

## ***Executive Summary***

The 1990s was a decade of profound change for public human service programs. Aid to Families with Dependent Children cash assistance and child care entitlements were replaced by block grants; employment and training programs were reconfigured into a Workforce Investment Act (WIA); child support enforcement was strengthened and expanded; the State Children's Health Insurance Program (SCHIP) and the Ticket to Work and Work Incentives Act were created; the Adoption and Safe Families Act established outcomes for the child welfare system; Medicaid waiver authority was broadened; eligibility for the Food Stamp Program (FSP) and Supplemental Security Income was narrowed.

In 2001, the American Public Human Services Association (APHSA) published *Crossroads: New Directions in Social Policy*, containing a host of recommendations for the 107<sup>th</sup> and 108<sup>th</sup> Congress and the Bush Administration. Since its publication, Congress has reauthorized the FSP, the Promoting Safe and Stable Families Act, and Adoption Incentives Payments. However, a number of major programs slated for reauthorization in the 2001 edition of *Crossroads* are still pending before the 109<sup>th</sup> Congress—the Temporary Assistance for Needy Families (TANF) and the Child Care and Development Block Grants, and WIA. Reform for federal financing for child welfare programs and services, and changes in the distribution rules applied to child support enforcement collections have yet to be addressed.

In 2002, when the FSP was reauthorized, Congress incorporated most of the reform recommendations advanced by APHSA, including simplifying eligibility, restoring benefits for noncitizens, reforming the FSP quality control program, and establishing a new system of bonuses and transitional benefits. Previously, it was thought that simplifying eligibility would result in increased fraud in the FSP; however, the experience to date has been to the contrary. Taken together, implementing the policies enacted in 2002 resulted in a significant increase in FSP participation and, at the same time, states achieved the highest levels of accuracy in determining eligibility for this critical program. Future food stamp reform should enhance simplification, broaden coverage and support (particularly for the elderly), and complete the transition from process to performance measurement.

In the 2001 *Crossroads* publication, APHSA called upon Congress to renew and increase federal support for Promoting Safe and Stable Families, and the program was reauthorized with these changes in 2002. One year later, the Adoption Incentives Program was reauthorized and our recommendations to update the baseline for determining state bonuses, as well as retaining an enhanced bonus for adopting special needs children, were included in the renewed law.

While dozens of recommendations made in the 2001 edition of *Crossroads* were incorporated in various pieces of congressional legislation to reauthorize the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), more commonly referred to as the welfare reform law, Congress did not act to reauthorize the law as scheduled in 2002. Instead, the federal laws governing the funding and administration of TANF, child care, and transitional Medicaid have been extended numerous times over the past several years. The 109<sup>th</sup> Congress will have the opportunity to renew and revise PRWORA and WIA and to consider changes to federal child support enforcement rules as well. With respect to welfare reform, work should continue to be the centerpiece of the TANF program and federal law should not only support clients' entry into the workforce, but their retention and advancement as well. Child care is a key to clients' success in employment as well as in child development. In the years since the passage of welfare reform, states invested in child care services

and in efforts to enhance the quality of those settings. Any increase in work requirements under TANF must be supported with increased federal funding for child care.

Family economic success can be achieved by implementing a number of strategies. For example, continued federal support for the Earned Income Tax Credit and increased child support distributions to families can lift low-income working families out of poverty. And, services provided through WIA One-Stop centers can provide individuals with a continuum of employment and training resources so that they may reach their earnings potential. WIA reauthorization should facilitate cross-program administration and collaboration. Finally, Congress should strengthen programs so that working-age Social Security beneficiaries with disabilities can realize financial independence and their full potential.

In the years since the first *Crossroads*, there have been other noteworthy changes in the growth and the administrative structure of federal human service programs. Medicaid covers more than 53 million low-income Americans, including children, adults, and individuals who are elderly and who have disabilities. Enrollment in the program has increased 40 percent in the past five years. After a period of relatively modest growth in the Medicaid program, costs have increased significantly in recent years due in large measure to the double-digit increase in the costs of prescription drugs and increased costs associated with the serving the dual-eligible population—those low-income elderly and individuals with disabilities who are eligible for both Medicaid and Medicare. In fact, the Medicaid program comprises the greatest share of state budgets, exceeding elementary and secondary education as the largest single expenditure in state budgets.

The costs associated with providing services to the elderly and disable enrollees—about one-third of all Medicaid eligibles—consume more than 70 percent of all program costs. State administrators have few mechanisms available to them in controlling the costs of this program since rules are prescribed in federal law. The growth in long-term care costs, coupled with demographic trends in an aging nation, has heightened the need for broad reform in the Medicaid program by state and federal administrators alike.

The SCHIP has also expanded in size and scope. In some states, the federal allotments that contribute to the cost of extending health insurance coverage to millions of children have been maximized. In other states, where programs did not exist before enactment of the federal program, programs are just reaching their potential. Aggressive outreach efforts have resulted in an unprecedented number of enrollees in both SCHIP and the Medicaid program. The 109<sup>th</sup> Congress will take up proposals to reauthorize SCHIP, and issues such as eligibility, federal funding, and administration will be considered.

Child welfare remains a program in need of fundamental reform. While the Adoption and Safe Families Act established a new process for assessing state performance in the critical areas of safety, permanency, and child well-being, federal financing fails to support the initiatives set forth in the state program improvement plans. The federal Title IV-E funding stream does not support program objectives; this funding stream supports out-of-home care, which is the very part of the system states are seeking to minimize to achieve greater permanence for children. The IV-E funding stream should be reformed so that in addition to foster care, states may also use these funds to support prevention and permanency strategies.

Since 1996, federal support for IV-E foster care has declined significantly, failing to keep pace with inflation, in large measure due to the fact that eligibility is linked to an outdated Aid to Families with Dependent Children standard. Today, while federal statute places numerous mandates on states and expectations for improved outcomes for children, the federal government supports services for fewer than half the children served in the child welfare system. At the very least, child welfare reform should ensure that the federal government supports all children in need.

New challenges in state administration of these programs have arisen as a result of all the program changes that have been enacted over the past decade. For example, at the state and local levels of government, programs are often blended to make them more accessible to those seeking assistance. However, rigid and often conflicting program regulations, data reporting requirements, and goals pose barriers to state efforts to pursue human service program integration strategies. Moreover, federal rules not only add layers of complexity but administrative costs as well. Over the years, there has been an increase in federal requirements without concomitant funding to support newly created mandates. Efforts to manage these programs more efficiently through implementation of various technologies have been impeded by federal procurement and funding rules. Recommendations for simplification of program administration are included in the “Human Service Program Operations” section of this report. Recognizing the increased role that tribal governments have played in the delivery of human service programs, this report includes cross-program recommendations to expand the authority of and increase support for tribal administration of human service programs.

In many respects the nation is at a critical crossroads in charting new directions for the delivery of critical public human service programs. *Crossroads II* describes current program challenges and recommendations that may require both congressional and administrative action. In charting future policy directions, APHSA urges federal policymakers to consider these recommendations; to act on program areas requiring fundamental reform; to preserve funding and financing and enhance the flexibility of current programs; to examine the potential cross-program implications; and to focus on outcome measures, not process, to evaluate program effectiveness. In the end, the success of human service programs will be measured by the health and well-being of America’s families, children, and adults.