

**DEPARTMENT OF HEALTH AND HUMAN SERVICES,  
ADMINISTRATION FOR CHILDREN AND FAMILIES  
APPENDIX B  
MANAGEMENT DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2002**

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# *Part I*

## *Management Discussion and Analysis*

### **Mission and Organizational Structure**

The Administration for Children and Families (ACF) and its partners—other Federal agencies, State, local, and Tribal governments, and the private sector—provide national leadership and create opportunities for low-income, disadvantaged families and individuals to lead economically and socially productive lives, for children to develop into healthy adults, and for communities to become more prosperous and supportive of their members. ACF tailors its programs to meet the needs of a diverse cross-section of society, including low-income families, Native Americans, persons with developmental disabilities, refugees, legalized aliens, and other vulnerable populations to help them develop and grow toward a more independent, self-reliant life. These programs—carried out by State, Territorial, county, city, and Tribal governments, and public and private local agencies—are designed to promote stability, economic security, responsibility and self-sufficiency.

***ACF Mission:*** to promote the economic and social well-being of children, youth, families and communities, giving special attention to vulnerable populations such as children in low-income families, refugees, Native Americans, and the developmentally disabled. To accomplish this mission, ACF strives to achieve four strategic goals: (1) increase economic independence and productivity for families, (2) improve healthy development, safety and well-being of children and youth, (3) increase the health and prosperity of communities and Tribes, and (4) manage resources to improve performance.

Some ACF programs assist families in financial crisis, emphasizing short-term financial assistance along with assistance in obtaining and maintaining employment. ACF coordinates development and implementation of family-centered strategies, policies, and linkages among its programs with other Federal and State programs serving children and families. Our efforts with partners enable families to avoid dependency or move from welfare to work through employment, education, training and quality child care services, coupled with short-term financial aid. ACF enforces child support and provides community development resources and other supports for low-income working families.

Programs for children and youth focus on those with special problems, including children of low-income families, abused and neglected children, those in institutions or requiring adoption or foster family services, runaway youth, children with disabilities, migrant children, and Native American children. Investments in sound growth and development for children, particularly those in low-income families, are basic to productive adulthood and citizenship. Early Head Start, Head Start, and quality child care programs for low-income children are essential to good health, early development and school readiness; before and after-school child care provide high quality programming and support for working families; and youth development programs provide positive growth opportunities for young people.

ACF promotes the development of comprehensive, integrated community and home-based service delivery where possible. Communities provide the context within which families may function well or poorly. ACF—along with numerous Federal, State, local, and private partners—is committed to economic development, linking community development strategies with comprehensive "people development" strategies to strengthen communities as a positive factor in the lives of residents.

ACF advises the Secretary on issues pertaining to children and families, including Native Americans, people with developmental disabilities, refugees and legalized aliens. ACF also conducts research; collects and analyzes program and financial data; prepares financial statements and budget documents, legislative proposals, and reports to Congress; issues regulations; publishes technical assistance materials; and develops the Annual Performance Plan as required by the Government Performance and Results Act of 1993 (GPRA). The operations of more than sixty programs are carried out through central office headquarters (eight program and five staff offices) and through ten Regional Offices. Providing over \$45 billion in grants to governmental jurisdictions and nonprofit organizations and technical assistance and oversight delivered by approximately 1500 FTE's, ACF enables its partners to achieve results.

Organizationally, ACF is divided into eight offices that manage grant programs: the Administration on Children, Youth and Families (ACYF), the Office of Family Assistance (OFA), the Office of Child Support Enforcement (OCSE), the Administration on Developmental Disabilities (ADD), the Administration for Native Americans (ANA), the Office of Community Services (OCS), the Office of Refugee Resettlement (ORR), and the Office of Planning, Research and Evaluation (OPRE). Five staff offices also carry out the mission of the agency: the Immediate Office of the Assistant Secretary (IOAS), the Office of Administration (OA), the Office of Regional Operations (ORO), the Office of Public Affairs (OPA) and the Office of Legislative Affairs and Budget (OLAB).

The Administration for Children and Families is responsible for implementing twenty-two acts of legislation, (which authorize more than sixty different programs), distributed among thirty-five budget activities. These program and budget activities are consolidated into 14 major program areas (identified below) to meet the GPRA requirements. OMB Circular A-11 allows agencies to aggregate activities within a single P&F (program and financing) schedule, consolidate activities in two or more P&F schedules, or disaggregate program activities in a P&F schedule into component parts of performance goals and indicators.

- **Temporary Assistance for Needy Families (TANF)** block grant promotes work, responsibility and self-sufficiency and strengthens families through funding of State- and Tribal-designed and administered programs. TANF-funded programs provide support to needy children and move their parents into work (administered by Office of Family Assistance and Tribal TANF administered by the Office of Community Services).
- **Developmental Disabilities** Programs enhance the ability of persons with developmental disabilities to live, work and play in their communities through supporting State and other programs. These programs develop, coordinate and stimulate permanent improvement in service systems, with priority to those whose needs are not otherwise met under other health, education and human services programs (administered by Administration on Developmental Disabilities).

- **Refugee Resettlement** assists refugees and entrants who are admitted into the United States to become employed and self-sufficient as quickly as possible. This is done through grants to States and other grantees for employment-related services, social adjustment, transitional cash and medical assistance, and other services (administered by Office of Refugee Resettlement).
- **Social Services Block Grant (SSBG)** supports a variety of social services tailored to supplement State investments in the self-sufficiency and well-being of low-income populations. SSBG funds also help improve and integrate services, create community-based partnerships, and stimulate innovations (administered by Office of Community Services).
- **Assets for Independence Demonstration Program** establishes demonstration projects to determine the effects of providing an incentive to accumulate assets in individual development accounts to low-income individuals and families to increase their economic self-sufficiency (administered by Office of Community Services).
- **Child Support** locates parents, establishes paternity and support obligations and modifies and enforces those obligations to assure financial support is available to children. This work is done through State agencies that administer the program (administered by Office of Child Support Enforcement).
- **Child Care** provides grants to States to assist low-income working families who need safe, affordable and high quality child care (administered by Child Care Bureau).
- **Head Start** provides comprehensive child development services to children and families, with an emphasis on each child's social and cognitive development and school readiness. Head Start programs offer support primarily for preschoolers from low-income families, through grants to local public and private nonprofit agencies (administered by Head Start Bureau).
- **Child Welfare Programs** fund State programs that assist at-risk children and their families in achieving safety, permanence, and well-being. Child Welfare programs support preventive interventions to strengthen the family unit; foster care and adoption assistance to move children more rapidly from foster care to safe, permanent homes; and reunification services to return the child to the home if in the child's best interest (administered by the U.S. Children's Bureau).
- **Youth Programs** support local agencies that provide shelter, improve life prospects, and reduce high-risk behavior and sexual abuse of runaway and homeless youth. These programs offer alternative activities, safe passages, and the tools needed to move youth successfully to adulthood. A major focus is on disseminating best practices and building partnerships in all areas of positive youth development (administered by Family and Youth Services Bureau).
- **Community Services Block Grant** provides an array of social services and programs through flexible block grant funding at the State and local level. The purpose of CSBG is to assist low-income individuals and alleviate the causes and conditions of poverty (administered by Office of Community Services).
- **Family Violence Prevention Program** supports State and local programs and projects to prevent family violence and provide immediate shelter and assistance for the victims of family violence and their dependents. These programs are implemented through grants to States and State domestic violence coalitions for Battered Women's Shelters. Family Violence Prevention programs also support the National Domestic Violence Hotline and national resource centers (administered by Office of Community Services).

- **Low-Income Home Energy Assistance (LIHEAP)** helps low-income families in covering the costs of heating and cooling their homes. LIHEAP achieves its mission through block grants and emergency contingency funds to States, Indian Tribes, and insular areas that target assistance to low-income households with high energy burdens and vulnerable members (administered by Office of Community Services).
- **Native Americans Programs** promote economic and social self-sufficiency of American Indians, Alaskan Natives, Native Hawaiians, and Native Pacific Islanders by supporting programs and encouraging local strategies in economic and social development (administered by Administration for Native Americans).

Where ACF's budget structure is a program activity-based account structure, the annual GPRA performance plan organizes these budget activities using aggregation and consolidation into the 14 major program areas under the appropriate strategic goals and objectives. ACF has identified seven program objectives and four management improvement objectives to provide a framework for individual programs and program activities to achieve the four ACF crosscutting strategic goals. A number of program areas, budget line items and their associated funds apply to more than one strategic goal or objective.

In the crosswalk table that follows, these program areas and line items have been listed under each relevant goal/objective:

**ACF FY 2002 GPRA Goals-Programs/Budget Line Items Crosswalk**

<b>GPRA Strategic Goals/Objectives &amp; Major GPRA Program Areas</b>	<b>Program/Budget Line Items</b>
<b>I. INCREASE ECONOMIC INDEPENDENCE &amp; PRODUCTIVITY FOR FAMILIES (1-4):</b>	
<b>1. Increase Employment</b>	
Temporary Assistance for Needy Families (TANF)	State Family Assistance Grants (TANF) Family Assistance Grants to Territories Matching Grants to Territories Tribal Work Programs Social Services Research State and Local Welfare Administration TANF Bonus for Decreased Illegitimacy TANF High Performance Bonus Reward Training and Technical Assistance Emergency Assistance Payment to Territories Welfare Research
Refugee Resettlement	Transitional, Med Svcs – Refugee Resettlement Employment Services – Refugee Resettlement Targeted Assistance – Refugee Resettlement Preventive Health – Refugees Victims of Torture Victims of Trafficking Repatriation
Social Services Block Grant (SSBG) Developmental Disabilities	Social Services Block Grant Developmental Disabilities (DD) State Grants
<b>2. Increase Independent Living</b>	
Developmental Disabilities	DD State Grants DD – Protection and Advocacy DD – University Affiliated Projects DD – Special Projects Social Services Research
Assets for Independence	Individual Development Accounts
<b>3. Increase Parental Responsibility</b>	
Child Support	Federal Incentive Payments - Child Support State Administrative Costs - Child Support Federal Parent Locator Service Access and Visitation - Child Support CSE Hold Harmless Social Services Research





<b>Budgetary Highlights</b>
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The Congress does not provide funding for the individual ACF programs sorted by the fourteen major programs. To understand the funding for each major program area, it is necessary to examine the FY 2001 Congressional appropriations for each of ACF's budget accounts. In FY 2002, Congress appropriated total funding (prior to rescissions and transfers) of \$47.4 billion to these accounts as follows:

Appropriations Provided to Budget Accounts by the Congress

(Dollars in Millions)

Payments to States for Child Support Enforcement and Family Support Programs	\$ 3,980.8
Low-Income Home Energy Assistance	2,000.0
Refugee and Entrant Assistance	460.2
Promoting Safe & Stable Families	375.0
Payments to States for the Child Care and Development Block Grant	2,090.1
Social Services Block Grant	1,700.0
Children & Families Services Programs	8,429.7
Foster Care & Adoption Assistance	6,621.5
Child Care Entitlement to States	2,746.1
Temporary Assistance to Needy Families (TANF)	17,008.6
Children's Research and Technical Assistance	58.2
Contingency Fund for State Welfare	<u>1,957.9</u>
Total	<u>\$47,428.1</u>

FY 2002 funding for all ACF programs is approximately 10% of DHHS total appropriations. This amount represents direct appropriations for FY 2001.

The chart that follows allocates the Congress' appropriations into the 14 ACF major GPRA program areas. Only funds actually appropriated for FY 2002 are shown on the following chart.

## Distribution of Appropriated Funds—FY 2002

### FY 2002 Program Group    Appropriation (Dollars in Millions)

TANF	\$18,966.5
Develop. Disabilities	140.6
Refugee Resettlement	460.2
SSBG	1,700.0
OCSE	3,980.8
Child Care	4,861.2
Head Start	6,538.4
Child Welfare	7,561.3
Youth Programs	103.1
CSBG	713.8
Assets for Independence	25.0
Family Violence	126.6
LIHEAP	2,000.0
Native Americans	<u>46.0</u>
Total	<u>\$47,223.5</u>

An additional \$204.6 million was appropriated in FY 2002 for Social Services and Welfare Research and for Federal Administration of the above programs.

The above charts are limited to appropriations for program budget activities for FY 2002 for each major program area. Adding additional existing resources will give a true picture of the total resources available for each major program area. These additional resources are displayed in the Budget Resources section of the Statement of Budgetary Resources (see Financial Statements). They include the following:

	<u>Dollars in Millions</u>
Available Budget Authority—all years	\$ 47,428.1
Unobligated balances, beginning of period	2,282.5
Spending Authority from Offsetting Collections	230.9
Recoveries of Prior Year Obligations	116.8
Temporarily not available pursuant to Public Law	(2,559.7)
Permanently not available pursuant to Public Law	<u>(158.2)</u>
Total Budgetary Resources	\$ 47,340.4

Similarly, when looking at the full cost of (as opposed to resources for) ACF programs, it is necessary to factor in the unallocated amount of funds appropriated for Federal administration (salaries and benefits, etc.) of each major program, related research funding, and unexpended balances (obligated or unobligated) remaining from prior years. The table below displays the full

cost in FY 2002 of ACF programs (based on program expenditures reported by grantees as of September 30, 2002), broken out by each of the 14 major GPRA program areas.

**Statement of Net Cost--FY 2002**  
**(Dollars in thousands)**

Current Programs:	
Temporary Assistance to Needy Families	\$19,069,036
Developmental Disabilities	142,191
Refugee Resettlement	488,364
Social Services Block Grant	1,764,638
Child Support Enforcement	4,056,166
Child Care	4,512,180
Head Start	6,502,537
Child Welfare	6,739,651
Youth Programs	95,414
Community Services Programs	665,923
Family Violence Programs	105,692
Low-Income Home Energy Assistance	1,760,110
Native American Programs	49,120
Assets for Independence (IDA's)	<u>8,126</u>
Total Current Programs	<u>\$45,959,148</u>
Other Activities:	
Community Schools	\$ <u>      </u> (18)
Total Other Programs	<u>\$ <u>      </u> (18)</u>
Net Cost of Operations	<u>\$45,959,130</u>

<b>Financial Performance and Analysis</b>
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The ACF Statement of Financial Position (its Balance Sheet) shows ACF assets and liabilities for the Agency as a whole. ACF is a grant-making organization that uses funds appropriated by the Congress to support authorized entitlement and discretionary programs. Grants are made available under ACF programs to State, county, territory, city and tribal governments as well as public and private local agencies.

The Statement of Financial Position reflects ACF's grants-awarding nature. As of September 30, 2002, ACF assets were almost completely fund balances with Treasury (99.81%)--the equivalent of cash in the bank (most of which, however, has already been committed to grantees). ACF assets also include trace amounts in advances, accounts receivable, and property and equipment.

ACF liabilities were minimal (less than 7.5% of total assets) at the end of FY 2002. They resulted mainly from grant liability advances (96.5% of total liabilities) which, in this case, is caused by an estimated accrual for expenses incurred by the grantee but not yet reported to ACF

as of September 30, 2002. This accrual exists because ACF grantees report expenses on a cash basis, while the Financial Statements are on an accrual basis. Remaining FY 2002 liabilities are minimal; for example, accounts payable (1.7%), liability for accrued leave (0.6%), liability for deposit funds (0.5%), accrued payroll and benefits (0.5%), and worker's compensation (0.2%).

The ACF net position is derived from unexpended appropriations, very slightly offset by the cumulative results of operations. Unexpended appropriations consist of undelivered orders (obligated funds for services not yet received) and unobligated funds. Cumulative results of operations represent the Agency's equity, that is, the net difference between its expenses and its financing sources, over the most recent five year period. The negative amount of cumulative results of operations is due primarily to unfunded expenses that will be funded in future periods.

ACF pays almost all of its grants through the Department's Payment Management System (PMS). This system electronically transfers funding to grant recipients. ACF's use of PMS has been critical to insuring a strong performance record under the Cash Management Improvement Act (CMIA). This Act and its implementing regulations govern when funds are drawn down by States and are intended to insure that neither the Federal government nor States should benefit from use of the cash. Equally strong is the record of prompt payment for ACF vendors, which are paid by the Department's Program Support Center (PSC).

## FINANCIAL MANAGEMENT PERFORMANCE

### Accomplishment

**ACF has achieved a clean ("unqualified") opinion from the auditors on the FY 1999, FY 2000, FY 2001 and FY 2002 Financial Statements (after three prior years of "qualified" opinions). This continued success can be attributed to strong leadership from the Assistant Secretary, and the commitment, cooperation and tireless efforts of program and staff managers and employees in ACF; the Program Support Center (PSC); Office of the Assistant Secretary for Budget, Technology, and Finance; Office of the General Counsel; Office of Inspector General; and the audit firm of Clifton Gunderson LLP.**

### Debt Collection

ACF shares debt collection efforts with the Program Support Center (PSC). ACF identifies debts needing collection and, for entitlement grants, does the actual collection as well. Some debts are collected up front, through a grant offset, before a new grant is awarded; others are collected via a check from the grantee long after the initial grant was paid, and often after undergoing a protracted appeals process. For discretionary grants, the PSC is responsible for the actual collection after ACF identifies outstanding debts; again, these debts are often subject to appeals. Finally, the PSC manages the accounting records for both discretionary and entitlement debts which are collected. These debt collection efforts have allowed a low level of accounts receivable to be maintained. ACF reported to the Department in the latest update to the annual CFO Report that we continue to forward 100 % of all debts to the Program Support Center for cross-servicing. We do not anticipate any change in this activity.

There are different types of collection efforts: collection of child support delinquencies through the Internal Revenue Service's tax offset program and the Treasury Offset Program (TOP), pursuit of funds provided to repatriates under the Repatriation program, and collection of program and audit disallowances.

### **Federal Managers' Financial Integrity Act**

In the FY 2002 Annual FMFIA Report, the Assistant Secretary provided reasonable assurance to the Secretary that, taken as a whole, ACF is in compliance with the requirements and responsibilities of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. Senior managers were able to provide certification to the Assistant Secretary that with the exception of a few problem areas where improvements are being implemented, ACF management controls are adequately maintained.

### **President Bush's Management Agenda**

ACF is involved in many activities that support the President's reform initiatives. These are discussed in detail later in this report under Goal 4.

### **Limitations of the Financial Statements**

- The Financial Statements (the Statements) have been prepared to report the financial position and results of operations of ACF, pursuant to the requirements of 31 U.S.C. 3515(b).
- While the Statements have been prepared from the books and records of ACF and its accounting body--the Program Support Center--in accordance with the formats prescribed by OMB, the Statements are in addition to the financial reports used to monitor and control budgetary resources.
- The Statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

## Program Profile and Performance

ACF and its partners began “focusing on results” before GPRA was in effect. Efforts to reach consensus on outcomes prompted extensive discussion of strategic objectives, legislative requirements, data sources and availability; led to fuller understanding of outcomes and the relationships to process and output measures; and fostered closer partnership collaborations. Continuous program improvement has required ongoing consultation, technical assistance, and coordination across partnerships resulting in some performance measures being modified, dropped or replaced.

ACF’s programs are administered in a complex partnership environment in which varying Federal, State, local, non-profit and community-based funding sources develop and carry programs, deliver services and strive to attain goals. The relationships, funding mechanisms and degrees of autonomy vary from program to program. A primary challenge is to collaborate with partners in crafting effective policies and programs that satisfy mutually agreed upon objectives.

**Partnerships with States:** Results-oriented partnership agreements and targets have been negotiated with individual States. Each program has developed an individualized process for engaging partners in goal setting and definition of measures and targets that are meaningful and useful at the State and local community level. For example, ACF undertook a legislatively-mandated, partner-oriented process to develop the measures and funding formulas used to award TANF high performance bonuses to States. Also, the child support program developed with States a national strategic plan with indicators and targets. The refugee program involved both State refugee programs and community-based service organizations in the development of measures and targets. In some programs, such as child care, which were new but had no mandated requirement for consultation like TANF, a preliminary set of proxy measures was developed for the first GPRA planning years, while the program undertook a consensus-building process with the partnership constituencies.

**Partnerships within ACF:** ACF has created an array of initiatives that cut across program boundaries and service areas. For example, ACF is integrating its performance systems relating to child care to include resources from the Child Care Bureau, TANF and SSBG, as well as activities under Head Start. ACF’s Administration for Developmental Disabilities has developed results-based management systems relating to housing, health services, employment and education. Also, the Assets for Independence program, which manages the Individual Development Accounts, collaborates with LIHEAP to ensure energy efficiency and a sound return on investment for low-income homeowners.

**Partnerships within HHS:** Across HHS, a large number of programs share related objectives. Interagency consultation has taken place across programs within ACF, (e.g., child care and Head Start, child support and TANF) and within DHHS (e.g., between TANF and Medicaid) through seminars and forums convened by the Office of the Assistant Secretary for Budget, Technology, and Finance (ASBTF) and the Office of the Assistant Secretary for Planning and Evaluation (ASPE).

Special efforts have been directed to assuring that children have access to health and child development services. Head Start and the Child Care Bureau work with DHHS health agencies, e.g., the Maternal and Child Health Bureau, community health centers, the Substance Abuse and Mental Health Services Administration (SAMSHA) and the Centers for Medicare and Medicaid Services (CMS) to achieve health targets. For example, Child Care and Head Start coordinate with the Health Resources and Services Administration's (HRSA) Maternal and Child Health program to improve health and safety in child care by creating strong links with health communities. Increasing the number of women who receive early and comprehensive prenatal care is among the salient goals of the Early Head Start program, which serves low-income families with infants and toddlers. ACF programs provide outreach for the State Child Health Insurance Program (SCHIP), which is administered by CMS. Head Start and Child Care jointly sponsor the QUILT (Quality in Linking Together) project that helps Head Start and Child Care grantees form program partnerships to provide high quality full-day, full-year early childhood services. Such coordination at the implementation and delivery level is producing significant results.

**Partnerships with other Federal Agencies:** Given that ACF measures have been developed in collaboration with partners, the consultation process outside of ACF has been extensive, though more so with ACF's program partners, such as States and grantees, than with other Federal agencies. ACF works closely with Federal Departments such as Labor, Treasury, Housing and Urban Development, Education and Transportation in implementing, operating and improving welfare reform, early child development, child care, child support, and other programs. Consultation with Federal agencies outside of DHHS on specific GPRA performance plan issues has not been a formal process. Program-specific data and measurement issues, as well as differing statutes and populations served, make the development of common measures more challenging. However, ACF has found that intensive consultation and coordination on program design and objectives provide a climate for close alignment among programs with similar goals. Performance measurement issues are central to cross-agency discussions, e.g., identifying State unemployment insurance records as a data source for TANF performance measures. There has been extensive programmatic collaboration, including TANF and welfare-to-work grants with the Department of Labor; child care and Head Start with the Department of Education; and child support enforcement with the Departments of Justice, Treasury and Defense. These collaborations have helped develop results-oriented strategies that contribute to the success of performance goals.

ACF has been an active participant in cross-program efforts to develop broader indicators of child well-being, e.g., *Trends in the Well-being of America's Children and Youth*; *America's Children: Key National Indicators of Well-being*; *Healthy People 2010* and the Children's Indicators Consortium study. ACF is committed to working collaboratively with its partners in the refinement of these broader performance measures and the identification of annual performance targets.

## **Summary of 2002 Performance Success**

The Administration for Children and Families (ACF) supports a broad range of programs for children and families, helping them develop and grow toward independence and self-reliance. These programs, which are carried out by State, Territorial, county, city and Tribal governments –as well as by private, nonprofit, community- and faith-based organizations–have been designed to promote stability, economic security, responsibility and self-sufficiency. ACF tailors its programs to meet the needs of a diverse cross-section of society, including low-income families, Native Americans, persons with developmental disabilities, refugees, legalized aliens, and other vulnerable populations.

### **Highlights of Accomplishments**

(More detailed information is provided in the individual program discussions under each of the four Goals in this Report.)

#### **ACF helped to improve the economic independence of low-income families**

In partnership with the States, ACF has achieved success in moving families from welfare to work. Much of this success can be attributed to the new relationships fostered by the 1996 welfare reform law, the Personal Responsibility and Work Opportunity Act (PRWORA).

#### **ACF increased parental involvement and financial support of non-custodial parents in the lives of their children.**

Despite the gains made under welfare reform to move individuals from cash assistance into work, employment represents only a part of the picture. Millions of American children grow up with a single parent, and of these families many do not have awards or agreements for child support. Responding to this crisis, PRWORA created new opportunities for ACF to partner with Federal, State and local partners to identify and locate non-custodial parents and secure assets of those who have not supported their children.

#### **ACF continued to promote access to quality child care services to help low-income working parents and their children**

In order to break the cycle of poverty and dependency, it is essential to focus on both the parents and their children. Parents are more likely to seek employment and maintain jobs if they have access to and confidence in their child care arrangements. ACF provides funding through the Federal Child Care and Development Fund (CCDF), TANF and the Social Services Block Grant (SSBG) for child care services.

#### **ACF improved the healthy development and learning readiness of preschool children.**

Through its Head Start program, ACF continues to be a leader in providing comprehensive developmental education, health, mental health, nutrition, and social services for America's low-income, preschool children and their families. Head Start's mission centers on promoting social

competence and school readiness, with an emphasis on literacy and numeracy. Research shows that Head Start increased the proportion of children who have the necessary cognitive and social skills to become successful learners.

### **ACF increased the safety and security of children and youth**

ACF is also making a difference through its programs to prevent maltreatment of children, protect children from abuse, and secure permanent placements for those who cannot safely return to their homes. Programs offered through ACF and its partners, such as Foster Care, Adoption Assistance, and Independent Living, provide stable environments. These programs strive to assure children's safety and well-being, while their parents resolve the problems that led to the out-of-home placement.

***Strategic Goal 1:***  
***Increase economic independence and productivity for families***

**Major Program Areas Under this goal:**    **Temporary Assistance for Needy Families**  
**Developmental Disabilities: General, Employment & Housing**  
**Refugee Resettlement**  
**Social Services Block Grant**  
**Assets for Independence**  
**Child Support Enforcement**  
**Child Care: Affordability**

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*1. Increase employment*

**Approach for the Strategic Objective:** Increase employment and economic independence by reducing reliance on public welfare programs, providing job training and other necessary supports and encouraging job creation. Focus on the abilities and skills of individuals, enabling them to move toward self-sufficiency and to pursue jobs in their communities.

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**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES**

The purposes of the Temporary Assistance for Needy Families (TANF) program are to provide assistance to needy families so that children can be cared for in their own homes; to reduce dependency by promoting job readiness, work and marriage; to prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Title IV-A of the Social Security Act as amended by The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) requires that States and Territories operate programs, and Tribes have the option to run their own programs. States, Territories and Tribes each receive a block grant allocation with a requirement on States to maintain a historical level of State spending (for welfare) known as Maintenance of Effort (MOE). The block grant covers benefits, administrative expenses, and services. States, Territories and Tribes determine eligibility and benefit levels and services provided to needy families.

PRWORA dramatically changed the nation's welfare system into one that requires work while time-limiting assistance. The TANF program replaced the former Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills Training (JOBS) and Emergency Assistance (EA) programs, ending the Federal entitlement to assistance.

ACF provides leadership to help States, Territories and Tribes as they design and implement their programs and move families from welfare to work, while protecting the well-being of children through child care and other services. PRWORA gives States flexibility to design their TANF programs in ways that promote work, responsibility, and self-sufficiency and strengthen families. The law limits the area that the Federal government may regulate, allowing States to use TANF funding in any manner "reasonably calculated to accomplish the purposes of TANF."

### ***Accomplishments***

*Under PRWORA, \$100 million in annual bonuses are awarded to as many as five States with the largest reduction in the proportion of out-of-wedlock births to total births. These bonuses are an incentive to encourage parental responsibility and the formation of two-parent families. ACF compiled the statistics reported by States and compared the proportion for the most recent two-year period to that for the preceding two-year period. For FY 2000, rankings were based on birth statistics from 1996 and 1997 compared to 1998 and 1999. In order to receive the bonuses, the States must also show a decrease in their abortion rate between the most recent year and 1995. Awards of \$25 million each were given to Alabama, Michigan, and the District of Columbia in September 2001.*

*Record numbers of people are moving from welfare to work. Retention rates are promising and all States met the overall work participation requirements in FY 2001. Welfare caseloads have fallen to historic new lows: the rolls have fallen by almost two-thirds, from over 14.4 million in March 1994 to 5.0 million in June 2002.*

### ***Challenges***

*These gains still leave too many clients without work or in entry-wage jobs, with below-poverty incomes that make it difficult to support families. Often, working parents lack the necessary supports that will enable them to succeed in the workforce, such as access to affordable, quality child care, transportation, and training opportunities. Welfare reform has been less effective in addressing the needs of clients with multiple barriers to work such as inadequate fluency in English, mental health problems, addiction to alcohol or drugs, developmental and learning disabilities and domestic violence. Increasingly, State agencies are reporting that the proportion of clients with these barriers is growing.*

*ACF's ability to affect goal achievement is limited by the fact that much of the responsibility for welfare reform lies with the States and Tribes, and in a number of cases with counties and cities. ACF works in partnership with State, Tribal and local governments toward achieving the goal of increased employment for TANF recipients.*

ACF implements a wide range of projects to help States and Tribes produce the desired outcomes. These projects include:

- Convening State and Tribal leaders to educate them about the specifics of the law and offering them the opportunity to engage other State or Tribal stakeholders designing their respective programs;
- Providing technical assistance through contracts and grants, including a Peer Technical Assistance Network that provides support to States, Tribes and localities to share expertise and proven experiences;
- Supporting initiatives to increase the availability of jobs for TANF recipients both in the private and public sectors, including Federal entry-level jobs;
- Developing a catalog and other sources of innovative practices, and convening workshops and conferences to provide targeted technical assistance;
- Sponsoring research and convening conferences to discuss welfare reform research; and
- Conducting and encouraging training on the need for welfare agencies to draw on the broader resources of other government agencies, the private sector, and community-based organizations.

To accomplish these strategies, ACF is training its employees in marketing, negotiating, and consulting; using and improving automated technology, databases, and electronic communication; and implementing team-based work procedures.

### **Data Issues**

The central theme of the 1996 welfare reform legislation was moving families from welfare to work. ACF monitors State efforts in this critical area through two monitoring vehicles. States report detailed case level data on recipient participation in work or work related activities. States collect this information monthly and report it quarterly via the TANF Data Report system. ACF

provides ongoing feedback to States on the participation rates they are achieving as well as information on the quality of their data. The second mechanism is through the High Performance Bonus (HPB) system. Although States' participation in this system is voluntary, forty-nine States and the District of Columbia provided FY 2000 performance data to compete in the FY 2001 HPB performance awards. This information is critical to understanding the nature and scope of employment activity of TANF recipients and former recipients.

Beginning with performance in FY 2001, the employment measures (job entry [newly employed], job retention and earnings gain) will be based solely on performance data obtained from the National Directory of New Hires (NDNH). Under HPB specifications for performance years FY 1998, FY 1999 and FY 2000, States had flexibility in the data source(s) they used to obtain wage information on current and former TANF recipients. ACF moved to this single source national database (NDNH) to ensure equal access to wage data and uniform application of the performance specifications. Performance achieved for FY 2001 may be affected by this change in data source. For example, States will have access to Federal employment wage data, which was not generally available before. On the other hand, changes in employment status during a quarter can not be identified in the quarterly wage data on the NDNH database whereas a State may have been able to identify employment status changes monthly through use of its administrative records.

<i>All States (100%) meet the TANF two parent work participation rates: Two parent families rate=90% work participation. [FY 1998 Actual = 66% of States meet the 90% work participation rate; FY 1999 Actual = 74%; FY 2000 Actual = 76%. FY 2001 Actual = 88%.</i>
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The performance measures and targets related to the work participation rates are statutory requirements for all States. From FY 1998 through FY 2001, all States met the all-families work participation rates. In the same timeframe, there has also been a steady increase in the number of States meeting the more rigorous two-parent work participation rate (from 66 % to 88 %). The remaining TANF work performance measures (job entry, employment retention and earnings gain rate) reflect the purpose of TANF and its ultimate goal of moving families to self-sufficiency.

## **DEVELOPMENTAL DISABILITIES (GENERAL AND EMPLOYMENT)**

There are nearly four million Americans with developmental disabilities. Developmental disabilities are severe, chronic disabilities attributable to mental and/or physical impairment, which manifest before age 22 and are likely to continue indefinitely. They result in substantial limitations in three or more of the following areas: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency. Persons with developmental disabilities require individually planned and coordinated services.

The major goal of the Developmental Disabilities program is to assist people with developmental disabilities in reaching maximum potential through increased independence, productivity, inclusion, and community integration. ACF's program partners in the States work with State governments, local communities, and the private sector to reach goals relating to prevention, diagnosis, early intervention, therapy, education, training, employment, and community living and leisure opportunities. Activities are funded in eight areas: quality assurance, education and early intervention, child care, health, employment, housing, transportation and recreation

activities. In ACF, the Administration on Developmental Disabilities (ADD) and its partners in the developmental disability (DD) community have the lead in pursuing these goals.

ACF's DD grantee partners fall into four complementary groups. Each has a mandated mission to improve the lives of individuals with developmental disabilities and their families. Strategies must be non-duplicative, unique, and interlocking.

- **State Councils on Developmental Disabilities (SCDD)** pursue systems change, capacity building, and advocacy services in order to promote service systems and supports that are consumer- and family-centered, comprehensive, and coordinated. SCDDs employ strategies that include demonstration of new approaches, outreach training, public education, and information to policy-makers;
- **Protection and Advocacy (P&A)** systems in each State protect the legal and human rights of individuals with developmental disabilities. P&A strategies include legal, administrative, and other remedies; information and referral; investigation of incidents of abuse and neglect; and education of policy-makers;
- **University Centers for Excellence in Developmental Disabilities (UCEDDs)** are components of a university system or are public or not-for-profit entities associated with universities. These Centers provide interdisciplinary pre-service preparation of students and fellows, community service activities, and the dissemination of information and research findings; and
- **Projects of National Significance (PNS)** is a discretionary program providing ACF with the opportunity to focus funds on emerging areas of concern. This program supports local implementation of practical solutions and provides results and information for possible national replication. PNS also supports technical assistance; research regarding emerging disability issues; conferences and special meetings; and the development of national and State policy. Additionally, funding is provided for States to create or expand statewide systems change.

*Achieve the targeted number of adults with developmental disabilities who obtain integrated jobs as a result of DD program intervention (FY 2000 new baseline actual: 3,788) FY 2001 Target = 3,800; FY 2001 Actual = 5,854. FY 2002 Target = 3,850; FY 2002 Actual = data expected to be available March 2003.*

The DD employment goal is to increase competitive and inclusive employment for people with developmental disabilities consistent with their interests, abilities and needs. This goal encompasses issues such as vocational supports for students, career planning, and accommodation of disabilities. Strategies under this goal strive to create job choices and career opportunities that are integrated, accessible, equitable, and supported, and to inform employers of the capabilities of individuals with disabilities, and support practices and accommodations.

The programs in the States include three approaches to promoting employment. First, State Councils work to create systems change within employment service systems. Second, public and business opinions and attitudes concerning employment of persons with disabilities are improved through educational efforts, involving both the State Councils and the UCEDDs. Third, P&A systems strive to ensure that the rights of workers with developmental disabilities are not reduced. Interventions by State Councils include promoting job fairs, training job coaches, advocacy to employers to hire more people with developmental disabilities, and creating State-

level entities that continue this work on an ongoing basis. Finally, funding in the PNS program is used to leverage other Federal resources.

Partnerships at the State and Federal levels represent the key to successful developmental disabilities programs. In the States, a major success factor stems from the interaction among developmental disabilities program grantees, sometimes referred to as the Developmental Disabilities Network. Additionally, each of these programs works with State and local entities, and the private sector, to achieve positive outcomes. At the Federal level, ACF coordinates with the Social Security Administration, the Department of Education, the Department of Labor, the Department of Transportation and other agencies. Within HHS, ACF works with CMS, HRSA and the President's Committee on Mental Retardation.

#### ***Accomplishment***

*In FY 2001, the number of adults with developmental disabilities who obtained integrated jobs was greater than the projected target and also greater than the previous year's performance. State Councils in 44 States and Territories reported 5,854 integrated jobs as a consequence of their intervention, 54 % above the target of 3,800. States reported new project activities supporting the employment of persons with developmental disabilities.*

*The number of businesses/employers in FY 2001 that employ and support people with developmental disabilities exceeded the target level. State Councils in 35 States and Territories reported 1,813 employers/businesses employing and supporting people with developmental disabilities, greater than the target of 1,350. This increase reflects national growth in employment in FY 2001 as well as the increased attention to employment issues by the State Councils.*

#### ***Challenges***

*In FY 2002, performance for dollars leveraged from ACF's Federal partners was not met (\$1.17 million rather than the projected \$2.4 million was leveraged). The FY 2002 performance target was based on prospective funding opportunities that failed to generate the anticipated level of funding. In the future, ACF will seek out more reliable funding sources and will base its performance targets on these sources.*

*Federal law gives State Councils the opportunity to establish goals that reflect the needs in their respective jurisdictions. The dynamic nature of the planning environment makes it difficult for the State Councils to keep up with rapidly changing demands. The Councils strive to set targets in key areas for a five-year period, but are often forced to deal with year-to-year challenges affecting service delivery. For example, a State Council may target employment at the beginning of the planning period and shift directions and resources at mid-course due to changes in the economy, society or other factors. Such actions cannot be accurately predicted. The State Councils must constantly consider the competing demands for resources within the advocacy and service delivery communities. In some States, simply maintaining services and support systems at the current level can be a major accomplishment.*

*These conditions cause volatility in performance data and targets. Some of the difficulty in setting performance targets can be reduced by the use of trend data to stabilize performance; however, fluctuations will persist. ACF is taking steps to improve its reporting systems and set targets that take account of the changing dynamics within the States.*

In FY 2002, all appropriated funding was made available to State Councils and P&A systems in the States. UCEDDs are currently in the process of having their applications reviewed for core funding. Under the PNS, funding is provided under the eight areas of emphasis. Additionally, projects are being advertised under the Family Support program. This program assists families of children with disabilities, including foster and adoptive families, to care for their children at home. To ensure the quality of programs, ADD has continued to fund technical assistance projects for its partners.

## **Data Issues**

State Councils generate both target and outcome data for all of the DD performance measures except one; interagency agreements and memoranda of understanding provide the data for the measure concerning Federal "dollars leveraged" which is tracked in-house in ACF. Various data sources are used to report on program targets and program outcomes, including annual program performance reports, planning reports, and administrative records. Targets are reported by State Councils for a five-year period and updated annually. The current State Plans cover the period FY 2002—FY 2006; outcome data for a particular fiscal year are reported in annual program performance reports (PPRs) submitted in January of the following fiscal year. Both the State Plans and the PPRs are submitted by the Electronic Data Submission (EDS) system.

Not all States set employment targets and many have begun focusing on other high-priority issues. The number of States that project targets and report on performance varies from year to year. ACF plans to correct this problem by working with every State to set some type of employment targets resulting in 100 % of States comprising the base for these measures.

A database of the results from the EDS is used to compare targets and actual performance of ADD partners. Verification and validation of data occur through ongoing review and analysis of annual electronic reports, technical assistance site visits, and input from individuals with developmental disabilities, their families and other partners. When anomalies and variations in the data occur, ADD works with individual program partners to gain insight into the reason with assistance being provided by technical assistance contractors. Partners are encouraged to pursue corrective actions to ensure that data are valid.

## **REFUGEE RESETTLEMENT**

The purpose of the Office of Refugee Resettlement (ORR) is to help refugees, Cuban/Haitian entrants, asylees and other special populations, as outlined in the ORR regulations, obtain economic and social self-sufficiency in the United States in the shortest time possible. ORR funding supports cash and medical assistance programs, English language training, employment preparation and job placement, skills training, social adjustment and other services to help refugees build new lives in the United States. As codified in the Refugee Act of 1980, P.L. 96-212, this program strengthened the United States' historic policy of aiding individuals fleeing persecution in their homeland.

Federal resettlement assistance to refugees is provided primarily through a State-administered refugee resettlement program. States provide transitional cash and medical assistance and social services to refugees, and maintain legal responsibility for the care of unaccompanied refugee children.

ACF refugee resettlement policies and activities are coordinated with the Department of State, State and community agencies, the Immigration and Naturalization Service, the Social Security Administration, the Department of Agriculture's Food and Consumer Service, as well as with TANF, Medicaid and other programs within HHS. In June of FY 2000, ORR changed its policy regarding the start date for eligibility of asylees for ORR benefits and services from the date of

entry into the United States to the date of the grant of asylum. In FY 2001 this policy change added approximately 37,000 asylees to the ORR caseload eligible to receive cash and services. Adding the asylees to the refugee arrival ceiling (72,000) and entrant arrivals (19,000) increased ORR's total caseload to 128,000.

In FY 2002, the asylee policy change resulted in the addition of approximately 24,000 asylees to the estimated ORR caseload eligible to receive cash and services. Adding the asylees to the FY 2002 refugee arrival ceiling (70,000) and entrant arrivals (20,000) increased ORR's estimated FY 2002 caseload to 114,000. In addition, a new law passed in October 2000, the Trafficking Victims Protection Act (P.L. 106-386), made aliens who are victims of a severe form of trafficking in persons eligible for benefits and services under certain Federal or State programs to the same extent as refugees. For estimation purposes, ORR added 1,000 victims of a severe form of trafficking to the estimated FY 2002 caseload, for a total estimated caseload of 115,000.

The Matching Grant program provides an alternative approach to the State-administered resettlement assistance. It provides voluntary agencies the opportunity to use focused intensive employment services, financial incentives, and the flexibility to experiment with creative solutions to the special employment problems of refugees in order to achieve early placements. The program's goal is to help refugees attain self-sufficiency within four months after arrival, without access to public cash assistance. This program provides comprehensive case management during enrollment and is targeted to families with at least one member deemed employable. Both of these features contribute to the high success rate for the CY 2001 performance in this program. The definition of economic self-sufficiency—an integral component of the Matching Grant Program—is earnings/income for the total family at a level that enables a family unit to support itself without receipt of cash assistance.

ORR conducts on-site monitoring of selected States and other grantees to help them achieve improved client employment and self-sufficiency outcomes. ORR targets States that have large refugee populations and that receive significant ACF refugee program funding for monitoring. In monitoring, ORR assists States and grantees to identify strategies to improve outcomes on ORR performance measures and provides technical assistance on implementing program improvements.

*Increase the number of refugees entering employment as a percentage of the employment services by at least 5% annually from prior year's actual performance. FY 2000 Target = 54,176; FY 2000 Actual = 48,820. FY 2001 Target = 56,885; FY 2001 Actual = 45,893. FY 2002 Target = 48,188; FY 2002 Actual = data expected to be available 4/03.*

In FY 2001, 26 States did not meet their projected caseload target. The caseload consists of the number of refugees with whom a service provider had regular and direct involvement during the fiscal year in planned employment-related activities for the purpose of assisting the refugee to find or retain employment. Some clients who request employment assistance receive services and in the midst of service provision find a job "on their own" but are unavailable or unwilling to share the employment information. Discrepant data are being reported for some cases because some States are struggling with identifying numbers of clients being served. For those employable clients receiving cash assistance, sometimes the assistance is reduced as a result of employment instead of terminated. In some States, more of the refugees served with ORR

funding are hard to place and often need extensive longer-term assistance to find a job. ORR staff will continue to negotiate the goal setting process with partners to arrive at mutually acceptable goals and provide technical assistance where needed and program monitoring. Correcting discrepancies in data will be a priority.

#### *Accomplishments*

*Nineteen States and four California counties exceeded their actual placements from last year. Eight States placed more than 90 % of their caseload. Twenty-six States increased their FY 2002 target by 5 % or more than their FY 2001 performance. Ten States met or exceeded the FY 2001 target they established.*

*Twenty-two States and two California counties increased the number of cash assistance terminations over the previous year. Eight States met or exceeded the FY 2001 target they established. Twenty-four States increased their FY 2002 target by 5 % or more of their FY 2001 performance.*

*Twenty-one States and five California counties improved the actual job retention rate over the previous year. In 31 States, more than 75 % of job placements were retained for 90 days or more. Ten States met or exceeded the FY 2001 target they established.*

*Sixteen States proposed increases in their FY 2002 target by 5 % over their FY 2001 performance.*

*Twenty-one States and one California county increased their rates of health benefit availability over FY 2000. Ten States met or exceeded the FY 2001 target they established. Nineteen States increased their FY 2002 target by 5 % or more of their FY 2001 performance.*

*FY 2001 showed significant improvement in the quality of jobs found for refugees. Thirty-eight States and eight California counties reported higher wages at placement than in FY 2000. Forty States reported average wage at placement of \$7.00 or above, compared with 36 in the previous year. Average wage at placement in the State-Administered program was \$7.92, a 4 % increase from FY 2000 (\$7.58).*

#### *Challenges*

*Foreign policy decisions and crises affect the Refugee Program. ORR's ability to quickly resettle new arrivals depends not only on local job markets but also on the rate and number of refugee arrivals and refugees' special needs, educational levels, and English proficiency.*

*FY 2002 performance will be affected by a number of significant events. The terrorist attacks of September 11, 2001 had a serious immediate impact on the Refugee Resettlement Program (RRP). After September 2001, the Federal Government suspended refugee arrivals to the United States until new security procedures were implemented for overseas screening. The President established the FY 2002 refugee admissions ceiling of 70,000 on November 21, 2001. However, refugee arrivals to the United States did not resume again with any regularity until April 2002. As a result of the suspension of refugee arrivals and the slow re-start of overseas refugee processing, ORR anticipates severely diminished refugee caseloads in all States and the Matching Grant during FY 2002. For example, as of March 31, 2002, only 7,283 refugees had arrived in the United States during FY 2002. In prior fiscal years, more than 40,000 refugees had arrived by the end of the second quarter, with larger numbers arriving in the third and fourth quarters. Since ORR targets derived from the estimated caseload were formulated based on assumptions of a continuous flow of uninterrupted refugee arrivals, ORR anticipates that the FY 2002 targets will not be met.*

*Many refugees have lost their jobs as a result of the economic downturn in the hospitality industry immediately following the terrorist attacks of September 11. These newly unemployed refugees require re-employment, re-training and vocationally specific English language training in order to compete in the post-September 11 economy. ORR regulations make services available to refugees for their first five years in the United States. Many of the newly unemployed refugees have been in the United States for more than five years. In order to make employment services available to newly unemployed refugees who have been in the United States more than five years, the Director of ORR used his waiver authority to extend services to refugees who have been in the United States more than five years. Thus, ORR caseload for FY 2002 may be composed largely of previously served refugees, rather than new arrivals.*

*There are also a number of refugees, formerly victims of civil war and ethnic persecution, who were re-traumatized by the terrorist acts of September 11 and are in need of mental health services prior to seeking re-employment. For example, a large number of refugees were employed in the North Tower of the World Trade Center in Executive Dining Rooms and other restaurants. Many of the survivors are too traumatized to work and are receiving intensive counseling. Others are refusing to accept work in high rise buildings in Manhattan and are seeking jobs in small businesses that cannot support additional hires unless the economy improves.*

Each year States are asked to set goals that represent continuous improvement over the previous year's performance. States that reach a high employment and self-sufficiency rate of 90 % among employable refugees may establish goals to maintain that level of outcome instead of aiming for

continued improvement. While States are encouraged to strive for continuous improvement, goal setting is the result of a negotiation process.

ORR has implemented a number of strategies aimed at challenging States to improve performance for targets that were not achieved. ORR publishes State and Matching Grant performance results in the Annual Report to Congress; certificates of commendation are presented to States with increased performance at the annual ORR national conference; and ORR staff negotiate the targets and provide technical assistance and monitoring to the States and Matching Grant Program grantees to achieve mutually acceptable goals.

### **Data Issues**

Data are submitted quarterly by all States participating in the State-administered program via the quarterly performance report (Form ORR-6). Data for the Matching Grant are submitted to ACF three times per year on the Matching Grant Progress Report form. Baseline data for all measures in the State-administered program were derived from FY 1997 annual unduplicated outcome data as reported on the annual Outcome Goal Plans through FY 2002.

Desk monitoring and tracking of quarterly performance report data occur quarterly in the State-administered program and 3 times per year in the Matching Grant program. Data are validated by periodic on-site monitoring, in which refugee cases are randomly selected and reviewed. During on-site monitoring, outcomes reported by service providers are verified with both employers and refugees to ensure accurate reporting of job placements, wages and retentions. In addition, States conduct regular monitoring of ORR-funded contracts and grants.

### **SOCIAL SERVICES BLOCK GRANT**

The purpose of the Social Services Block Grant (SSBG) is to provide States with a flexible pool of resources to meet the changing needs of children and families. The program was established under title XX of the Social Security Act, as amended by P.L. 97-35. Funds are allocated to the States on the basis of population and support outcomes across the human service spectrum. SSBG outcomes align with several of ACF's strategic goals, including employment, child care, child welfare, adoptions and youth services. The SSBG resources give States the ability to target services in areas of greatest need, depending on State and local priorities. This reflects SSBG's guiding principles that States, local government, and communities are best able to determine the needs of individuals to help them achieve self-sufficiency, and social and economic needs are interrelated and must be met simultaneously.

Expenditures of SSBG funds have declined consistently from FY 1997 to FY 2001, due to decreases in annual SSBG appropriations. In FY 2001, expenditures of SSBG funds were \$1.725 billion, which is 31 percent less than in FY 1997. In FY 1997, only two States reported expenditures of funds transferred from the TANF block grant; in FY 2001, 42 States reported such expenditures.

States services funded by SSBG must be directed at one or more of five broad social policy goals:

- Achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency;
- Achieving or maintaining self-sufficiency, including reduction or prevention of dependency;
- Preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests or preserving, rehabilitating, or reuniting families;
- Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care; and
- Securing referral or admission for institutional care when other forms of care are not appropriate or providing services to individuals in institutions.

Because of the flexibility provided States in using SSBG funds, expenditures vary across the States and even from year to year within each State. However, for many States service delivery across the human service spectrum would not be possible without SSBG funding. Particularly in the area of adult protective services, States have few options in gaining Federal support, and nearly half of the States using SSBG funds for this purpose receive approximately 75 % of the funding from SSBG. Moreover, these examples highlight not only the enhanced capacity given the States under SSBG, but also the crosscutting nature of ACF programs.

According to FY 2001 reports, States used \$2.663 billion for services that were funded by SSBG (of which 36 percent were funds transferred from TANF), with nearly 13 million individuals served at least partially by SSBG resources. Of these individuals served, 7.4 million (58%) were children, and 5.4 million (42%) were adults. States spent the two largest portions of SSBG funds on child welfare for child protective services (\$314 million) and child foster care services (\$270 million).

#### *Accomplishment*

*Approximately \$314 million in SSBG funds were expended by 43 States in FY 2001 to serve 1.41 million children with protective services. States used more SSBG resources for child protective services in FY 2001 than for any other allowable service area.*

*SSBG funding also has enabled States to provide enhanced adult protective services. Thirty-two States reported spending \$151million in FY 2001 in this program area, achieving a higher service level than otherwise possible since there are few Federal resources available for this purpose.*

#### *Challenge*

*Expenditures of SSBG funds have declined consistently from FY 1997 to FY 2001, due to decreases in annual SSBG appropriations. In FY 2001, expenditures of SSBG funds were \$1.725 billion, which is 31 percent less than in FY 1997. In FY 1997, only two States reported expenditures of funds transferred from the TANF block grant; in FY 2001, 42 States reported such expenditures.*

### **Data Issues**

FY 2001 data are considerably more complete and accurate than data from prior years. Recently, ACF has taken steps, such as revising the post-expenditure form, to improve the clarity of reporting on services provided with these funds. The revised form and new instructions are intended to improve the consistency of reporting among States and reduce discrepancies in reporting methodology. OMB has approved the revised reporting form, which will be used by States beginning with reporting for FY 2002.

SSBG data contain multi-year information and some of the dollars spent on services in FY 2001 may have been transferred from previous years or other programs. States report both total expenditures and SSBG expenditures. Total expenditures include all other Federal, State and local funds for each service that received SSBG funds. The complexity of many States' financial systems makes it difficult for them to provide accurate data on other sources of funds being applied to each of these services. The SSBG report in FY 2001 included data from 50 States and the District of Columbia. Although all States submitted post-expenditure reports, many States were unable to provide information on total expenditures in their post-expenditure reports, so including this item would have excluded many more States from the analyses.

During this year, the Office of Community Services (OCS) assisted States in improving data collection and reporting. These data received from States are regularly validated. Problems arising through validation are discussed with States and technical assistance is provided where practical. While several problems exist, considerable improvement has been made to assist more States to report, and continuous progress is being made to increase validation rates and make the data more usable. OCS will continue to coordinate with other agencies and organizations to review and assess shifts in funding priorities in order to project accomplishment of ACF performance targets. ACF is committed to increasing the attention of States on more accurately reporting the results of their SSBG expenditures funded wholly or in part by SSBG funds.

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## *2. Increase independent living*

**Approach for the Strategic Objective:** Empower individuals with developmental disabilities to move into their own homes, increasing their personal control and participation in their community.

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## **DEVELOPMENTAL DISABILITIES (HOUSING)**

The DD housing goal is to increase the opportunities of adults with developmental disabilities to choose where and with whom they live and to have the services they need to support these choices. This goal encompasses issues such as having the opportunity to make choices about where to live and the ability to own their own homes, as well as basic principles of affordability and accessibility.

In FY 2001, State Councils usually have the lead in promoting the development of housing options and their interventions include educating mortgage lenders, training potential homeowners and funding projects to demonstrate innovative practices to achieve positive outcomes. They have the flexibility to focus on a broad array of DD issues.

### *Challenges*

*State Councils in 32 States and Territories reported 4,013 people with developmental disabilities owning or renting their own homes as a consequence of State Council intervention. This performance fell significantly short of both the FY 2000 actual (7,308) and the FY 2001 target (7,500), which was based on the FY 2000 actual. This shortfall occurred in FY 2001 due to the need for States to target resources on other priority DD issues.*

*Many of the same data issues discussed in the context of DD employment measures affect the housing measures.*

Availability of accessible housing is influenced by multiple factors in the environment. Primary factors include the impact of the economy on housing costs (owning and renting), the perceived cost of making housing accessible to people with disabilities, the impact of social attitudes regarding the desirability and potential for people with developmental disabilities to live freely in the community, and the negative attitudes of businesses and banks regarding making loans, selling homes, or renting to persons with developmental disabilities. All of these factors increase the difficulty for social services programs to provide access to DD housing.

(See the earlier DD (General & Employment) section for a discussion of Data Issues.)

### **ASSETS FOR INDEPENDENCE (Individual Development Accounts)**

The purpose of the Assets for Independence Demonstration Program is to promote asset accumulation among lower income working families as a tool to help them achieve self-sufficiency and enter the economic mainstream. The program provides incentives through matching contributions to investments of limited income working families in Individual Development Accounts (IDAs), which can be used for purchase of a first home, post-secondary education, or business capitalization. It was established by the Assets for Independence Act (AFI Act), under title IV of the Community Opportunities, Accountability and Training and Educational Services Human Services Reauthorization Act of 1998, P.L. 105-285.

The Assets for Independence Demonstration Program is a matched savings/investment program for lower-income individuals and families. Participants enter into a Savings Plan Agreement with the project grantee which establishes a schedule and goal of savings from earned income to be matched at an agreed rate which can be from one to eight dollars for each dollar saved. Matching contributions are made by the grantee at least quarterly from equal parts of Federal grant funds and non-Federal share contributions to the project. Matched savings may be expended for either (1) the purchase of a principal residence by a first-time homebuyer, (2) the capitalization of a business, or (3) the expenses of post-secondary education.

Competitive grants are made to eligible applicants, which include private, not-for-profit 501(c)(3) organizations; State and local governmental agencies or Tribal governments applying jointly with eligible not-for-profit organizations; Credit Unions that have been designated as Low-income Credit Unions by the National Credit Union Administration; and/or Community Development Financial Institutions (CDFI), so designated by the Treasury Department or the CDFI Fund. This program is entering its fourth year of a five-year authorization, with the AFI Act scheduled to sunset at the end of FY 2003. It should be noted, however, that focus on the program will remain for several years following the sunset period, regardless of reauthorization.

Financial literacy education and asset-specific training related to the savings goal are required elements of all AFIA funded demonstration projects. They are critical to most participants' success in attaining the asset and having it contribute to wealth accumulation over the long term. In addition, over 95 % of AFIA projects provide some ancillary services, themselves or through referrals, to reinforce the ability of participants to achieve their savings goals. These can include employment support, child care, transportation, credit repair, and crisis intervention services such as revolving loan funds that can help participants weather unexpected life events.

Additional resources offered by many AFIA projects that help put the asset within reach include other financial support such as down payment assistance, special financing arrangements, and discounts or free services related to the purchase.

Each grantee will produce a yearly progress report within 60 days of completion of the project year. The Secretary will submit interim annual progress reports to Congress, using the information provided in these progress reports.

ACF works in partnership with selected States and local grantees toward achieving the goals of this program. ACF has found that a key to successful project implementation is the development of effective, mutually supportive relationships between grantees and their partnering Financial Institutions, and OCS technical assistance efforts are focusing on strengthening these relationships. Other external variables that will continue to influence the achievement of program goals include the health of the local economy and job availability; systemic barriers to low-income employment such as availability of transportation and affordable day care; support of the banking, business, and foundation communities in providing non-Federal matching contributions; collaboration with other social service programs such as Weatherization Assistance and the Residential Energy Assistance Challenge Option Program (REACH), that can help to assure the soundness and energy efficiency of dwellings purchased by IDA account holders; and the availability of support structures that enhance job retention and advancement of IDA program participants.

ACF will have the ability to assess the effectiveness of the IDAs based on evaluation research being conducted. (Section 414(a) of the AFIA requires the Secretary to enter into a contract with an independent research organization for the purpose of a project evaluation.) The evaluation is entering its second year of site visits and participant interviews. A major focus of the evaluation involves looking at the economic, civic, psychological, and social effects of asset accumulation among lower income populations and communities. Within the framework of this overall impact assessment, the evaluation also explores the effects of project design, incentives, and institutional support on savings behavior; the savings rates based on demographic characteristics of participants; the effects of IDAs on participant achievement of asset goals; and other lessons to be learned from the funded demonstration projects, including whether a permanent program of IDAs should be established.

<p><i>The number of participants that have opened IDA accounts. FY 2001 Actual (baseline) = 4,037. FY 2002 Target = 5,389; FY 2002 Actual = data expected to be available 12/02.</i></p>
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#### ***Accomplishments***

*As of September 2001, grantees for FY 1999 and 2000 reported opening 4,037 IDAs and making a total of \$1,639,035 in savings deposits. The 4,037 figure is the baseline for this performance measure. Given the fact that the income of most account holders was below 150 % of poverty, these savings figures represent a substantive achievement by the grantees.*

*Financial and asset-related training was offered to 6,546 participants as of September 2001, with 4,453 participants completing their entire training program.*

*In their applications for funding, the FY 1999 and 2000 grantees cumulatively projected opening 7,584 IDAs during their 5-year project periods. Although many grantees began the process of opening accounts within the first several months of the project, early research indicates that successful IDA programs generally undertake a thorough planning and preparation process prior to beginning participant recruitment—a process often involving several months from initial outreach to the opening of accounts.*

### **Challenges**

*Achieving substantive impacts with the IDAs takes a considerable effort on the part of grantee staff. The concept itself must be fully explained, and high levels of program marketing, participant recruitment and program adaptation are required. Agencies administering IDA initiatives typically must revise outreach and intake strategies several times in order to find the right “marketing message” for their particular target population. This often entails conducting numerous focus groups and surveys with potential clients to assess the best way to explain to the target audience the IDA account structure, program requirements, and recruitment expectations.*

### **Data Issues**

The Assets for Independence Act allocates up to \$500,000 per year of the appropriated funds to evaluate the overall demonstration program, in addition to the funds grantees are required to expend on data collection. The agency requires the grantee to provide a well thought-out plan for collecting, validating and reporting the necessary data in a timely fashion. The grantee is encouraged to identify the kinds of data it believes would facilitate the management information, reporting, and evaluation purposes. The grantee agrees to cooperate with the evaluation of the national program. Grantees are urged to carry out an ongoing assessment of the data and information collected as an effective management/feedback tool in implementing its project. OCS, through its technical assistance contractor, will provide all AFIA grantees with a new Asset Development Information System that will greatly facilitate maintenance, collection, validation, and transmission of project data essential to the program evaluation.

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### *3. Increase parental responsibility*

**Approach for the Strategic Objective:** Establish paternities for children born out-of-wedlock and ensure that parents support their children.

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### **CHILD SUPPORT ENFORCEMENT**

The mission of ACF’s Child Support Enforcement (CSE) program is to assure that assistance in obtaining support is available to children by locating parents, establishing paternity and support obligations, and modifying and enforcing those obligations. The Office of Child Support Enforcement (OCSE) works in cooperation with State agencies to achieve these goals.

The CSE Program is federally funded, i.e., the Federal government pays 66 % of State administrative costs and 90 % of paternity laboratory costs, and it is administered by State and local governments. The Federal role is to provide direction, guidance, technical assistance, oversight, and some critical services to States' CSE Programs for activities mandated under title IV-D of the Social Security Act. PRWORA provided new and effective tools for enforcing child support. These tools are having a significant impact on ACF’s ability to collect support.

ACF continues efforts to broaden parental responsibility, especially the involvement of fathers in the lives of their children, through several means: first, by focusing attention on the fathers’ positive role in improving their children’s well-being; second, by ensuring that ACF research agendas focus on the role of fathers in families and the effects of fathering on children’s well-being; third, by using positive messages and language about fathers and fatherhood in

publications and announcements; and finally, by ensuring that ACF's own workforce policies encourage and enable fathers to balance work and family life responsibilities.

*Welfare Reform:* The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) is having a dramatic impact on the child support program. This law added major new responsibilities and increased workloads for both State and Federal staff. The CSE program has been greatly strengthened by the welfare reform law.

PRWORA provided new tools to the CSE program to secure emotional and financial support for many of the nation's children. Some of the new support enforcement tools are the National Directory of New Hires, the Federal Case Registry, Financial Institution Data Matches, State Disbursement Units, activities in Paternity Establishment, and the Passport Denial program. PRWORA included significant enhancements of State and Federal data systems. States are now required to have a State Directory of New Hires and a State Case Registry for Child Support Enforcement. Together, the NDNH and the FCR give States the ability to track non-custodial parents across State lines using a complete and automated system. These various tools provided by the welfare reform law generate direct collections and also ancillary benefits. Some States are beginning to use matches provided by the system to locate custodial parents to distribute child support payments. The landscape of child support enforcement is changing because of the speed, efficiency, and effectiveness of this new system.

ACF and its partners use several reporting systems to facilitate this strategy. First, the Federal Parent Locator Service helps to locate non-custodial parents, as well as their employers and assets. This allows for establishing and enforcing child support orders. Second, the National Directory of New Hires (NDNH) and Federal Case Registry (FCR) are operational and help to locate absent parents across State lines.

*FY 2000: Collect \$20.8 billion in child support collections, an increase of 75% over FY 1996.  
FY 2000 Actual = \$ 17.9 billion, a 12% increase from the previous fiscal year. FY 2001 Actual = \$19.0 billion, a 6% increase over the prior fiscal year.*

*FY 2000: Increase the cost-effectiveness ratio (total dollars collected per \$1 of expenditures to \$5.)  
FY 2000 Actual = \$4.21. FY 2001 Actual = \$4.18. Baseline FY 1999 = \$3.92*

### ***Accomplishments***

*The OCSE Audit Division has completed all FY 2001 data reliability audits and issued final reports for all States. For FY 2000 actual data, the reliability standard was 90 %, but for FY 2001 the standard increased to 95 %. ACF has greater confidence in the data for actual performance at this higher standard. The FY 2001 data shown below are final.*

*There were approximately 11.0 million cases with support orders established in FY 2001 which reflects a 3 percent increase from FY 2000. This provides a percentage of IV-D cases having a support order of 66%. The total amount of child support distributed as current support in FY 2001 was \$14.2 billion, approximately a 10% increase from FY 2000. The total amount of current support due in FY 2001 was \$ 24.7 billion, which is approximately a 7% increase from FY 2000. This provides a collection rate for current support of 57 %. In FY 2001, collections reached a record high of \$19.0 billion, a 6% increase from the previous fiscal year. The collections forwarded to other States are \$1.2 billion.*

*ACF works with the Department of State to deny passports to non-custodial parents who are not fulfilling their child support obligations. As many as 60 passports are denied every business day. Since the program's inception in June 1998, the States have collected more than \$14 million in lump sum payments.*

*ACF operates the Multi-State Financial Institution Data Match (MSFIDM) with financial institutions and works with State partners to implement the In-State Financial Institution Data Match that assists in identifying non-custodial parent assets. From January 1, 2002, through March 31, 2002, more than 1.8 million matches were returned from the multi-State financial institutions, based on matching social security numbers. As of December 2001, more than 4,500 financial institutions are*

*participating in the MSFIDM. States are using arrangements including in-house, consortia, and outsourcing to implement the in-State financial institution data match with local financial institutions.*

*In addition, ACF partners with the Treasury Department to implement the IRS Tax Refund Offset Program to offset income tax refunds of delinquent child support obligors.*

*Project Save Our Children, an initiative on criminal child support enforcement, has succeeded in its pursuit of chronic delinquent parents who owe large sums of child support. Since the project's creation in 1998, multi-agency regional task forces have received more than 4,250 referrals, resulting in 486 arrests, 421 convictions and civil adjudications, and court orders to pay more than \$16 million in owed child support.*

### **Challenges**

*The number of children born out of wedlock with paternity established or acknowledged in FY 2001 was approximately 1.6 million, providing a Statewide paternity establishment percentage of 102%. The target is 96.5 %. ACF will continue to provide technical assistance, early interventions, training and education activities to help individuals better understand their parental responsibilities. States are steadily improving and ACF expects to reach this goal soon.*

*There are 10.3 million cases with arrearages due in FY 2001, which is a 4% increase from FY 2000. Total cases paying toward arrearages was 6.1 million in FY 2001, a 9 % increase from FY 2000. This provides a percentage of paying cases among IV-D arrearage cases of 59 %. OCSE will focus on improved enforcement techniques emphasizing automated mechanisms for enforcement, collections, and payments to families.*

*Under the Child Support Performance and Incentive Act cost-effectiveness ratio, the national ratio was \$4.18 in FY 2001. The total of the collections distributed (\$19.0 billion); collections forwarded to other States (\$1.2 billion), and fees retained by other States (\$14.3 million) equaled \$20.1 billion. The total administrative expenditures (\$4.8 billion), less the non-IV-D costs (\$14.5 million), equaled approximately \$4.8 billion in FY 2001.*

*The administrative expenditures were up 7% in FY 2001. This was due to increased automated data processing expenditures that are expected to continue to increase. Focus will continue to be placed on increased efficiency of State programs through automated systems. Administrative expenditures will continue to be the focus of Federal audits.*

**Incentive funding:** The CSE program includes an incentive funding system with a formula based in statute. PRWORA required the Secretary to develop a new revenue-neutral, performance-based incentive funding formula in consultation with the States. The old incentive funding system, which paid rewards to States based on cost-effectiveness was in effect until FY 2001, when a new system, enacted by the Child Support Performance and Incentive Act of 1998 (CSPIA), was phased in beginning in FY 2000.

For FY 2001, States were able to earn one-third of what they earned under the traditional cost-effectiveness formula. Two-thirds of the \$429 million FY 2001 incentive pool was available to all States to be shared under the performance-based incentive formula. The formula continues to be instrumental in driving the CSE program toward achievement of its performance targets.

To implement the new incentive system, OCSE has trained States on the incentive measures, the formula for calculating payments and revised data reporting. OCSE's auditors are closely monitoring the ability of States to report reliable data and are also assessing the validity of State-reported data. Data reliability audits for FY 2001 began in January 2002 and were completed in August 2002. FY 2001 data for performance measures should be available in September 2002. During the fall, winter, and spring OCSE performs an analysis of the data and compiles a preliminary data report each summer. Final incentives will be calculated in November 2002.

### **Data Issues**

**State Automated Systems:** States currently maintain information on the necessary data elements for the five program measures. Most States use an automated system to maintain these data, while a few maintain the data manually. All States were required to have a comprehensive, Statewide, automated CSE system in place by October 1, 1997. Fifty-two States and Territories indicate compliance with the single Statewide child support enforcement automation requirements of the Family Support Act of 1998. Fifty States are FSA-certified, two States have

been reviewed but their certification review report hasn't been issued yet. Forty-seven States indicate compliance with PRWORA. Continuing implementation of these systems, in conjunction with cleanup of case data, will improve the accuracy and consistency of reporting.

*Data Completeness and Reliability.* As part of OCSE's review of performance data, the State's ability to produce valid data will be reviewed. Data reliability audits are conducted annually. Self-evaluation by States and OCSE audits will provide an ongoing review of the validity of data input and the ability of automated systems to produce accurate data. There is a substantial time lag in data availability. The Audit Division completed the FY 2001 audits as of August 2002.

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#### *4. Increase affordable child care*

**Approach for the Strategic Objective:** Increase access to affordable, quality child care for low-income, working families.

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### **CHILD CARE: AFFORDABILITY**

The purpose of the Child Care and Development Fund (CCDF) is to help low-income working families achieve and maintain economic self-sufficiency and to improve the overall quality of child care. The CCDF was established under PRWORA, which repealed the title IV-A child care programs and replaced them with new funding administered under the revised Child Care and Development Block Grant (CCDBG) rules and regulations.

CCDF consists of three funding streams: Mandatory, Matching, and Discretionary Funds. The Mandatory and Matching Funds are appropriated for Fiscal Years 1997 through 2002 under section 418 of the Social Security Act. A State's share of the Mandatory Funds is tied to its spending under the now-repealed AFDC-related child care programs. The Matching Funds are funds remaining after the Mandatory Funds are allocated according to the statutory formula. To receive its share of the Matching Funds, a State must provide a match at the current Medicaid rate, expend its Maintenance of Effort Funds, and obligate its Mandatory Funds. The Discretionary Fund (the Child Care and Development Block Grant Fund) is appropriated annually by Congress. Discretionary Funds are allotted to States according to a formula based on the proportion of children under age five, children who receive free or reduced price school lunches, and average per capita income. PWRORA provides that States may transfer up to 30 % of their funds under the TANF program to CCDF. Transferred funds are subject to the regulations governing the Discretionary Fund. States may also spend TANF dollars directly on child care services.

States are required to spend at least 4 % of their CCDF funds on activities to improve the quality and availability of child care. In addition, Congress earmarked small amounts of the Discretionary Fund to be used by States for school-age care, resource and referral services, improved quality, and expanded availability of quality infant and toddler care.

Under the statute governing CCDF, eligible children are defined as those whose parents are working, or in education or training, or who are in need of protective services. Children must be under the age of 13 and reside with a family whose income does not exceed 85 % of the State's

median income (SMI) for that size family. States may set their own child care funding priorities for children. States may serve children 13 to 19 years of age who are under court supervision or are mentally or physically incapable of self-care. In addition, under the new school-age certificate program, young people, up to age 19, may be served. States must spend 70 % of their CCDF monies to provide child care services for families on, or transitioning off, TANF, or at-risk of welfare dependency. States are also required to give priority to children with special needs and children from very low-income families. In their biennial plans to ACF, States must provide information concerning policy issues such as family eligibility limits, sliding fee scales, provider reimbursement rates, provider health and safety requirements, and activities to improve the quality and availability of care.

#### *Accomplishments*

*In FY 2001, States spent \$6.0 billion in Federal funds for child care (including significant amounts of funds transferred from TANF to CCDF) and approximately \$1.6 billion of their TANF block grant funds directly for child care services. In addition, \$2.0 billion in State funds (i.e., Matching and MOE) were spent under CCDF in FY 2001. These expenditures reflect historically high levels of Federal and State funding for child care. With these funds, many States are exercising the flexibility provided under CCDF and TANF to expand the number of children served and provide services for low-income working families without regard to their connection to TANF and without waiting lists. ACF estimates that in addition to the children served with CCDF and CCDF-related funds, approximately 700,000 additional children received child care services funded through the Social Services Block Grant and TANF dollars (Federal and State) spent directly on child care.*

*To improve evidenced-based policy decisions at the Federal and State levels, in Fiscal Years 2000 and 2001, the Bureau awarded 24 grants for field-initiated child care research. In addition, the Bureau has awarded twelve grants to individual doctoral students to complete dissertations on child care-related topics, and funded two research fellowships through the Society for Research in Child Development. In FY 2001 and 2002, six State CCDF Lead Agencies received grants under a new research priority entitled State Data and Research Capacity. The purpose of these grants is to improve the capacity of States to collect child care data and use the data for research purposes.*

*In addition, the Bureau, in partnership with the ACF Office of Planning, Research, and Evaluation, awarded a seven-year contract to work with States on a multi-site evaluation of selected child care subsidy strategies. The long-range intent of this contract is to provide reliable information to local, State, and Federal policy-makers about the efficacy of policies and programs related to child care subsidies in promoting outcomes for children and helping low-income families obtain and retain work. In the FY 2002 State Plans, 44 States and Territories reported that their Lead Agency partners with the entity responsible for administering State TANF funds. At least seven States indicated that they have developed a single, "seamless" system for administering child care subsidies to all families without regard to eligibility category. Fourteen States said they have established procedures that allow families to apply for child care assistance via mail, phone, or fax, and nearly half of the states use the Internet to perform application functions.*

*Twenty States reported collaborating with the State Education Department or another public or private entity to expand services for school-age children. Thirty-seven States collaborate with their State Health Department. In an increasing number of States, collaboration involves outreach on health and safety issues to child care providers and efforts to inform low-income families about the availability of subsidized health care. In their plans, 45 States described collaboration with Head Start and 23 reported joint efforts to promote early intervention for children with developmental disabilities. Twenty-five State Lead Agencies reported active collaborations with Tribal communities to improve service delivery to dually-eligible children. Thirty-six States reported that planning and collaboration efforts are directed by State and/or local councils, committees, and advisory board that are established by the State or through legislation.*

Quality early childhood programs provide a crucial linkage for comprehensive, healthy child development to prepare children to be successful in school and later in life. Quality programs also provide needed supports to parents moving toward self-sufficiency through training and work. Recognizing the importance of comprehensive services, ACF encourages its State partners to create linkages between child care and health, family support, early childhood education, and other services at the State and community levels.

ACF collaborates at the Federal level with other agencies to facilitate community-level coordination. This includes coordination within ACF among the Bureau, TANF, Head Start, Office of Child Support Enforcement, Office of Refugee Resettlement, and the Administration

on Developmental Disabilities. For example, the Child Care and Head Start Bureaus jointly sponsor the QUILT (Quality in Linking Together) project that helps Head Start and child care grantees as well as State pre-kindergarten programs form partnerships toward the provision of full-day, full-year early childhood services.

Within HHS, the Bureau participates with the Maternal and Child Health Bureau to sponsor the Healthy Child Care America Campaign, which aims to improve health and safety in child care by creating strong links between the child care and health communities. Externally, ACF continues to partner with the Department of Labor's Welfare-to-Work grants program, States (both individually and through national associations such as the American Public Human Services Association and the National Governors' Association), various national child care associations, and the research community (e.g., the Bureau's Child Care Research Consortium).

In FY 2002, the Bureau is placing particular emphasis on partnering with the Head Start Bureau and the Department of Education on the President's initiative, Good Start Grow Smart. This initiative, designed to ensure that child care and early childhood programs maximize the opportunity to further early learning and literacy in young children, will require States to develop voluntary guidelines for school readiness. This will involve State CCDF Lead Agencies as well as State Education Agencies. Success in this endeavor will require Federal leadership from both the ACF and the Department of Education.

### **Data Issues**

The Federal Child Care Information System (FCCIS) collects aggregate and case-level data from the 50 States, the District of Columbia, Puerto Rico and the Territories of American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the Virgin Islands, as required by CCDF legislation. States are responsible for compiling aggregate data at the State level and transmitting it electronically via the Internet to the FCCIS. All data received by the FCCIS are stored in a national dataset. Data standards have been set and training and technical assistance provided to all States and Territories on reporting requirements and submission procedures.

The Bureau continues to provide technical assistance (TA) designed to improve State and Tribal data submission and data quality. These TA activities include on-site visits; distribution of documents; enhancements to the TA Tracker software; training workshops; presentations at regional and national meetings; and software to help Tribes collect data and administer their subsidy programs.

One major TA resource, the Child Care Automation Resource Center (CCARC) is used by the States, Territories, and Tribes for interactive and immediate TA to resolve data collection problems. A unique feature of CCARC is the development of two software utilities (Child Care Data Viewer and Tribal Child Care Data Tracker), which enable States, Territories, and Tribes to use the data submitted to the Bureau for their own (local) purposes. In addition, the Bureau anticipates that its new State Data and Research Capacity Grants will support States in developing their capacity to report accurate data. While the Bureau has noted a steady improvement in data quality from the States over the last few years, it is committed to continuing its active role to facilitate States' compliance with CCDF reporting requirements.

***Strategic Goal 2:  
Improve healthy development, safety and well-being of children and youth***

**Major Program Areas Under this goal:** Child Care: Quality  
Head Start  
Child Welfare  
Developmental Disabilities: Health  
Youth Programs

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*5. Promote early childhood development*

**Approach for the Strategic Objective:** Provide high quality early childhood programs, such as Head Start or accredited child care programs, so that early childhood experiences enhance children's development and school readiness.

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**CHILD CARE: QUALITY**

Since the passage of PRWORA, one quarter of 1 % of the CCDF has been set-aside for technical assistance (TA). The Bureau's TA efforts have included targeted TA and support to States in systems development. The Bureau has placed particular emphasis on helping States to collect, report, and manage child care data; to improve quality; to meet Federal requirements for reporting; and to educate consumers.

In ACF's efforts to break the cycle of poverty and dependency, it is essential to focus both on parents and the next generation. Parents are more likely to succeed in employment and self-sufficiency if they have confidence in their child care arrangements. Beyond issues of health and safety, child care impacts the cognitive, emotional, and social development of children.

The Bureau works with State administrators, professional groups, service providers, and others on the following objectives: to identify elements of quality and appropriate measures; to inform States, professional organizations, and parents about the constituents of child care quality; to influence the training and credentialing of child care workers and accreditation of child care facilities; to improve linkages with health care services and with Head Start; and to take steps to improve the quality of child care nationally.

The Bureau works to expand partnerships with States and among early childhood programs to improve quality in early care and education. With their infant and toddler earmarks, States are recruiting additional caregivers; providing health outreach, including training and consultation; offering incentives for provider accreditation and training; and sponsoring specialized training for infant and toddler caregivers. A number of States implemented initiatives to improve the supply and quality of infant and toddler care—some through partnerships with Early Head Start.

With CCDF monies, including funds earmarked for school-age care and resource and referral, States reported efforts to improve both the supply and quality of school-age care. These efforts include incentives for providers seeking accreditation, specialized curriculum development,

grants to programs seeking to improve the quality of their services, and development of specialized licensing standards for school-age programs. In many States, efforts to improve the quality and supply of school-age care target low-income neighborhoods, and non-English speaking populations.

In addition to the earmarks, States are required to spend at least 4 % of CCDF funds to improve the quality and availability of child care and offer additional services to parents, such as resource and referral counseling on selecting appropriate child care providers.

#### *Accomplishments*

*In FY 2000, 1.75 million children were served in an average month with CCDF dollars (this does not include children served with TANF-direct and SSBG (Social Services Block Grant) funds.*

*The Bureau awarded \$2.5 million in discretionary grant funds appropriated to ACF for Technical Assistance to Improve Child Care Facilities in FY 2001. Nine organizations around the country are providing technical assistance to child care providers to improve the quality and supply of child care facilities, including child care for infants and toddlers and children with disabilities. A cooperative agreement was awarded to a university and its consortium of universities and early childhood organizations for the Center on the Social and Emotional Foundations for Early Learning. The purpose of this five-year project is to support the development of a national center to assist Head Start and child care programs to identify and implement practices that demonstrate effectiveness in promoting children's social and emotional competence. In FY 2001, the Child Care Bureau also awarded 26 new discretionary grants to local councils under the Early Learning Opportunities Act (ELOA). Another group of 31 ELOA grants was awarded in FY 2002. The Bureau intends to work with the FY 2001 and 2002 ELOA grantees in furthering early learning and literacy and to assist them in evaluating the outcomes of their efforts.*

*Based on the combined data of the National Association for Family Child Care, National Association for the Education of Young Children (NAEYC) and the National School-Age Care Alliance (NSACA)—national credible sources of information about provider accreditation and certification--there were 9,535 accredited child care facilities nationwide in CY 2000.*

#### *Challenges*

*The NAEYC is revising its accreditation system. The new system will be announced in November 2002 and is scheduled to be operational in 2005. The effects of this new system on the measure concerning accreditation of facilities cannot be determined at this time. However, the impact could be substantial because NAEYC accredits a larger proportion of child care facilities annually than do the two other accrediting organizations that are sources of data for that measure.*

*Providing an accurate count of the total number of child care workers is also difficult. No reliable estimate of the number of such workers exists. The ability to provide the total number of workers is hampered by several factors; e.g., no common definition exists for the term "child care worker." The Bureau of Labor Statistics' National Industry-Occupation Employment Matrix includes at least three employee categories applicable to child care workers and omits some obvious providers such as the self-employed. In FY 2002, the Child Care Bureau funded two grants designed to increase knowledge about child care providers and staff.*

<p><i>Increase by 1% (95) the number of regulated child care centers and homes nationwide accredited by a nationally recognized early childhood development professional organization from the CY 2000 baseline. CY 2000 Actual = 9,535. CY 2001 Target = 9,630; CY 2001 Actual = 9,237. FY 2002 Target = 9,725 (data expected to be available 12/2003. [It is not clear whether the changes in the NAEYC accreditation system resulted in the decrease in accredited facilities between CY 2000 and 2001.]</i></p>
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One key strategy for improving the quality of care, as well as its affordability and availability, is to create linkages between CCDF, early childhood programs and other agencies that provide crucial services to children and families. The Bureau has actively promoted collaboration through policy and technical assistance. In their biennial CCDF Plans, States are required to discuss both the coordination and collaboration that occurred in developing their plans and the results of that collaboration. The Bureau monitors State progress toward the goal of collaboration through the State reports. States submitted new plans on July 1, 2001, for the two-year period beginning October 1, 2001.

States continue to expand their innovative uses of CCDF quality improvement funds to assure more children are cared for in environments that support their developmental needs. In their FY 2002 CCDF State Plans, States reported that they are using quality funds to educate parents about making good child care choices; to provide grants and loans to expand the number and quality of child care slots; to increase child care provider wages, benefits, and training; and to monitor the safety and quality of care.

The trend continues toward States implementing systems of tiered reimbursement whereby providers are paid more if they can demonstrate that they offer higher quality care. In their Plans, 29 States indicate that they provide rate differentials for various levels of quality. Most States indicated they are working toward a system of professional development for child care providers and workers. Nearly a dozen States have implemented the North Carolina TEACH model combining professional development and training with salary enhancements. State-funded pre-kindergarten programs now exist in 42 States and nearly all States reported efforts to link child care, Head Start, and pre-kindergarten programs more closely together.

### **Data Issues**

As discussed earlier in Goal 1, the Bureau has worked with States and Territories for several years to develop appropriate and achievable program goals and measures. The child care goals and measures in GPRA reflect the consensus-building and participatory process.

Some of the child care quality performance measures require new reporting and/or data gathering methods, including obtaining information from national organizations. The Bureau intends to address these data issues in several ways. Information relevant to measures already included in State Plans will be used to help tell the performance story. The State Plan Preprint submitted biennially by States has been, or will be, amended to include additional items related to the Bureau's performance measures.

### **HEAD START**

The purpose of Head Start is to provide comprehensive child development services to children and families. This is achieved through grants to local public and private non-profit and for-profit agencies. Head Start is authorized under Section 639 of the Head Start Act, as amended. Intended primarily for preschoolers from low-income families, Head Start promotes school readiness by enhancing the social and cognitive development of children through the provision of educational, health, nutritional, social and other services. Head Start programs emphasize cognitive, language and socio-emotional development to enable each child to develop and function at his or her highest potential. Head Start engages parents in their children's learning and helps them in making progress toward their educational, literacy and employment goals.

The basic philosophy guiding the Head Start program is that children benefit from quality early childhood experiences and that effective intervention can be accomplished through high quality comprehensive services for children. Head Start supports families by providing direct and referral services when needed and fosters community involvement, especially in providing health and social services for enrolled children and their families. Almost 30 % of Head Start program employees are parents of Head Start children.

Head Start continues to emphasize its role as a national laboratory to test and refine educational approaches, and to use child outcomes to help guide program development. Recognition of emerging research, changing needs and developing trends enables the Head Start Bureau to make resources available for targeted programmatic improvements. Head Start conducts research, demonstration, and evaluation activities to test innovative program models and to assess program effectiveness.

In FY 1995, the Early Head Start program was established in recognition of mounting evidence that the earliest years, from birth to three years of age, matter a great deal to children's growth and development. During the first nine months of FY 2002, Head Start selected and allocated funds to successful competing applicants who will enroll 15,000 additional children in the Early Head Start programs. This is a key area of focus as research demonstrates the critical significance of very early childhood as a time for laying the foundations necessary for optimal future development.

#### *Accomplishments*

*In 2002, more than 918,000 children were enrolled in Head Start programs. These programs operated 18,500 centers with 49,800 classrooms. Of the children served, 34.5 % are African-American; 30.4 % are White; 28.7 % are Hispanic; 3.3 % are American Indian; and 2.0 % are Asian.*

*Sixty-four % of all Head Start programs enrolled children from more than one dominant language and 20 % enrolled children from four or more dominant language groups. Head Start programs endeavor to meet the needs of diverse communities and cultures in America. Head Start enrolls and serves children in a myriad of settings, primarily community based organizations operating north and south from Florida to Alaska, and east to west from Puerto Rico to Micronesia through a network of 1,565 largely community based program grantees.*

*In response to the legislative mandate, substantial resources were allocated during the first nine months of FY 2002 to upgrade the credentials of Head Start classroom teachers. More than \$80 million in annual funding was earmarked to pay for teacher training and to continue to increase staff compensation. Grantees were required to develop plans for using their allocation to increase the numbers of teachers with degrees, a factor which research indicates is strongly associated with positive child outcomes. Additionally, significant resource allocations have been targeted to train thousands of Head Start teachers (Project Step) in Head Start programs across the country. Project Step, begun in FY 2002 and conducted in concert with a Presidential initiative, is a professional training program to enhance the work going on in Head Start programs. It provides nationwide research-based literacy training to all Head Start programs, builds on existing quality improvement and professional development efforts; and creates a consistent foundation of staff knowledge and skills in early literacy to enhance the locally designated curriculum and staff development efforts. During four-day training conferences, teachers receive 32 hours of research-based training to support grantee-designated Early Literacy Specialists. Their training includes instruction on approaches to teaching strategies, optimum classroom arrangements, and the use and placement of materials to promote children's literacy and language learning.*

*Head Start continues to employ and provide training to 55,900 parents of Head Start children; 29 % of present Head Start employees are parents of Head Start children. Head Start parents achieve required credentials thereby benefiting from career training, and enjoy long term stable employment in Head Start. These parents, many of whom were participants in temporary public assistance, participate in employer provided health care and retirement benefits accruing benefits not only for themselves, but also for their children.*

*Head Start emphasizes the importance of the early identification of health problems. Every child is in a comprehensive health program that includes immunizations, medical, dental, and mental health, and nutritional services. The Head Start program has maintained a high level of effort in accomplishing a nearly 100 % rate for child immunizations and rates approaching 90 % for health examinations. Basic to the philosophy of the Head Start program is that healthy children will be better able to learn. Head Start made funds available to programs to assist in meeting the costs of critical dental treatment for children in communities where Medicaid-funded dental services are difficult or impossible to access. This will result in more Head Start children receiving needed dental treatment. Research shows that for optimal learning to occur, children's physical health and well-being are essential.*

*Head Start's legislation requires a team led by a Federal representative to examine Head Start program performance standard compliance at least every three years for each program. ACF regional office and central office staff conduct more than 500 on-site reviews each year.*

Head Start makes a substantial annual investment to support regional and sub-regional Head Start quality improvement centers. The national Early Head Start Resource Center for leadership

and support provides training and technical assistance for programs enrolling infant, toddlers and pregnant women. All training and technical assistance services foster collaboration between community agencies, governments, academic institutions and Head Start programs. Head Start sets aside funds for training and technical assistance to help local projects meet the Head Start program performance standards and maintain and improve the quality of local programs, emphasizing early literacy and school readiness and improved credentials for classroom teachers.

ACF and the Head Start Bureau work closely with several agencies within HHS, the Department of Education and other agencies and institutions of higher learning in support of efforts to maintain and improve the quality and scope of Head Start program services.

- Health Resources and Services Administration: The Head Start Bureau signed an inter-agency agreement to support the provision of technical expertise in the area of oral health to both the Head Start Bureau and Regional Offices.
- Public Health Service, Maternal and Child Health Bureau: Inter-agency agreement to fund activities of the National Early Hearing Detection and Intervention Technical Assistance Centers to provide expertise in hearing screening, diagnosis and intervention services to infants, toddlers and young children.
- Department of Education and National Institutes of Health: Early Head Start Fathers Study to help develop strategies to involve fathers in aspects of the Early Head Start program.
- Department of Education: Collaboration on Early Childhood Longitudinal Study, kindergarten and birth cohorts, to increase knowledge about predictors of school readiness.
- National Institute of Child Health and Human Development, Department of Education.
- National Institute of Mental Health: Inter-agency collaboration on research initiative to identify child development interventions to promote school readiness.
- America Reads and the Department of Education: to develop and implement literacy curricula in early childhood settings.
- Partnership with Office of Child Support Enforcement: to foster collaboration between Head Start and OCSE agencies in furthering the support of children.
- National Center on Family Literacy: to assist Head Start in developing literacy curricula.
- Historically Black Colleges and Universities, Hispanic Serving Institutions of Higher Learning, and Indian Controlled Land Grant Colleges and Universities: to develop faculty support for curricula in early childhood development for training of teachers.

*Increase the number of classroom teachers with a degree in early childhood education (ECE), a child development associate credential, a State-awarded preschool certificate, a degree in a field related to ECE plus a State-awarded certificate or who are in CDA training and have been given a 180-day waiver, consistent with the provisions of Section 648A(a)(1) of the Head Start Act. FY 2000 Target = 100% ; FY 2000 Actual = 94%. FY 2001 Target = 100%; FY 2001 Actual = 86%. FY 2002 Target = 100%; FY 2002 Actual = data expected to be available 1/03 (date changed from 10/02 due to moving PIR submission date from June to August.). (FY 1999 Baseline: 93%.)*

Head Start sets goals and measures program outcomes for children related to children's health, emergent literacy, numeracy and language skills, cognitive skills, gross and fine motor skills, attitudes towards learning, social behavior, and emotional well-being (selected indicators are reported below). Other reported indicators include parental involvement in educational activities, professional development of teaching staff, observed classroom quality, and provision of needed physical, dental, and mental health services.

None of Head Start's 49,800 classrooms scored below a minimal level of quality, unlike many other preschool and child care settings. Head Start classroom quality is linked to child outcomes. For example, children score higher on early literacy measures when they experience richer teacher-child interaction, more language learning opportunities, and a classroom well equipped with learning resources. This outcome, among others, is a proxy measure of the effectiveness of Head Start's national training and technical assistance network in which substantial funds are invested.

## **Data Issues**

The Family and Child Experiences Survey (FACES) is a longitudinal study of a nationally representative sample of 3,200 children and families in 40 Head Start programs which provides data for the Head Start child outcomes measures. OMB granted approval in July 1997, following a field test of 2,400 children in the spring of 1997. Full implementation began in the fall of 1997 and includes assessment of the same children before and after their Head Start experience (whether one or two years), as well as in the spring of kindergarten and the spring of first grade. Data sources include parent interviews, staff interviews, teacher questionnaires, classroom observations, and direct child assessments. FACES, designed as a periodic, longitudinal data collection activity, provided the baseline data for 1999.

Because of the need to collect longitudinal data, (including pre- and post-test and follow-up data on child performance to assess progress), it is not feasible to provide FACES data on an annual basis. However, all local programs receiving Head Start funds are required to submit an annual Program Information Report (PIR) tracking program participation statistics such as the age of children, the kind of education program they receive, and the medical, dental and mental health services the children receive. Regular, periodic data collection for additional program quality and outcome measures provided by the Head Start PIR will ensure a regular, national picture of program quality.

Current plans project a three-year cycle of FACES data collection. A new cohort of FACES, including a new nationally representative sample of 43 programs, has received OMB approval; data collection began in fall 2000, following children and families for one or two years of program attendance, with a kindergarten follow-up. The most current data (2002) indicate that Head Start children completing the program are achieving an average 32 percent gain in word knowledge compared to average gain among all children during the pre-k year of 19 percent. In addition, Head Start children are achieving an average 43 percent gain in mathematical skills compared to the average gain for all pre-k children of 30 percent.

Head Start's PIR provides on-time verified data that are collected annually from all Head Start programs using an OMB-approved data collection instrument. This instrument is revised periodically to capture information that is relevant to reporting on program objectives. This data collection is automated to improve the efficiency in the collection and analysis of data. Head Start achieves a 100% response rate annually from 2500 respondents.

### **Challenges**

*While the performance target established in the Head Start Act for qualified teaching staff was 100 %, the actual achieved in FY 2001 was 86 %. This shortfall is due to a combination of staff turnover and/or limited access to training and credentialing opportunities in certain areas of the country. In partnership with institutions of higher education, Head Start is working to ensure that a majority of teachers obtain associate's or bachelor's degrees in early childhood education over the next few years.*

*While performance has remained stable for the health and emotional measures with a slight decrease in treatment for emotional/behavioral problems, all three Head Start health indicators (including dental) are below the projected target levels. However, the number of children identified as needing treatment has increased for all three measures and the number actually receiving treatment has increased.*

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## **6. Increase safety, permanency, and well-being of children and youth**

**Approach for the Strategic Objective:** Help children and youth while they are living with their own families, when appropriate. When necessary, place children and youth in stable, family-like settings consistent with the needs of each child or youth. Support children and youth with developmental disabilities in individual and small group dwellings that will include them in community life.

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### **CHILD WELFARE**

The purpose of ACF's Child Welfare programs is to prevent maltreatment of children in troubled families, protect children from abuse, and find permanent placements for those who cannot safely return to their homes. Programs such as Foster Care, Adoption Assistance, and Independent Living provide stable environments for those children who cannot remain safely in their homes, assuring the child's safety and well-being while their parents attempt to resolve the problems that led to the out-of-home placement. When the family cannot be reunified, foster care provides a stable environment until the child can be placed permanently with an adoptive family. Adoption Assistance funds are available for a one-time payment for the costs of adopting a child as well as for monthly subsidies to adoptive families for care of the child.

ACF has undertaken a number of activities designed to improve overall performance in child welfare. Most significant is the publication in January 2000 of final regulations pertaining to aspects of the Adoption and Safe Families Act of 1997 (ASFA), including regulations about foster care eligibility reviews and State plan reviews. Central and Regional Office staff and the ten Child Welfare Resource Centers continue to provide training and technical assistance to States and local agencies around issues pertaining to the implementation of ASFA. The Resource Centers focus on permanency planning, adoption, family-centered practice, youth development, legal issues, abandoned infants, organizational development, child maltreatment, community-based family resource services, and information technology.

On January 25, 2000, HHS published a final rule in the *Federal Register* to establish new approaches to monitoring State child welfare programs. Of particular note are the Child and Family Services (CFS) reviews, which focus on outcomes for children and families in the areas of safety, permanency, and child and family well-being; and systemic factors that directly impact the State's capacity to deliver services leading to improved outcomes. In FY 2004, at least one CFS review will have been completed in each State and some States will begin a second review. The specific outcomes and their associated indicators are as follows:

## Safety Outcomes:

- Children are, first and foremost, protected from abuse and neglect.
- Children are safely maintained in their homes whenever possible and appropriate.

## Permanency Outcomes:

- Children have permanency and stability in their living situations.
- The continuity of family relationships and connections is preserved for children.

## Child and Family Well-Being Outcomes:

- Families have enhanced capacity to provide for their children's needs.
- Children receive appropriate services to meet their educational needs.
- Children receive adequate services to meet their physical and mental health needs.

The systemic factors being reviewed are related to the State's ability to deliver services leading to improved outcomes. The systemic factors include: 1) statewide information systems; 2) the case review system; 3) quality assurance system; 4) staff and provider training; 5) service array; 6) agency responsiveness to the community; and 7) foster and adoptive parent licensing, recruitment and retention.

*Increase the number of children adoptions. FY 2000 Target = 46,000; FY 2000 Actual = 50,000. FY 2001 Target = 51,000; FY 2001 Actual = 50,000. FY 2002 Target = 56,000; FY 2002 Actual = data expected to be available 9/03. (FY 1999 actuals = 46,000.)*

### ***Accomplishments***

*ACF continues to focus on child welfare outcomes. In addition to the outcomes measured through the CFS reviews, ACF publishes an annual report on Child Welfare Outcomes for the States required by section 479a of the Social Security Act; and awards adoption incentive funds to States that increase their number of finalized adoptions over their baselines. Harvard University has recognized ACF's achievements in its focus on outcomes in child welfare activities. ACF was one of 15 finalists out of 3,000 applicants in Harvard University's Innovations in American Government competition. ACF exceeded the goals for one of the five GPRA measures for which FY 2001 data are currently available (August 2002). Over 110,000 (68%; target, 67%) children who exited foster care through reunification did so within one year of placement. For two goals, the movement was in the right direction. The percentage of children who exited care through adoption within two years of placement increased from 20% in FY 2000 to 23%, over 10,000 children, in FY 2001. In addition, 60% (33,000), of the children who had been in care less than 12 months experienced no more than two placement settings. A third goal, increase the number of adoptions to 51,000 in FY 2001, was missed by 1,000. However, the goal for the total number of adoptions from FY 1999 to FY 2001 was 138,000. The total number of adoptions actually finalized during this period, 146,000, exceeded the total target by 8,000.*

### ***Challenge***

*The reason the goal--increase the number of adoptions--was missed for the first time in FY 2001 was because most of the children who had been on the adoption track prior to the implementation of ASFA have completed the adoption process. Concurrently, many of the children who entered the adoption track after implementation of ASFA have not yet completed the process. The percentage of children who exited foster care through guardianships within two years of placement declined from 59% in FY 2000 to 57% (4,500) in FY 2001. It is unclear whether there actually was a decline, or if the figures are a reflection of data improvement. Guardianship, as a reason for discharge, has generally been under-reported and does not even exist as a discharge reason in some States. However, the number of guardianships reported doubled between FY 1998 and FY 2001, from a*

*little over 4,000 to 8,000. There are a number of factors that have contributed to this increase in reporting. First, the use of guardianship as an exit strategy for relative foster care appears to be growing, primarily for children who may have been in a relative care placement for a long period of time, and many States wish to track it. Second, the Adoption and Foster Care Reporting and Analysis System (AFCARS) reviews have identified problems in the coding of guardianships in a limited number of States and those States have taken action to correct the problems. Third, the Data Profile component of the Statewide Assessment used in the CFS emphasizes discharge reasons.*

*ACF's ability to promote improvement in child welfare services is dependent on working collaboratively with State child welfare agencies that are responsible for providing direct services to children and their families. This relationship has been significantly strengthened through the State-Federal partnership required and promoted by the CFS reviews. However, decisions about placing children are made by judges in juvenile and family court systems throughout the nation. Improved judicial handling of child welfare cases will be essential to achieving permanency goals for children. Children in the child welfare system have many medical and mental health problems, while chronic substance abuse, mental health problems, homelessness, limited education, and other problems incapacitate many of their parents. The availability of services from other sectors to meet these needs is uneven. The expansion or contraction of services in various parts of the country will affect performance.*

*To ensure that activities are coordinated with Federal partners which provide many of these services, ACF works closely on achieving its goals with the Department of Justice, the Substance Abuse and Mental Health Services Administration, TANF program and other national agencies and organizations whose responsibilities overlap with child welfare services.*

When States identify problems with the reporting of guardianships or other discharge reasons in their profile, they review and frequently resubmit their data. Early indications are that this process has generated improved data for those States that underwent CFS reviews in FY 2001 and are in the process of undergoing CFS reviews in FY 2002. Also, the ACF-funded National Resource Center for Information Technology in Child Welfare is providing intensive technical assistance to States undergoing CFS reviews, particularly in relation to the Data Profile in the Statewide Assessment. ACF expects this technical assistance to result in an overall improvement in the reporting of discharge reasons.

## **Data Issues**

Both AFCARS and the National Child Abuse and Neglect Data System (NCANDS) conduct extensive edit-checks for internal reliability. For AFCARS, more than 700 edit-checks are conducted to improve data quality and the results are sent to the States. In addition, all edit-check programs are shared with the States. Finally, compliance reviews for AFCARS are currently being piloted and State SACWIS systems are undergoing reviews to determine the status of their operation.

To speed improvement in these data, the agency funds the National Resource Center for Information Technology in Child Welfare. This Resource Center provides technical assistance to States to improve reporting to AFCARS and NCANDS, improve statewide information systems, and better utilize their data. These activities should continue to generate additional improvements in the data over the next few years.

## **Challenges**

*Being able to report data in a timely manner is critical in guiding program improvement to achieve outcomes. The following summarizes why AFCARS foster care data are not available until nine months after the September 30 point-in-time date. AFCARS foster care data for September 30 of any year, under regulation, are reported by the States to ACF electronically by November 14. The data are processed, assessed for errors and compliance with regulatory standards, and the results are transmitted back to the States. Based on these results and other information provided by the Department, many States submit revised data to insure that accurate data are submitted. States may resubmit data for two other reasons. First, AFCARS foster care data are used in the statewide assessment portion of the CFS reviews. When some States examine these data provided to them by the Department, they chose to resubmit more accurate data. In addition, AFCARS foster care data are used in the implementation of Program Improvement Plans which result from the CFS reviews. States may resubmit data to insure that the data used for this purpose are accurate. The resubmitted data are then processed and the data are made available to the statistical analysts in May. The analysts review the data to determine which States' data are useable in this plan.*

*The AFCARS adoption data take a longer time to become available because States can submit data on any finalized adoption at any time without incurring a financial penalty. Frequently, adoption data are not entered into State information systems for some time after the adoption because the entry does not occur until the final paperwork is received from the court. For example, over 2,800 adoptions finalized in FY 2000 were not reported until the first reporting period in FY 2001, or by May 15, 2001. Because of the requirement of the Adoption Incentive Program that only adoptions reported by the first reporting period in the following fiscal year can be counted for incentive awards, almost all adoptions are now reported within that timeframe, though there are still a small number which are reported in subsequent reporting periods. After data are received (in this case by May 15 of the following year), they still must be downloaded, converted to analytical files and cleaned before they can be included in the plan.*

*The NCANDS data take even longer to become available. Data reported to NCANDS only once per year which delays the calculation of recurrence. For example, for a 12-month recurrence rate, for FY 2001, a first report could occur as late as December 31, 2001. To count as a recurrence, a second report can be received as late as December 2002. The NCANDS data are then compiled by the States, transmitted to the contractor, converted to analytical files, de-duplicated and cleaned before they are available to include in the plan.*

## **DEVELOPMENTAL DISABILITIES (Education and Health)**

The DD education goal is to increase the number of students with developmental disabilities who reach their educational goals. (See previous Section on DD, Goal 1, Objective 1 for a discussion of program purpose and legislative intent.)

The State Council, the UCEDDs (University Centers for Excellence in DD), and the P&A (Protection and Advocacy) system in each State contribute to pursuing integrated/inclusive education for persons with developmental disabilities in accordance with State legislation. The P&A systems usually have the lead in promoting the development of integrated/inclusive education for persons with developmental disabilities. P&A interventions included counseling parents on advocating for their children, negotiating better placements, counseling school systems on the rights of students with disabilities, administrative remedies, and, in extreme cases, litigation.

The DD health goal is to improve the health of people with developmental disabilities and increase their access to the full range of needed health care services. This goal comprises issues such as access to health care information needed to make choices, the affordability, accessibility, and equitable distribution of health care resources. Significantly, health care personnel must be appropriately qualified to meet the health care needs of people with developmental disabilities. The State Council and the UCEDD(s) in each State contribute to pursuing training for health care providers. The UCEDDs serve as lead partners as required by their legislative mandate to provide training.

### ***Accomplishment***

*In FY 2001, UCEDDs reported 4,112 health care providers trained to meet the needs of people with developmental disabilities. This was a slight increase over both of the preceding years (though the increase fell short of the target of 5000).*

### ***Challenge***

*Because so few health professionals are aware of the special health care needs of persons with developmental disabilities, there is a significant need for training. Actual performance remains unstable due to changes in allocation of training resources, but ACF believes there is potential for gradual improvement.*

## YOUTH

The Runaway and Homeless Youth (RHY) Program began in 1974 in response to concern about increasing numbers of runaway youth exposed to exploitation and the dangers of street life. It has subsequently been expanded to assist homeless youth both on a short-term basis and in making the transition to independent living. ACF's RHY programs provide shelter and face-to-face services to approximately 55,000 to 75,000 youth annually.



The Runaway and Homeless Youth Act of 1999, as reauthorized, requires that at least 90 % of the funds be spent on service grants. The balance supports a national hotline for runaways, an information clearinghouse, demonstration projects, data collection, on-site program monitoring and other support functions.

The size and composition of the young homeless population varies with the economy, local and national demographics, community viability, school quality, family dynamics, and other factors. Many youth served in the RHY programs seek assistance because of problems with parental substance abuse, emotional, sexual and/or physical abuse and neglect, or other adolescent/parental relationship issues. Others are caught up in the turmoil of adolescence and need support in coping with the stresses in their lives. These factors complicate service delivery, aftercare follow-up, and achievement of desirable outcomes.

Estimates of the number of runaway and homeless youth in the United States vary, ranging from 500,000 to 1.5 million. A recent projection suggested that as many as 2.8 million youth in America reported a runaway experience in the year preceding the study. In FY 2002, the Family and Youth Services Bureau (FYSB) of ACYF collaborated with the Office of Planning, Research and Evaluation and the HHS Office of the Assistant Secretary for Planning and Evaluation to begin a Congressionally mandated study of the feasibility of various means to more accurately count the number of runaway and homeless youth.

Fundamental to ACF's approach to youth programs is the concept of Positive Youth Development (PYD), which promotes the strengths and abilities of youth and the positive impact they can have on the nation's communities. The PYD approach maintains that youth nurtured by caring adults, given opportunities to become involved in work or education that builds their skills, supported and protected during challenging times, and actively engaged in service to the community can become valuable contributors to the quality of community life.

In FY 2001, the Assistant Secretary designated PYD as a key priority of ACF. In June 2002 FYSB, working with its partners, sponsored a major National Youth Summit, which focused across disciplines and service areas on issues supporting PYD. Over the past several years,

FYSB has sponsored a number of efforts to broaden and re-emphasize the agency's PYD-related mission. FYSB encourages communities to provide the settings and services needed for young persons' healthy growth and development. The following "life and character components" are essential in the development of youth:

- Safe places with structured activities;
- Ongoing relationships with caring adults;
- Marketable skills through effective education and training;
- Healthy choices and hopeful futures; and
- Opportunities to give back through community service.

Related to its PYD focus, FYSB has established grant programs that target support in several key areas. These include the following:

- **Basic Center Program (BCP):** Grants for the provision of outreach crisis intervention, temporary shelter, counseling, family unification and aftercare services to runaway and homeless youth and their families.
- **Transitional Living (TLP) and the Maternity Group Homes Programs:** Grants to public and private organizations to support projects that provide longer-term residential services for up to 18 months to homeless youth, including pregnant and parenting youth ages 16-21.
- **Street Outreach Program (SOP):** Grants to private, non-profit agencies for street-based outreach and education, including treatment, counseling, provision of information, and referral for runaway, homeless street youth.

FYSB collaborates with other Federal agencies, other ACF programs, States and community organizations to achieve its mission. FYSB funds State Youth Development Collaboration Projects to support innovative youth development strategies and capacity building at the State level. The five-year grants enable the States to develop new, or strengthen existing, youth development infrastructures, partnerships and policies. These efforts focus on all youth, including those at-risk, such as runaway and homeless youth, those leaving the foster care system, abused and neglected children, and others served by the child welfare and juvenile justice systems.

#### *Accomplishment*

*In FY 2002, ACF's Basic Center and Transitional Living programs provided shelter and services to over 78,000 youth. The Street Outreach Program reached 519,955 youth (duplicated count) and included the distribution of 289,384 food and drink items or packages, 432,073 written materials (e.g., brochures or fliers) and 493,272 health and hygiene products. TLP and BCP staff engaged in 211,486 "brief" service deliveries to youth, their families or through contacts with other responsible adults or professionals on behalf of youth. These involved counseling, listening, conversations, referrals, advice and other interactions that touched the lives of youth but may not have resulted in admission to the center or program and being recorded in RHYMIS. Youth may have dropped by a center for reassurance or guidance and did not stay overnight; in some cases possibly returning home with a "new perspective."*

*In recent years, from 55,000 to at least 75,000 runaway or homeless youths have been reported "admitted to services" on an annual basis, as counted by formal enrollments in the Runaway and Homeless Youth Management Information System. These services included food, shelter, clothing, transportation, counseling and life skills training, recreation, substance abuse prevention, education, and health care. New data from improved collection methods, collected during FY 2002, will indicate a*

*much higher number of youth and families served by the RHY system. While some interventions may be brief or temporary (and not result in formal enrollment), they may have intrinsic, and sometimes lasting, value for the youth, the family, and the community.*

*FY 2000: Maintain at 95% the proportion of youth living in safe and appropriate settings after exiting ACF-funded services. FY 2000 actual = 83%. FY 2001 Target = 96%; FY 2001 Actual = NA (81.3% is the new baseline established in FY 2002.)*



## **Data Issues**

Performance achievements among specific measures cannot be evaluated with the data available prior to FY 2002 due to data issues such as unreliability.

### ***Accomplishment***

*Improvements in the Runaway and Homeless Youth Management Information System (resulting in an entirely new data collection system called RHYMIS-LITE) have significantly increased grantee compliance with data submission requirements. This trend is expected to be maintained as grantees become increasingly aware of the new ease in reporting and the many ways they can use the RHYMIS data to improve their reporting and evaluation processes. FYSB has also engaged in energetic messaging and advocacy among grantees and their allies about the importance of data in telling the RHY story to policymakers and legislators through GPRA and the Report to Congress. Under the new system, grantees need less time for reporting and can spend more time helping youth.*

RHYMIS-LITE is a Windows application with a browser-like interface, with built-in validation, verification and quality assurance routines to help grantees produce high quality data. The RHYMIS Technical Support team assists those agencies submitting problematic transfers or failing to report and works to determine the underlying source of difficulty. Grantees are then able to address input problems and re-submit data before the reporting period ends. The technical support team performs a proactive role in familiarizing grantees with the new software and encouraging its use.

### ***Challenges***

*FY 2001 data consisted of a very uneven mixture of data reported via the old system for the first half of the year with RHYMIS-LITE data reported from April onward after OMB approved the new information collection. During the remainder of FY 2001, grantees received, installed, trained, and operated the new software. National RHYMIS data prior to FY 2001 including performance results, trends and baselines should be disregarded. There is a risk that, without the caveats of this statement, data with many flaws could be disseminated with potential policy and research harm. In its biennial FY 2000-2001 report to Congress, mandated by the 1999 Runaway and Homeless Youth Act (as reauthorized), FYSB did not report any RHYMIS or partial RHYMIS-LITE data prior to FY 2002, but described the program improvement activities.*

***Strategic Goal 3:  
Increase the health and prosperity of communities and Tribes***

**Major Program Areas Under this goal:** Community Services Block Grant  
Family Violence Prevention Program  
Low-Income Home Energy Assistance  
Native American Programs

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***7. Build healthy, safe and supportive communities and Tribes***

**Approach for the Strategic Objective:** Strengthen local communities through community partnerships and improving civic participation; increase community development investments so that families can lead healthy, safe and productive lives; and work with Tribes and Native American communities to develop strategies and programs to promote social and economic development and self-sufficiency.

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**COMMUNITY SERVICES BLOCK GRANT**

The purpose of the Community Services Block Grant (CSBG) Program is to assist States and local communities to reduce poverty, revitalize low-income communities and empower low-income families and individuals to become more self-sufficient. Ninety percent of the CSBG funds pass through States to local eligible entities, most of which are Community Action Agencies (CAAs). Based on local needs assessment, local agencies use CSBG funds to leverage resources to coordinate and develop programs filling gaps in their community service system with a wide variety of programs, services and activities.

CSBG provides the core funding to communities to develop the capacity to ameliorate the conditions and causes of poverty. State and local agencies supplement the resources of the CSBG through volunteers and other financial resources in order to carry out the many activities required to reduce poverty. Therefore, an important measure of the capacity of States and local CSBG service providers to carry out this program is whether they are successfully building the capacity to leverage resources to provide needed services and activities.

*Increase by 2% over the previous year the amount in non-Federal resources brought into low-income communities by the Community Services Network. FY 2000 target = \$1.38 billion; FY 2000 Actual = \$1.83b. FY 2001 Target = \$1.66b; FY 2001 Actual = \$30.3 billion.*

At the heart of CSBG is ROMA – Results Oriented Management and Accountability – that began prior to the passage of GPRA to focus on increasing the capacity of local providers to increase program performance. ROMA is an interagency initiative, which promotes outcome-based management strategies for community, State, and Federal programs participating in the CSBG programs. It not only provides the opportunity for States and local agencies to measure results but, more importantly, it provides a framework for examining agency mission and goals and evaluating progress for all of the family and community development programs delivered by

the Community Action Agencies. The implementation of ROMA is one of the most effective ways for OCS to encourage program improvement in a devolved block grant environment. ROMA measures progress and allows partners at each level – local, State and Federal – to focus on the training and technical assistance required for achieving the six national goals:

- Low-income people become more self-sufficient;
- Conditions in which low-income people live are improved;
- Low-income people own a stake in their community;
- Partnerships among supporters and providers of services to low-income people are achieved;
- Agencies increase their capacity to achieve results; and
- Low-income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive systems.

Funds have been provided to develop and implement cutting-edge management and measurement tools such as (a) scales that measure incremental progress of families and communities; (b) entry-level training in performance measurement and strategic planning; (c) the development of an advanced train-the-trainer program; and (d) innovative data collection tools. OCS worked closely with national, State and local partners to effectively share the findings and products of these efforts.

Flexibility to tailor services and activities to individual family and local community need is the key to any successful delivery system. A major challenge in developing ROMA was to retain the legislatively intended flexibility at the local level while maintaining a tool for national accountability. ROMA allowed localities and States to collaborate on the best incremental measures for their programs while developing a system for aggregating data at the national level.

Given CSBG's anti-poverty focus, the program relies on partnerships at the State and local level to achieve its mission. Crosscutting partnerships enable CSBG to provide its clients with a broad spectrum of activities aimed at ameliorating the causes and conditions of poverty. However, CSBG's programmatic diversity also raises one of the primary challenges to program effectiveness: a challenge that demands continuous attention and nurturing on the part of program staff at all levels.

#### *Accomplishments*

*CSBG networks have achieved consistently high levels of volunteer contributions. However, the contributions have fluctuated over the last several years, declining from a high of 28 million in 1996 to 27 million in 1997 and 26.8 in 1998 and then rising from 27.4 in 1999 to 30.3 in 2001. Pilots have been initiated in several States to address volunteerism and the populations of the aged and disabled, striving to help seniors and disabled populations obtain public benefits. With the help of faith- and community based organizations, houses of worship, and youth – and working in partnership with the National Council on the Aging – volunteers will help individuals within these populations to access public benefits.*

*The levels of non-Federal funding consistently increased since FY 1997. In FY 2001, non-Federal funding exceeded the target by \$840 million (this is an increase of \$670 million over the FY 2000 actual due to the increase in the number of States reporting from 49 in FY 2000 to 51 in FY 2001).*

### **Challenges**

*A four-year (1994-97) trend analysis of local networks' resources revealed that there has been a decline in non-CSBG resources, largely due to the elimination or reduction of Federal funding in discretionary domestic programs for low-income individuals and communities. Many programs, historically administered by CAAs and other community-based organizations, were eliminated while others were drastically reduced. The steady growth in resources in all other sectors kept the network from a precipitous loss of capacity to respond to the needs of the low-income community.*

### **Data Issues**

Data collected for CSBG are collected through the CSBG Information System (CSBG/IS) survey, which is administered by the National Association for State Community Services Programs (NASCSPP). OCS and NASCSPP have worked closely to ensure that the survey captures the required information. Because the CSBG is a Block Grant and States have flexibility in determining their program years, there is substantial time lag in reporting. NASCSPP and OCS have worked closely to ensure that reporting by States is more timely and complete by providing better survey tools and reporting processes. Over the past two years, the time lag in reporting has decreased by six months. OCS' goal is to receive CSBG data by the next fiscal year.

### **Challenge**

*Technology continues to be a major concern for States and local agencies in providing quality data collection and reporting. However, local agencies, typically non-profit organizations whose funds are primarily dedicated to and invested in providing service, view developing and investing in technology as a secondary concern. With the need to track outcomes for families and clients over longer periods of time comes the need for more sophisticated tools. Much of the technical assistance provided by OCS and the States in the past several years has focused on assisting States and agencies in meeting this challenge.*

## **FAMILY VIOLENCE PREVENTION PROGRAM**

The Family Violence Prevention and Services Act was enacted as title III of the Child Abuse Amendments of 1984, and was reauthorized and amended most recently by the Victims of Trafficking and Violence Protection Act of 2000 (Pub. L. 103-322). The purpose of the Family Violence Prevention and Services Act (FVPSA) is to assist States and Indian Tribes in their efforts to respond to and prevent family violence. ACF's Family Violence Prevention and Services Program (FVPS) is responsible for the administration and oversight of a number of activities pertaining to family violence. FVPSA allocates funds to support the provision of immediate shelter and related assistance for victims of family violence and their dependents. Funding is also allocated to carry out coordination, research, training, technical assistance, and clearinghouse activities.

Family violence is a broad term, encompassing all forms of violence within the context of family or intimate relationships, including domestic violence, child abuse and elder abuse. The primary focus of the FVPSA has been supporting intervention and prevention efforts targeting domestic violence, or violence and abuse between adult intimate partners. Most commonly, domestic violence involves the abuse of a female by a male partner or ex-partner, current or former spouse, or date. Domestic violence is an issue of increasing concern because of its far-reaching and negative effects on all family members, including children. Domestic violence is not confined to any one socioeconomic, ethnic, religious, racial, or age group, and occurs in rural, urban and Tribal communities. It is the leading cause of injury to women in the United States, where they are more likely to be assaulted, injured, raped or killed by a male partner than by any other type of assailant.

This violence takes a devastating toll on children who are exposed to its cruelty. Three to four million children witness parental violence every year. Children whose mothers are victims of wife battery are twice as likely to be abused as those children whose mothers are not victims of abuse. When children witness violence in the home, they have been found to suffer many of the symptoms that are experienced by children who are directly abused.

Components of FVPSA are State and Tribal Programs, Discretionary Program and activities, the Domestic Violence Resource Network (DVRNetwork), and the National Domestic Violence Hotline (NDVH).

The FVPSA State and Tribal grants program authorized by Section 303 of the Family Violence Prevention and Services Act serves as the primary Federal mechanism for encouraging State, Tribal and local support for implementing, maintaining, and expanding programs and projects to prevent family violence. FVPSA funds continue to supplement many already established community-based family violence prevention and services activities. In particular, these funds have been instrumental in promoting and supporting the development of services in rural and other underserved areas.

Each fiscal year, FVPSA discretionary funding supports public agencies and nonprofit organizations in establishing, maintaining, and expanding programs and projects to prevent incidents of family violence and provide immediate shelter and related assistance to victims and their families. Discretionary funding is typically limited to applicants who specify goals and objectives having national and local relevance. Moreover, the programs must demonstrate applicability to the coordination efforts of national, Tribal, State and community-based organizations.

There are more than 1500 domestic violence shelters in the United States that provide emergency shelter and intervention services for victims of domestic violence and their dependents. Shelters vary in size, preferred location, range and scope of services offered to clients, and in physical capacity. Physical capacity may dictate shelter operations and whom they serve. Shelters are not required to serve a set number of programs. However, all domestic violence shelters will provide a core set of services that include: physical shelter for the protection and safety of the victim and children, crisis intervention hotline services; individual and group counseling; and information and referral services.

With each amendment of the legislation, the FVPSA responsibilities have grown. In addition to overseeing State and Tribal activities, the FVPSA administers grant programs for State domestic violence coalitions carrying out technical assistance, training and prevention efforts. Moreover, the FVPSA provides ongoing support for the Domestic Violence Resource Network, which now includes the National Resource Center on Domestic Violence, four special issue resource centers, and the National Domestic Violence Hotline.

#### *Accomplishments*

*The National Domestic Violence Hotline (Hotline) is a significant entity in facilitating victims' access to shelter and services. The Hotline answered more than 720,000 calls since the inception in February 1996. Each year the number of calls to the Hotline*

*have increased in addition to the number of calls responded to by the Hotline advocates. Hotline staff and volunteers provide victims of domestic violence and those calling on their behalf with crisis intervention, information about domestic violence and referrals to local service providers. The services of the Hotline are available 24 hours a day, 7 days a week and not one day of service has been missed.*

### **Challenges**

*Accurate information on the extent of domestic violence is difficult to obtain because of extensive under-reporting. Using the following estimates as evidence of reported incidence, domestic violence experts project that each year in this country between one and four million women are abused to the point of injury by a male partner or ex-partner. About one-fourth of all hospital emergency room visits by women result from domestic assaults.*

*Estimates from the National Crime Victimization Survey (NCVS) indicate that the number of female victims declined from 1993 to 1998. In 1998 women experienced about 900,000 violent offenses at the hands of an intimate, down from 1.1 million in 1993. Estimates from a compilation of data maintained by the Bureau of Justice Statistics and the Federal Bureau of Investigation on violence and reported in March of 1998 showed a similar decline in the number of victimizations experienced by women at the hands of an intimate partner. Data on the rates of intimate partner violence considered by age category indicate that from 1993 to 1998, women ages 16 to 24 experienced the highest per capita rates of intimate partner violence (19.6 per 1,000 women). During the past decade, there has been an expansion in the number of grants to Indian Tribes for preventing family violence. The FVPSA programs on Tribal trust lands and reservations are in the process of evolving towards a more stable and comprehensive set of activities. In FY 2002, the target for increasing the number of Federally recognized Indian Tribes that have family violence prevention programs was not attained. Staff turnover and failure to submit applications by eight Alaskan Native Villages negatively affected this measure. As a result, the Alaskan Native Villages will receive increased attention. However, there are several activities underway in an attempt to improve Tribal reporting of family violence intervention and prevention activities. ACF now has the assistance of a newly funded resource center, Sacred Circle, providing comprehensive technical assistance, support and training to Tribes, Native American communities, and advocates working with Indian women. Sacred Circle has begun working directly with Tribes receiving FVPSA grants both in the collection of data for reporting purposes and to assist them in administering their programs.*

### **Data Issues**

Through the Documenting Our Work project the family violence program has initiated several efforts designed to assist in the development of performance indicators and outcome measures for the various programs and activities funded with FVPSA funds. This activity is currently being piloted in several States. There is currently considerable variation in the type and comparability of program information and data reported by State and Tribal grantees, State coalitions and discretionary grantees. This is in part because of the variation in the types of services and activities funded within each State or locality, given other Federal, State and local funding that might be available, as well as the varying reporting capacity and requirements of grantees to provide extensive data. This FVPSA effort will be accomplished in collaboration with the States, State domestic violence coalitions, the national resource center network, and Federal-level partners to reach consensus.

Support for the Documenting Our Work project is provided by the National Resource Center on Domestic Violence (NRC). The NRC formed a working group and completed an extensive number of focus group conference calls to assist in the building of common, but sufficiently inclusive, definitions of the “services” provided by local domestic violence programs. Representatives of the State domestic violence coalitions are participating in the focus groups and are initiating a review of the current data elements reported by States and shelters to identify those that can be considered as baseline elements.

## LOW-INCOME HOME ENERGY ASSISTANCE (LIHEAP)

The purpose of the Low-income Home Energy Assistance Program (LIHEAP) is to assist low-income households that pay a high proportion of energy to meet their immediate home energy needs. States, Federally or State-recognized Indian Tribes/Tribal organizations, and LIHEAP block grants to administer the program at



household income for home needs. States, Federally or State-Insular Areas receive Federal the community level.

LIHEAP's legislative intent is to ensure that LIHEAP benefits are targeted to those low-income households with the highest energy costs or needs, taking into account family size. The LIHEAP statute identifies two priority groups of low-income households needing energy assistance:

- **Vulnerable Households:** Households with frail older individuals, individuals with disabilities, or very young children that meet LIHEAP income-eligibility standards.
- **High Energy-Burden Households:** Households with the lowest incomes and highest home energy costs.

OCS has a limited role in determining how LIHEAP block grant funds are spent. LIHEAP grantees have the flexibility to determine how to implement or target their programs and how best to carry out the purposes of LIHEAP. Grantees can spend LIHEAP funds on the following types of benefits for eligible low-income households:

- Heating or cooling assistance (i.e., fuel subsidies) for recipients to increase the affordability heating or cooling their homes;
- Energy crisis intervention to assist recipients to cope with weather-related and supply-shortage home energy emergencies, and other household energy-related emergencies; and
- Low-cost residential weatherization and other energy-related home repairs.

### *Challenges*

*Although the LIHEAP statute requires grantees to conduct outreach services, OCS cannot prescribe how such services are delivered. However, OCS can improve the program's performance by making more vulnerable households and high energy burden households aware of LIHEAP benefits. Given that such households have a high need for energy assistance, OCS is initiating a Federal LIHEAP outreach effort to reach more of these households. OCS will assess whether its Federal outreach effort is an effective way to improve program performance in serving vulnerable households. OCS' underlying assumption is that increased program participation by vulnerable households will contribute to the ACF strategic goal of building healthy, safe and supportive communities and Tribes.*

### *Accomplishment*

*OCS will use the following resources, activities, and strategies in initiating its LIHEAP targeted outreach project:*

- *Develop a generic LIHEAP brochure that includes information that relates health and safety issues to vulnerable and high energy-burden households' need for energy assistance;*
- *Collaborate with key Federal agencies that assist vulnerable low-income households in disseminating OCS' LIHEAP outreach brochure through their community-based programs;*
- *Develop an indicator to measure LIHEAP targeting performance to vulnerable and high energy burden households that can be used to compare these households to other eligible households;*
- *Collect data needed to measure LIHEAP targeting performance to vulnerable, high energy burden and other eligible households;*
- *Analyze the results of LIHEAP targeting performance to vulnerable and high energy burden households; and*
- *Use targeting performance results to manage further OCS LIHEAP outreach efforts.*

*Approximately 3.6 million households received heating assistance in FY 2000 representing about 12 % of all households with incomes under the Federal maximum LIHEAP income standard (29.4 million households). Of the 3.6 million households receiving heating assistance, approximately 1.3 million contained at least one member 60 years or older. Approximately 0.8 million of these households contained at least one child 5 years or younger. Some of these households contained both an elderly person and a young child.*

*OCS completed its LIHEAP outreach brochure in November 2002, and has printed approximately 50,000 copies of the brochure. OCS has held preliminary discussions with the Administration on Aging, Head Start, and the Developmental Disabilities Administration about their interest and ability to disseminate OCS' LIHEAP outreach effort.*

## **Data Issues**

The LIHEAP targeting indexes rely on the use of household survey data. These data present the following problems:

- The reliability of household survey data is subject to sampling and non-sampling errors. Consequently, differences in data from one year to the next, between groups of households, and between sections of the country need to be tested for statistical significance.
- Household survey data on public assistance programs undercount the number of assisted households when compared to State-reported data. Likewise, the number of LIHEAP recipient households is undercounted when compared to aggregate data from the program's *LIHEAP Household Report*. The undercount may bias the March CPS and RECS estimates of the percentage of vulnerable households or high energy burden households that received LIHEAP heating assistance. To check for bias, the March CPS and RECS percentages will be compared against each other and state-reported data from the *LIHEAP Household Report*. The comparisons will be based on data from the previous fiscal year because finalized data from the *LIHEAP Household Report* are not available until approximately 10 months after the end of the fiscal year. The data comparisons may result in adjustments to the March CPS and RECS data.
- Verification of State-reported data on LIHEAP-recipient households is difficult. There are no Federal quality control or audit requirements for data reported in the States' *LIHEAP Household Report*.

## **NATIVE AMERICANS PROGRAMS**

The purpose of the Administration for Native Americans (ANA) discretionary grant programs is to promote social and economic development, language preservation and environmental enhancement. ANA achieves its mission through grants, training, and technical assistance to eligible Tribes and Native American organizations representing 2.2 million individuals.

Promoting the goal of social and economic self-sufficiency through local self-determination is the cornerstone of ANA's program philosophy. Self-sufficiency is that level of development at which a Native American community can control and internally generate resources to provide for the needs of its members and meet its own economic and social goals. Social and economic underdevelopment is the paramount obstacle to the self-sufficiency of Native American communities and families.

In 1981, ACF collaborated with Tribes and Native communities to develop the innovative Social and Economic Development Strategies (SEDS) program. SEDS is based on the premise that a local community has the primary responsibility for determining its own needs, planning and implementing its own programs, and using its own natural and human resources. In initiating the SEDS approach, ACF developed a framework of three interrelated goals:

- Assist Native American leadership in exercising control over their resources;
- Foster the development of stable, diversified local economies which provide jobs, promote economic well-being, and reduce dependency on social services; and
- Support local access to, and coordination of, programs and services that safeguard the health and well-being of people, essential elements for a thriving and self-sufficient community.

Through this direct grant funding relationship, Tribes and Native communities have created administrative systems to operate their own social and economic programs in much the same way as State and local governments. Support for the unique government to government relationship that exists between Tribal governments and the Federal government is reflected in this approach.

#### *Challenges*

*ANA faces unique challenges in formulating goals and measuring results. As a discretionary grant program funding projects designed and implemented at the local level, the differences between projects are considerable in terms of size, scope, community goals, and funding levels. Because Tribes and Native American communities set their own goals and priorities, ACF requests objective progress reports throughout the project period of the grant and an objective evaluation report once the grant has ended. This system provides information on goals and measures, but these are unique to the Tribe or community. Each grantee is at different stage of social and economic development. Administrative and organizational capacity varies greatly among grantees, making more difficult the prospect of developing uniform measures.*

Many ANA grants are aimed at capacity-building and infrastructure development for Tribes and organizations, particularly through developing legal codes and courts systems and revising existing Tribal constitutions. Capacity-building encompasses not only economic development (creation and expansion of businesses and jobs), but also efforts to create new programs as a result of welfare reform. This emphasis on capacity-building ties into the larger ACF goal to facilitate the changes effected by welfare reform by working together in innovative ways. For both economic and social development, capacity-building and infrastructure development are key factors. ANA will continue to work with its partners to develop meaningful GPRA measures--within the context of sovereignty--for job creation, economic well-being, and reducing dependency on social services across a diverse mix of project types, Tribes, and Native American organizations.

ANA coordinates with all ACF program offices on Native American issues. These offices include Head Start, Office of Community Services (Tribal TANF), and the Child Care Bureau. ANA has provided a leadership role on a number of issues within ACF and throughout the Department including the development of the HHS Tribal Consultation Plan, the Tribal Colleges and Universities Plan, and other initiatives involving Native populations. The HHS Intra-Departmental Council on Native American Affairs (IDCNAA), chaired by the ANA Commissioner, coordinates numerous activities and initiatives with HHS agencies, such as the Indian Health Service (IHS), and external departments such as the Department of Interior (DOI).

### **Accomplishments**

*In prior years, ANA funded over 225 competitive grants annually totaling over \$34 million in several grant programs including Social and Economic Development, Environmental Regulatory Enhancement and Native Languages Preservation and Enhancement. ANA's grant award process is highly competitive: approximately one-third of applications received are funded each year. The FY 2001 budget increase provided \$10.6 million to fund an increase in grants under ANA programs. This increase provided funds for 91 additional new grants in FY 2001. This level of funding was sustained for FY 2002. ANA has exceeded its targets for FY 2001 due to the provision of consistent technical assistance and the emphasis on the role of Tribal elders in Indian communities. Elders play a key role in Tribal culture by protecting and preserving Tribal cultural heritage including language, traditions and life ways. They also play a critical role in guiding youth. Increased elder participation has occurred due to their inclusion in the native language grants awarded and in various SEDS projects that focus on culture. New contract performance requirements have led to all contractors expanding the variety of technical assistance delivery methods they use. In addition to on-site assistance, contractors offer walk-up, worldwide web, telephone, fax, e-mail and other state-of-the-art delivery mechanisms. Other initiatives under consideration include on-line chats and threaded discussions, electronic newsletters, and CD-ROM training programs.*

ANA regularly selects new program goals and priorities. For example, ANA continues to play a key role in the Department's Tribal consultation policy implementation and is the ACF lead organization in implementing the Tribal Colleges/Universities (TCU) Executive Order. Through the TCU effort, ANA provided financial assistance in the form of grants to the colleges and universities. ANA also modified its grant eligibility statement to allow TCUs direct competition for funding in addition to Tribes' eligibility.

<i>Increase the number of grants that include elder participation. FY 2000 Target = 60; FY 2000 = 62. FY 2001 Target = 65; FY 2001 Actual = 88. FY 2002 Target = 70. FY 2002 actual = 114.</i>
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### **Data Issues**

The primary source for data collection on the above performance measures is the Grant Award Tracking and Evaluation System (GATES). The grantee information entered into the GATES system includes a full project description, project periods, award amounts, approved objectives, as well as contact information so reports can be generated based on zip code, type of award and other data variables. Recent developments with the latest generation of GATES allow for better interface with other data collecting software thereby enhancing ANA's ability to design and perform systematic validation surveys of grant proposals regarding: the types of projects and proposed participants, including trends and changes from other periods, potential applicants' use of technology, as well as the outcomes and delivery levels of training and technical assistance providers. It is ANA's goal to design and implement a comprehensive data management system that will allow ANA to realize the full potential of the data contained in grant applications both funded and unfunded and contained in Program Progress Reports from grantees. This Oracle based software will be built expressly for ANA's data collection needs and will work seamlessly with GATES to identify data elements in existing documents such as the Program Progress Report and grant application. The electronic capture of information through these documents will greatly enhance ANA's data collection capabilities.

ANA has developed a strategy, which will utilize the data management system described above to validate the data it collects. ANA is currently working with other ACF programs to identify and develop standardized, cross-program measures.

***Strategic Goal 4:***  
***Manage resources to improve performance***

ACF is committed to being a customer-focused, citizen-centered organization as it provides assistance to America's most vulnerable populations. ACF has reached a critical point in its ability to manage a wide array of discretionary and mandatory programs. It is essential that the organization continue to manage resources to improve performance, provide high quality, cost-effective and efficient services, meet customers' needs and expectations, and use state-of-the-art information technology to improve management and data systems.

The President initiated five government-wide reforms in FY 2001 to improve the management of the Federal Government. As part of the President's Management Agenda, ACF is working closely with HHS to implement the following reforms:

- **Strategic Management of Human Capital:** De-layering management levels to streamline organizations and reshaping organizations to meet a standard of excellence.
- **Competitive Sourcing:** Making greater use of performance-based contracts; expanding A-76 competitions and more accurate FAIR Act inventories.
- **Improved Financial Performance:** Achieving "clean" audit opinions throughout government and providing more accurate and timely financial information to secure the best performance and highest measure of accountability.
- **Expanded Electronic Government:** Expanding electronic Government applications and other E-Government services.
- **Budget and Performance Integration:** Making Government results-oriented—guided not by process but by performance.

These four objectives guide ACF's implementation of the President's Management Agenda:

8. *Develop and retain a highly skilled, strongly motivated staff*
9. *Streamline ACF organizational layers*
10. *Improve automated data and management systems*
11. *Ensure financial management accountability*

**Strategic Management of Human Capital** During the last several years, ACF has included activities in the annual performance plan that address human capital issues. ACF's goal is to achieve a higher standard of excellence through increased emphasis on training of staff and by streamlining ACF organizational layers. ACF's objective to "develop and retain a highly skilled, strongly motivated staff" has been tracked since FY 2000.

**Competitive Sourcing** ACF contracts several major activities to private vendors and the Program Support Center (PSC) within HHS including: information technology (IT) help desk support; human resources services (personnel, employee relations, employee assistance and select EEO activities such as investigations, counseling, court reporting services); administrative services (records management, personal property management, mail, transportation, incidental labor, management of employee transit benefits and space management); acquisitions management (procurements, travel card and purchase card programs; and financial services (in some ACF components, aspects of the grants process, including intake and review of applications).

In order to meet the 5 % goal of expanding A-76 competitions set forth by OMB for FY 2002, ACF will continue outsourcing these functions. ACF is also contracting out a significant portion of its administrative support needs eliminating the need to hire the projected 16 FTEs to perform these duties. In addition, ACF is relying heavily on contractor support to accomplish its programmatic responsibilities in FY 2002.

**Improved Financial Performance** ACF received a “clean” or unqualified opinion from the auditors for FY 1999-2001—a major accomplishment that contributed significantly to the Department’s clean audit opinion. Nevertheless, this is only one step, albeit a significant one, toward financial accountability to the public. While achieving a clean opinion for three years, ACF strives for continued improvements to its accounting systems and services, especially with compressed OMB deadlines beginning with the FY 2002 audit cycle. The Office of Management and Budget requires that the Department’s FY 2002 audit cycle must be completed and its Performance and Accountability Report submitted by February 1, 2003 (actually by January 31 since February 1 is a Saturday), approximately one month earlier than has been required in previous years. Future audit cycles will be even more compressed (see FOREWORD for additional information).

In order to successfully accomplish the required February 1, 2003 deadline for the FY 2002 audit process, Departmental financial and accounting officials, the OPDIVs (Operating Divisions) and the auditors collaborated on ways to achieve the compressed audit schedule using experiences gained from the FY 2001 (earlier audit process) pilot. Because FY 2002 final performance measurement data will not be available until the second or third quarter following the end of the fiscal year, ACF is providing FY 2001 data (where available) in the FY 2002 audit report.

ACF has developed an Analytical Review policy that requires more detailed supporting documentation by the Program Support Center (PSC). ACF has communicated its policy to the PSC; PSC has confirmed that it will make every effort to provide the necessary reports in a timely manner. This is one of several critical elements required for a clean audit opinion. The CFO has alerted ACF Principals that appropriate managers must be available during critical periods in the FY 2002 audit cycle to provide and clear information.

ACF is fully committed to and actively participating in the HHS Unified Financial Management System (UFMS) project. We anticipate that UFMS will help ACF access the type of data that is needed to help ACF managers determine the resources that have the greatest positive impact on

our client populations. Four ACF financial and/or systems managers are represented on the various UFMS committees: the Steering Committee, the Planning and Development Committee, and the Policy Workgroup. An example of a product developed by the Policy Workgroup is the Budget Accounting Classification Structure (BACS); individual segments are being tested.

On September 26, 2002, ACF completed and submitted to the Department three reports describing the agency's efforts to identify and reduce erroneous payments in the Temporary Assistance for Needy Families (TANF), Head Start (HS), and Foster Care programs. Consistent with ACF's Erroneous Payments Plan--developed in collaboration with officials in the Department, OMB, and specific Program Administrations—ACF embarked on a focused review of single audits (reports) conducted of FY 2001 State-administered TANF and Foster Care programs, and HS grantees, where erroneous payments could be an issue. The three reports highlight the findings of these reviews, as well as the mechanisms the Department and ACF currently have in place to identify, reduce and correct erroneous payments under these and other programs. These include the Single Audit process, reviews of financial data, on-site reviews, OIG reports, and regulations for specific programs. ACF's Erroneous Payments Initiative and existing activities support the Administration's Improving Financial Management Reform Initiative. A Child Care review and report are to be completed by the second quarter of FY 2003.

**Expanded Electronic Government** The objective to improve Automated Data and Management Systems responds directly to the Presidential management e-government reform. ACF has developed unique software to provide a common solution for building Internet applications for grants management. The first use of this software will be to capture, validate and store all information now submitted by grantees or potential grantees using government forms for the Grants Administration Tracking and Evaluation System (GATES). This information includes grant applications, funding requests and performance reports. The enhanced process significantly reduces the data-entry burden on ACF grants staff and grantees, expedites the receipt and processing of grants and makes timely up-to-date grant information available for ACF decision-making.

ACF has a major initiative under way for better managing e-government activities. Currently, ACF is upgrading its infrastructure and business practices and is making e-government an integral part of the business processes. Additional internal administrative systems will be Internet-enabled to ensure that ACF will be able to meet the October 2003 target date of the Government Paperwork Elimination Act. This legislation requires agencies to provide for the optional use and acceptance of electronic documents and signatures, and electronic record-keeping where practicable. Training of ACF staff in efficient and effective use of the Internet and Internet-based applications is being conducted. ACF has more than 100,000 web pages receiving thousands of hits daily from the public. ACF intends to use the Internet more effectively to make its processes more citizen-centered.

ACF is participating with the Department to establish an Enterprise Architecture to bring IT and Business objectives together for reengineering business practices and creating more efficient and effective technology solutions to better serve citizens.

**Budget and Performance Integration** ACF is committed to integrating performance information into its processes of budget decision-making, a key component of the President's Management Agenda. The following activities have improved the linkage between budget and performance information:

Aggregating more than 60 line-item programs into 14 broad program activity areas and aligning them with the corresponding strategic goals and objectives, enabling ACF to more accurately identify the investments necessary to achieve outcomes.

Providing a budget table linking budget activities (budget line items and program accounts) with specific performance goals, objectives and representative targets.

OMB has selected three ACF programs (Head Start, Foster Care and Refugee Resettlement) to participate in the Program Assessment Rating Tools (PARTS). The PARTS are diagnostic tools that assess and evaluate programs across a wide range of issues related to performance.

#### Faith- and Community-based Initiative

As part of the HHS faith- and community-based management improvement initiative, ACF has created a baseline indicating the percentage of grants approved in FY 2001 for faith- and community-based organizations (FBOs and CBOs) in four selected program areas:

- 100% Urban/Rural Community Economic Development
- 90% Assets for Independence
- 50% Adoption Opportunities
- 100% Runaway and Homeless Youth

ACF has endeavored to embrace the principles of GPRA by reinventing the way it does business through partnership building, strategic planning, measurable outcomes, customer focus, streamlining of operations and devotion to quality. ACF's goal of managing resources to improve performance has brought about changes in its internal management. Efforts in recent years include:

- Promoting fiscal integrity and financial management accountability by establishing strong, collegial, cooperative relationships among program and/or staff managers and employees in ACF; the Program Support Center; the Office of the Assistant Secretary for Budget, Technology, and Finance; Office of the General Counsel; Office of Inspector General; and the audit firm of Clifton Gunderson LLP in order to identify systems or procedural problems and establish and implement corrective actions as quickly as possible;
- Reengineering the grants management business process to improve service to partners and achieve greater efficiency;
- Surveying partners and customers for assessment and guidance on the quality and appropriateness of ACF's services;

- Partnering with other Federal Agencies to support the Government-wide Federal Commons project where potential grantees will be able to apply for grant funds through a single portal on the Internet in the future; and
- Establishing a presence on the World Wide Web;
- Investing in internal systems improvement and technology so that current and potential ACF grantees can apply for grant funds over the Internet through On-line Data Collection;
- Participating in the Department's response to the President's Management Agenda (PMA) to improve the management and performance of government, and establishing an internal reporting mechanism to discuss and share ACF's status on the PMA initiatives;
- Developing an ACF Work Force Restructuring Plan based on the goals of the PMA and in support of the Department's management initiatives;
- Establishing performance contracts between the Assistant Secretary and ACF Principals that include GPRA goals and the Department's response to the PMA, as well as the Assistant Secretary's priorities for the agency;
- Participating in the Work Force Planning Project work group (part of a larger HHS effort), which identified cross-cutting work processes with needed core and technical competencies for the next three to five years and provided recommendations for future training and expansion of staff based on a competency assessment of the ACF work force;
- Reinventing the regional office structure to locate resources where partners most need them;
- Developing and implementing diversity and minority initiatives that allow for alignment of the work force with ACF's goals and priorities and help ACF achieve its diversity objectives that reflect all groups including the most under-represented populations;
- Establishing a successful labor-management cooperative agreement with the National Treasury Employees Union (which represents the bargaining unit);
- Investing in technology such as videoconferencing equipment and satellite linkages to bring central office, regional offices and partners closer together and to save on travel costs; and
- Developing an agency strategy to enhance the skills and productivity of the ACF work force through a range of learning options, including on-line e-learning, blended learning (classroom plus e-learning), and other available staff development opportunities.

#### *Accomplishments*

*Examples of strategies that have proven most successful in strengthening ACF as a results-oriented and citizen-based organization include:*

- *In January 2002, ACF was recognized by the General Accounting Office as a model for its efforts to link specific program activities to specific goals, objectives and measures.*
- *Achieving three consecutive years of "clean" (unqualified) audit opinions of its annual audited financial statements (FYs 1999 – 2001, the last with no material weaknesses);*
- *In FY 2002, ACF completed phase II of the Balanced Scorecard with 84% of responding grantee organizations reporting satisfaction with the overall performance of our grants management operations.*
- *In response to concerns following the September 11 tragedy and subsequent anthrax scares, ACF arranged for an Army Colonel on the Secretary's Bio-Terrorism Task Force to speak to interested employees about the government's strategy regarding anthrax prevention. ACF also established a new in-house Security Officer position to address employee and facility security issues.*
- *100 % of the active ACF grants are being processed electronically in GATES (Grants Administration, Tracking and Evaluation System).*

### Challenges

*For many years, ACF has confronted shrinking staff levels, resources and a loss of knowledge and skills due to attrition and separations. These combined challenges, within an agency with a work force three-quarters of which are eligible to retire by 2006, focused ACF efforts to continue to develop a highly skilled, diversified staff to carry out its mission in the twenty-first century. To address these issues, ACF is building upon a culture of continuous learning and developing an agency training strategy that provides training and developmental learning opportunities to enhance skills and productivity. ACF is addressing the needs of the existing staff and new hires by offering developmental opportunities to support restructuring and redeployment of staff in mission-critical positions, while supporting a diversity and minority initiative to ensure that ACF's work force reflects all groups, including the most under-represented populations.*

#### 8. *Develop and retain a highly skilled, strongly motivated staff*

**Approach for the Strategic Objective:** Change the way ACF does business by maintaining or increasing values such as effectiveness, efficiency, and diversity while promoting continuous learning opportunities.

ACF's objective to "develop and retain a highly skilled, strongly motivated staff" has been tracked since FY 2000. ACF's aim is to build, sustain, and effectively deploy a skilled, knowledgeable, diverse, high-performing, technologically advanced work force to meet the current and emerging needs of the government and the public.

*Each ACF staff member participates in at least one Distance Learning or other training opportunity directly related to increasing his/her job skills. FY 2000 target = 100%; FY 2000 Actual = 93%. FY 2001 Target = 100%; FY 2001 Actual = 96%. FY 2002 target = 100%; FY 2002 Actual = data expected to be available 7/03.*

ACF has been a leader in providing a rich curriculum of on-line learning to all staff, including over 1300 vendor-provided courses, as well as ACF-developed on-line courses such as security awareness training provided to all staff and on-site contractors in FY 2001-2002. In FY 2002, ACF began a much more focused blended learning approach to enhance the skills and productivity of all ACF staff and on-site contractors by integrating on-line learning with classroom training for a new e-mail system and personal productivity tools.

E-learning is just one component, albeit a very important tool, of a blended learning approach. ACF is now moving its focus from emphasizing the e-learning tool to assuring that the learning strategies are appropriate to the individual learner, and to ensuring that individual and organizational learning are in alignment with the agency's business goals. By linking business needs to performance strategies, enhancing individual and organizational productivity, and developing a culture for organizational learning and continuous learning, ACF will leverage limited resources to enhance job competencies. What ACF has learned over the last two years is that it is not primarily about e-learning; it's about improving people performance, which leads directly to better business results. The success of ACF's strategic goal "to develop and retain a highly skilled, strongly motivated staff" rests on enhancing the skills of every ACF staff member through all avenues available from traditional to leading edge—whether that means creating a learning organization, effecting organizational change, developing the work force, or helping to build the HHS corporate university.

9. *Streamline ACF Organizational Layers*

**Approach for the Strategic Objective:** Implement restructuring plan to reduce bureaucratic levels, maintaining or increasing values such as effectiveness, efficiency and diversity while reducing the number of managers to assure that ACF is more responsive to its customers and citizens.

While ACF has undertaken several methods to ensure steady progress toward this goal, including reorganizations, elimination of duplicative units, consolidations, employee reassignments and creative use of technology, progress towards this goal has been limited. Main factors include personnel attrition, a limited administrative budget and limitations on outside hiring. As part of its succession planning activities, ACF intends to use the Presidential Management Intern and

*ACF will decrease its manager-to-staff ratio. FY 2002 baseline:*

HHS Career Intern programs, as well as other targeted recruitment, to hire new government workers to fill mission-critical positions. This strategy should assist ACF in meeting its goal of decreasing the manager-to-staff ratio, thereby reducing the number of managers and the time required for decision-making.

10. *Improve automated data and management systems.*

**Approach for the Strategic Objective:** Continue to invest in systems improvement and technology to allow greater access for ACF staff to move forward in a working environment which increasingly requires that all employees have access to and use of the Internet as an integral part of day-to-day agency operations. With continued investments in upgrading hardware and software, ACF will assure that staff have access to information and technology and run the applications that are critical to performing their jobs in an Internet-oriented age.

Historically, ACF processed grants using more than 30 separate computer programs (application systems). In 1993, ACF initiated a re-engineering of its business processes, challenging the purpose, principles and assumptions of ACF's grant processes and abandoning the outdated grant-making and management procedures and separate rules for various categories of grants. In July 1994, the ACF Grants Re-engineering Team published its report. The report recommended an organizational restructuring of the way ACF does business, establishing a quality assurance framework and supporting re-engineered grants administration activities with a major redesign of the automated information systems.

A systems re-engineering team began developing an integrated system, the Grants Administration, Tracking and Evaluation System (GATES), designed to support decision-making and accountability in a decentralized environment. This project targeted the replacement of more than 30 incompatible, outmoded legacy systems operating on a variety of platforms supporting grants administration. This re-engineered GATES, a comprehensive system for electronic processing, benefited grantees by providing more timely and efficient grants processing, more accurate data, less down time and quicker start-up.

In FY 1996 and FY 1997, ACF completed developing and implementing GATES system functions supporting application, evaluation, award and funds control activities for Discretionary Grants made to non-profit and Native American organizations. In FY 1998, 22 legacy systems were replaced. The FY 1999 target was to replace 15 additional legacy systems. The deployment of the Entitlements portion of GATES in June 1999 completed the replacement of the additional 15 systems. Now 100 percent of the active ACF grants are being processed electronically in GATES. Replacement of these legacy systems with GATES also corrected the Year 2000 programming flaw embedded in them. All Y2K system replacements were completed by December 31, 1998.

ACF completed the full functionality planned for GATES. The audit resolution tracking process was implemented in GATES and the old system shut down in August of 2000. ACF adopted the Crystal Report Writing software that allows the user community to retrieve information in GATES efficiently and quickly. Both standard and ad hoc reporting retrieval is possible. Crystal Report writer licenses have been distributed and training conducted throughout the ACF grant and program offices. Additionally, OIS has set up a Crystal Report support system to assist users with the development and usage of the standards and ad hoc GATES reports. This was implemented in June 2000. Enhancements for tying in to the Bureau of Census' Federal Clearinghouse, as well as debt collection capabilities, were scheduled in the 2001 module.

GATES schedules were developed jointly with each Program Office and Region affected through Joint Application Development (JAD) meetings with crosscutting representation in small face-to-face meetings and telephone conferences. The formula/block award modules were implemented on schedule. This completes the legacy conversion/replacement efforts. Now, all grants are awarded through GATES. ACF is developing a Funds Planning component in GATES to enable management to effectively plan, monitor and manage grant expenditures. ACF anticipates that the Phase 1 component will be operational by the end of FY 2003.

ACF is implementing the next generation of electronic grant-making using an "On-line Data Collection (OLDC) Initiative" to enable grantees and potential grantees to submit the required information over the Internet. Plans have been presented to the Information Technology Review Board (ITRB) consistent with the new Government Paperwork Elimination Act.

*FY 2002 Target = Develop and implement OLDC, to capture and validate grant information submitted by grantees using the Web. FY 2002 Actual = Apha version completed. Beta version to be tested and implemented in January 2003. (The previous target date of November 2002 was modified to reflect delays in making changes necessary to the GATES database before implementation of the Beta version; also, delays were caused by earlier physical moves than anticipated of both systems staff and the network servers in late summer/early fall 2000 to accommodate other Departmental moves.)*

#### *11. Ensure Financial Management Accountability*

**Approach for the Strategic Objective:** Improve financial and budgetary functions by adopting a more results-oriented, businesslike approach to management and oversight of its fiscal resources.

ACF first submitted its annual audited financial statements in FY 1996 as a result of the Department's strategy for implementing requirements under the Chief Financial Officers' Act of

1990, as amended by the Government Management Reform Act (GMRA) of 1994. Under the HHS plan, ACF was designated as an individual reporting component requiring an annual financial statements audit of its activities. ACF and other OPDIV annual audited financial statements are “rolled up” into the HHS audited financial statements which are presented in the annual Accountability Report that consolidates several financial management reports with selective performance measurement information.

ACF works closely with the Program Support Center (PSC), the accounting firm that develops the ACF financial statements; the Assistant Secretary for Budget, Technology and Finance (ASBTF); Office of Inspector General; Office of General Counsel; and the private audit firm of Clifton Gunderson, LLP, to complete the annual financial statements audit. The President’s Management Agenda states that by the FY 2002 audit cycle all 24 cabinet level departments will pass their audits. ACF received a “clean” or unqualified opinion from the auditors for fiscal years 1999-2001 and continues to work aggressively to maintain this accomplishment. In FY 2001, ACF achieved the clean opinion without any material weaknesses. ACF, the Department, and ACF’s auditors are dedicated to improving the accounting systems and services that support the development of ACF’s audited financial statements. This collaboration is essential for ACF to meet the compressed deadlines for the FY 2002 audit. ACF will work closely with its partners to correct remaining problems identified by the auditors.

<i>Obtain a clean audit opinion for ACF. FY 2002 Target = Clean opinion; FY 2002 Actual = Clean opinion. FY 1999 – 2001 Actuals = Clean opinions.</i>
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