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June 28, 2004

Mr. John A. Johnson  
Commissioner  
Office of Children and Family Services  
Capital View Office Park  
52 Washington Street  
Rensselaer, NY 12144-2735

Re: Report 2003-F-23

Dear Mr. Johnson:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; and Article II, Section 8 of the State Finance Law, we have followed up on the actions taken by officials of the Office of Children and Family Services (OCFS) to implement the recommendations contained in our audit report, *Day Care Planning For Recipients of Temporary Assistance For Needy Families* (Report 2000-S-57).

**Background, Scope and Objectives**

OCFS licenses, registers and regulates day care providers in New York State, and promotes and supports the availability of day care services for families needing the services. OCFS offers grants to encourage day care providers to start or expand day care programs, and provides annual subsidies to help pay for the day care costs incurred by eligible low-income families. Many of these families receive public assistance funded by the Temporary Assistance for Needy Families (TANF) federal block grant. Since TANF recipients are generally required to participate in work or job training activities, they may need day care services for their children. If so, their local social services districts are to arrange for these services under the supervision of OCFS.

Our initial report, which was issued on February 19, 2001, examined the question of whether OCFS had developed a process for verifying that the day care needs of TANF recipients in an area can be met by the number of slots available. Our report found that OCFS had a process for estimating the number of day care slots needed by TANF recipients in each local district, but had not developed a comparable process for estimating the number of slots likely to be available to the TANF children in each district. As a result, there was a risk that, in some areas of the State, there might not be enough day care slots to meet the needs of TANF recipients. The objective of our follow-up, which was conducted in accordance with Generally Accepted Government Auditing Standards, was to assess the extent of implementation, as of February 26, 2004, of the three recommendations included in our initial report.

## **Summary Conclusions and Status of Audit Recommendations**

We found that OCFS must do more to implement the recommendations contained in our initial audit report. Of the three prior audit recommendations, two recommendations have not been implemented, and one recommendation has been partially implemented.

### **Follow-up Observations**

#### **Recommendation 1**

*Develop a process for estimating the number of day care slots likely to be available to TANF children in each local district, compare this number to the number of slots estimated to be needed by TANF children in the district, and take action to address any potential shortages of slots.*

Status - Not Implemented

Agency Action - OCFS officials provided us with no evidence that they have developed a process for analyzing the quantity of day care slots available and needed in each local district. According to OCFS officials, their ability to serve TANF families has not been restricted. Since 1994, the number of regulated providers in New York State has increased 42 percent from 14,279 to 20,268, partly because OCFS has funded start-ups and expansions of day care programs located in communities with large concentrations of families receiving public assistance. Officials further noted that anticipated changes to Federal TANF eligibility requirements will most likely change the profile of the TANF population and the number of slots needed for TANF recipients.

#### **Recommendation 2**

*Work with the local districts and the Department of Labor to improve the accuracy of the day care-related information recorded on the Welfare Management System Employment Subsystem, and then use this information to monitor the availability of day care services for TANF recipients outside New York City. Work with the New York City Human Resources Administration and the Department of Labor to obtain comparable day care-related information for the TANF recipients in New York City, and use this information to monitor the availability of day care services for TANF recipients in New York City. If shortages of day care slots are identified in any local district, take action to address the shortages.*

Status - Partially Implemented

Agency Action - In 2003, the Department of Labor (DOL) began implementing a new system called the Welfare to Work Caseload Management System (CMS) to replace the Employment Subsystem and improve the accuracy of child care data. Approximately 12 districts are either in the process of implementing CMS or have already done so. However, OCFS officials contended that the information on the Welfare Management System has never been the prime source for monitoring the availability of child care slots. DOL and the Office of Temporary Disability Assistance (OTDA) perform routine statewide program reviews onsite in the districts. These reviews include an examination of case records with regard to the

availability of child care for TANF participants. OCFS officials told us that, to date, neither agency has found that the availability of child care slots is an issue.

OCFS officials provided us with no detailed information regarding a cooperative effort with the New York City Human Resources Administration to obtain comparable day care-related information for the TANF recipients in New York City. As a result, this part of our recommendation has not been implemented.

### **Recommendation 3**

*Develop a performance measurement and reporting system for assessing the effectiveness of New York State in meeting the day care needs of TANF recipients.*

Status - Not Implemented

Agency Action - Officials continued to assert that the most important performance measure for assessing their effectiveness in meeting the child care needs of TANF recipients is the TANF work participation rates. They noted that the principle mandate of the Federal government is to achieve a specific level of work participation by TANF recipients, not to have every recipient employed or to have a child care slot for every recipient. Therefore, they contended, the level of success the State has had in meeting these requirements should be the only performance measurement.

Major contributors to this report were Joel Biederman and Don Wilson.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank OCFS management and staff for the courtesies and cooperation extended to our auditor during this process.

Very truly yours,

Frank J. Houston  
Audit Director

cc: Lynn Dobriko, OCFS  
Robert Barnes, Division of Budget