas City area, and Los Angeles County, data had not been compiled on the results of the States' experience with the new quality control system for the quarters ended December 1970 or March 1971. New York City and Los Angeles County had made, however, special--although dissimilar--eligibility reviews concerning implementation of the simplified method. No such reviews were made by Wyandotte County.

NEW YORK CITY REVIEW RESULTS

The New York City Department of Social Services reviewed a sample of all cases approved by the three centers using the simplified method during the period April 1, 1970, through August 31, 1970. The test consisted of a random sample of 20 percent of approvals of eligibility whether they were based on initial applications for assistance or re-determinations. The sample consisted of 895 family cases, including AFDC cases, AFDC-unemployed parent cases, Home

Relief cases (non-Federal participating), and other family-type cases. The results of the New York City review of these cases, as shown in the following table, showed that 13.2 percent of the cases were ineligible or questionable as to eligibility.

Special Review of Family Cases
Under the Simplified Method
New York City
April 1 to August 31, 1970

	Total		AFDC		AFDC- Unemployed parent		Home Relief		Other family (note a)	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Verified as eligible	777	86.8	469	92.5	32	84.2	133	75.1	143	82.7
Determined to be ineligible (note b)	14	1.6	7	1.4	2	5.3	3	1.7	2	1.2
Classified as:										
Unwilling to participate	29	3.2								
Unable to locate recipient	59	6.6								
Unable to complete for other reasons (death, left State, in State in- stitution)	16	1.8	31	6.1	4	10.5	41	23.2	28	16.1
Ineligible or questionable as to eligibility	118	13.2	38	7.5	6	15.8	44	24.9	30	17.3
Total cases reviewed	895	100.0	507	100.0	38	100.0	177	100.0	173	100.0

^aCases in which a family payment is primary and a nonfamily member is included; for example, an AFDC case which includes a payment for an aged, blind, or disabled person.

^bA case which was ineligible for one category--such as AFDC--but eligible for another category--such as Home Relief--was not considered ineligible. No data could be obtained on such cases.

The city's review classified a case as ineligible only if the case was found to be ineligible for all types of financial assistance available under New York State law. For example, if a reviewer found that parental deprivation did not exist in an AFDC case but that the family had limited income and would qualify for assistance under the non-Federal-sharing Home Relief program, the case was not classified as ineligible.

It was not possible for us to ascertain how many of the federally supported cases (AFDC, AFDC-unemployed parent, and other family) may have been classified as eligible on the basis that, under the State- and City-financed Home Relief program, they were in need. In our report on a special review of the AFDC program in New York City in 1969, however, we stated that, of the 543 cases examined for eligibility during that review, 58 cases (10.7 percent) were considered

by us to be ineligible for AFDC.¹ Of these 58 cases, we considered 26 cases (4.8 percent of all cases reviewed) to be eligible for the Home Relief program. Thus the number of cases classified by the city in its special test as eligible for AFDC most likely contains some cases which are not eligible for Federal financial assistance.

In discussing the results of the testing of the simplified method of determining eligibility with officials of the New York City Department of Social Services, they informed us that assistance payments were discontinued in 11.6 percent of the cases classified as: unwilling to participate (3.2 percent), unable to locate (6.6 percent), or unable to complete for other reasons (1.8 percent).

According to these officials, about half of the cases in which the recipient refused to participate in the special review were not receiving assistance when the city's investigator attempted to interview the recipient but had been receiving assistance when the sample case was selected. In the other half of the cases, the recipients refused to cooperate even though they were still receiving assistance. Examples of cases classified as unwilling to participate, as furnished to us by the Department, follow.

"Case was reviewed as a 6/70 recert [recertification], the case was closed at the client's request prior to the review on 7/16/70 for reasons of full employment, the validator contacted the former client at her place of employment on 10/18/70, Mrs. _____ refused to participate in a interview either at her home, during her lunch hour or at the V&R [validation and review] office."

¹Report to the Committee on Ways and Means, House of Representatives, entitled "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), dated October 17, 1969).

"Case was reviewed as a 6/70 accept [new case acceptance]. Validator attempted to visit Mr. _____ on 8/20 and 9/3/70, he was not at home, notes were left both times which Mr. _____ did not respond to. A registered letter was sent on 9/16/70, no reply received. The center was notified and the case was closed 9/30/70, at the address of record for reasons of employment."

"Case was reviewed as a 5/70 recert. [recertification]. The client was visited on 9/24/70 she was not at home, a note was left, another visit was made on 9/27/70 again a note was left. The client phoned on 9/30/70 and made an appointment for an office interview, this appointment was not kept. On 10/8/70 a third visit was made no contact was made, the case was closed on 11/25/70."

"Case reviewed as a 4/70 accept [new case acceptance]. V&R [validation and review] worker visited address of record and was informed by client's sister that client now resided at _____ Flushing Avenue, worker visited this address no one was home a note was left, client never responded, a letter was sent on 6/8/70 it was not returned. Case was closed on 9/17/70, ***."

Concerning the cases in which the recipients of assistance could not be located, officials of the New York City Department of Social Services advised us that they follow a standard procedure in attempting to find recipients. A recipient is first sent a letter requesting to visit the home. If no reply is received, a city investigator visits the recipient's home, and if unable to interview the recipient, leaves a note requesting the recipient to contact the investigator. If the recipient still does not respond, a second letter is mailed advising the recipient that his assistance payments are to be suspended. Examples of cases in which the investigators were unable to locate the recipients, as provided to us by the department, follow.

"Case was reviewed as a 4/70 accept [new case acceptance]. An appointment letter sent by the validator to the address of record was returned marked 'Addressee Unknown.' A new address was secured from the center the validator visited on 5/14/70 and discovered that the entire building was vacant, the checks of 5/16, 6/1 and 6/16/70, were returned to the center and cancelled. The case was closed 6/17/70, whereabouts unknown."

"Case reviewed as a 5/70 accept [new case acceptance]. A visit was attempted on 9/30/70. The client was not at home, a collateral [check] was made with the super of the address of record, he stated the client had moved and left no forwarding address, that he only came by to pick up his check. The center was notified and the case was closed 1/18/70 whereabouts unknown, there were no checks returned."

"Case reviewed as a 5/70 accept [new case acceptance]. V&R [validation and review investigator] visited on 8/13 and 9/14/70 no contact made. A collateral contact with the primary tenant revealed that client had never resided at address of record, but just picked up his checks there. The 6/1/70, check was returned and cancelled. The center was notified on 12/7/70 that the client could not be located, the case was closed on 12/16/70."

"Case was reviewed as a 5/70 accept [new case acceptance]. Letters sent client on 9/2 - 9/25/70, returned 'Addressee Unknown.' Home visits attempted on 9/30 and 11/2/70, a contact with the center on 11/6/70 showed that the address was correct. The super and tenants of the building never heard of the client. Case was closed 11/10/70 ***, there were no checks returned."

We discussed with New York City Department of Social Service officials their reasons for not classifying a case as ineligible when the recipient was receiving assistance but (1) refused to cooperate or (2) could not be located.

The officials stated that the recipients might have been found to be eligible if they had cooperated or if they had been located. They conceded that the reverse might be true and agreed that eligibility was at least questionable.

New York City did not have comparable eligibility data for centers using the traditional method. The special review of AFDC eligibility in New York City during 1969 by HEW and New York State and monitored by GAO, however, showed the AFDC ineligibility rate at that time to be 10.7 percent.¹ That review of eligibility for 543 cases included 508 cases from centers using the traditional method and 35 cases from two centers using the simplified method.

Direct comparisons between the rates of ineligibility found in the 1969 review and the special review by the city in 1970 are not susceptible to meaningful comparison because of the differences in time and methodology. Nevertheless, results from both reviews show that New York City's AFDC caseload contains many ineligible and/or questionable cases.

¹See footnote on p. 56.

LOS ANGELES COUNTY REVIEW RESULTS

The Los Angeles County Department of Public Social Service reviewed a sample of AFDC cases determined to be eligible for assistance under the simplified method. The sample, covering determinations made from October through December 1970, was selected from all AFDC cases on the rolls at the two welfare centers using the simplified method. The sample drawn was based upon random-sampling techniques.

The review of AFDC cases consisted of (1) a review of the case record, (2) an interview with the recipient, and (3) verification of data with collateral sources, as considered necessary. The results of the county's review appear below.

	Number of <u>cases</u>	<u>Percent</u>
Verified as eligible	<u>175</u>	<u>87.1</u>
Determined to be totally ineligible	8	4.0
Determined to be partially ineligible (some member of family included in grant was ineligible)	<u>18</u>	<u>8.9</u>
Totally or partially ineligible	<u>26</u>	<u>12.9</u>
Total cases reviewed	<u>201</u>	<u>100.0</u>

In contrast to the review in New York City, Los Angeles (1) classified an AFDC case as ineligible even if the family qualified for assistance under some other public assistance program and (2) made an eligibility decision for all cases--including those who refused to cooperate or could not be located--on the basis of information in the case record and data obtained from collateral sources.

The county also made a special review of AFDC cases determined to be eligible for assistance under the traditional method during October 1970. According to local welfare officials, this review of cases was not undertaken

specifically for comparative purposes, but the results could be used to indicate differences in ineligibility at centers using the simplified and the traditional methods. In this special review, reliance was placed completely on eligibility data in the case records; recipients were not interviewed and collateral checks were not made. Officials involved in the review told us that, if these additional steps had been taken, the percentage of ineligible cases probably would have been higher. The results of this special review are shown below.

	Number of <u>cases</u>	<u>Percent</u>
Verified as eligible	<u>352</u>	<u>91.9</u>
Determined to be totally ineligible	4	1.0
Determined to be partially ineligible (some member of family included in grant was ineligible)	<u>27</u>	<u>7.1</u>
Totally or partially ineligible	<u>31</u>	<u>8.1</u>
Total cases reviewed	<u>383</u>	<u>100.0</u>

Considering that the ineligibility findings in the review of cases under the traditional method may have been higher than 8.1 percent if full field investigations had been done, the difference between the percentage of ineligible cases approved under the traditional method and under the simplified method would have been narrowed. Under both methods, however, the percentages of ineligible cases exceed HEW's 3-percent tolerance level.

CHAPTER 8

GENERAL OBSERVATIONS REGARDING AFDC CASELOADS AND THEIR RELATIONSHIP TO ELIGIBILITY METHODS

Welfare centers in New York City, the Kansas City area, and Los Angeles County that were supposedly using a simplified method for determining applicants' eligibility for assistance were, in fact, using a modified version of the HEW-prescribed simplified method. We found that generally these centers were routinely interviewing applicants to obtain eligibility data and were routinely verifying certain eligibility factors.

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

Further, in our visits to centers using the traditional method, we found that verification of factors having a bearing on applicants' eligibility was not as extensive as was commonly thought. In essence, there was not a great deal of difference between the verifications being made under the simplified methods and the traditional method in use at the centers.

A summary of our findings for the areas visited, as presented in detail in the preceding chapters, follows.

--AFDC caseloads increased significantly at all centers regardless of the type of eligibility method being used. However, caseloads in the centers using simplified methods experienced disproportionate increases when (1) they first switched over from the traditional method and (2) the centers first separated the eligibility and service functions.

--Rates of rejection of applications for assistance (1) by centers using the simplified method in

Los Angeles County were similar to those experienced by centers using the traditional method: and (2) by centers using simplified methods in New York City and in Kansas City area were lower than those experienced by centers using the traditional method in those areas. The rates of rejection tend to be higher where the eligibility workers made comprehensive eligibility investigations, including checks with collateral sources, than under a simplified method which relies on applicants' statements. Also centers' rates of rejection dropped significantly immediately after adopting a simplified method or separating eligibility and service functions but tended to level off, or even recover, as eligibility workers gained experience.

--Data available on closing of cases did not indicate any particular trend or wide fluctuations that could be attributed to the different eligibility methods in use at the centers. The percentage of cases closed during 1970 in all areas visited by us was lower than during earlier periods. Welfare officials advised us that, once recipients began receiving assistance, cases were seldom closed on the basis of data developed at the time of the periodic redeterminations of their eligibility for assistance but were usually closed on the basis of (1) the specific request of a recipient or (2) data voluntarily supplied by informants.

--Where local welfare departments made special reviews of the eligibility of recipients of assistance that had been provided under the simplified methods, ineligibility rates were found to be high. Sufficient data on ineligibility under the traditional method was not available to us to make meaningful comparisons with the simplified method. Nevertheless, the ineligibility rates in the centers where data was available, regardless of the method followed in determining eligibility, either exceeded the 3-percent tolerance level established by HEW as the point beyond which special corrective measures are called for or contained many cases where eligibility was questionable.

Any method for determining the eligibility of an applicant for assistance should be designed to produce proper and timely decisions. Ideally this should be done with little inconvenience to the applicants. The traditional method does not provide for achieving such a goal because of the time needed to make home visits and collateral checks to verify various factors having a 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. Therefore modified simplified methods were adopted which 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 the use of 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 would 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.

To help achieve this objective, we believe that the eligibility method in a welfare program should provide for

- determining the eligibility of applicants for assistance on the basis of information obtained through face-to-face interviews with applicants and verification of certain key eligibility factors;
- using, to the maximum extent possible, experienced personnel and having newly hired personnel trained in program policies, procedures, and interviewing and investigative techniques before assigning them to do eligibility work; and
- prescribing a quality control system designed to alert management when instances of ineligibility and incorrect entitlement rates reach a point at which special corrective action is called for.

APPENDIX

RUSSELL B. LONG, LA., CHAIRMAN
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TOM VAIL, CHIEF COUNSEL

United States Senate

COMMITTEE ON FINANCE
 WASHINGTON, D.C. 20510

March 3, 1971

B-164031 (3)

The Honorable
 Elmer B. Staats
 Comptroller General of
 the United States
 Washington, D. C. 20548

Dear Mr. Staats:

In the Senate Finance Committee's forthcoming deliberations on the Administration's proposed welfare reform legislation -- known as the Family Assistance Plan -- it would be beneficial if we could obtain information concerning the effect, if any, which the simplified method of determining eligibility has had on the current Aid to Families with Dependent Children caseloads and whether the recently revised quality control system of the Department of Health, Education, and Welfare is adequately monitoring the eligibility aspects of the several public assistance programs.

The Committee staff has discussed the above matters with representatives of your staff at HEW on several occasions. On the basis of these discussions, the Committee requests the Government Accounting Office to:

1. Analyze AFDC caseload data of selected welfare centers using the simplified method and compare with centers still using the traditional method of determining eligibility.
2. Evaluate the effectiveness of the revised quality control system in monitoring the eligibility aspects of the several public assistance programs.

APPENDIX I

The Honorable
Elmer B. Staats

- 2 -

March 3, 1971

With respect to the comparative analysis work for the AFDC program (item number 1), the Committee staff has advised me that GAO will do work at two or three locations and will furnish a report on its findings to the Committee by the end of May.

The Committee understands that GAO plans to start a review during this month of the effectiveness of HEW's quality control system; this work is to be performed in the States of California, Colorado, Maryland, Michigan, New York, Ohio, and Texas, which account for nearly half of all Federal welfare funds.

Since the fieldwork on this review is not planned to be completed until August and a report not issued until some months after that, we have agreed that, to accomplish item number 2 above, periodic informal briefings concerning the progress of this review and the receipt of raw data compiled by you in connection with your review would be very beneficial. In this connection, we are seeking ways in which any shortcomings in the existing quality control system -- particularly as it relates to the simplified method of determining eligibility -- can be overcome in any welfare reform program approved by the Congress.

I want to express the Committee's appreciation for the valuable assistance provided by your Office during our consideration of H. R. 16311 during the last session and assure you that this information will be of great help in our further consideration of the proposed reforms.

With every good wish, I am

Sincerely,


Chairman