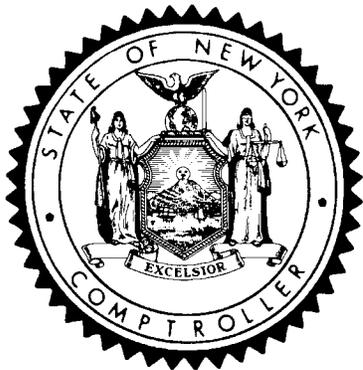


***State of New York
Office of the State Comptroller
Division of Management Audit
and State Financial Services***

**NEW YORK CITY HUMAN
RESOURCES ADMINISTRATION
AND ADMINISTRATION FOR
CHILDREN'S SERVICES**

**A STATUS REPORT OF SELECTED
ASPECTS OF THE IMPLEMENTATION
OF WELFARE REFORM
IN NEW YORK CITY**

REPORT 99-N-4



H. Carl McCall
Comptroller



State of New York Office of the State Comptroller

Division of Management Audit and State Financial Services

Report 99-N-4

Mr. Jason A. Turner
Commissioner
New York City Human Resources Administration
180 Water Street - 25th Floor
New York, New York 10038

Mr. Nicholas Scoppetta
Commissioner
New York City Administration for Children's Services
150 William Street - 18th Floor
New York, New York 10038

Dear Mr. Turner and Mr. Scoppetta:

The following is our report on the status of selected aspects of New York City's implementation of welfare reform legislation.

This audit was conducted pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; Article II, Section 8 of the State Finance Law; and Article III of the General Municipal Law. Major contributors to this report are listed in Appendix A.

*Office of the State Comptroller
Division of Management Audit
and State Financial Services*

August 21, 2000

Executive Summary

New York City Human Resources Administration and Administration for Children's Services A Status Report of Selected Aspects of the Implementation of Welfare Reform in New York City

Scope of Audit

As a result of legislation in 1996 and 1997, the public assistance programs commonly known as welfare are no longer entitlement programs. Now most public assistance recipients must seek employment or engage in activities that can lead to employment, such as formal education or job training. If a certain percentage of a state's public assistance recipients do not participate in such work-related activities, the amount of Federal funding provided to the state may be reduced. During 1997 and 1998, the number of recipients reportedly placed into these activities in New York State was enough to meet Federal requirements, and as a result, the State has yet to lose any of its Federal funding for public assistance (which totals about \$2.4 billion a year). The financial risk is significant, however, if the implementation and subsequent outcomes fall short of meeting the Federal requirements. In addition, under welfare reform, most public assistance recipients can no longer receive Federally-funded benefits for more than 60 months during their lifetime.

In New York State, public assistance programs are implemented by certain State agencies and directly administered by 57 counties and New York City. On October 22, 1998, we issued a report (97-D-19) addressing the status of New York State's implementation of welfare reform legislation. That report did not include the efforts in New York City, because of ongoing litigation initiated by City officials concerning our right to conduct performance audits of City agencies. Since that time, we have issued several audits regarding various aspects of welfare reform, some of which included New York City efforts.

As of July 1999, about 780,000 New Yorkers reportedly received public assistance, about 553,000 of whom resided in New York City. This audit addressed the following questions about the implementation of welfare reform requirements in New York City for the period August 30, 1996 through December 31, 1999:

- ! Have the responsibilities under the reformed welfare system been assigned among New York City agencies, and what steps have been taken to fulfill these responsibilities?
-

-
- ! Have performance measures been put in place to assess the extent that New York City agencies fulfill their responsibilities under the reformed welfare system?
-

Audit Observations and Conclusions

New York City officials have assigned the most significant responsibilities under the reformed welfare system to the Human Resources Administration (HRA) and the Administration for Children's Services (ACS). While there is no formal Memorandum of Understanding between these entities, they report that they informally coordinate on areas of mutual responsibility. We determined that HRA and ACS are in the process of implementing these responsibilities, and while both agencies have made progress in their implementation efforts, certain improvements are needed if the responsibilities are to be implemented as intended. Improvements are especially needed if adequate day care services are to be made available to public assistance recipients. Improvements are also needed if the long-term effectiveness of welfare reform is to be adequately assessed and rigorously evaluated in New York City.

HRA is responsible for administering financial assistance programs and for placing public assistance recipients into work and work-related activities, such as job training, job search and education programs. Many of these work-related programs are provided by contractors. Many of these contracts are performance-based, as HRA's payments to the contractors are supposed to be based on the extent to which public assistance recipients successfully complete job training classes and obtain and maintain employment. HRA has developed procedures for monitoring the performance of such contractors and they initiated monitoring the contractors in February 1999. We found, however, that the day care needs of public assistance recipients may not always be appropriately addressed by HRA, as officials and caseworkers at one of the two HRA Job Centers we visited were not aware that the recipients are exempt from work-related requirements if they are unable to find appropriate child care. (See pp. 7-12)

ACS administers several programs for the benefit of children, including adoption, foster care and child abuse prevention programs, but the programs most pertinent to welfare reform involve day care and child support enforcement programs. According to welfare reform legislation, public assistance recipients need not participate in work-related activities if their day care needs are not met. Therefore, if the goals of welfare reform are to be fully achieved, additional day care slots will be needed for the children of public assistance recipients. However, even though the need for additional day care services has been known since 1996, ACS plans for addressing this need have yet to be finalized. We did find, however, ACS's child support enforcement activities have been more effective. For example, according to the New York State Office of Temporary and Disability Assistance statistics, ACS's child support collections increased from \$284.7 million in the 1997-98 fiscal year to \$326.5 million in the 1998-99 fiscal year. (See pp. 12-15) Performance measurements can be used to determine whether government programs are achieving their intended results. HRA uses a number of performance measurements that are relevant to the objectives of welfare

reform. We believe there is a need for additional measurements relevant to the intended outcomes of welfare reform, such as measurements indicating the extent to which public assistance recipients become self-sufficiently employed as a result of HRA's training programs. (See pp. 17-19)

Comments of HRA and ACS Officials

HRA officials agreed with two of the five recommendations addressed to them. Regarding the recommendation addressed to ACS, it responded that both HRA and ACS signed, in March 2000, a Memorandum of Understanding (MOU) for a consolidated child care delivery system that will respond in a timely manner to the need for child care services. Also, during our audit, officials of HRA and ACS and were slow to respond to our requests for routine meetings and routine information which significantly delayed the progress of our audit. In response to our draft report, HRA indicated that, in February 2000, it established a new audit protocol, and has now designated liaisons in each Regional Office whose responsibilities are to facilitate the audit process.

Contents

Introduction	Background	1
	Audit Scope, Objectives and Methodology	3
	Response of HRA and ACS Officials	6
Assignment and Implementation of Responsibilities in New York City Agencies	HRA Implementation Efforts	7
	Medicaid Program	11
	Victims of Domestic Violence	12
	ACS Implementation Efforts	12
	Child Support Enforcement	13
	Day Care Services	14
	Recommendations	15
Welfare Reform Performance Standards and Measurements	17
	Recommendations	19
Appendix A	Major Contributors to This Report	
Appendix B	Comments of HRA and ACS Officials	

Introduction

Background

In August 1996, Congress altered the nature of the public assistance programs commonly known as welfare by enacting the Personal Responsibility and Work Opportunity Reconciliation Act (the Federal Act). In the Federal Act, Congress ended the Aid to Families with Dependent Children program (AFDC) and replaced it with a block grant providing temporary assistance to needy families. The block grant, known as Temporary Assistance for Needy Families (TANF), provides temporary cash assistance to eligible individuals while they engage in activities intended to help them achieve self-sufficiency. While states have considerable discretion in their use of TANF block grants, they are subject to financial penalties if they do not meet certain Federal requirements. For example, the Federal government may penalize a state if too few of its families receiving TANF assistance work or participate in work-related activities such as employment training.

The Federal Act, which is intended to increase the flexibility of the states in operating public assistance programs, specifies broad categorical rules within which the states have discretion to set up programs to deliver TANF funds to needy families. TANF differs from its predecessor programs in many ways, including the following:

- ! As an entitlement, AFDC required the Federal government to repay each state a portion of the benefits provided to each eligible family. If the number of eligible families increased, so did Federal funding. TANF, however, is a fixed block grant that does not change as the caseload changes.
 - ! TANF gives states more discretion than AFDC over how the funds are used. For example, states can design their own programs, define who will be eligible, establish what benefits and services will be available, and develop their own strategies for achieving program goals, including how to help public assistance recipients move into the work force.
 - ! Under AFDC, there was no limit on the time that a person could receive benefits. Under TANF, most families cannot receive assistance for more than a five-year cumulative lifetime period. States may make the lifetime limit less than five years, and may also exempt up to 20 percent of the caseload from the time limit.
 - ! TANF places much more emphasis on work than did its predecessor programs. For example, under TANF, states must demonstrate that they will require families to be in work-related activities within two years of first receiving benefits.
-

New York State's plan outlining how it would implement the Federal Act was effective December 2, 1996, and in August 1997, New York State passed its own welfare reform act (the NYS Act). The NYS Act, which replaces the AFDC program with the Family Assistance program, closely mirrors the Federal Act and imposes time limits and work participation requirements on public assistance recipients. For example, unmarried teen parents who have a child(ren), but no child less than 12 weeks old, must participate in educational activities aimed at obtaining a high school diploma or GED, or an alternative education or training program, to receive TANF assistance. In addition, counties must deny public assistance to teen parents who are not living at home or in an approved, adult-supervised setting. The NYS Act also includes the Safety Net Assistance (SNA) program, which was implemented to meet New York State's constitutional requirement to provide for the needy, ensuring that no New Yorker facing destitution is left without access to food, shelter, clothing or the means to get a job. The SNA program primarily serves able-bodied adults and childless couples, and can also serve families that have exhausted the five-year lifetime limit on Federal assistance.

Several New York State agencies are responsible for implementing various aspects of welfare reform legislation, such as the Office of Temporary and Disability Assistance (OTDA), the Office of Children and Family Services (OCFS), and the Department of Labor. OTDA and OCFS were created by the NYS Act, which abolished the New York State Department of Social Services and established OTDA and OCFS as independent agencies within a new Department of Family Assistance. OTDA is responsible for overseeing financial assistance programs, such as the Family Assistance, SNA and Food Stamp programs. OCFS is responsible for overseeing the provision of day care services, child welfare services, and residential and non-residential services for victims of domestic violence. The Department of Labor is responsible for overseeing employment and training activities for public assistance recipients (prior to the NYS Act, these activities were overseen by the Department of Social Services). Other State agencies with roles in implementing welfare reform requirements include the State University of New York, the State Education Department, the Office of Alcoholism and Substance Abuse Services, the Department of Health, and the Empire State Development Corporation.

While New York State's public assistance programs are overseen by State agencies, they are directly administered by the counties (which include New York City). In particular, the counties are responsible for placing public assistance recipients in work and work-related activities that will lead the recipients to self-sufficiency. The NYS Act may penalize counties that do

not meet certain required work participation rates and award performance bonuses to counties that perform well in meeting certain goals.

In New York City, welfare reform requirements are implemented primarily by two City agencies: the Human Resources Administration (HRA), which is overseen by State OTDA and the State Department of Labor, and the Administration for Children's Services (ACS), which is overseen by State OCFS. HRA is responsible for administering financial assistance programs, and for placing public assistance recipients in work and work-related activities. ACS is responsible for administering day care services and for enforcing child support requirements. Certain other welfare reform requirements are administered by the New York City Department of Employment and the New York City Department of Health. In addition, the City University of New York (CUNY) and the New York City Board of Education help HRA and the State Education Department implement programs that are intended to meet certain welfare reform requirements. While there is no formal Memorandum of Understanding between these entities, they report that they informally coordinate on areas of mutual responsibility as necessary.

In the fiscal year ended March 31, 1999, New York State received \$2.44 billion in TANF funds. According to the Federal Act, unless a certain percentage of a state's TANF recipients either work or participate in work-related activities, the state can be penalized 5 percent of its funds for the year, and the penalty can increase to as much as 21 percent of the TANF funds for the year. New York State reportedly met its work participation requirements for 1997 and 1998, and accordingly was assessed no penalties for those years. During the 1998-99 State fiscal year, New York State reportedly placed about 83,000 adult TANF recipients into work or work-related activities (during the 1998-99 City fiscal year, New York City reportedly placed about 37,000 such recipients into work or work-related activities). As of July 1999, a total of about 780,000 New Yorkers reportedly received public assistance, about 553,000 of whom resided in New York City.

Audit Scope, Objectives and Methodology

We audited selected aspects of the implementation of welfare reform requirements in New York City for the period August 30, 1996 through December 31, 1999. The specific objectives of our performance audit were to determine whether the responsibilities under the reformed welfare system have been assigned among New York City agencies, and what steps have been taken to fulfill these responsibilities. We also determined whether processes and procedures have been put in place to measure the performance of New York City agencies in fulfilling their responsibilities under the reformed welfare system. To accomplish our objectives, we interviewed

officials of HRA, ACS, OTDA, the New York City Department of Employment, and the New York City Department of Health. We also reviewed policies, procedures and regulations promulgated by New York City to implement welfare reform requirements. Among other things, we reviewed training rosters to ascertain that HRA staff attended the required training on the new procedures to be followed as a result of welfare reform. In addition, we visited two New York City employment centers (Greenwood and Jamaica having a combined caseload of about 18,000 cases) to assess the extent to which staff were following welfare reform regulations.

On October 22, 1998, we issued a report (97-D-19) addressing the status of New York State's implementation of welfare reform legislation. That report did not include the implementation efforts in New York City, because of ongoing litigation initiated by New York City officials concerning our right to conduct performance audits of New York City agencies. Our right to conduct such audits was affirmed by the courts, and as a result, the implementation efforts in New York City are addressed by this audit. This audit is part of a series of audits undertaken by the Office of the State Comptroller to assess the implementation of welfare reform legislation in New York State. The topics addressed by these audits include, among others, Child Day Care Planning Under Welfare Reform (Report 97-S-50, issued October 19, 1998); Monitoring Services Provided to Pregnant and Parenting Teens (Report 98-S-76, issued February 15, 2000); Alcohol and Substance Abuse Screening, Assessment and Treatment of Public Assistance Recipients (Report 99-S-37, issued May 16, 2000); Information Systems for Reporting Work Participation Data (Report 99-S-9, issued August 11, 2000); and Assessing Education and Training Needs of TANF Recipients (Report 99-J-1, issued August 11, 2000). Other aspects of the State's welfare reform effort will be addressed in future audits.

As is our practice, we notify agency officials at the outset of each audit that we will be requesting a representation letter in which agency management provides assurances, to the best of their knowledge, concerning the relevance, accuracy and competence of the evidence provided to the auditors during the course of the audit. The representation letter is intended to confirm oral representations made to the auditors and to reduce the likelihood of misunderstandings. In the representation letter, agency officials assert that, to the best of their knowledge, all relevant financial and programmatic records and related data have been provided to the auditors. Agency officials further affirm that either the agency has complied with all laws, rules, and regulations applicable to its operations that would have a significant effect on the operating practices being audited, or that any exceptions have been disclosed to the auditors.

However, officials at the New York City Mayor's Office of Operations have informed us that, as a matter of policy, Mayoral agency officials will not provide representation letters in connection with our audits. As a result, we lack assurance from HRA and ACS officials that all relevant information was provided to us during this audit. We consider this refusal to provide a representation letter to be a scope limitation on our audit. Therefore, readers of this report should consider the potential effect of this scope limitation on the findings and conclusions presented in this report.

In addition, during our audit, officials of HRA and ACS were slow to respond to our requests for routine meetings and routine information. For example, at the opening conference for the audit, which was held on July 8, 1999, we asked to meet with HRA and ACS officials during the week ended August 6, 1999. However, HRA officials would not meet with us until September 8, 1999, and ACS officials would not meet with us until September 17, 1999. In addition, we requested certain information about public assistance cases and work-related activities from HRA officials on November 1, 1999, but did not receive all the information until December 21, 1999. As a result of these and other such instances, the progress of our audit was significantly delayed. In response to our draft report, HRA indicated that, in February 2000, it established a new audit protocol, and has now designated liaisons in each Regional Office whose responsibilities are to facilitate the audit process.

We did our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess the operations of HRA and ACS that are included in our audit scope. Further, these standards require that we understand HRA's and ACS's internal control structure and their compliance with those laws, rules and regulations that are relevant to the operations included in our audit scope. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those operations identified through our preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, we devote little effort to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report,

therefore, highlights areas needing improvement and does not address activities that may be functioning properly.

Response of HRA and ACS Officials

A draft copy of this report was provided to HRA and ACS officials for their review and comment. Their comments have been considered in preparing this final report and are included as Appendix B.

HRA officials agreed with two of the five recommendations addressed to them. Regarding the recommendation addressed to ACS, it responded that both HRA and ACS signed, in March 2000, a Memorandum of Understanding for a consolidated child care delivery system that will respond in a timely manner to the need for child care services.

Within 90 days after final release of this report, we request the Commissioner of the New York City Human Resources Administration and the Commissioner of the New York City Administration for Children's Services to report to the State Comptroller, advising what steps were taken to implement the recommendations contained in this report, and where recommendations were not implemented, the reasons therefor.

Assignment and Implementation of Responsibilities in New York City Agencies

We found that New York City officials have assigned most of the responsibilities under the reformed welfare system to HRA and ACS. We determined that HRA and ACS are in the process of implementing these responsibilities, and while both agencies have made progress in their implementation efforts, certain improvements are needed if the responsibilities are to be implemented as intended. In particular, even though additional day care services will be needed for public assistance recipients who participate in work-related activities, ACS has yet to finalize a plan for ensuring that such services are made available to the recipients. We also found that day care needs may not always be appropriately addressed by HRA, as officials and case workers at one of the two Job Centers we visited were not aware that public assistance recipients are exempt from work-related requirements if they are unable to find appropriate child care. In addition, while HRA has developed procedures for monitoring contractors that provide employment-related services, we found no indication that the contractors are monitored in accordance with those procedures.

HRA Implementation Efforts

HRA operates programs designed to help individuals and families achieve their highest level of self-sufficiency. Under welfare reform, HRA is responsible for administering financial assistance programs and for placing recipients in work and work-related activities. In particular, HRA provides income support for public assistance recipients, and administers employment programs and employment-related services such as job training, job search and education programs. HRA also administers programs relating to medical assistance, food stamps, domestic violence, and substance abuse treatment.

According to the Federal Act, in each state, a certain percentage of the families receiving benefits funded by the TANF block grant must either work or participate in work-related activities such as job training. The required work participation rates are shown in the following table:

Required Statewide Work Participation Rates (Unadjusted for Declines in Welfare Caseload)		
Federal Fiscal Year	All Families *	Two-Parent Families
1997	25%	75%
1998	30%	75%
1999	35%	90%
2000	40%	90%
2001	45%	90%
2002	50%	90%

* The combined all-families rate may be adjusted in each state for declines in that state's public assistance caseload since 1996.

If a state does not meet a required work participation rate, it may be subject to a monetary penalty. Generally, this penalty ranges between 1 and 5 percent of the state's annual TANF block grant. The Federal Act specifies the types of activities that may be counted as work or work-related activities, the numbers of hours per week a recipient must participate in these activities to be included in the participation rate, and exemptions from work requirements. For example, for a single parent, the minimum number of hours to be spent in work or work-related activities rises from 20 hours per week in 1997 to 30 hours per week by the year 2000. For two-parent families, parents must participate in work or work-related activities for a total of at least 35 hours per week.

A number of specific employment and job training programs are operated by HRA, under the overall supervision of the New York State Department of Labor. The purpose of these programs is to help the participants gain employment and self-sufficiency. For example, in the Work Experience Program (WEP), HRA places public assistance recipients into work experience assignments at government and not-for-profit agencies. The recipients are not paid for participating in WEP; rather, the purpose of the program is to provide a supportive environment in which the participants can gain work experience and apply the skills they need to find and keep a job. Any participant who does not comply with WEP rules can lose TANF and Food Stamp benefits.

HRA also provides other employment services, including job training, education, and short-term job search programs. These services may be provided directly by HRA or by contractors overseen by HRA. HRA may

also place public assistance recipients in work-related programs that are operated by contractors overseen by State or Federal agencies.

Many of the work-related contracts overseen by HRA are performance-based, as the amounts paid to the contractors are based on the contractors' success in meeting contract goals. For example, in the INVEST program, job training is provided by CUNY. According to the terms of the contract, CUNY is to be paid one-third of the tuition when a student is enrolled, another third upon completion of the program, and the final third when the participant stops receiving public assistance. As of October 1999, at least 19 other HRA work-related contracts were also performance-based. In these 19 contracts, public assistance recipients are to be placed in jobs by the contractors, and the amounts paid to the contractors are at least partially based on the extent to which the recipients are placed and remain in jobs.

Recently, questions have been raised regarding the process used by New York City to procure certain welfare to work program-related contracts. On April 13, 2000, a State Supreme Court judge blocked the City from awarding \$104 million in such contracts ruling that there was "compelling evidence that the contracting process had been corrupted." The City is appealing this decision.

During the audit, we asked HRA to provide us with certain information regarding its work-related contracts. To date, HRA has not provided us with a complete inventory of these contracts and their terms. We also asked HRA officials how they monitor work-related contracts to obtain assurance that program goals are accomplished. HRA officials, provided documentation that in February 1999, they initiated on-site monitoring of these contracts. In their on-site visits, HRA staff are to inspect the contractors' facilities, validate their reported performance, assess their compliance with recordkeeping requirements, monitor their progress in meeting contract goals, assess the quality of the services provided, determine whether staff are sufficiently accessible to clients, identify any issues requiring technical assistance or corrective action, and acquire a basis for evaluating the performance of the contractors. Each contractor is to be visited at least six times during each contract year; these visits, which are to be both announced and unannounced, are to be scheduled on the basis of such factors as the dates of training sessions and client orientation sessions. Follow-up visits may also be conducted to assess a contractor's application of HRA's technical assistance or implementation of HRA's corrective action. The overall purpose of the visits is to ensure that adequate training and job placement services are provided to program participants.

Work-related services also may be provided directly by HRA at any of 28 HRA Job Centers/Income Support Offices and 20 HRA Food Stamp Offices distributed throughout New York City. We determined whether procedures and policy directives have been issued by HRA to instruct staff in the work and work-related requirements of welfare reform, and found that a number of such procedures and policy directives have been issued. For example, Policy Directive 99-28, which was issued August 16, 1999, informs HRA staff how public assistance recipients should be referred to work-related programs when the recipients recertify their eligibility for public assistance.

As a result of these new procedures and policy directives, a number of new forms have to be completed by public assistance recipients. We visited two HRA Job Centers (the Greenwood Center and the Jamaica Center) to determine whether these new forms were available at the Centers. We found that one of these newly required forms was not available at the Greenwood Center, and the Center Director told us that she was not familiar with the form. This form, which is required by Policy Directive 99-28, explains that recipients may be excused from normally required work activities if they are unable to find child care that is appropriate, accessible and affordable. In response to our findings, HRA officials told us that the form was being revised by OCFS and HRA, and on January 6, 2000, the officials issued a new policy directive informing HRA staff that the revised form was available and should be distributed to public assistance applicants and recipients.

Moreover, on December 7, 1999, we interviewed a number of officials and case workers at the Greenwood Center, and none of them were aware that public assistance recipients may be excused from normally required work activities if they are unable to find appropriate child care. HRA's response indicated that perhaps we were misdirected to staff not directly involved with employment-related activities. However, one of the officials we interviewed was the Center Director. Therefore, we continue to believe that there is a need for increased familiarity with policy directives. If officials at HRA Job Centers are not made aware of this new requirement, benefits could wrongly be denied to public assistance recipients who decline to participate in work-related activities because of unmet child care needs, or alternatively, some recipients could forgo adequate child care to satisfy the work requirement. HRA advised us that it provided staff with training on these procedures on December 8, 1999. The Policy Directive was then revised in January 2000 and additional training took place from February through May 2000.

Medicaid Program

In the Medicaid program, people with low incomes are eligible to receive certain medical services. Before welfare reform, persons receiving AFDC cash assistance were categorically eligible for Medicaid. However, as a

result of the Federal Act, public assistance recipients are no longer categorically eligible for Medicaid, though the overwhelming majority of TANF and SNA recipients will continue to be eligible for Medicaid under regulations developed by New York State. In addition, an individual can be ineligible for public assistance, but eligible for Medicaid.

In New York City, eligible public assistance recipients can receive all their benefits (cash assistance, food stamps and Medicaid) at an HRA Job Center or Income Support Center. However, if the recipients are ineligible for cash assistance, they should be informed that they may be eligible for Medicaid and should be referred to a Medicaid worker for a separate Medicaid determination. Proof of identity is required to be eligible for Medicaid coverage, and each year a recipient must be re-certified as eligible. Recipients need not participate in work-related activities to be eligible for Medicaid, and eligibility is not subject to any time limits. A family is eligible for Transitional Medicaid when Medicaid eligibility is lost due to increased earnings or new employment of a caretaker relative, as long as the family has a dependent child living at home and received Medicaid during three of the six months prior to losing Medicaid eligibility.

On January 25, 1999, a Federal District Court Judge ordered New York City to guarantee prompt access to Medicaid applications. In response to the court order, the City agreed to retrain hundreds of welfare workers, revise applications, and post signs clearly outlining peoples' right to government benefits. Our report, *An Update on the Evaluation of Welfare Reform In New York State*, issued June 1999, indicated serious shortcomings in HRA's Medicaid eligibility determinations for public assistance recipients.

As part of this audit, we visited the Greenwood and Jamaica centers during November 1999 and December 1999, respectively, to determine whether the Medicaid policies and procedures were followed and the forms relating to Medicaid were available for use. We found that HRA staff at the Greenwood Center did not give recipients two notices that inform Medicaid recipients of their responsibilities (Form 2175 *Notification to Clients about Alcoholism/ Substance Abuse Requirements for Medicaid*, and Form 2094X *Important Information about Medicaid Cards*). As a result, the recipients served by that Center might not be aware of programs that are available to help them. HRA officials told us they will contact the Greenwood Center and correct the problem. HRA staff at the Jamaica Center distributed both notices to recipients.

Victims of Domestic Violence

As a result of welfare reform legislation, public assistance applicants may elect to be screened for indications of domestic violence. All public

assistance applicants are given a screening form, which they can complete if they choose to do so. Applicants who are victims of domestic violence may temporarily be exempted from work and work-related requirements. At HRA, the Domestic Violence Liaison Unit is responsible for screening applicants for domestic violence, and for administering aid to individuals who are determined to be victims of domestic violence. The Unit offers the victims shelter, counseling, safety planning, information and referrals, advocacy and community education services.

Individuals may apply for public assistance at any of 28 HRA Job Centers/Income Support Offices located throughout New York City. Since screening for domestic violence is conducted during the application process, domestic violence liaisons are assigned to 9 of the 28 Centers. If an applicant at one of the 19 Centers without a liaison elects to be screened for domestic violence, the applicant is referred to one of the nine Centers with a liaison.

HRA records show that since the liaisons were assigned to the Centers, there has been an increase in the number of reported domestic violence cases in New York City. HRA officials told us they believe this increase is due to the presence of the liaisons at the Centers, and not to any increase in domestic violence in the community. HRA officials would prefer to have liaisons at all 28 Centers, because even though applicants who wish to receive domestic violence services are referred to Centers with liaisons, if they apply at a Center without a liaison, it is possible that some of these applicants do not follow through and go to another Center to be screened. According to HRA officials, liaisons have not been assigned to all 28 Centers because of delays in recruiting and hiring liaisons. In response to our draft report, HRA indicated that it is continuing its efforts to locate additional liaisons.

ACS Implementation Efforts

The mission of ACS is to ensure the safety and well-being of New York City's children. To fulfill this mission, ACS administers day care programs, adoption programs, foster care programs, child abuse prevention programs, child support enforcement programs, and the Head Start pre-school educational program. Under welfare reform, ACS administers, directly or through contracts, child support enforcement and day care services. Child support enforcement services are administered by ACS's Office of Child Support Enforcement (OCSE), while day care services are administered by ACS's Agency for Child Development (ACD).

We found that ACS has increased the effectiveness of its child support enforcement activities, but needs to take additional steps to ensure that the day care needs of recipients are addressed.

Child Support Enforcement

Welfare reform legislation has made it easier for state and local child support enforcement agencies to gather information establishing paternity, obtain child support orders, and collect child support payments. The legislation also facilitates the adjustment of child support payments through cost of living adjustments, and ensures reciprocity with other states in interstate child support proceedings.

OCSE provides child support services for public assistance recipients, former public assistance recipients, and individuals who have never received public assistance. Welfare reform has not changed OCSE's approach to enforcing child support requirements, but has given it more tools to use in fulfilling its goals and objectives. For example, since a newly created hire registry program includes a national cooperation requirement, OCSE can now match its files of individuals owing child support payments with a national file of newly hired individuals, and thereby identify individuals outside New York State who owe child support payments to public assistance recipients in New York City. In addition, as a result of the revised client cooperation/sanction process and new distribution rules for child support payments, better child support related information will be available from public assistance recipients, and the child support payment process will be totally automated through the State's Child Support Management System.

As a result of welfare reform, OCSE's child support enforcement activities have been more effective both in terms of identifying those who owe child support monies and in collecting them. For example, according to OTDA statistics, OCSE's child support collections increased from \$284.7 million in the 1997-98 fiscal year to \$326.5 million in the 1998-99 fiscal year, an increase of 14.7 percent. During this same period, child support collections in the rest of New York State increased by 11.5 percent from \$535.4 million to \$596.9 million. According to ACS records, the child support enforcement caseload (those owing child support payments) increased from 154,996 in 1996 to 188,648 in 1999. As a result of this increase, OCSE has requested additional staff.

Day Care Services

ACS's ACD is responsible for providing subsidized day care services for eligible children. ACD determines eligibility based on financial and social reasons. Clients are given vouchers if they choose a child care center that is not contracted by ACD. The child care centers are run by not-for-profit organizations, and are licensed by the New York City Department of Health. ACD makes quality assurance field visits to monitor the services provided.

During this audit, we learned that the New York City Department of Investigation is conducting a criminal investigation of ACS practices related to the issuance and use of day care vouchers. The investigation involves

allegations that day care vouchers may have been issued to persons regardless of their income, family size and need.

According to welfare reform legislation, public assistance recipients need not participate in work-related activities if their day care needs are not met. Therefore, if the goals of welfare reform are to be fully achieved, additional day care slots are needed for the children of public assistance recipients. We asked ACD officials if they have performed an analysis of the number of day care slots that are likely to be needed by public assistance recipients in New York City, and if they had compared the number of slots needed to the number available to identify any shortfalls that need to be addressed. ACD officials told us that they have developed a plan to address these day care needs, but the plan has not yet received final approval by ACS' commissioner. Since this plan was not yet public information, ACS officials would not provide us with the plan. Therefore, we were unable to assess the adequacy of ACD's efforts to address day care needs. (On August 9, 2000, we received a copy of the plan.)

It has been known since 1996, when welfare reform legislation was first passed, that additional day care services would be needed if the work participation requirements in the legislation were to be met. In addition, the need to plan for these services was explicitly addressed in two prior reports issued by the State Comptroller (Report 4-98: *Child Care Services in New York City*, issued in December 1997; and Report 97-S-50: *Child Day Care Planning Under Welfare Reform*, issued in October 1998). We therefore urge ACS officials to expedite the finalization and implementation of their plan without further delay.

Recommendations

To HRA:

1. Instruct Job Center staff to inform all public assistance recipients that they may be excused from required work-related activities if they are unable to find child care that is appropriate, accessible and affordable.

(HRA agreed, indicating that the child care policy is explained in a notice, "Important Information About Child Care," which has been distributed to Job Centers along with appropriate training.)

2. Verify that Centers provide all recipients with the required information about the Medicaid program.

(HRA disagreed, stating that Family Independence Administration sites, such as Greenwood, utilized a different set of forms that served the same purpose as those we requested. One of these forms (M-75a) was issued in January 2000, which was after our site visit. We believe that HRA should still periodically verify that the information is distributed.)

3. Assign a domestic violence liaison to each office where public assistance applications are processed.

(HRA agreed, advising that it is actively seeking to fill liaison positions at those job centers without them.)

To ACS:

4. Implement the plan for addressing the day care needs of public assistance recipients in New York City.

(ACS and HRA have finalized the Plan for Subsidized Child Care in New York City, which has been agreed to in a Memorandum of Understanding signed in March 2000 by the commissioner of each agency. This was subsequent to completion of our field work.)

Welfare Reform Performance Standards and Measurements

Performance standards are used to determine whether activities are performed in accordance with expectations. We asked HRA officials if they have developed performance standards for the various activities that are performed in the administration of their public assistance programs. They told us that standards have been developed by State OTDA. For example, it is expected that applications for public assistance will be processed within 30 to 45 days, depending on the program, and any urgent needs will be met immediately (that same day). Others include the number of cases in work or work-related activities; the number of cases not engaged in work or work-related activities, and the number of job placements.

If performance standards are to be useful, the performance of staff must be monitored against the standards. We found that the performance of some HRA staff is monitored against these standards. For example, in the Domestic Violence Liaison Unit, managers monitor the extent to which liaisons meet the goal of deciding within 48 hours of application whether a public assistance applicant should be exempted from work-related activities. However, the performance of other HRA staff is not monitored against established performance standards. For example, HRA officials at the Greenwood Job Center told us they do not monitor employee performance against the standards.

Performance measurements are used to determine whether government programs are achieving their intended results. New York City publishes an annual Mayor's Management Report (MMR) which contains information about the activities of New York City agencies.

We reviewed the MMR for the year ended June 30, 1999 to determine whether it contained any performance measurements relating to the implementation of welfare reform requirements. We found that the MMR contained several such performance measurements, such as the number of public assistance recipients engaged in work and work-related activities, the number of recipients not engaged in such activities, and the number of public assistance recipients placed in jobs.

While the performance measurements included in the MMR are appropriate and can be used by City managers in assessing the effectiveness of the City's efforts to implement welfare reform requirements, the assessment process would be enhanced if additional performance measurements were included in the MMR. In particular, there is a need for additional measurements

related to the intended outcomes of welfare reform. One such intended outcome is that public assistance recipients who receive job training or additional education will become self-sufficient and stop receiving public assistance. However, the MMR does not include a measurement indicating the number of recipients who became self-sufficient as a result of their participation in work or work-related programs. While the MMR states that 48,830 recipients (including SNA recipients) found employment, the MMR does not indicate the length of time that these former recipients were employed, whether their jobs were full or part-time, their average hourly salary or how many returned to the public assistance rolls, or are no longer identified in the system. Similarly, while the MMR contains statistics indicating the number of recipients who participated in job training programs and in alcoholism and substance abuse programs, the MMR does not indicate how many of the participants successfully completed these programs.

In September 1998, HRA issued the results of a survey they performed of former public assistance recipients to determine the extent to which they had achieved self-sufficiency as a result of welfare reform. We reviewed the results of this survey, which were reported by HRA as follows:

- ! 54 percent of the respondents reported that they no longer received public assistance because they had obtained jobs,
- ! 25 percent of the respondents reported that they no longer received public assistance because they failed to meet certain program requirements,
- ! 9 percent of the respondents reported that they no longer received public assistance because they started receiving child support payments, support from their families, or another type of government support, and
- ! 12 percent of the respondents reported that they no longer received public assistance for miscellaneous or unknown reasons.

We agree that the type of information provided by this survey can be useful. However, as was noted in a report issued by the State Comptroller's Office of Fiscal Research and Policy Analysis (*An Update on the Evaluation of Welfare Reform in New York State*, issued in June 1999), the results of that survey are not reliable, mainly because the small number of respondents (126) were not representative of the universe of New York City's welfare population. For example, the survey excluded households without telephones.

We also note that the information provided by the survey would be more useful if it were updated periodically and if additional details were obtained about the individuals who became employed. In particular, HRA needs to determine the extent to which individuals become self-sufficiently employed as a result of HRA's work-related programs, as well as the extent to which the employment is maintained.

Recommendations

To HRA:

5. Monitor the performance of staff against established performance standards.

(HRA maintains that tasks and standards have been established through collective bargaining agreements. However, we found that these standards such as "work expeditiously," were too general and predated welfare reform. We believe there is a need for more specific, meaningful and quantifiable standards that reflect the requirements of welfare reform. HRA added that, this year, it began to measure administrative performance related to, for example, case processing.)

6. Develop and report performance measurements related to the intended outcomes of welfare reform, such as the extent to which public assistance recipients are placed in long-term employment that ends their need for public assistance.

(HRA disagreed, citing several performance indicators which measure placement in work or work-related activities. However, we believe that there is a need for indicators which measure attributes such as the length of time clients retain jobs, the status of the jobs (full-time or part-time), the salary, and the number of recipients who return to public assistance. These are the types of measures, in addition to those already identified by HRA, that will help to evaluate the short- and long-term outcomes of the various welfare reform initiatives.)

Major Contributors to This Report

William Challice
Richard Sturm
Barry Mordowitz
Myron Goldmeer
Orin Ninvalle
Jennifer Murrell
Dana Newhouse



HUMAN RESOURCES ADMINISTRATION
180 WATER STREET
NEW YORK, NEW YORK 10038
(212) 331-6230 Fax: (212) 331-6281

JASON A. TURNER
Administrator/Commissioner

MARK HOOVER
First Deputy Commissioner

June 15, 2000

William Challice
Audit Director
State of New York
Office of the State Comptroller
A. E. Smith State Office Building
Albany, New York 12236

Re: Status Report of Selected Aspects of the
Implementation of Welfare Reform in New
York City Audit Number 99-N-4

Dear Mr. Challice:

We have reviewed your draft report (99-N-4) dated May 16, 2000 on the status of selected aspects of New York City's implementation of Welfare Reform legislation.

We value your comments and take most seriously the items you identified. However, we would like to put them into context. The narrative implies a pervasive failure to disseminate the procedure concerning the rights of applicants/recipients regarding their exemption from work-related requirements when there is a demonstrated inability to obtain appropriate child care. Since only two Centers were visited, the findings cannot be generalized to all Centers. Moreover, while the Jamaica Job Center interviewees were aware of the procedures, the report states on page 10 that "a number of officials and caseworkers" at the Greenwood Job Center were interviewed and "none" were aware of the exemption.

Perhaps the auditors were misdirected to staff who do not have the responsibility of identifying work-related requirements. We have ascertained that the two Eligibility Specialists interviewed are financial planners and not directly involved with employment related activities. It is therefore unfair to make sweeping conclusions based upon your interviews with these workers. We can assure you that citywide training of Procedure 99-71R(3) detailing the child care rights took place on December 8, 1999. The Policy Directive was then revised in January 2000 in time for the

February/March 2000 training releases and in March 2000 for the April/May 2000 training releases when all staff developers received updated training. The procedure regarding exempt individuals was consistent in all versions. We invite you to come back and select appropriate staff at any other locations to interview; we are confident that the results will be consistent with your findings for the Jamaica Job Center.

We would also like to clarify your statement regarding Medicaid eligibility. Your report states on page 8 that "any participant who does not comply with the Work Experience Program (WEP) rules can lose TANF, Food Stamp and/or Medicaid benefits." While there are work registration requirements for Food Stamp with certain exemptions as outlined in the attached PD-99-10R(2) dated January 24, 2000, there are none for Medicaid. In instances where a public assistance case is denied because an applicant failed to comply with work requirements, a separate Medicaid determination is made as detailed in the attached PD-99-12R(2) dated September 13, 1999.

In regards to delays you encountered in scheduling meetings and obtaining information, we are pleased to inform you that we have, effective February 15, 2000, established a new audit protocol. We have designated liaisons in each of our Regional Offices whose responsibilities are to facilitate the review/audit process, ensuring that all case records and related materials are made available expeditiously and that the auditors are directed to the appropriate staff. With regards to your statement concerning New York City's process to procure a welfare-to-work related contract, we cannot comment due to the pending litigation.

Following are our detailed comments on your findings and recommendations to HRA:

Auditors' Finding #1: Forms associated with the new work-related requirements of Welfare Reform were not found at the Greenwood Job Center.

HRA's Response: HRA agrees with this finding. On January 6, 2000 HRA issued a new policy directive informing all Job Center staff that the revised form was available and should be distributed to public assistance applicants and recipients. In addition, HRA is in the process of reviewing all the forms used in our public assistance programs to ensure that the forms are still relevant and complete and plan to make the forms available to staff through an automated process.

Auditors' Finding #2: Staff at the Greenwood Center were not aware that public assistance recipients may be excused from normally required work activities if they are unable to find appropriate child care.

HRA's Response: HRA disagrees with this finding. The two Eligibility Specialists that were interviewed by the auditors, are financial planners and not directly involved with employment related activities. Therefore, the conclusions that you have reached based upon your interviews with these workers are incorrect. We undertook citywide training of Procedure 99-71R(3) which details the child care rights on December 8, 1999. The Policy Directive was then revised in January 2000 in time for the February/March 2000 training releases and in March 2000 for the April/May 2000 training releases when all staff developers received updated training.

The procedure regarding exempt individuals was consistent in all versions. We invite you to come back and select appropriate staff at any other locations to interview; we are confident that the results will be consistent with your findings for the Jamaica Job Center.

Auditors' Finding #3: Staff at the Greenwood Center did not give recipients two notices that inform Medicaid recipients of their responsibilities.

HRA's Response: HRA agrees with this finding. Medicaid contacted the Greenwood Job Center in January 2000 and directed staff to ensure that all clients are given appropriate notices/pamphlets. In addition, to reinforce this practice for all staff, the July issue of Medicaid's monthly publication "What's New" will list the materials that should be distributed to applicants/recipients and remind staff of the necessity to adhere to this directive.

Auditors' Finding #4: HRA officials at the Greenwood Job Center stated they do not monitor employee performance against the standards.

HRA's Response: HRA disagrees with this finding. The tasks and standards have been established through collective bargaining with the various municipal unions and the Office of Labor Relations. While the Center Director told the auditors she did not use performance standards for employees, it is apparent that she did not understand the context of the question.

Auditors' Recommendation #1: Instruct Job Center staff to inform all public assistance recipients that they may be excused from required work-related activities if they are unable to find child care that is appropriate, accessible and affordable.

HRA's Response: HRA agrees with this recommendation. However, as explained above no further action is necessary since Policy Directive 99-71R(3) dated March 3, 2000 whose subject is the Notice LDSS-4647: "Important Information About Child Care (7/99) has been distributed and training has been provided." The notice is included in both application and recertification kits.

Auditors' Recommendation #2: Verify that Centers provide all recipients with the required information about Medicaid program.

HRA's Response: HRA disagrees with this recommendation. The two forms cited on page 11 of the report that were not available at the Greenwood Center, MAP 2175 (Notification to Clients About Alcoholism/Substance Abuse Requirements for Medicaid) and MAP 2094X (Important Information About Medicaid Cards) are forms used by Medicaid only sites. The Family Independence Administration (FIA) has its own versions of these forms. They are: M-75a (Notification to Applicants/Participants of Alcoholism and Substance Abuse Requirements for Public Assistance) which is given out at the point of Application Assessment/Financial Planning/Case Management to all adult household members and W-126E (Important Information About Medicaid Cards) which is included in both the Application and Recertification kits. Moreover, recent internal audits to ensure that they contain all the required materials were satisfactory. We must also note that while these forms should be included in the kits, they do not

deal with access to Medicaid services. It is therefore unjustifiable to suggest, as the report does, that New York City is not providing access to the program.

Auditors' Recommendation #3: Assign a domestic violence liaison to each office where public assistance applications are processed.

HRA's Response: HRA agrees with this recommendation. HRA has undertaken two steps to demonstrate its commitment to providing timely and appropriate advocacy, services and referrals to those who are victims of, or at-risk for domestic violence. First, domestic violence liaisons have been placed in 9 Centers by the end of 1999, and active personnel searches are underway to identify staff who can fill liaison positions at other Centers. Secondly, HRA has expanded its efforts to inform staff at the Center of their responsibilities to assure that victims or potential victims of domestic violence are made aware of their options and rights.

In October, FIA distributed Policy Directive #99-44 to all staff, providing them with all current policies and procedures regarding the processing of domestic violence cases. As part of this information dissemination staff received a Domestic Violence Unit directory, a copy of the Domestic Violence Screening Form, and copies of the Informational Handout and Palm Card that are provided to participants. Staff was additionally instructed in the use of the Daily Log of Domestic Violence Referrals, which tracks the referral to services at the Center level. The increase in the number of reports of domestic violence cases, we believe, can be associated with the efforts of FIA staff to link victims and potential victims with appropriate counseling, advocacy, and referral services, rather than an upswing in instances of domestic violence among our participant population. We remain committed to assuring that participants in HRA programs understand the options and rights available to them in combating domestic violence.

Auditors' Recommendation #4: Monitor the performance of staff against established performance standards.

HRA's Response: HRA disagrees with this recommendation. Our Agency utilizes a stringent evaluation process of all managerial/non-managerial employees annually, whereby immediate supervisors monitor subordinates' activities by personal observation, review of statistical/narrative reports, holding conferences, comparing work completed with quality standards and milestone expectations in order to meet program objective. The tasks and standards have been established through collective bargaining with the various municipal unions and the Office of Labor Relations, and have been in effect for many years.

Auditors' Recommendation #5: Develop and report performance measurements related to the intended outcomes of Welfare Reform, such as the extent to which public assistance recipients are placed in long-term employment that ends their need for public assistance.

HRA's Response: HRA disagrees with this recommendation. HRA has always considered the tracking of management indicators as the most important way of measuring the Agency's performance. We developed the JobStat Program about two years ago to measure the performance

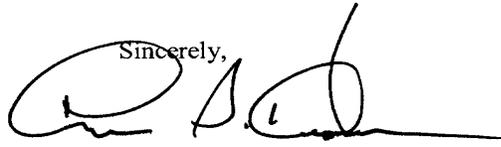
of Job and Income Support Centers in achieving the Agency's goal of self-sufficiency for welfare recipients. We felt that the most important first step towards achieving our goals was to make sure that all center managers and their line staff had a detailed knowledge of their welfare cases' service needs and the cases' involvement in work activities. Each Center director was called to a JobStat meeting where the dynamics of a set of performance indicators were explained and reinforced. These early indicators were "process" indicators that helped directors understand and achieve efficiency in the process leading to successful outcomes such as the finding of jobs for our recipients and the keeping of those jobs by those recipients.

In order to make the process efficient, the key goal for the Center directors was to "fully engage" their caseloads by the end of 1999. The Agency also included engagement indicators in the Mayor's Management Report. To help directors achieve the goal of full engagement, we provided them with the primary engagement status of their caseload weekly by way of the "Engagement Report." The Engagement Report helped managers to understand and to learn how the information system worked and could be used to meet program objectives. As managers became more familiar with the report they understood the process by which individuals became "unengaged" and asked for the tools which the management system provided to minimize disengagement. We were eventually able to meet the goal of "full engagement." All of these indicators were shared, and their use discussed with the State auditors.

This year, we have expanded the number of indicators to measure the process of achieving this year's goal of 100,000 jobs. In addition to employment-related indicators, we have included indicators that measure administrative efficiencies. Indicators included in this administrative grouping relate to: the timely processing of Public Assistance (PA) and Food Stamps (FS) applications; timely recertifications; PA and FS dollar error rates; and Fair Hearings. We also have included case efficiency indicators that measure how well cases are progressing through the various steps towards self-sufficiency.

Again, we disagree with the auditors and feel that we have the most comprehensive management indicators of any locality in the state, perhaps in the country. We believe in managing via performance indicators. Thus our management indicators are not developed just to meet state and federal regulations, but instead, to help us achieve the goals we have set for ourselves. As our achievements in the past year indicate, we have been very successful in this respect.

I trust that our comments on the issues raised in the draft audit report will be reflected in the final report.

Sincerely,

Mark Hoover

Attachments

c: Commissioner Jason A. Turner
E. Reilly, Mayor's Office of Operations



NYC Administration for Children's Services

Nicholas Scoppetta
Commissioner

June 16, 2000

William P. Challice, Audit Director
Office of the State Comptroller
Division of Management Audit & State Financial Services
270 Broadway, 19th Floor
New York, NY 10007

**Re: The State of New York Office of the Comptroller Audit of
The Implementation of Welfare Reform in New York City
Audit Number: 98-N-4 ***

Dear Mr. Challice:

Thank you for sharing with us the Draft Report for the above captioned audit. ACS was pleased to review your recommendation and will work together with the Human Resources Administration (HRA) while we implement the Plan for Subsidized Child Care in New York City that ACS and HRA have jointly developed and agreed to via the Memorandum of Understanding, which is enclosed.

Attached is our response to your recommendation together with an Audit Implementation Plan that addresses the audit's recommendation. This demonstrates ACS' commitment for carrying out the provisions of the Federal Personal Responsibility and Work Opportunity Act.

ACS will continue to work with your office in order to improve the delivery of services to the children of the City of New York.

If you have any questions, please do not hesitate to call.

Sincerely,


Nicholas Scoppetta

*NOTE: This is numbered incorrectly,
number should be 99-N-4.

Attachments



150 William Street, New York, NY 10038 T: 212 341-0900 www.kidsnyc.org

CS-1c
Rev. 12/99

The State of New York
Office of the Comptroller Audit of
The Implementation of Welfare Reform in New York City
Audit Number: 98-N-4

The City of New York
Administration for Children's Service
June 16, 2000

RECOMMENDATION

Finalize and implement the plan for addressing the day care needs of public assistance recipients in New York City.

RESPONSE TO RECOMMENDATION

The Commissioners of the Administration for Children's Services (ACS) and the Human Resources Administration (HRA) have outlined a plan for a consolidated child care delivery system that will respond in a timely manner to the increasing needs for child care of public assistance recipients who are moving to self-sufficiency and of low-income families who want to maintain their independence.

ACS and HRA have finalized the Plan for Subsidized Child Care in New York City, which has been agreed to in a Memorandum of Understanding signed by Commissioners Nicholas Scoppetta (ACS) and Jason Turner (HRA) on 3/15/00 and 3/18/00 respectively. ACS and HRA are in the process of implementing the plan.

**THE CITY OF NEW YORK
ADMINISTRATION FOR CHILDREN'S SERVICES
AUDIT IMPLEMENTATION PLAN**

The State of New York Office of the Comptroller
Audit of the Implementation of Welfare Reform in New York City
Audit Number: 98-N-4

RECOMMENDATION: Finalize and implement the plan for addressing the day care needs of public assistance recipients in New York City.

RESPONSIBLE MANAGER'S NAME: KAY HENDON (HRA) & DAVID FAZIO (ACS)

CORRECTIVE ACTIONS TO BE TAKEN	RESPONSIBLE PERSON	DATES		DOCUMENTATION	COMMENTS
		START	END		
<p>The Commissioners of the Administration for Children's Services (ACS) and the Human Resources Administration (HRA) have outlined a plan for a consolidated child care delivery system that will respond in a timely manner to the increasing needs for child care of public assistance recipients who are moving to self-sufficiency and of low-income families who want to maintain their independence.</p> <p>ACS and HRA have finalized the plan, which has been agreed to in a Memorandum of Understanding signed by Commissioners Nicholas Scoppetta (ACS) and Jason Turner (HRA) on 3/15/00 and 3/18/00 respectively.</p> <p>ACS and HRA are in the process of implementing the plan.</p>	<p>Kay Hendon (HRA) David Fazio (ACS)</p>	<p>3/15/00</p>	<p>Ongoing</p>	<p>Memorandum of Understanding and Plan for Subsidized Child Care in New York City</p>	



HUMAN RESOURCES ADMINISTRATION
180 WATER STREET
NEW YORK, NY 10038
JASON TURNER, *Commissioner*

100, 11, 1000

MEMORANDUM OF UNDERSTANDING
between the **Human Resources Administration**
and the **Administration for Children's Services**

The purpose of this memorandum is to specify, in broad terms, the mutual and individual responsibilities of the Human Resources Administration (HRA) and the Administration for Children's Services (ACS) for carrying out the provisions of the federal Personal Responsibility and Work Opportunity Reconciliation Act.

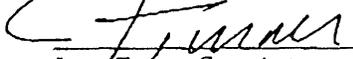
Both the Human Resources Administration (HRA) and the Administration for Children's Services (ACS) have responsibilities and obligations as described in the City Charter and in Executive Order No. 26, dated January 11, 1996, establishing ACS as the agency responsible for the delivery, management and supervision of children's services in New York City, and in Executive Order No. 34, dated December 6, 1996, giving ACS responsibility for Child Day Care Services formerly administered by the Agency for Child Development and Head Start. Since both HRA and ACS are responsible for carrying out the provisions of the federal Personal Responsibility and Work Opportunity Reconciliation Act, welfare-to-work related child care efforts will be designed to ensure that the City meets its welfare-to-work obligations.

In order to fulfill these responsibilities, the attached Plan for Subsidized Child Care in New York City has been developed. This plan represents the direction that both agencies have agreed to take and the strategies that both agencies have agreed to pursue in implementing a unified child care plan for New York City. Policies and procedures that have been developed to accommodate the child care related welfare reform obligations of New York City include:

- a shared data processing system (ACCIS) to enable HRA to enroll welfare-to-work recipients and transfer transitional recipients into the ACS child care system;
- continuation of welfare-to-work recipients as one of ACS' top priorities for child care;
- a consistent eligibility verification process;
- consistent payment policies and process including utilization of the same payment agent.

It is hereby agreed that this plan shall be part of this Memorandum of Understanding and the tasks, actions, measures, events, commitments and responsibilities described therein shall constitute the substance of this understanding and shall constitute guidelines for development of a unified child care system for New York City.

The Commissioners of both agencies will remain active participants in the process, will furnish broad policy guidelines and serve as resources for plan development and implementation. We, along with our staffs, will utilize this opportunity to provide a uniform child care system that meets the social service needs of the families and children of New York City for high quality child care services for both families in distress as well as those families who are working to improve their lives through achieving greater independence and self-sufficiency.


Jason Turner, *Commissioner* 3/18/00 Date
Human Resources Administration


Nicholas Scopetta, *Commissioner* 3-15-00 Date
Administration for Children's Services