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*The "Superwaiver" Proposal and Service Integration: A  
History of Federal Initiatives*

Cheryl Vincent, Domestic Social Policy Division

April 13, 2005

**Abstract.** This report reviews the history, trends, and outcomes of past federal initiatives to integrate social services that might be seen as comparable to the current "superwaiver" proposal. These past attempts are wide ranging and have included efforts to reform the federal grant management system, implement small-scale pilot or demonstration projects, as well as simplify administrative regulations across programs. They are related in the sense that they have sought to cut across multiple federal program boundaries in order to give state and local agencies more flexibility to integrate and coordinate programs that serve the same or overlapping low-income populations. Much of the discussion in this report transcends the "superwaiver" debate, and can be understood as an analysis of service integration as a long sought after policy objective.

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## **The “Superwaiver” Proposal and Service Integration: A History of Federal Initiatives**

**April 13, 2005**

Cheryl Vincent  
Visiting Research Associate  
Domestic Social Policy Division

<http://wikileaks.org/wiki/CRS-RL32859>

# The “Superwaiver” Proposal and Service Integration: A History of Federal Initiatives

## Summary

As part of the continuing debate over welfare reform reauthorization, the Bush Administration has supported a proposal that would enable states to obtain waivers from certain federal rules of various welfare-related programs in order to integrate activities across a wide spectrum of social services. This proposal, often referred to as the “superwaiver,” would provide broad waiver authority to executive branch agencies that administer covered programs. The Administration has argued that giving state and local authorities more flexibility to coordinate workforce and family support programs can help to promote self-sufficiency among low-income families. Waiver initiatives like the “superwaiver” are one type of approach to service integration — a broad and more enduring policy issue that has been raised in response to criticism that social service programs are fragmented, costly to administer, and complicated for low-income families to maneuver.

Over the past 30 years, there have been numerous federal-level service integration initiatives. In addition to waivers, approaches to service integration have included grant management reform, administrative simplification, demonstration or pilot projects, and block grants. Past federal efforts reveal that issues related to potential costs and savings, programs to be covered, administering authority, evaluations, and accountability are important components that can influence the success of service integration initiatives. Ironically, the biggest lesson has been that reform itself can be fragmented, and requires a great deal of effort and strong leadership to coordinate and implement in its own right.

Lessons from past initiatives have shown that service integration requires resources to execute in the short-run and it is not clear whether integration is cost-effective in the long-run, taking these costs into account. Federal programs included in integration efforts generally are those that provide services to meet “basic needs” of low-income individuals and families, but the debate over which programs and types of requirements to include can be highly political and lead to wide variation in the types of projects undertaken. Designation of an organizational body with authority to implement an initiative can facilitate federal participation, expedite approval of projects, provide technical assistance, and act as an oversight entity. Pilot and demonstration projects require substantive evaluations in order to compare the effectiveness of varying types of inter-agency linkages and approaches to integration to inform future efforts. Developing strong performance measures is critical to enhancing accountability of service integration projects.

This report reviews the history, trends, and outcomes of past federal service integration initiatives that might be seen as comparable to the current “superwaiver” proposal. These past attempts are wide ranging, but related in the sense that they have sought to cut across multiple federal program boundaries in order to give state and local agencies more flexibility to integrate and coordinate programs that serve the same or overlapping low-income populations.

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*This report was written by Cheryl Vincent, a Presidential Management Fellow on detail from the U.S. Department of Health and Human Services, under the supervision of Karen Spar, Domestic Social Policy Division.*

# The “Superwaiver” Proposal and Service Integration: A History of Federal Initiatives

## Introduction

As part of the continuing debate over welfare reform reauthorization, the Bush Administration has supported a proposal that would enable states to obtain waivers from certain federal rules of various welfare-related programs in order to integrate activities across a wide spectrum of social services.<sup>1</sup> This proposal, often referred to as the “superwaiver,” would provide broad waiver authority to executive branch agencies that administer covered programs.<sup>2</sup> The Administration has argued that giving state and local authorities more flexibility to coordinate workforce and family support programs can help to promote self sufficiency among low-income families. This initiative has rekindled long-standing discussions about service integration, an issue that has confounded and perplexed policymakers and program administrators for more than three decades.

This report reviews the history, trends, and outcomes of past federal initiatives to integrate social services that might be seen as comparable to the current “superwaiver” proposal. These past attempts are wide ranging and have included efforts to reform the federal grant management system, implement small-scale pilot or demonstration projects, as well as simplify administrative regulations across programs. They are related in the sense that they have sought to cut across multiple federal program boundaries in order to give state and local agencies more flexibility to integrate and coordinate programs that serve the same or overlapping low-income populations. Much of the discussion in this report transcends the “superwaiver” debate, and can be understood as an analysis of service integration as a long sought after policy objective.

Reforming the delivery of public assistance programs through service integration has generally gained support as a way to improve the cost effectiveness and efficiency of programs, and to more comprehensively meet the needs of the low-income population. Yet, certain tradeoffs can occur when categorical programs are integrated. It is argued that some groups may in fact be better protected at the federal level by prescriptive regulations and mandates, especially if integrated services result in different constituency groups battling each other for resources at the state and local levels. This perspective prompts larger disputes about federalism and the role of the

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<sup>1</sup> For information on the current status of this proposal, see CRS Report RS21219, “*Superwaiver*” Proposals in the Current Welfare Reform Debate, by Karen Spar.

<sup>2</sup> The proposed waiver authority has been referred to as a “superwaiver,” “state flex” authority, and “Ticket to Independence.” In its current legislative form it is titled, “Program Coordination Demonstration Projects.”

federal government in establishing national objectives, which is one reason why the debate about service integration is so enduring.

Apart from these differences, service integration has become a recurring issue at all levels of government. The sheer number of separate categorical programs and the amount of money being spent makes it hard to disagree that at least some integration is desirable. Yet, determining what actions the federal government can or should take to create a more integrated, coordinated system and how far it should go, generates ardent disagreement. Past federal efforts reveal that issues related to potential costs and savings, programs to be covered, administering authority, evaluations, and accountability are important components that can influence the success of service integration initiatives.

## Context

In FY2002, approximately 85 means-tested federal benefit programs provided varying forms of cash and non-cash assistance directed towards low-income individuals and families. These programs, including Medicaid, the Earned Income Tax Credit (EITC), Temporary Assistance for Needy Families (TANF), Food Stamps, Section 8 housing assistance, the Child Care and Development Fund (CCDF) and the Social Services Block Grant (SSBG), cost an estimated \$522.2 billion in that year.<sup>3</sup> Congress has created these programs at different points in time to meet distinct needs of various segments of the low-income population. However, when viewed as a whole, the programs prompt concerns that the federal social assistance system has become costly to administer and complicated for low-income families to maneuver. Across programs there exist different funding formulas, eligibility criteria, reporting procedures, data collection requirements, performance measures, and accountability standards. State officials contend that federal funding “silos,” and conflicting regulations make it difficult to serve all the needs of families comprehensively and efficiently.<sup>4</sup> For the most part, federal assistance programs operate in relative isolation of each other, despite the fact that many of them target similar populations and have related goals.

Service integration proposals are challenging from the federal level for systemic reasons, among others. The nature of the legislative process itself provides incentives to individual lawmakers to sponsor programs that deliver distinct and identifiable benefits to narrowly drawn constituencies.<sup>5</sup> Over time, this has meant the

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<sup>3</sup> CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*, compiled by Vee Burke.

<sup>4</sup> Some have referred to federal executive branch agencies as “silos,” to describe the degree to which the organizational structure of federal departments inhibits coordination between agencies operating similar programs.

<sup>5</sup> In his book *From New Federalism to Devolution: Twenty-Five Years of Intergovernmental Reform* (Washington: Brookings Institution Press, 1998), Timothy Conlan argues, “Narrow  
(continued...)”

creation of an assortment of social service programs. Yet, for as long as these programs have existed Congress has had an interest in coordinating and making them work better together. During a 1991 hearing, Representative Bill Emerson expressed a common sentiment that arises in discussions of service integration:

I think we all agree that all of the programs we are talking about have been well intentioned. The problem is over a period of time, there are so many programs, and there is so much conflicting jurisdiction, that there has been a lot of confusion.... The solution may be combining some of these programs, and addressing the needs of the individual or whole person, rather than a piecemeal solution. I think everybody wants to solve these problems and I don't think the differences are as much philosophical as they are practical, in terms of what works and gets results.<sup>6</sup>

The structure of congressional committees also creates a disjuncture of authority over many closely related social service programs, which can stall momentum for reform. Committees with related or overlapping jurisdictions may resist proposals to integrate or consolidate programs, in order to preserve their powers of oversight and authorization, and to balance conflicting interests. Additionally, many advocacy and lobbying groups have an established interest in the continuation of existing programs, and they may object to proposals that would merge them into comprehensive general service packages. Thus, the heavy power of the "status quo" can dampen efforts that involve large-scale change. These systemic realities are not necessarily insurmountable, but they do establish the predispositions of political players and the preference for particular outcomes.

Institutional power struggles, whether between states and the federal government or the executive and legislative branches, can also generate challenges to service integration. State and local grantees that administer federally funded programs have long sought flexibility and sometimes advocate waivers as a way to better integrate services. At the same time, Congress seeks to ensure accountability and the fiscal and programmatic integrity of programs established to meet national goals. This necessarily involves at least some federally imposed requirements, guidelines, and procedures. Additionally, some approaches to service integration, like waivers, give more authority to executive branch agencies to administer and approve projects.

Several arguments are used to promote integration of public assistance programs. One is to make more sense of the programs from the perspective of the individual seeking help. There is the rationale that the causes of poverty are multiple and inter-related, therefore providing preventative and comprehensive services can

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<sup>5</sup> (...continued)

categorical programs permit members of Congress to obtain particularized benefits corresponding to their own constituency needs, and they can do so in such a way that members can be identified with a program for advertising purposes, announcing grant awards and so forth," (p. 41).

<sup>6</sup> U.S. Congress, House Select Committee on Hunger, *Coordination and Simplification of Public Assistance Programs: Today's Efforts, Tomorrow's Solutions*, hearing, 102<sup>nd</sup> Congress, 2<sup>nd</sup> sess., Serial no.102-3, Apr. 23, 1991.

be a more effective way to help low-income families and individuals. One 1976 document published by the Department of Health, Education, and Welfare (HEW), used the following statistic on program fragmentation to support its case for service integration:

Studies indicate that between 85% and 95% of all HEW clients have multiple problems, and that single services provided independently of one another do not result in changes in a client's dependency status or life chances. Frequently, the failure to receive referred services prevents clients from benefitting from a service already provided.<sup>7</sup>

Integrated services can also make programs more compatible so that caseworkers may face fewer obstacles and be better able to perform their jobs. From the efficiency perspective, integrated programs could help to reduce administrative costs by taking advantage of economies of scale, reducing overlap, and utilizing cost-sharing across programs.

Critics of the current "superwaiver" proposal argue that existing waiver authority within social service programs, as well as flexibility in block grants such as TANF and SSBG, have so far been successful at increasing program coordination, and that broad sweeping waiver authority is not needed. These groups contend that giving the executive branch new powers would compromise congressional authority, and is not necessary to achieve better integration of services. The Center on Budget and Policy Priorities (CBPP) argues

There are, to be sure, areas in which states could use further flexibility to define certain program parameters or better align programs that serve similar populations or provide similar services. These matters can be addressed, however, without the radical shift in governance and risks to low-income families that the superwaiver poses.<sup>8</sup>

Others contend that states may have other reasons for promoting flexibility in certain areas. For example, in many discussions of service integration states bring up rules related to cost allocation as a barrier to integrating programs. There is concern among some federal administrators that these issues have more to do with states' ability to maximize revenue by shifting federal funds between programs, than with the intent of providing integrated services. Lastly, questions have been raised about the range of possibilities for service integration under current law.<sup>9</sup> While legal and

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<sup>7</sup> Sidney Gardner, "Roles for General Purpose Governments in Services Integration," *Human Services Monograph Series*, no. 2, Oct. 1976. Project SHARE, A National Clearinghouse for Improving the Management of Human Services.

<sup>8</sup> Robert Greenstein, Shawn Frenstad, and Sharon Parrott, "'Superwaiver' Would Grant Executive Branch and Governors Sweeping Authority to Override Federal Laws," *Center on Budget and Policy Priorities* (CBPP), June 11, 2002.

<sup>9</sup> Mark Greenberg (CLASP) and Jennifer Noyes (Hudson Institute), *Increasing State and Local Capacity for Cross-Systems Innovation: Assessing Flexibility and Opportunities under Current Law: Implications for Policy and Practice*, Jan. 2005. A collaborative effort was undertaken by the National Governors Association, the Hudson Institute, and the Center  
(continued...)



regulatory requirements pose some barriers at the federal level, service integration also requires a significant amount of resource investment and technical expertise to execute at the state and local level. Federal barriers may only be one of many obstacles to implementing a strategy for service integration.

Over the past 30 years, public assistance programs have evolved through various federal and intergovernmental reform efforts. In the last decade, there has been a greater tendency to block grant programs in order to devolve more flexibility and decision-making authority to state and local governments.<sup>10</sup> The context has also changed in response to the transformation of federal priorities related to the welfare system. There is a strong emphasis on employment and support services to provide the framework for sustained independence from federal assistance. Lawmakers have recognized that low-income families moving from welfare to work require services that address multiple needs. These may include employment and education services, assistance with child care, access to medical care, and help finding affordable housing. This rationale has provided renewed vigor for concerns that a family experiences these needs concurrently and as inter-related, but federal programs continue to address them as isolated problems. Also, a growing literature on service integration has provided an academic and political forum for discussions of past efforts and current policy.<sup>11</sup>

**Service Integration Defined.** Service integration is an unwieldy topic in many respects, but even at the most basic level it is also difficult to define.<sup>12</sup> Past

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<sup>9</sup> (...continued)

for Law and Social Policy (CLASP) to establish a better understanding of flexibility, opportunities, and barriers that exist under current law with respect to service integration.

<sup>10</sup> Block grants are generally understood to be fixed-sum federal grants to states that give them broad flexibility to design and implement designated programs. In contrast, categorical grants often include prescriptive federal requirements and must be used for more narrowly defined purposes.

<sup>11</sup> Two past initiatives, funded by the federal government have contributed to this literature base. In 1974 the Department of Health, Education, and Welfare initiated Project SHARE, a national clearinghouse to improve the management of human services. Also called the Human Service Monograph Series, the project produced a collection of papers on service integration and related topics that were compiled for public access. In 1991, grants from the Department of Health and Human Services partially funded the establishment of the National Center for Service Integration. The center's mission was to actively support service integration efforts by serving as an information clearinghouse for documents, programs, and organizations.

<sup>12</sup> The most often cited definition of services integration originated with HEW Secretary Elliot Richardson in a June 1971 departmental memorandum. "Service integration refers to ways of organizing the delivery of services to people at the local level. Services integration is not a new program to be superimposed over existing programs; rather, it is a process aimed at developing an integrated framework within which ongoing programs can be rationalized and enriched to do a better job of making services available within existing commitments and resources. Its objectives must include such things as: (a) the coordinated delivery of services for the greatest benefit to people; (b) a holistic approach to the individual and family unit; (c) the provision of a comprehensive range of services locally;

(continued...)

approaches have focused on different goals and outcomes, which have reflected varying understandings of what service integration means to particular individuals, groups and programs. In 1986, the General Accounting Office (GAO) issued a report that provided an inventory of service integration demonstration projects completed between 1970 and 1985:

We found that there is not a universally agreed-upon definition of service integration. To some, service integration means co-location of service providers, combined case management, common application forms, and shared client data. To others, it means system accountability and accessibility combined with efficient and effective services provided at the most reasonable cost.<sup>13</sup>

Organizations that seek to integrate services may differ in administrative structure, budget, size, target population, geographic boundaries, and staffing, all of which can affect the scope and impact of reforms. Service integration has also been described as existing on a continuum ranging from loosely coordinated services, to collaboration, and finally to integration.<sup>14</sup>

In general, the literature tends to distinguish between two approaches to service integration: *service-oriented* and *system-oriented* reform. Service-oriented integration is client and case management focused, with the goal of linking clients to a broad range of services that address multiple family needs. Examples of these efforts are co-location of services, joint applications and eligibility determination, and cross-training of staff. System-oriented reforms would change administrative and service delivery structures to facilitate integrated management and coordination of programs across state, county and/or local agencies.<sup>15</sup> Examples of system-oriented reforms are eliminating conflicting eligibility and benefit rules among service programs, changing how agencies plan and finance services, reorganization of public agencies around a common population, or offering fiscal and performance incentives to increase coordination between agencies.

For the most part, service integration must take place at the state and local levels because that is where services are accessed by recipients. Yet, many public assistance programs are funded with a mix of federal, state, and local dollars, which

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(...continued)

and (d) the rational allocation of resources at the local level so as to be responsive to local needs.”

<sup>13</sup> U.S. General Accounting Office (GAO), Fact Sheet for Congressional Requesters, *Welfare Simplification: Projects to Coordinate Services for Low-Income Families*, GAO/HRD-86-124FS, Aug. 1986. (GAO was renamed the Government Accountability Office in 2004.)

<sup>14</sup> See CRS Report 93-369, *Linking Human Services: An Overview of Coordination and Integration Efforts*, by Ruth Ellen Wasem. (Archived, available from the author upon request: 7-7342.)

<sup>15</sup> It is important to note that some system-oriented efforts, can have substantial implications for program costs. For example, eligibility requirements limit benefits to a certain population of low-income recipients. Conforming eligibility rules across programs could result in many more individuals being eligible for certain services and greatly increase costs.

means large-scale attempts at integration require an intergovernmental effort. Conflicting regulations and fragmentation of these programs at the federal level can impede state and local efforts that would otherwise bring programs together. As a result, many service integration reforms at the federal level have focused on system-oriented changes that remove structural obstacles to integration. Federal system-oriented reforms have included initiatives to reform the management of federal grants, devolve decision-making power and flexibility to states, incorporate state options into statutes authorizing programs, and efforts to simplify administrative and reporting rules across programs. Giving states the opportunity to apply for waivers of certain federal requirements, as the “superwaiver” proposal would do, is also a system-oriented reform intended to increase flexibility to integrate services within the existing federal framework.

Drawing from the experience of past efforts, much more is now understood about the barriers to integration. Instability, both fiscal and political, can hinder the capacity of any level of government to follow through with and maintain programs over the long run. Service integration requires strong leadership and a successful advocate to bring all the parties into the planning process. Studies have found that as individual champions of projects retire or move on, support for and cooperation with initiatives has dissipated.<sup>16</sup> There are often differing geographical boundaries for program service areas. Turf issues such as loss of autonomy, distrust of other agencies, and differences in philosophy for serving clients can be substantial barriers. State and local agencies running separate programs have an established “culture” that often conflicts. Program administrators can be reluctant to merge their program and change methods of operation. Integration may require co-location, changes to personnel organization and job responsibilities, and training that requires a high degree of cooperation and commitment from employees. Issues such as protecting client confidentiality can be a barrier to sharing data and technical integration of case management systems. Finally, service integration projects can require significant resources and technical knowledge of multiple programs to implement.

**Scope of Report.** This report covers broad, federal-level service integration efforts inclusive of multiple programs that bridge agency boundaries, like the “superwaiver” proposal. Distinct from these initiatives, there have been many other federal attempts to coordinate and integrate services within individual programs that focus on particular sets of problems or populations. It is worthwhile to give a brief synopsis of these “within” program efforts to provide some perspective on what can be an infinitely expansive issue. Targeted programs in which service integration or coordination is a major feature include those serving children with disabilities, senior citizens, low-income families with children, and programs that coordinate federal employment and training services. For example:

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<sup>16</sup> A 1972 evaluation of service integration projects in the Department of Health, Education, and Welfare found that a project’s leader was an important predictor of success. It said, “The study provides support for the ‘great man’ theory that the personality of the project director is one of the most important factors in services integration. Leadership, persuasiveness, commitment, and personal contact with political sources ... appeared to be those attributes which had the greatest positive impact.” Marshall Kaplin, Gans and Kahn, *Integration of Human Services in HEW: An Evaluation of Services Integration Projects*, Volume I (San Francisco, CA 1972).

- The Individuals with Disabilities Education Act (IDEA) authorizes funding for special education and related services for children with disabilities and their families.<sup>17</sup> Part C authorizes grants to assist states in developing coordinated and comprehensive service delivery programs. The purpose is to have one accessible system that delivers education and early intervention services to infants and toddlers with disabilities, as well as their families. Included are individualized family service plans, interagency participation, training of personnel on available early intervention services and referral sources, and a single line of responsibility for implementation within the state.
- The Older Americans Act provides funding for the delivery of a wide-range of social and nutrition services for older persons.<sup>18</sup> Title III authorizes grants to states to coordinate six separate service programs for the elderly. Services are targeted toward low-income minority seniors, and older persons living in rural areas. The Act has been amended several times to improve coordination of services by consolidating the otherwise separate programs for nutrition, social services, and multi-purpose senior centers into one grant program.
- The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) created the Temporary Assistance for Needy Families (TANF) block grant. TANF devolved substantial flexibility to states to create and manage welfare programs, with some federal time-limits and work requirements. PRWORA also established the Child Care and Development Fund (CCDF), which consolidated previously separate child care programs for welfare and other low-income families in the workforce. To further promote flexibility states can transfer up to 30% of TANF funds to CCDF or the Title XX Social Services Block Grant (SSBG)<sup>19</sup> in order to provide additional services to low-income clients.
- The Workforce Investment Act of 1998 (WIA) was enacted to consolidate, coordinate, and improve employment, training, literacy, and vocational rehabilitation programs under a single federal training system.<sup>20</sup> Under WIA, local area workforce investment boards administer a variety of employment and training services for

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<sup>17</sup> See CRS Report RL32716, *Individuals with Disabilities Education Act (IDEA): Analysis of Changes Made by P.L. 108-446*, by Richard N. Apling and Nancy Lee Jones.

<sup>18</sup> See CRS Report RL31336, *Older Americans Act: Programs and Funding*, by Carol O'Shaughnessy.

<sup>19</sup> Within the 30% transfer limit, no more than 10% of TANF funds may be transferred to the SSBG.

<sup>20</sup> See CRS Report 97-536, *Job Training Under the Workforce Investment Act (WIA): An Overview*, by Ann Lordeman.

youth, adult and dislocated workers offered through “one-stop” delivery systems that provide a central location for accessing multiple services.

Many existing federal assistance programs also allow states and localities to request waivers from certain requirements within individual programs. These waivers are authorized by Congress and usually give the secretary of the department overseeing a program discretion to allow grantees to be exempt from certain statutory or regulatory provisions, if necessary to meet a particular goal. For example, in Medicaid and the State Children’s Health Insurance Program (SCHIP), the Secretary of Health and Human Services (HHS) has authority to grant demonstration waivers to states to test restructuring of their programs for the delivery of health care services and to adapt programs to local areas.<sup>21</sup> In Medicaid, states have used waivers to cover non-Medicaid services, to change eligibility criteria to provide coverage to new groups, and to expand contracts with managed care plans. Congress has also authorized the U.S. Department of Agriculture (USDA) to approve waivers of certain food stamp rules to increase access and reduce the reporting burden on families. Food stamp waivers can be related to program eligibility, reporting requirements, and other options related to serving TANF recipients. A 2002 GAO study on waivers in the food stamp program found that almost all states used options or waivers to change their food stamp eligibility determination process, and more than half used options or waivers to make TANF families automatically eligible for the program.<sup>22</sup>

Finally, several state and local level “lighthouse” projects have implemented service integration reforms. A paper prepared for the *Enhancing the Capacity for Cross-Systems Innovation Project* found that “[d]espite the legitimate impediments to service integration that flow from federal program and regulatory silos, a number of local sites have been successful in developing and implementing integrated service systems.”<sup>23</sup> A 2003 study conducted by the Rockefeller Institute of Government highlighted 12 sites that significantly restructured their human service systems, specifically related to provision of TANF, Medicaid and Food Stamp benefits, as examples of comprehensive service reform.<sup>24</sup> These sites varied in the type and scope of projects undertaken. Examples included San Mateo County, California, which created a large Human Services Agency to act as a single administrative unit for operation of multiple human service programs. The agency regionalized operations and gave local offices flexibility, offered clients one-stop access to services, and established common intake processes, family self-sufficiency teams,

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<sup>21</sup> See CRS Report RS21054, *Medicaid and SCHIP Section 1115 Research and Demonstration Waivers*, by Evelyne Baumrucker.

<sup>22</sup> U.S. General Accounting Office, *Food Stamp Program: States’ Use of Options and Waivers to Improve Program Administration and Promote Access*, GAO-02-409, Feb. 2002.

<sup>23</sup> Tom Corbett and Jennifer Noyes, *Enhancing the Capacity for Cross-Systems Innovations Project*, “Toward a Framework for Integrating Welfare, Workforce, and Human Service Systems — Securing the ‘Holy Grail’ of Public Policy at Long Last?” Mar. 2004.

<sup>24</sup> Mark Ragan, Casey Strategic Consulting Group, *Rockefeller Institute of Government*, Prepared for the Annie E. Casey Foundation, “Building Better Human Service Systems: Integrating Services for Income Support and Related Programs,” June 2003.

and collaboration with community partners. The state of Nebraska implemented an automated eligibility determination and case management system, called N-FOCUS, which integrated 27 human service programs, including child welfare case management. These and other sites have provided examples of innovative solutions and best practices for integrating services at the local level.

## Overview (1968-Present)

Service integration initiatives undertaken by Congress or executive branch agencies over the last 30 years can be divided among five major categories. While these headings are not mutually exclusive, they provide an organizational structure from which to consider past approaches.

- *Grant Management Reform* — Initiatives to simplify the federal process for managing grants-in-aid to states, to devolve more decision-making authority to state and local governments, and/or to streamline the process for obtaining grant funds from multiple federal sources.
- *Administrative Simplification* — Federal interagency initiatives to address the complexity of administrative, regulatory or reporting requirements through which different public assistance programs were operated.
- *Demonstration or Pilot Projects* — Congressionally authorized or supported through discretionary funding from executive branch agencies to test methods of integrating services, often including the option of obtaining waivers.
- *Block Grants* — Initiatives to consolidate federal funding into block grants that give states broader flexibility to design and implement designated programs.
- *Waivers* — Allows states, local grantees or pilot projects to request waivers from certain federal requirements in covered federal programs in order to coordinate and integrate social services.

It is difficult to pinpoint the definitive introduction of service integration within the federal government, yet lawmakers formally began to grapple with this idea during the 1960s. A surge in interest coincided with exponential increases in federal expenditures on social assistance programs, many of which emerged isolated and fragmented from one another. Federal financial assistance to state and local governments and other organizations increased from \$3 billion in FY1955 to an estimated \$52 billion in FY1975.<sup>25</sup> As the number of categorical federal programs increased, shortcomings in the system became evident. According to a 1979 GAO report, “Studies showed that red tape, delays and vast amounts of paperwork were a characteristic common to most federal programs. Each program had its own unique requirements for application and administration. Because most new programs were

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<sup>25</sup> U.S. General Accounting Office, Report to Congress by the Comptroller General, *The Integrated Grant Administration Program — An Experiment in Joint Funding*, GGD-75-90, Jan. 1976.

developed without sufficient regard to existing programs, many requirements were inconsistent among related programs.”<sup>26</sup> As a result, Congress sought to simplify and streamline the federal grants process to promote better coordinated projects and services at the state and local levels. Grant management reform focused on decentralization both in the 1960s and again in the 1980s with the Reagan Administration’s block grant proposals.

In the late 1960s, President Lyndon Johnson established the “War on Poverty,” which created several programs, including the Community Action and Model Cities programs that made coordinated planning and comprehensive service delivery a core feature. The Community Action Program (CAP), part of the Economic Opportunity Act of 1964 (P. L. 88-452), was administered through non-profit agencies working at the local level to combine and direct a wide range of federal, state, local and private resources as a mounted attack on poverty. These local anti-poverty agencies worked to integrate educational, employment, welfare, health, housing, and other social services at the grassroots level to meet the dynamic needs of poor families. The Model Cities program, created in 1966 by the Demonstration Cities and Metropolitan Development Act (P.L. 89-754), was also designed to coordinate resources and assistance in impoverished communities. The goal was to unify the efforts of agencies providing social assistance in designated metropolitan areas.

Evaluations of the Community Action and the Model Cities programs found in many cases, a lack of political support at both the federal and state level prevented sufficient resources from being invested to provide comprehensive services. Planning officials did not have the authority to bring federal agencies and service providers together, which also limited the success of the programs. While these efforts centered on supporting the role of non-profits, similar problems related to leadership and authority structures within different levels of government have resurfaced in later service integration initiatives, and have proven to be formidable barriers.

In 1969, the Nixon Administration made integration and responsive government a key part of its domestic agenda, called “New Federalism.” This policy focused on the role of general purpose government, moving operational authority over federally funded social programs to the states, and implementing revenue sharing between the federal government and states. Nixon launched the Federal Assistance Review (FAR), a government-wide effort to cut red tape and place greater reliance on state and local governments.<sup>27</sup> Nixon appointed Elliot Richardson, a strong proponent of service integration, as Secretary of Health, Education and Welfare (HEW) in 1970. Both HEW and the Office of Management and Budget (OMB) conducted small-scale pilot projects to test methods and replicable models for achieving a management system that facilitated integration, paving the way for future legislative proposals. Following Nixon, under the Ford Administration, two important service integration bills were introduced in Congress and one was enacted. From 1974 to 1980, the focus

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<sup>26</sup> U.S. General Accounting Office, Report by the Comptroller General, *Perspectives on Intergovernmental Policy and Fiscal Relations*, GGD-79-62, June 28, 1979.

<sup>27</sup> Office of Management and Budget, *Responsive Federalism: Report to the President on the Federal Assistance Review*, Jan. 1973.

shifted away from reform of grants management to simplification of funding and eligibility requirements in public assistance programs.

In 1981, the Reagan Administration introduced its budget reform plan, which included block grants as a way to reduce the deficit and devolve program responsibility from the federal to state and local levels. The Administration argued that through block grants, overlapping programs would become better coordinated and linked, which would lead to lower administrative costs and overall savings for the federal government. OMB reported in FY1980, that 75% of grant-in-aid expenditures were through categorical grants.<sup>28</sup> President Reagan proposed to consolidate 90 categorical program grants providing federal financial assistance to state and local governments. Again, the debate was framed around alternative funding mechanisms and devolution of management to states.

In the mid-1980s, state and local governments continued independently to embark on their own projects working from the bottom-up, many supported by funding from non-profit organizations and foundations. Throughout the 1990s, service integration began once again to manifest itself in the form of pilot and demonstration projects that allowed waivers of certain federal program requirements. Since the late 1990s, waivers and block grants have become the chief elements of proposals to promote state flexibility and innovation.

The following section of this report provides an overview of legislative and executive branch service integration initiatives that have occurred over the last three decades. While this is not an exhaustive review, it does highlight the major kinds of approaches employed by the federal government to move toward integration, namely reform of grant management, administrative simplification, pilot or demonstration projects, block grants, and waivers.

## Service Integration Initiatives

Two initiatives acted as important precursors for subsequent service integration efforts that occurred throughout the 1970s. These were broad, full-scale efforts to streamline and integrate grant administration management processes and intergovernmental activities. The Intergovernmental Cooperation Act in 1968 and President Nixon's Federal Assistance Review (FAR) in 1969, set the context for several significant service integration proposals discussed in this report.

***Intergovernmental Cooperation Act of 1968 (P.L. 90-577).*** The Intergovernmental Cooperation Act was intended to improve the administration of federal categorical grants-in-aid to the states to achieve more coordination of activities among federal, state and local governments. The law was created in response to concerns raised by states that federal assistance programs providing grants directly to local agencies (schools, health centers, transportation agencies) created fragmentation and bypassed consideration of state and local government priorities. The law authorized OMB to develop a nationwide system for federal grant

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<sup>28</sup> Sandra Osbourn, *Block Grants: An Approach to Restructuring the Federal Aid System*, Congressional Research Service, Feb. 1981. (Archived, available on request.)



project review and notification across more than 100 programs through clearinghouses established in each state.

OMB created the Project Notification and Review System (PNRS), a formal process for applying for federal grant funds.<sup>29</sup> PNRS gave state and local governments the opportunity to review and comment on the consistency of proposed federally assisted projects with state, regional and local policies. As of 1971, three years after the law was enacted, a review by the Council of State Governments found, “State action to date has largely been procedural with many of the vital potential opportunities of the Act yet to be realized.”<sup>30</sup> The process, essentially governed through two OMB-issued circulars, left much of the impetus to the states to understand and take advantage of the new system. The clearinghouses and the framework for the PNRS system lasted about a decade.

**Federal Assistance Review (FAR), 1969.** The Federal Assistance Review (FAR) was a government-wide effort spanning from March 1969 to June 1973. OMB and 14 other federal agencies were brought together to review mechanisms for placing greater reliance on state and local governments, and to simplify the process for obtaining funds from multiple federal sources. The review resulted in a 10-point program that included guidelines for achieving these goals.<sup>31</sup> These included establishment of 10 standardized regions for 75 major federal agencies and bureaus with field offices. Sharing common jurisdictions and headquarters through collocation was a way to more easily coordinate programs across traditional agency boundaries. Concurrently, Federal Regional Councils (FRC) consisting of representatives from seven major federal grant-making agencies were created to facilitate large-scale tasks that involved more than one federal department. FAR also emphasized decentralization of operational authority to regional offices, greater reliance on state and local governments for administration of programs, and streamlining of paperwork and procedures in programs. Two initiatives discussed in this report, the Joint Funding Simplification Act of 1974 and the Integrated Grants Administration in 1972, were both ideas proposed by the FAR.

With these two preceding efforts in mind, the following section provides a history of service integration initiatives by Congress or executive branch agencies with an analysis of the purpose, features, and outcomes for each. (See **Appendix A, Figure 1.**)

## **Integrated Grants Administration (IGA) Program, 1972**

Category: Grant Management Reform/Pilot Projects

**Purpose.** Initiated by OMB, IGA was an experimental program that authorized pilot projects to test a new method of allowing grantees to draw down

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<sup>29</sup> Council of State Governments, *Coming Together, the Intergovernmental Cooperation Act of 1968: Survey of Federal and State Implementation*, July 1971, p. 17.

<sup>30</sup> *Ibid.*, p. iii.

<sup>31</sup> Office of Management and Budget, *Responsive Federalism: Report to the President on the Federal Assistance Review*, Jan. 1973.

funding from several different federal assistance programs for use in a single comprehensive services project.<sup>32</sup> This concept was included in FAR, and encouraged greater financial and technical state involvement in solving local problems through the development of programs with coordinated activities and shared staff. IGA was intended to eliminate the need for grantees to use different forms and follow different administrative procedures for each grant-making agency. (For examples of IGA projects see **Appendix B**.)

**Features.** The IGA program was cost-neutral, and not in itself a source of federal funds. It acted as a mechanism through which existing appropriated federal funds could be combined into a single funding stream for use by a grantee. (See **Appendix A, Figure 2**.) The primary features of the program were the use of a single grant application, synchronized funding, and a single audit. Federal Regional Councils were responsible for administering IGA regionally and acted as the initial point of contact for processing applications. They also acted as moderators between grantees and federal agencies throughout the application and grant process. A detailed system for notification, application processing, and execution of grants was set-up to manage the IGA program. Projects could be funded by one grant award notice, rather than several grant awards each with its own funding period. This also allowed for a single financial reporting system. Funding normally lasted for 12 months, and an annual audit of each project was required within six months after the project was completed. Considerable flexibility was given to potential grantees in proposing projects and programs for funding under IGA.

**Outcomes.** In total, the IGA redirected \$33 million in appropriated funds to 24 approved projects. A report submitted by the Comptroller General, “The Integrated Grant Administration: An Experiment in Joint Funding,” reviewed six IGA projects in New York, Atlanta, Kansas City, and Seattle. These projects included a wide variety of initiatives such as coordination of human services at the city level, comprehensive services for migrant workers, social and health services for urban Indians, and a regional council established to plan the development of a river basin area involving two states and six counties. The report found that the projects only partially achieved their intended benefits. The following difficulties were identified:

- A lack of coordination and commitment among federal agencies. While FRCs acted as moderators between federal agencies and grantees, they lacked the authority to create the collaboration and commitment that was needed from federal agencies.
- Only one of the six IGA projects reviewed actually received a single grant award with synchronized funding periods. The other projects had funds awarded separately due to statutory and administrative restrictions and delays across agencies.
- Grantees did not always properly allocate costs across each federal program, resulting in inaccurate accounting of expended funds. This

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<sup>32</sup> U.S. General Accounting Office, Report to Congress by the Comptroller General, *The Integrated Grant Administration Program — An Experiment in Joint Funding*, GGD-75-90, Jan. 1976.

jeopardized the ability of agencies to maintain the integrity of appropriations for individual programs.

- The IGA process was more time consuming for federal agencies and an expansion of the experimental program would have required additional staff resources.

## Service Integration Targets of Opportunity (SITO), 1972

Category: Pilot Projects/Waivers

**Purpose.** The Department of Health, Education, and Welfare (HEW) funded 45 SITO demonstration projects to provide replicable information on how to integrate the delivery of a wide range of human services. Projects were meant to improve client access to available services and to reduce time spent on referrals, space, and equipment to increase the long-run efficiency of program operations. SITO projects were used to test provisions of the Allied Services Act, a proposal discussed later in this report. (For examples of SITO projects, see **Appendix B.**)

**Features.** Each project was intended to be a demonstration of various models of integrated service delivery. These models included coordinated case management, client tracking systems, common service sites, and information and referral services.<sup>33</sup> Grants were given directly to state and local governments to help improve accessibility, convenience and completeness of services. Most were funded for a period of three years. Projects were supported by discretionary funds from component HEW agencies, particularly the division of Social and Rehabilitative Services (SRS).

**Outcomes.** Of the 45 SITO projects, 10 were technical studies carried out by consulting firms or public interest groups. The remaining projects were comprehensive service delivery efforts carried out by state or local governments. Many of the SITO projects did lead to better service delivery — results of individual project evaluations showed improved client access to needed services and that agencies were more responsive to the needs of families being served. Yet, fiscal problems resulting from pooling funds of different categorical programs and administrative restrictions limited overall success of these efforts.<sup>34</sup> As with the IGA program, cost allocation and accounting of expenditures across multiple programs was complex and prohibitive for project administrators. Interagency planning was difficult because program officials often felt the projects were threats to their programs, budget, and agency identity. Suggestions were made to provide more authority to interagency planning councils to enforce participation by agencies.

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<sup>33</sup> U.S. Department of Health and Human Services, Office of the Inspector General, *Services Integration: A Twenty-Year Retrospective*, OEI-01-91-00580, Jan. 1991.

<sup>34</sup> U.S. General Accounting Office, *Integrating Human Services: Linking At-Risk Families with Services More Successful than System Reform Efforts*, GAO/HRD-92-108, Sept. 1992.

## Joint Funding Simplification Act of 1974 (P.L. 93-510)

Category: Grant Management Reform/Pilot Projects

**Purpose.** The Joint Funding Simplification Act was a formal extension of the Integrated Grants Administration program (IGA). It was enacted in 1974 for five years, reauthorized in 1980 and repealed in 1982.<sup>35</sup> The law did not authorize appropriations, since projects were required to be cost-neutral. As in the IGA program, the purpose of the law was to establish procedures for projects to draw funds from more than one federal assistance program, and to simplify administrative requirements for management of those funds. Uniform provisions of financial administration, payments, and accountability, joint management of funds by federal agencies and prioritizing timely and expeditious processing of applications were explicit goals of the law. It also encouraged agencies to actively form federal-state partnerships to more effectively combine federal and state resources in support of projects with common goals and purposes.

**Features.** The enacted law was vague regarding what authority would oversee cooperation across federal agencies, and left many of the details to be determined by an Executive Order of the President.<sup>36</sup> As in the IGA, Federal Regional Councils were given the responsibility of processing applications. In addition, for each project a federal lead agency was to be designated to coordinate the participation of all federal agencies involved, and to act as the applicant's primary contact for administrative matters. The regulation allowed transfer of federal funds from grantor agencies to grantees through a management fund and federal letter of credit.<sup>37</sup> Programs eligible to participate in joint funding were to be determined by federal agencies, limited to financial assistance provided through grants or contracts.

The law allowed (but did not direct) federal agencies to encourage federal-state partnerships through which non-profits and local governments could combine funding for joint support of projects. Authority was given to agencies to take the following actions: identify programs appropriate for joint support for specific projects; promulgate guidelines, model or illustrative projects, joint application forms or other guidance to assist in the planning and development of projects; determine which program requirements may impede joint support of projects; establish common technical and administrative rules in related programs; and develop a joint procedure for project supervision, including the designation of lead agencies.<sup>38</sup>

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<sup>35</sup> P.L. 96-534 reauthorized the Joint Funding Simplification Act in 1980, and P.L. 97-258 Section 5(b) repealed the law in 1982.

<sup>36</sup> Executive Order 11893, dated Dec. 31, 1975, delegated to the Director of the Office of Management and Budget (OMB) the authority to issue regulations governing jointly funded assistance to state and local governments and nonprofit organizations, and to perform other functions specified in P.L. 93-510. OMB issued formal regulations published in the *Federal Register*, vol. 41, no. 148, July 30, 1976.

<sup>37</sup> *Federal Register*, vol. 41, no. 148.

<sup>38</sup> P.L. 93-510, CRS Summary.

**Outcomes.** Two reports by the Comptroller General’s office reviewed implementation of the Joint Funding Simplification Act. The first report, published just two years after passage, found a need for federal-level measures to increase federal agency responsiveness and commitment to the joint funding program.<sup>39</sup> The report also recommended that Congress amend the Act to retain requirements related to non-federal matching shares within projects to preserve the integrity of individual programs. A later report by the Comptroller, conducted in the final year of authorization, found that implementation of the program was a disappointment and that only seven new projects had been funded.<sup>40</sup> At the time of the report in July 1979, there were 17 active projects, 10 of which were carry-overs from the Integrated Grants Administration. The report cited several reasons for this low level of activity, such as OMB’s lack of adequate and timely leadership, support and oversight; federal agencies’ limited commitment; and the Act’s permissive nature, which did not mandate federal agency participation or include a mechanism for conflict resolution. Both reports found that joint funding could only be successful at packaging related programs and simplifying grant administration if given sufficient federal support.

### **Allied Services Act 1975 (H.R. 9981/H.R. 10248)<sup>41</sup>**

Category: Demonstration Projects/Waivers

**Purpose.** The Allied Services Act of 1975 was a Ford Administration proposal introduced in the House and Senate, but no action was taken by Congress. The bill proposed to authorize demonstration grants to states for the development of “allied services plans” to coordinate delivery of human services in order to facilitate access, improve effectiveness of services, and use resources more efficiently with minimal duplication. The bill would have authorized \$20 million each year for FY1975 and FY1976 for implementation grants to cover initial project and systems costs. The 1972 SITO projects funded by the Department of Health, Education, and Welfare (HEW) were developed to test the provisions outlined in the Allied Services bill.<sup>42</sup>

**Features.** The bill would have authorized the Secretary of HEW to make demonstration grants to states for a maximum of two years to develop plans to coordinate service delivery, and a maximum of three years for the initial costs of consolidating administrative support services. At the minimum, projects needed to include services for low-income families, child welfare services, and services to

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<sup>39</sup> U.S. General Accounting Office, Report to Congress by the Comptroller General, *The Integrated Grant Administration Program — An Experiment in Joint Funding*, GGD-75-90, Jan. 1976.

<sup>40</sup> U.S. General Accounting Office, Report by the Comptroller General, *A Study of the Joint Funding Simplification Act*, GGD-79-87, July 1979.

<sup>41</sup> H.R. 10248 was an identical bill introduced in the 94<sup>th</sup> Congress, which included an additional 20 cosponsors.

<sup>42</sup> Legislative Reference Service, *Analysis of the Proposed Allied Services Act of 1974, H.R. 12285*, by Sharon House, June 26, 1974. (Archived, available on request.)

Work Incentive Program (WIN)<sup>43</sup> recipients and at least three other human services programs funded through any source.<sup>44</sup> The bill would have authorized the transfer of up to 25% of funds from participating HEW programs provided that the funds were directed at essentially the same target population. It also would have allowed waivers of administrative, regulatory, and technical requirements providing the allied services plan demonstrated that such requirements would prevent coordination of human services. Finally, the bill would have authorized joint funding across agency lines to reduce duplication and maximize resources.<sup>45</sup> In order to apply for a grant, states would have been required to designate service areas where a local demonstration project would be implemented and prepare a statewide allied services plan laying out the details of the planned demonstration project. At the federal level, consultation and review by other federal departments would occur when plans included services outside the jurisdiction of HEW. Projects would have been required to provide evaluation reports assessing the impact of allied services efforts on clients.

**Legislative History.** The Allied Services proposal was introduced multiple times beginning in 1972. The Nixon Administration, specifically Secretary of HEW Elliot Richardson, made this issue a priority by using discretionary funding to initiate the SITO demonstration projects and subsequently by sending the Allied Services Act to Congress for consideration.<sup>46</sup> The Ford Administration continued these efforts, and under the direction of HEW Secretary David Matthews, the Allied Services Act was again introduced in 1975, but no further action was taken.

## Eligibility Simplification Projects, 1980

Category: Administrative Simplification

**Purpose.** During the 1980s, more attention was focused on the complexity of administrative rules and regulations through which different federal assistance programs were operated. Specifically, two large-scale projects, one at the federal and the other at the regional level, were undertaken to review eligibility requirements across human services programs. As part of the Carter Administration's welfare reform proposals, the President requested an interdepartmental review of eligibility policies and procedures among major federal assistance programs called the Eligibility Simplification Project.<sup>47</sup> An interagency team developed and published recommendations in 1980 for simplifying and standardizing the eligibility requirements and procedures of seven "basic needs" programs. A separate, but

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<sup>43</sup> The WIN program provided employment and training services for recipients of Aid to Families with Dependent Children, the predecessor to TANF.

<sup>44</sup> Congressional Research Service, *The Proposed Allied Services Act: Summary and Arguments, Pro and Con*, Nov. 1975. (Archived, available upon request.)

<sup>45</sup> Department of Health, Education, and Welfare, *The Allied Services Act of 1975*, Fact Sheet, Oct. 1975.

<sup>46</sup> H.R. 12285 was introduced in the 93<sup>rd</sup> Congress as the "Allied Services Act of 1974."

<sup>47</sup> Office of Management and Budget, *Eligibility Simplification Project: An Interagency Study with Recommendations for Simplifying Client Eligibility among Major Public Assistance Programs*, Oct. 1980.

related project funded by HEW<sup>48</sup> was completed by the Mountain Plains Federal Regional Council. The FRC conducted a study in four states — Colorado, Massachusetts, Michigan, and South Dakota — on the eligibility requirements in six public assistance programs. A report titled “The Intergovernmental Eligibility Simplification Project”<sup>49</sup> provided a step-by-step approach to establish uniform definitions of income and resources for human service programs.

**Features.** The Eligibility Simplification Project was led by the Secretary of HEW and the Director of OMB. It found that complex requirements for establishing eligibility in different federal assistance programs contributed to inefficiency and created difficulties for clients and administrators alike. The seven basic needs programs selected for analysis were Aid to Families with Dependent Children (AFDC), Comprehensive Employment and Training Act (CETA) services, Food Stamps, rental housing assistance (Section 8), Medicaid, Title XX of the Social Security Act (Social Services), and Supplemental Security Income (SSI). All of these programs at that time, based eligibility on some form of means-test for income and some also applied an assets test. The project resulted in the following recommendations:

- Standardize treatment of income and assets across programs. For example, programs differed in treatment of income from educational benefits, valuation of vehicles and household goods, and methods to calculate net earnings.
- Improve consistency of work requirements across programs, adopt same definition of student eligibility status, and definition of disability.
- Create a task force to revise approaches in budgeting, administrative and cost accounting areas, especially with regard to quality control systems.
- Implement “one-stop” eligibility determination in local welfare offices to reduce administrative costs and increase accessibility for clients.

The Intergovernmental Eligibility Simplification Project conducted by the Mountain Plains FRC studied six similar programs: Food Stamps, AFDC, SSI, Title XX of the Social Security Act, CETA, and Section 8 housing assistance. This project developed a computer simulation model to determine the impact on client enrollment and benefit levels of proposed uniform definitions.<sup>50</sup> The study found that uniform measures to determine income and resources would not lead to significant changes

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<sup>48</sup> U.S. Department of Health, Education, and Welfare became the Department of Health and Human Services through reorganization in May 1980.

<sup>49</sup> The Intergovernmental Eligibility Simplification Project, *Uniform Measures for Use in Determining Client Eligibility Among Human Service Programs: An Impact Analysis*, Submitted to the Mountain Plains Federal Regional Council, July 1980.

<sup>50</sup> To test proposed changes using uniform financial measures of income, the study designed a computer model that predicted the effect of the change on eligibility outcome and benefit levels of sample case populations in Colorado, Massachusetts, Michigan, and South Dakota.

in the number of individuals eligible for benefits or the level of program benefits available. The following recommendations resulted:

- Develop a federal policy on the use of uniform standards for evaluating and treating the personal finances of individuals and families applying to public assistance programs.
- Design a comprehensive data system for use by federal agencies, which would provide useful and consistent information regarding the characteristics of populations enrolled in public assistance programs.

**Outcomes.** Recommendations of the Eligibility Simplification Project were never formally addressed by Congress through legislation, yet some of the recommendations became a part of the Carter Administration's welfare reform proposal. In addition, federal agencies overseeing the seven programs studied took actions including regulatory changes, and joint task forces to promote increased administrative coordination.<sup>51</sup> In 1990, a similar administrative simplification project called the Welfare Simplification and Coordination Advisory Committee, published a report with recommendations for simplifying and coordinating four public assistance programs: AFDC, Food Stamps, Medicaid, and public housing.<sup>52</sup> The 1990 committee also identified administrative conflicts in definitions and procedures among these programs.

## Omnibus Budget Reconciliation Act of 1981 (OBRA, P.L. 97-35)<sup>53</sup>

Category: Block Grants

**Purpose.** The Omnibus Reconciliation Act of 1981 created nine new block grants from approximately 57 of the more than 300 categorical programs in effect at that time.<sup>54</sup> One of the major aims of block grant proposals is to transfer decision making authority to state and local governments by reducing rules and regulations

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<sup>51</sup> Examples of changes undertaken by federal agencies are: SSI changed treatment of motor vehicles as assets for SSI purposes to be consistent with the Food Stamp definition; through policy regulations, applications for Food Stamps were to be taken in Social Security offices for SSI applicants; valuation of assets in SSI and AFDC were changed to mirror the Food Stamp program; HHS and USDA coordinated the use of AFDC monthly reporting system for Food Stamp purposes.

<sup>52</sup> Report of the Welfare Simplification and Advisory Committee, *Time for a Change: Remaking the Nation's Welfare System*, June 1993.

<sup>53</sup> Congressional Research Service, *Block Grants in the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35): An Overview of Their Characteristics*, Sandra Osbourn, Aug. 1981. (Archived, available on request.) The following block grants were created by OBRA: Puerto Rico Food Stamp Block Grant; Elementary and Secondary Education Block Grant; Community Services Block Grant; Preventative Health and Health Services Block Grant; Alcohol and Drug Abuse and Mental Health Block Grant; Primary Care Block Grant; Maternal and Child Health Block Grant; Social Services Block Grant; Low-Income Energy Assistance Block Grant.

<sup>54</sup> George Peterson, Randall Bovbjerg, Barbara Davis, Walter Davis, Eugene Durman, and Theresa Gullo, *The Reagan Block Grants: What Have We Learned?* (Washington: Urban Institute Press, 1986).



under which categorical programs operate. The Reagan Administration argued that consolidation through block grants would lower costs by eliminating federal categorical programs with different matching rates, procurement requirements, reporting standards, and accounting practices, thus justifying the 25% reduction in funding that accompanied its block grant proposals. The President's FY1982 budget stated "The current system's administrative requirements have resulted in nearly insurmountable barriers for states, local governments, communities, and even individual providers who wish to integrate funds from all grant programs into comprehensive assistance systems."<sup>55</sup> Block grants were associated with a variety of goals including lowering administrative costs, decentralizing decision-making, reducing programmatic overlap, promoting coordination and innovation, and providing states opportunities to target funding.

**Features.** For the purposes of this discussion, two of the block grants — the Social Services Block Grant (SSBG) and Community Services Block Grant (CSBG) had the most impact on consolidation of social service programs. The final SSBG combined funding for social services, day care and training under Title XX of the Social Security Act, giving states increased flexibility in using social service funds to promote self-sufficiency through employment, training, day care, and counseling. The changes encompassed in the SSBG were scaled-back from the Administration's original proposal, which would have consolidated funding for additional programs — child welfare services, foster care, adoption assistance, child abuse, runaway youth, development disabilities, rehabilitation services — along with the Community Services Administration (CSA) and Title XX activities into a single mega-Social Services Block Grant.<sup>56</sup> The following are provisions included in the final 1981 SSBG block grant:

- Funds are allocated annually based on the ratio of each state's population to the total U.S. population.
- States may transfer up to 10% of their allotments to any of the four other health-related block grants or low-income home energy assistance programs.
- States were required to make an annual report to HHS, subject to public comment, outlining types of activities to be funded by SSBG and characteristics of the population to be served.
- There are no federal eligibility criteria for SSBG participants; states have discretion to set their own criteria.

CSBG created the Office for Community Services in HHS and consolidated funding for services and activities to address poverty previously administered by an

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<sup>55</sup> Office of Management and Budget, *America's New Beginning: A Program for Economic Recovery*, Feb. 18, 1981.

<sup>56</sup> CRS Issue Brief IB81102, *Social Services Block Grant*, by Mary Smith and Karen Spar. (Archived, available upon request.)

independent federal agency known as the Community Services Administration (CSA), which was abolished by the 1981 legislation.<sup>57</sup>

**Outcomes.** SSBG is often referred to as “glue” money by states because it gives them flexibility to cover gaps between grants in order to better coordinate social service programs. CSBG makes federal funds available for a wide variety of anti-poverty activities, directed toward low-income populations including the homeless, welfare recipients, and the elderly. As a mechanism for public funding, block grants are often controversial, yet Congress has continued to consider block grant proposals and has enacted several since, including the Child Care and Development Block Grant (CCDBG) and Temporary Assistance for Needy Families (TANF). Block grants have an inherent tension built into them in that they give states flexibility and discretion to target funding, but in doing so critics argue they undermine accountability by minimizing administrative requirements. Critics also argue that block grants are more susceptible to funding cuts, due to the difficulty of sustaining broad-based support for general purpose programs.

## 1984 Deficit Reduction Act (P.L. 98-369)

Category: Demonstration Projects/Waivers

**Purpose.** The 1984 Deficit Reduction Act added Section 1136 to the Social Security Act, authorizing federally-assisted pilot projects to demonstrate the use of integrated service delivery systems to improve the effectiveness and efficiency of human service programs.<sup>58</sup> This program was called the HHS Integrated Service Delivery Program or Service Integration Pilot Projects (SIPP). SIPP projects were intended to develop ways to improve the delivery of human services by eliminating programmatic fragmentation, so that an applicant to one program would also have access to services provided by other programs. It was argued that strengthening the ability of states to address social needs through flexibility would bring about better targeting of resources and increase the ability of individuals to achieve self-sufficiency. (For examples of SIPP projects see **Appendix B**.)

**Features.** This program was implemented through the Office of Human Development Services (OHDS) within HHS. The law authorized HHS to approve three to five projects to demonstrate integrated service delivery systems for a period of up to 42 months. Human service programs to be included in the projects were AFDC, SSI, Food Stamps, and any other federally assisted program that used means-testing to determine eligibility for benefits. The law authorized \$8 million to fund the projects, but no money was ever appropriated. OHDS published an announcement in the *Federal Register* to solicit proposals for demonstration projects, and selected five states — Maine, Arizona, South Carolina, Oklahoma, and Florida — to participate. Section 1136 specified nine requirements that each project had to address. These were: (1) develop common terminology; (2) create a single

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<sup>57</sup> The CSBG is the modern-day remnant of the Community Action Program created as part of the 1964 War on Poverty, described earlier in this report.

<sup>58</sup> U.S. Department of Health and Human Services, Office of Human Development Services, Office of Policy, Planning, and Legislation, *Report on Progress and Status of Services Integration Pilot Projects: First Year Planning Phase*, Feb. 1987.

comprehensive family profile; (3) establish a single resource and referral directory; (4) develop a unified budget process and auditing procedures; (5) implement unified planning, needs assessment and evaluation procedures; (6) consolidate agency locations; (7) standardize procedures for purchasing services; (8) create communications linkages across agencies; and (9) develop uniform application and eligibility determination procedures.

Subject to the approval of the agency secretary, a grantee could request a waiver of any requirement that “would otherwise apply with respect to the proposed project under any of the laws governing the human services programs to be included in the project.”<sup>59</sup> The five SIPP projects involved a mix of statewide and county demonstrations that incorporated different combinations of services and targeted varying elements of the low-income population, including pregnant teens and senior citizens. A primary focus in most of the programs was integrated case management, which allowed clients with multiple problems to receive a comprehensive network of support and assistance.

**Outcomes.** Implementation of the SIPP projects was initially uncertain because Congress did not appropriate the funds authorized in the legislation. Instead, OHDS used discretionary demonstration funds for the first year of planning, and after a delay, for the following years in the project periods as well. The total amount of federal funds spent on the program was \$4.6 million and states were required to allocate matching funds to the projects, which totaled \$3.2 million.<sup>60</sup> The projects were approved for 3½ years, yet concerns about funding spilled over into the second year and jeopardized the momentum of several of the projects. A GAO report reviewing implementation of the SIPP projects said, “One state official told us that his state was in the tenuous position of having generated substantial local community support and commitment for the project without assurances that federal funding would continue.”<sup>61</sup> Through additional discretionary funding from the Department of Labor (DOL) and the Department of Housing and Urban Development (HUD), HHS was eventually able to fund the projects through to completion.

States encountered administrative difficulties in obtaining waivers from federal agencies to overcome specific requirements of programs affected by integrated service projects. Federal procedures for obtaining waivers were time consuming, and approvals came too late in the project implementation phase to be of value. Waiver requests were held to a high standard of justification, with processing time frames of up to one year. Federal officials discouraged, rather than encouraged, waiver requests, and often told states the prospects for waiver approval were not good. OHDS formed an interagency workgroup to coordinate waiver requests with other federal agencies, but cooperation was minimal.

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<sup>59</sup> P.L. 98-369, Section 1136(d)(1).

<sup>60</sup> U.S. Department of Health and Human Services, Office of Human Development Services, *Services Integration Pilot Projects: An Evaluative Report from Arizona, Florida, Maine, Oklahoma, South Carolina*, Sept. 1989.

<sup>61</sup> U.S. General Accounting Office, *Welfare Simplification: Service Integration Demonstrations under the 1984 Deficit Reduction Act*, GAO/HRD-86-125BR, Aug. 1986.

In addition to the nine requirements outlined in Section 1136, OHDS directed states to develop measures for evaluating the impact of service integration on client economic self-sufficiency. Four of the five states reported problems developing these types of measures since it was difficult to tie system changes directly to outcomes. One state official said, “While increased self-sufficiency is the ultimate goal for all human services programs, I believe that there is a fundamental difference between improving the existing service delivery system and demonstrating increased self-sufficiency as a result of the services delivered.”<sup>62</sup> In the absence of self-evaluations, HHS later awarded a contract to an independent organization to conduct a process evaluation of the SIPP programs.<sup>63</sup> The evaluation found that the states faced similar barriers to integration that included the need for collaborative planning and support among all the stakeholders at the state level, the need for local level involvement throughout the planning process, difficulty in establishing new case management practices that added additional responsibilities for caseworkers, ineffective and outdated technology, and prohibitive costs of co-location of services.

## **Low-Income Opportunity Improvement Act of 1987 (S. 610/H.R. 1288)**

Category: Demonstration Projects/Waivers

**Purpose.** The Low-Income Opportunity Improvement Act was introduced in the 100<sup>th</sup> Congress, but was never enacted. The proposal was developed in response to recommendations made to President Reagan by the Domestic Policy Council Low-Income Opportunity Working Group. It would have authorized state demonstrations of innovative methods to simplify existing programs of assistance for low-income families. The bill intended to streamline programs by taking advantage of economies of scale that would allow states to reduce duplicative and inefficient expenditures. Demonstration projects were referred to as anti-poverty “experiments” designed entirely by states.<sup>64</sup>

**Features.** This legislation would have formally established an Interagency Low-Income Opportunity Board to certify demonstrations and to authorize waivers from existing law needed for projects. Demonstrations could have included any federally assisted program intended to alleviate poverty that used means-tests to determine eligibility, or for which funding was allocated based on the size of the low-income population within the community served by the grantee.<sup>65</sup> The demonstration plan would specify procedures for deciding eligibility and benefits, programs affected, waivers needed, and an evaluation plan. The bill required that AFDC recipients be involved in employment-related activities or education/training programs to ensure that clients were moving toward self-sufficiency. An unspecified appropriation was authorized for FY1988. The appropriation would have equaled a

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<sup>62</sup> Ibid.

<sup>63</sup> James Bell Associates, *Evaluation of HHS Services Integration Pilot Projects*, Volume I: Executive Summary, Nov. 1993.

<sup>64</sup> CRS Report 87-309, *Welfare Reform: Brief Summaries of Selected Major Proposals*, by Vee Burke and Carmen Solomon, June 1987. (Archived, available upon request.)

<sup>65</sup> S. 619, CRS Summary.

sum based on the estimated amount states would have received in the absence of the demonstrations, for programs included in the demonstration. The bill also would have required non-federal funds to be contributed.

**Legislative History.** In February 1987, President Reagan sent this bill for consideration to Congress as part of his welfare reform initiative.<sup>66</sup> While the bill was not enacted, Reagan did establish within the executive office the Interagency Low-Income Opportunity Board (LIOB) to encourage state and local tests of welfare-to-work innovations. The board promoted the use of waiver authority that already existed within many federal assistance programs such as AFDC and Medicaid. The LIOB acted as a technical assistance body that helped states negotiate waivers from different federal agencies. In 1990, the LIOB was replaced by the Economic Empowerment Task Force.<sup>67</sup>

The Low-Income Opportunity Improvement Act was the predecessor to the Family Support Act of 1988 (FSA, P.L. 100-485). FSA was considered at the time to be the most sweeping reform of the federal welfare system in the previous 50 years. It also included a provision authorizing a limited number of state demonstration projects to test specific initiatives aimed at assisting long-term AFDC recipients, such as early childhood development programs for AFDC families, financial incentive approaches to reducing school drop-outs, and methods to ensure long-term family self-sufficiency through community-based support services. These demonstrations were much more narrowly defined in relation to specific goals, than the ones originally outlined in the Low-Income Opportunity Improvement Act.

## Community Opportunity Act of 1991 (S. 1529)

Category: Waivers

**Purpose.** This bill was a proposal supported by the George H.W. Bush Administration and introduced in the Senate, but never enacted. In a May 1991 speech, President Bush announced the Act as “legislation that would enable poor citizens to tailor federal programs to meet their actual needs.”<sup>68</sup> This quote was in reference to a specific requirement in the bill to incorporate the comments of program beneficiaries when developing an integrated service system. The bill would have provided waiver authority to communities to integrate and restructure services and benefits for low-income families under multiple federal assistance programs. The purpose was to create economic opportunity at the community or neighborhood level and to increase the self-sufficiency of low-income individuals and families.

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<sup>66</sup> Speech by President Reagan to Congress, “Message to Congress Transmitting Proposed Low-Income Opportunity Legislation,” Feb. 26, 1987, at [<http://www.reagan.utexas.edu/resource/speeches/1987>].

<sup>67</sup> Theodore Ooms and Todd Owen, “Coordination, Collaboration, Integration: Strategies for Serving Families More Effectively,” *Part One: The Federal Role* (The Policy Institute for Family Impact Seminars, Sept. 1991). This report found that as of mid-1990, 13 state projects were authorized through LIOB, these included Wisconsin Learnfare and a New Jersey plan to permit AFDC recipients to become family day care providers.

<sup>68</sup> Speech of President George H. W. Bush at the Cochran Gardens Apartments in St. Louis, Missouri, “Public Housing and Enterprise Zones,” May 4, 1991.

**Features.** The legislation expected programs to be operated from the local or neighborhood level and would have authorized the development of “community opportunity systems” to restructure the delivery of social services. The bill did not authorize any appropriation beyond the discretionary funds already authorized for existing grant programs. The President would have been given authority to designate a panel of federal officials with responsibility to approve the inclusion of specific programs and waive any federal statutory or regulatory requirements in that program. The bill also included technical assistance to help develop and implement an integrated system. Applications were required to define a particular service area, the population to be served and how the program would measure performance related to increasing opportunity and self-sufficiency. The individuals and families to be served were to be included as participants in the design and implementation of the comprehensive system. An evaluation component would have required approved agencies to conduct assessments of the system’s impact on the target population and community. Extension of waiver approval would be allowed if the agency demonstrated a superior alternative system for assisting individuals and families.

**Legislative History.** The Community Opportunity Act originated as a proposal from the Reagan Administration’s Economic Empowerment Task Force and became part of the Bush Administration’s welfare reform agenda. While the bill itself was not re-introduced and saw no further action, the concept of authorizing waivers for demonstration projects and the inclusion of evaluation requirements manifested itself throughout later proposals.

## **Local Empowerment and Flexibility Act of 1996 (S. 88)**

Category: Waivers

**Purpose.** The Local Empowerment and Flexibility Act of 1996 was introduced and reported by committees in both the House and Senate, but was not enacted.<sup>69</sup> The bill would have established a process by which a federal interagency board could approve “flexibility plans” proposed by one or more local governments. A key goal was to enable state, local, and tribal governments and private, non-profit organizations to adapt federal financial assistance programs to particular communities. Proponents argued, “Each of the various grant programs tends to treat the needs it aims to address as if most communities had the precisely identical problem calling for a single, common solution.”<sup>70</sup> Additionally, there was concern about the budget deficit, and the bill was seen as a way to maximize efficiency in discretionary grant programs and optimize expenditure of federal resources.

**Features.** The legislation would have authorized local governments that received aid under multiple federal assistance programs to propose “flexibility plans” for the administration of two or more such programs. The legislation was cost neutral — existing grants from these programs were to be combined with similar state and local program funds. A key element was that local governments could request a waiver (for a maximum of five years) of a wide range of federal

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<sup>69</sup> Also introduced as H.R. 2086.

<sup>70</sup> U.S. Congress, Senate Committee on Governmental Affairs, *Local Empowerment and Flexibility Act of 1996*, hearings, S. 88, July 1996.

requirements if it was necessary for implementation of the plan.<sup>71</sup> The bill made use of existing Community Empowerment Boards, established by Presidential directive through Empowerment Zone and Enterprise Community programs. The board was intended to foster federal interagency communication, review waiver requests, provide technical assistance, and monitor performance of the flexibility plans. Waivers would ultimately be approved by the appropriate federal agency. The bill gave priority to applicants that were designated as an enterprise community or empowerment zone. Amendments to the original bill required that plans be developed with “significant public input,” and submitted to affected local and state agencies for a comment period. Plans would have been required to include measurable performance criteria.

**Legislative History.** There was opposition to this bill in both the House and Senate. Some critics objected to the bill’s sweeping scope and the indeterminate impact of the legislation. Among the issues raised were the lack of constraints on the ability of local governments to shift the use of funds, the potential for waiving provisions that could compromise a program’s original purpose, and the absence of congressional oversight and public accountability for Community Empowerment Boards. Additionally, the mechanism for developing flexibility plans was viewed as too cumbersome to be effective. This bill was advocated by the U.S. Advisory Commission on Intergovernmental Relations, which testified before the Senate Government Affairs Committee.<sup>72</sup> During this testimony, both the Integrated Grants Administration (IGA) and the Joint Funding Simplification Act of 1974 were cited as examples of past reforms to address grant assistance issues and as a demonstration of the persistence of service integration problems at the state and local levels.

## **Welfare Reform Reauthorization 2004 (H.R. 240)**

Category: Demonstration Projects/Waivers

**Purpose.** In response to a George W. Bush Administration proposal, Program Demonstration Coordination Projects were included in a long-term welfare reform reauthorization bill that passed the House in both the 107<sup>th</sup> and 108<sup>th</sup> Congresses and is again under consideration in the 109<sup>th</sup> Congress (H.R. 240). These projects would allow states to request waivers from federal requirements in order to integrate activities across a wide spectrum of federal programs to build integrated service systems, and deliver seamless services to clients. A primary goal of the proposal is to improve coordination across programs to support working individuals and families, and to promote independence from welfare. Sponsors argue that the combined effectiveness of public assistance programs is compromised by differences in administrative practices and rules.

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<sup>71</sup> (H.R. 2086) Requirements that could not be waived included Title VI of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; Title IX of the Education Amendments of 1972; the Age Discrimination Act of 1975; the Americans with Disabilities Act of 1990; the Fair Housing Act; or the Individuals with Disabilities Act.

<sup>72</sup> Testimony of Charles Griffith, Director of the Intergovernmental Liaison Advisory Commission on Intergovernmental Relations, *On Senate Bill 88, Local Empowerment and Flexibility Act*, Dec. 5, 1995.

**Features.** Under the current proposal, states or sub-state entities administering two or more covered programs could propose a demonstration by submitting an application to the appropriate federal agency. Each federal agency administering a program within the project must act on an application within a 90-day deadline, after which proposals would be considered approved if no action was taken. Proposals would describe programs to be included, how the project would improve achievement of quality or cost-effectiveness objectives, the population to be served, eligibility criteria, and performance objectives. The proposal must justify the need for any waivers of statutory or regulatory requirements.

The bill requires projects to be cost-neutral and authorizes demonstrations for up to five years. Ongoing and final evaluations are required of any approved demonstration projects. Covered programs would include TANF, welfare-to-work, certain activities under WIA, Wagner-Peyser Act, Child Care and Development Block Grant (CCDBG), SSBG, Food Stamps, adult education programs under the Adult Education and Literacy Act, housing assistance programs except Section 8 rental assistance, Titles I-IV of the McKinney-Vento Homeless Assistance Act, and the Job Opportunities for Low-Income Individuals program (Section 505 of the Family Support Act). Some limitations are placed on waivers that relate to civil rights or discrimination, labor standards, and environmental protections. Additionally, provisions may not be waived if they relate to the purposes or goals of a program, or impose maintenance-of-effort requirements.<sup>73</sup>

**Legislative History.** Largely based on the Bush Administration initiative, a version of the superwaiver was passed by the House in both the 107<sup>th</sup> and 108<sup>th</sup> Congresses and is pending in the 109<sup>th</sup> Congress. The Senate Finance Committee reported a scaled-down version in October 2003, and again in March 2005 (S. 667). The Senate committee's version has many of the same elements, but limits the programs that could be included in demonstration projects, includes stronger evaluation requirements, and limits the number of states that could participate to 10.

## Lessons Learned

Past federal-level service integration initiatives covered in this report provide some lessons that can help to inform the current “superwaiver” debate, as well as future federal efforts. Ironically, the biggest lesson has been that reform itself can be fragmented, and requires a substantial amount of effort to coordinate and execute in its own right.

**Costs and Savings.** Most of the service integration initiatives covered in this report have been designed to be cost-neutral, meaning they did not include a separate appropriation or authorization for funding, and would not have resulted in new spending or benefits. Proposals were often created under the perception that consolidation of existing grant programs would lead to more effective delivery of services, and save money by lowering administrative costs and reducing overlap

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<sup>73</sup> For information on the current status of this proposal, see CRS Report RS21219, “*Superwaiver*” Proposals in the Current Welfare Reform Debate, by Karen Spar.



across programs. Cost-savings and increased efficiency were used as arguments for many legislative initiatives, which helped to build political support, but also meant little or no funding for the project itself. Service integration projects undertaken by executive branch agencies were more likely to be funded, yet grants were subject to the impetus of the sponsoring agencies to use discretionary funds, and funding was often uncertain under these circumstances.

An independent evaluation of the SITO projects, found that they did not demonstrate long-term savings. “Fieldwork indicated that it may not be possible to justify services integration strictly in terms of total dollar savings.... Although there are some cost savings resulting from economies of scale and reduction of duplication, they do not appear to equal the input costs of administrative and core service staff required to support integrative efforts.”<sup>74</sup> The SITO evaluation did not review all projects funded, and other initiatives, such as the SIPP projects, did not include a cost benefit analysis, making it difficult to generalize this finding.

The true costs of integrating services are not entirely clear. Yet, it does seem to be the case that there are short-run costs involved in initiating projects. Service integration requires both financial and political resources to implement, whether from the federal, state or local level. Integrating services may include costs of planning and building a network of support in the community, training staff, co-locating agencies, and investments in technology. Sustaining or “institutionalizing” service integration may require some level of continued resources. In the long-run, it is anticipated that the economies of scale achieved through integration will outweigh the costs of implementing the necessary changes. It is also argued that comprehensive services can better serve clients and lead to increased independence from assistance. There is little evidence about the cost-effectiveness of service integration strategies, and the variability and scope of projects undertaken make it difficult to estimate the amount of additional resources that may be required for a given project in a particular type of community.

**Programs Covered.** Many of the federal initiatives covered in this report allowed states and localities a great deal of discretion in deciding which programs they would include in a service integration project. For example, in the proposed Community Opportunity Act of 1991, Congress did not specify the programs eligible for inclusion in a demonstration project. Instead, a panel of federal officials would have conferred with the heads of federal agencies operating programs included in a demonstration project application, and make a recommendation to each agency regarding inclusion of the program or waiver of statutory or regulatory requirements.<sup>75</sup> Inclusion of programs often was left to the state or local administrators of a project, and was decided in many cases based simply on what was the most practical given a community’s socio-political environment.

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<sup>74</sup> U.S. Department of Health, Education, and Welfare, Social and Rehabilitative Service, *Integration of Human Services in HEW: An Evaluation of Service Integration Projects*, SRS 73-02012 (1972), vol. 1, p. 22.

<sup>75</sup> S.1529, *Community Opportunity Act of 1991*, 102<sup>nd</sup> Congress, July 23, 1991.

The selection of categorical programs funded to meet the “basic needs” of low-income individuals is considered a logical baseline for deciding which services should be included under an integrated system. Welfare-related programs can have similar goals, missions, and/or populations served. Many existing federal programs are identified as “income-support” and share the purpose of helping individuals achieve self-sufficiency by supporting employment. A 2001 GAO report reviewing eligibility requirements in means-tested programs identified 11 programs that help meet basic needs such as income, food, medical assistance, and housing.<sup>76</sup> Notwithstanding, categorical programs included in past federal service integration initiatives have been wide-ranging, and loosely defined by Congress or executive branch agencies under the heading of “public assistance.” This broad definition has made it difficult to establish generalities and structure across different projects. Political wrangling often causes the selection of programs included in service integration efforts to be haphazard depending on political resistance from certain groups with established interest in current programs. Yet, creating a common framework for federal-level initiatives that is inclusive of a minimum of basic needs programs, can lead to better opportunities for evaluation, more consistency in projects at the local level, target needed cooperation at the federal-level, and ensure continued provision of primary support services.

**Administering Authority.** Most federal-level service integration efforts have included designation of an administrative entity to facilitate implementation of an initiative. The purpose of this body has been to act as a focal point for carrying out logistical elements and communicating with different federal agencies. An administering authority can provide direct oversight of projects and report to Congress regarding projects and program activities. Some federal administrative bodies have also been tasked with providing technical assistance to grantees or projects conducted under the initiative. The Integrated Grants Administration (IGA) and the Joint Funding Simplification Act of 1974 were administered through Federal Regional Councils, which were responsible for managing the programs regionally, processing applications and acting as moderators between grantees and various federal agencies.

Based on previous initiatives that were enacted, federal administering authorities streamlined interaction between grantees and federal agencies, but they often lacked the authority to compel federal agencies to fully participate and cooperate with the intent of the legislation. This was a problem also found in implementation of the Community Action and Model Cities programs, in which evaluations found that a lack of authority by planning officials to bring federal agencies and service providers together limited the success of the programs. A GAO report on the Joint Funding Simplification Act found, “One joint funding grantee said the poor attitude toward

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<sup>76</sup> The 11 programs identified were TANF, Food Stamps, Medicaid, Child Care and Development Fund (CCDF), State Children’s Health Insurance Program (SCHIP), Low-Income Home Energy Assistance Program (LIHEAP), Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), School Meals, Housing Choice Voucher; Low Rent Public Housing, and Supplemental Security Income (SSI). U.S. General Accounting Office, *Means-Tested Programs: Determining Financial Eligibility is Cumbersome and Can Be Simplified*, GAO-02-58, Nov. 2001.

joint funding by regional staffs and federal agencies is a major stumbling block.”<sup>77</sup> Pilot and demonstration projects administered through a single federal agency had problems obtaining waivers in many cases due to the lack of coordination with other agencies. The SIPP pilot projects were administered by a single division within HHS. Yet, grantees found it difficult to obtain waivers from other federal agencies, and an interagency workgroup did not have the commitment and participation from representatives to overcome this problem. The limited ability of the administering body to induce the cooperation of federal agencies in these projects, was a critical element that hindered the success of these reforms.

Service integration requires momentum and leadership to carry out the activities included in an initiative, and to promote coordination and collaboration among participants. At the federal level, facilitating service integration is at least partly reliant on the designation of some kind of organizational body that has appropriate authority, sufficient expertise across program areas, and the ability to provide ongoing technical assistance to overcome barriers and make recommendations for future proposals. Establishing an “administering authority” without the proper backing and resources can undermine its capacity to achieve given objectives.

**Evaluations.** Evaluations of service integration projects can be an important tool for making assessments relative to the cost-effectiveness of changes, measuring impact on organizations and clients, and providing insight about pragmatic and workable approaches to service integration. Despite the implication of the name “pilot or demonstration,” many of the previous federally-funded projects were developed without any clear articulation of how best practices or “models” of service integration could be demonstrated to inform future efforts in other areas. This was overshadowed by the diversity in objectives, needs, political and organizational structures across projects. “Pilot programs simply ended when the demonstration funds ran out. Beginning in the mid-1970s, the public money for ‘taking to scale’ what had been learned from successful demonstrations dried up.”<sup>78</sup>

An independent evaluation was conducted for both SITO and SIPP projects, but the evaluations were limited by measurement difficulties and the fact that they were not initiated until after projects had been implemented. One reviewer found that evidence from SITO projects was fragmentary and difficult to assess largely because of inconsistent definitions and limited qualitative measures of impact.<sup>79</sup> From the start, projects were not managed as “demonstrations” by HEW. Research funding was granted to projects that represented many different approaches to service integration, which made it difficult to assess them as a social experiment.

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<sup>77</sup> U.S. General Accounting Office, Report by the Comptroller General, *A Study of the Joint Funding Simplification Act*, GGD-79-87, July 1979.

<sup>78</sup> Lisbeth Schorr, Kathleen Sylvester, and Margaret Dunkle “Strategies to Achieve a Common Purpose: Tools for Turning Good Ideas into Good Policies,” *The Policy Exchange, Institute for Educational Leadership*, 1999.

<sup>79</sup> John DeWitt, *Managing the Human Service “System”: What Have We Learned from Service Integration?*, Human Services Monograph, Series no. 4, Project SHARE, Aug. 1977.

Critics contend that pilot projects are so small in scope that they cannot be expected to have any measurable impact. Some have also argued that expectations that pilot projects could help lead to service integration “models” is unrealistic due to the severity of differences not only in the problems of particular communities (rural versus urban), but also in particular social and political environments. “Human Services organizational networks must be adapted to local environments and no one structure can be implemented in every environment.”<sup>80</sup>

Evaluations are most effective when they are undertaken from a project’s conception to establish baselines and an appropriate evaluation methodology. One type of evaluation might primarily assess whether integration has been achieved, by examining changes to agency structure, operations, provision of services, and cost-effectiveness. Another evaluation may look at whether integrated services impacted client outcomes. Federal provisions that clarify expectations for pilot or demonstration projects can provide a framework to guide evaluations, so that any common strategies or similarities across diverse projects might be identified. Evaluating service integration initiatives raises questions about how to deal with small sample sizes and changes that may take an extended period of time to produce significant impacts. Finally, evaluations can be costly to administer and may require that additional resources be devoted to a project.

**Accountability.** Federal-level service integration initiatives usually devolve some authority for decision-making to the states, in order to allow flexibility across programs. This invariably raises the question of how to ensure accountability. Developing appropriate and effective outcome measures to assess the performance and enhance accountability of federally-funded public assistance programs is a challenge that is not unique to service integration. In retrospect, most of the service integration projects covered in this report focused primarily on planning and development of programs, rather than on measuring and tracking performance. This may be part of the reason why support for projects waned, since there were no quantitative measures from which to judge a program’s success. Requiring strong performance measures has many potential benefits to enhance accountability, including providing information on the effects of integrated services and allowing better opportunity for oversight.

## Issues Facing the “Superwaiver” Proposal

The starting point today is vastly different from what it was in the 1960s and 1970s. For many years, state and local governments, sometimes with federal support, have experimented with new forms of service delivery strategies and organization. Now that many programs have aged, some consolidation has occurred, and flexibility within programs has been created, states have been better able to take advantage of opportunities to integrate services than in the past. Technology has led to advancements in information systems and the management and sharing of data between programs, which has in some places greatly streamlined administrative

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<sup>80</sup> Douglas Henton, *The Feasibility of Services Integration: An Evaluation Prepared for the HEW Interagency Services Integration R&D Task Force*, Mar. 1975.

processes. There is also much more knowledge and literature that has given depth to this topic. The problem of fragmentation continues to be daunting, but there has been more national attention and intergovernmental momentum to make better sense of social service programs as a “system” of support for low-income individuals.

The superwaiver proposal is a service integration initiative that would allow demonstration projects and waivers. Key issues in the superwaiver debate are similar to those that have been raised in previous federal efforts.

- Legislation that would authorize the superwaiver or Program Coordination Demonstration Projects, requires projects to be cost-neutral. States would have access only to the existing funds available in each of the programs covered by their superwaiver. This means that any additional costs that a project may incur, must be paid for by non-federal resources. Depending on support from a project’s sponsoring community or state, projects may face resource constraints that limit the extent of integration that can be achieved.
- The legislation does not designate an administering authority to approve waivers. Instead, approval (within 90 days) would be required of each federal agency responsible for a program covered by the demonstration/waiver request. The Bush Administration’s original superwaiver proposal included establishment of a federal inter-agency waiver board to “facilitate the process of processing waivers,”<sup>81</sup> but this was not incorporated into legislation. Applying for and gaining approval of waivers has the potential to be timely and cumbersome, even with the inclusion of a 90-day deadline for federal agency approval, especially if agencies could easily obtain extensions by requesting more information from the applicant.
- In considering the superwaiver, there has been sharp disagreement over what programs should be included, and what requirements could be waived as part of demonstration projects. As they have moved through Congress, superwaiver proposals have included different visions of what programs would be eligible for approval under a demonstration project. There has been strong resistance to the inclusion of the food stamp and homeless assistance programs. Within this framework, projects could be expected to vary widely in type and scope of activities undertaken to integrate services.
- As passed in the 108<sup>th</sup> Congress and re-introduced in the 109<sup>th</sup> Congress, the House bill would require assurance that an applicant conduct ongoing and final evaluations of the project. The Senate Finance Committee version would require evaluations be conducted by an independent contractor, and includes language that random assignment be used as a methodology if feasible. If projects are truly

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<sup>81</sup> An informal document circulated by Bush Administration officials included a Federal Interagency Waiver Board to be established through executive order.

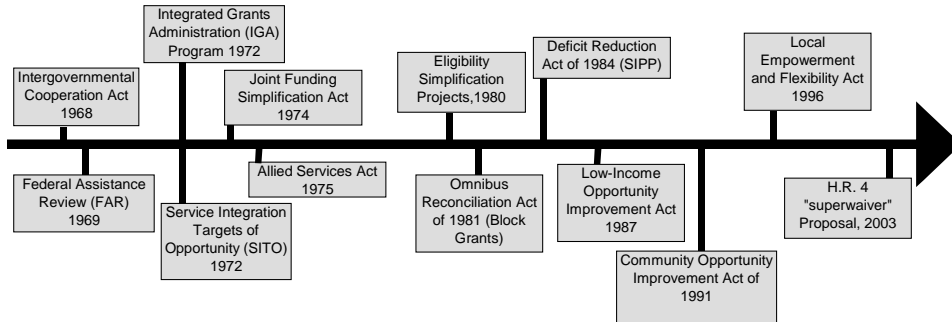
intended to be “demonstrations,” more structure and detail regarding evaluations may be necessary. Research and development projects require careful consideration and action to develop similar definitions, and collection of baseline data across projects in order to adequately compare the effectiveness of inter-agency linkages and different approaches undertaken.

- Finally, the superwaiver includes requirements that project applications provide a description of the performance objectives for the project and that each administering Secretary report annually to Congress regarding how well each project is meeting these objectives. Strong performance measures can help to increase accountability of projects, if they are successful at capturing true impacts and outcomes of integration projects.

The superwaiver proposal is the latest manifestation of an ongoing federal interest in promoting service integration and cross-program coordination. The longevity of this movement is telling and suggests that pressure to integrate services will not subside, but continue to build as the emphasis on setting budgetary priorities and making services more effective increases, as technology becomes more sophisticated, and as individual federal programs are modified to allow more flexibility and collaboration with other services. Most agree that the existing fragmentation of social service programs is a real problem that must be addressed in order to better serve families and increase the efficiency of publicly-funded assistance programs. The intergovernmental nature of social service programs, which often combine federal, state and local resources, also implies that the federal government must play some role in helping to address these issues.

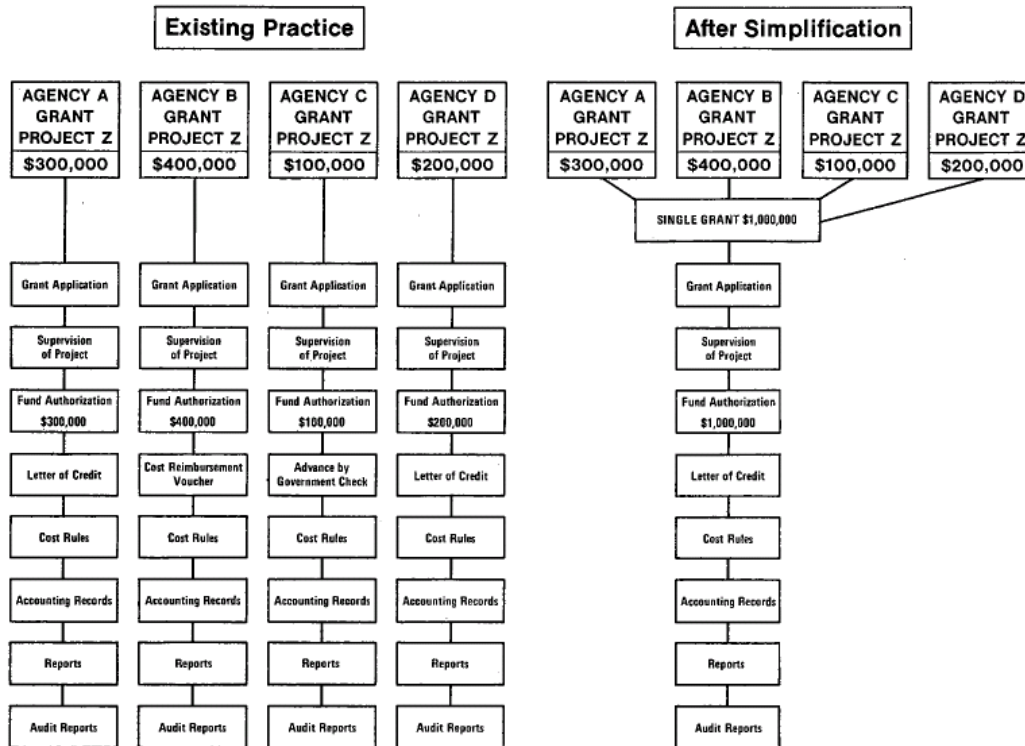
# Appendix A

**Figure 1. Timeline of Federal Service Integration Initiatives (1968-Present)**



**Figure 2. Illustration of Integrated Grants Administration**

## INTEGRATED GRANT ADMINISTRATION



## Appendix B

### Examples of Projects Funded through the Integrated Grants Administration (IGA)<sup>82</sup>

#### *Chattanooga Human Services Delivery Project Chattanooga, GA (July 1, 1973-June 30, 1974)*

Used the IGA mechanism to apply for federal funds to be used for human services activities in the city. The project consolidated three city departments into a new Department of Human Services. Funds from several federal assistance programs were provided through a single channel to this one city department. Activities administered by the department included a Parent-Child center, a Head Start program, a Model Cities program, and elements of the Neighborhood Youth Corps Program.

#### *New York City Neighborhood Government Project New York City, NY (July 1, 1973 - June 30, 1974)*

Used IGA to obtain federal funds for a project to improve the delivery of community services. Under the project, responsibility for administering and coordinating services, such as housing inspection, school health programs, and recreational activities, was decentralized from the citywide to the neighborhood level.

### Examples of Service Integration Targets of Opportunity (SITO) Projects<sup>83</sup>

#### *Comprehensive Services Delivery System Service Integration Palm Beach County, FL (Late 1971-December 1973)*

The project aimed to provide an administrative structure that maximized the integration of local, state, and federal resources. Service providers were either co-located in multi-service centers or received purchased service agreements. Three multi-service centers were established in the county. Each incorporated service linkages such as joint staff training, joint planning, evaluation and information sharing, and central support services and record keeping. Outreach, intake and case coordination were also direct service linkages provided by the centers.

#### *Integrated Services Program Polk and Des Moines County, Iowa (July 1972-June 1975)*

An experimental county-wide project to promote linkages among public and private service agencies by demonstrating the utility of case management. The project completed a community needs assessment, implementation of an automated client file and information management system, and service scheduling and cost

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<sup>82</sup> U.S. General Accounting Office, Report to Congress by the Comptroller General, *The Integrated Grant Administration Program — An Experiment in Joint Funding*, GGD-75-90, Jan. 1976.

<sup>83</sup> U.S. General Accounting Office, Fact Sheet for Congressional Requesters, *Welfare Simplification: Projects to Coordinate Services for Low-Income Families*, GAO/HRD-86-124FS, Aug. 1986.



management systems. These systems provided data on service providers and resources available, and was used for eligibility determination and service planning.

*East Cleveland Community Human Services Center  
East Cleveland, OH (July 1971-June 1974)*

Considered a systems development SITO project, its purpose was to develop a community-based, tax supported, comprehensive social service delivery system targeted at residents on welfare. The project attempted to develop a model neighborhood center to act as an integrator to provide information, referrals, and follow-up services to clients. Linkages were created among service providers through the use of purchase contracts, technical assistance, joint planning, and integrated case management. The project was considered a success because it continued operation of the human service center once SITO funding stopped.

**Examples of Service Integration Pilot Projects (SIPP)  
Authorized by the 1984 Deficit Reduction Act<sup>84</sup>**

*Arizona's Community Services Integration Project  
Flagstaff, Arizona (May 1987-March 1989)*

A state-initiated project targeted at families whose income fell below the federal poverty line, especially those receiving AFDC. The goal of the project was to increase self-sufficiency of the individuals served. Flagstaff was chosen as the test site for the project. The central mechanism for services integration was case management. A new unit with five case managers served 288 clients that had multiple problems that required collaboration with other programs. Initially, the demonstration encountered problems with the City of Flagstaff because the site was selected without consultation with local agencies and community leaders. The project produced a unified assessment form, a resource directory, and cross-program staffing procedures. An evaluation of the program tracked some positive client outcomes, but findings were not statistically significant. The project was discontinued after the SIPP grant ended, partly because political issues in the state caused it to lose sponsorship of executive officials in the agency. The experience demonstrated the need for local input and ownership of programs, and the need for high-level support.

*Maine's Family Services Integration Demonstration Program  
Maine (May 1987-March 1989)*

This project sought to improve services for pregnant and parenting teens through the integration of income maintenance, social services, employment and nutrition programs for this target group. The goal was to strengthen the family and reduce dependence on public assistance. Maine established a case management system by training public health and community service workers. A comprehensive needs assessment tool and other forms were developed. The demonstration also instituted a voucher system to pay for transportation, child care, and other client needs. It developed an automatic referral system and electronic resource directory. The project experienced difficulties stemming from a change in political leadership that prompted

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<sup>84</sup> James Bell Associates, *Evaluation of HHS Services Integration Pilot Projects*, Volume I: Executive Summary, Nov. 1993.

an organizational re-structuring and stopped further progress. The project's case management services did eventually merge with the state's welfare reform initiatives and laid the foundation for a management information system subsequently developed.