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colorado monthly reporting system

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**design
and
operations
summary**

COLORADO MONTHLY REPORTING SYSTEM

*Design and Operations
Summary*

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This paper summarizes the essential characteristics of the Colorado Monthly Reporting Experiment and Pre-test (CMREP) as described in the full *Design and Operations* report. The CMREP was designed to meet the following three central objectives:

- 1) To develop administrative procedures and an automated support system to implement mandatory monthly reporting and monthly retrospective accounting in AFDC
- 2) To determine the effects of the monthly reporting system on recipient reporting and benefit payments using an experimental design
- 3) To assess the impact of the monthly reporting system on administrative activities and costs in an agency-wide setting.

To achieve these objectives, the CMREP has been implemented in two phases. First, a controlled experiment was begun in Denver County in March 1976. A random sample of ten percent (1200 cases) of Denver's AFDC caseload was placed on the Monthly Reporting System. As a measure of the impact of monthly reporting, this experimental group has been compared with a randomly selected control group of recipients who continued to receive payments under traditional reporting procedures. The only difference between the two groups is the nature of their reporting requirements and the means by which payments are computed and records maintained within the county agency.

Second, a pre-test of the administrative effects of the monthly reporting system began in Boulder County in November 1976, with the entire caseload of approximately 1200 recipients. The administrative analysis of the pre-test seeks to determine how the Monthly Reporting System produces change in basic administrative factors, such as the

organizational structure of the agency, the assignment and completion of tasks by agency personnel, and the costs of administering the AFDC caseload. To observe the changes, a comparison will be made of these administrative factors before and after implementation of the Monthly Reporting System.

Evidence obtained from the implementation of the AFDC Monthly Reporting System in Denver and Boulder Counties suggests that it results in greater accuracy and responsiveness of benefit payments, accompanied by minimal increase in administrative costs. Aggregate benefit payments for the experimental group in Denver County were eight percent less than aggregate payments for the control group. This difference is primarily the result of the AFDC Monthly Reporting System's more rapid identification and subsequent discontinuance of ineligible cases. Savings in grant payments are accompanied by a minor increase in administrative costs, estimated at between zero and ten percent in Boulder. Because total administrative costs are only eight percent of the total amount of benefit payments, savings are far greater than the increase in administrative costs. The joint results from the projects in Denver and Boulder indicate, therefore, a high benefit/cost ratio from implementing the Monthly Reporting System on a broad scale. As a result, work has begun that will extend the scope of the AFDC Monthly Reporting System to cover the entire AFDC caseload in Colorado.¹

The Monthly Reporting System as implemented in Denver and Boulder is based on three major concepts: a monthly reporting require-

¹A detailed account of the nature and significance of specific statistical findings is available in *Colorado Monthly Reporting Experiment and Pre-Test: Preliminary Research Results*, A. Hershey, J. Morris, and R. Williams, Denver, Mathematica Policy Research, February 1977.

ment for AFDC recipients, a monthly retrospective accounting period used in the computation of grants, and a high level of computer processing. Under the monthly reporting requirement, recipients are required to submit data on income, household composition, and other relevant eligibility factors, (e.g., school attendance of children above the age of sixteen) on a Monthly Status Report (MSR) provided by the agency. The recipient is required to file an MSR by specified deadlines each month to receive payment. The timing of the recipient's check depends on how promptly the MSR is filed. Under the monthly retrospective accounting principle, the grant paid to a recipient in a given month is based on information about the recipient's actual circumstances during the month prior to payment. The traditional method of grant accounting, in contrast, bases AFDC payments on an estimate of a recipient's future circumstances. The increased level of computer processing has made automatic many functions that were previously performed manually by eligibility workers.

The remainder of this paper describes in greater detail the features of the AFDC Monthly Reporting System. This prototype system, which consists of administrative rules, operating procedures, recipient report forms, and a computerized processing system, operates in virtually the same manner in both Denver and Boulder.

RECIPIENT REPORTING AND PAYMENT CYCLES

The AFDC Monthly Reporting System operates according to a defined cycle of dates that regulate a recipient's filing obligations and the agency's processing of a recipient's report to produce a payment. At the end of each monthly reporting period, a Monthly Status Report (MSR) is mailed to every recipient. The recipient enters on the MSR income and family composition during the monthly reporting period just ended. On the basis of this retrospective information, a grant is computed and paid during the month following the reporting period. This cycle of reporting, processing and payment is defined by the following events:

Filing Deadlines. There are three filing deadlines each month. The recipient who files by the first deadline can be paid on the first of three payment dates. If the MSR is not received until the second deadline, the recipient can be paid on the second payment date. If the recipient files by the third deadline, payment is issued on the third payment date.

Correction Deadlines. Not only must recipients file by a particular deadline, but their MSR must be complete and accurate to serve as the basis for payment issuance. To receive payment on a given payment date, the recipient must provide requested corrections or additional documentation by a "correction deadline" just prior to production of checks for that payment.

Payment Dates. The date on which a recipient is paid each month is dependent on the recipient's promptness in filing the MSR. The earliest payment date is sixteen days after the end of the reporting period covered by the MSR, and successive payment dates follow at one-week intervals.

Two distinct cycles for reporting, processing, and payment are used in the Denver/Boulder system. For approximately half of the recipients, the reporting period covered by each Monthly Status Report is defined as a calendar month. For the remaining half of the recipients,

the reporting period runs from the middle of one calendar month to the middle of the next, with payment issued during the first half of the calendar month beginning after the end of the reporting period. This "dual cycle" arrangement distributes Eligibility Technician workload evenly over the month, rather than imposing processing peaks.

RECIPIENT REPORTING FORMS

Recipients in the AFDC Monthly Reporting System report the information needed to determine eligibility and to compute grants using three basic forms: the Monthly Status Report (MSR), the Self-Employment Supplement (SES), and the Assets Report Form (ARF). These forms were designed to obtain complete and correct information from recipients, to minimize errors by recipients, and to facilitate entry of the information into a data processing system. As a result, recipients answer most questions simply by circling a "yes" or "no" answer or by writing in numbers, so there is no need for narrative response. Moreover, recipients are not required to make extensive computations. On the MSR, for example, recipients are asked to list earnings paycheck-by-paycheck and earner-by-earner, rather than totalling family earnings for the month. Each form is described briefly below.

The Monthly Status Report

The AFDC Monthly Reporting System revolves around the processing of the Monthly Status Report. The MSR consists of a preface and five sections requiring fixed-format response to questions on income and family composition, as well as some instructions and a space for comments.

The MSR preface contains pre-printed information on the recipient's household number, name, current address, reporting period, and filing deadline. Recipients make corrections to name and address data in this portion of the MSR.

Section 1 consists of questions relating to the status of each member of the household unit. These questions focus on the presence,

income, and school attendance status (where appropriate) of each family member. The computer system prints only those questions relevant to the eligibility of each individual based on age and status in the household.

Section 2 collects information on household arrivals and departures. Data on new arrivals generate follow-up contacts by Eligibility Technicians to obtain appropriate application and verification materials.

Section 3 focuses on earnings. Recipients report earnings by listing individual family member paychecks and verify their reported earnings by submitting paystubs. There are spaces in this section for the agency's Screening Clerk to record the number of paystubs submitted and the year-to-date total from the latest paycheck. These spaces are then used in computer edits that detect missing earnings reports.

Section 4 gathers information on non-employment income, such as Social Security Benefits, SSI, and Unemployment Compensation Benefits. The recipient enters the amount received, the date received, and the person receiving the income.

Section 5 deals with changes in household assets and the pregnancy status of household members.

Following Section 5 is a special instruction informing the recipient of procedures for documenting work expenses beyond the normally allowed \$30 per month for each earner. The space below this instruction is reserved for a computer-printed "Question of the Month." This space can be used for research-related questions, such as a query on educational attainment of the head of household, or for special data gathering efforts, such as obtaining missing social security numbers.

The statement preceding the signature box certifies that the recipient attests to the truth of statements made in the MSR and acknowledges criminal penalties for fraud. It also contains statements in which the recipient affirms an understanding that the information provided in the form will be used to determine eligibility and compute the grant. It is this statement of understanding that relieves the agency of the obligation to issue *timely* notice for adverse actions based on information provided in the MSR, so that only *adequate* notice for such actions is necessary.

The last section on the MSR is a comments section that permits the recipient to add special information or explanations. This comments section is used frequently by recipients and helps Technicians provide referral to Social Services.

Self-Employment Supplement

The Self-Employment Supplement (SES) is sent to all recipients who either reported self-employment income in the previous month or answered affirmatively to the MSR question on self-employment income. The SES is mailed to the recipient as an attachment to the MSR and must be completed and submitted as part of the MSR to permit payment of a grant.

Assets Report Form

The Assets Report Form (ARF) is sent to each recipient in the AFDC-R category every six months and to each recipient in the AFDC-U category every three months. The form consists of a preface, seven sections on resources, and a certification statement at the end. The ARF requests information on: vehicles; cash and bank accounts; insurance;

tools and livestock; stocks and bonds; land and real estate rights; and money owed to the recipient. Because recipients only infrequently report resource levels that affect their eligibility, data on the ARF are *not* entered into the computer. Eligibility Technicians review the ARF's manually to determine if changes in assets and net worth exceed the resource standard for AFDC eligibility.

PROCESSING FLOW FOR CONTINUING CASES

A fundamental activity in the AFDC Monthly Reporting System is the processing of Monthly Status Reports from continuing cases. The flow of these cases can be broken down into four stages:

- The distribution of MSR's to recipients and return of MSR's to the agency;
- The entry of data from MSR's to the computer system;
- The editing and correction of MSR data; and
- The use of MSR information in the computation of grants.

The first three stages of MSR processing, through correction of edit problems, are described in this section, and payment computation in the following section.

MSR Distribution and Return

At the end of each reporting period the computer system identifies all active cases and prints an MSR covering that reporting period for each case. For example, at the end of June, MSR's would be printed for mail-out to currently eligible recipients. Those recipients would use that MSR to report on their circumstances in June as a basis for payment in July. The MSR's are mailed out the day they are printed, three working days before the end of the reporting period. MSR's completed and returned by recipients are received in a special post office box maintained by the County Department of Social Services. MSR's are picked up twice a day at this box and brought directly to the Data Processing Center which supports the monthly reporting system. Of all MSR's received in a given month, eighty-five to ninety percent are received by the first filing deadline, about seven days after the MSR's are mailed to recipients.

MSR Data Entry

Recipients' reports are entered directly into a computerized eligibility system, so Eligibility Technicians are not required to screen and review every MSR manually.

Data entry consists of two stages. First, a Screening Clerk prepares the MSR's for keypunching by carrying out five specific tasks for each MSR. The clerk checks for a signature on the MSR and enters a code indicating its presence or absence; enters person numbers from Section 1 of the MSR to identify persons listed in Sections 2, 3, 4, and 5; stamps the date of receipt on the bottom of the form; enters the latest year-to-date total from paystubs and the number of paystubs submitted in Section 3 of the MSR; and photocopies paystubs and attaches them to the MSR. The first four tasks can be performed in approximately 30 seconds. Additional time is required for the copying of paystubs. When the Screening Clerk has finished with the MSR's, they are batched (either by the Screening Clerk or a Data Control Clerk) in sets of approximately thirty and are sent to the key-entry operators. Key-entry of each MSR takes an average of about two minutes, including time "lost" in non-entry activities. The MSR's are key-entered a second time for verification purposes.

MSR Data Editing and Correction

Every evening, MSR data key-entered at the Boulder County Data Processing Center that day are transmitted to the Colorado Department of Social Service's computer facility in Denver and read into an edit program. The program identifies problems with the MSR data by assessing internal consistency and comparing each case's MSR with the information

stored on the Caseload Master File from the previous month. As a result of these comparisons, two types of Edits may be generated.

Error edits indicate that the information on the MSR is incomplete or inconsistent. These problems include mandatory responses left blank, alphabetic characters entered where numerical responses are required, and other similar problems. Inconsistencies might include a person listed as having employment in Section 1, for whom no income data are reported in Section 3. These types of errors make the MSR unacceptable for use in determining grant eligibility.

Positive response edits indicate information that is potentially erroneous. Unusual changes between current MSR data and the data from the previous month are flagged, such as an increase in reported employment of more than thirty percent. The positive response edit prompts the Eligibility Technician to investigate the validity of the reported information.

The computer system prints an Edit Message Report the morning after each evening's edit run. This report includes a listing of all MSR's on which an error or a positive response problem was found. Each Eligibility Technician receives a copy of this report outlining the status of his/her cases.

Until and unless the information on an MSR with edit problems is corrected, the MSR remains in a Pending File in the computer system. Since MSR's with edits remain on the Pending File until corrected, the daily Edit Message Report is a cumulative listing of all pending MSR's. Those MSR's pending the longest are listed first. Hence, the report serves to notify an Eligibility Technician which cases require attention.

The manner in which the Eligibility Technician resolves edit problems depends upon the nature of the edit and the need for additional information. In some cases, an Eligibility Technician can resolve the problem alone and in other cases the Technician must contact the recipient. When additional information is required, the Eligibility Technician

completes a Correction Request Form, which is sent to the recipient. It informs the recipient that additional information is needed to process the MSR. Eligibility Technicians may also contact recipients by telephone. In general, however, Eligibility Technicians will not accept any information that adversely affects the recipient's grant over the telephone. Recipients must provide this information in person and initial the MSR correction to formalize the report.

The Eligibility Technician corrects an MSR with edit problems by completing a Pending Correction form. Entries on this form either correct pending MSR information or indicate to the computer system that MSR information flagged by a positive response edit is correct as reported. The system then re-edits the entire MSR to identify any unresolved problems. If edit problems remain, they will appear on the next day's Edit Message Report and will continue to appear until the problems are resolved.

CONTINUING CASE PROCESSING

MSR's found to be free of edit problems are used for updating the Caseload Master File and for computation of a grant. The processing system updates the CMF by making necessary changes to records in the CMF for individuals in a case (e.g., earnings, school attendance) and on the case as a unit (e.g., address changes). After completion of the updating process, the computer system determines continuing eligibility and the amount of the grant payment in a series of steps, as outlined below.

Payment Determination and Issuance

The computer system checks the eligibility status of each individual and changes the status of those individuals who have left the household or exceeded the age of eligibility. The system then reviews the status of every individual to identify at a minimum an eligible payee and at least one eligible child. If the case is still eligible for AFDC, the computer calculates the assistance amount by computing the standard allowance for the case and the total countable income. Gross earnings are used as the basis for calculation of allowances for payroll deductions, program disregards ($30 + 1/3$), and work expenses, yielding Net Deductible Earned Income. NDEI is added to other types of income to determine total countable income. By subtracting total countable income from the standard allowance, the computer system calculates the authorized grant for the case. Finally, the system adjusts the amount of the authorized grant to take into account certain withholdings (e.g., Food Stamp payments or recoveries), determines the warrant amount to be issued to the recipient, and records it in the CMF.

Although assistance checks are printed on scheduled payment dates three times in each cycle, daily grant computations based on the MSR immediately generate important products. If the grant computation results in an adverse action, a notice to the recipient is generated immediately. All grant computations are reported on a Grant Computation Report, which is delivered to each Technician the following day.

There are three major payroll outputs: the assistance check itself; accounting registers listing the recipients paid, their warrant amounts, and key factors in the determination of the warrant amount; and a Grant Explanation. Checks are signed by the county fiscal officer after examination of the accounting registers. Checks are mailed out after being collated with the Grant Explanations. These explanations provide recipients with a simple summary of the factors that went into the determination of their grant, including the names of eligible individuals, the standard allowance, gross earnings counted and disregards used in computing Net Deductible Earned Income, other income, and withholdings from the authorized grant.

Other Types of Processing Transactions

The arrival of a potentially eligible individual is brought to the attention of an Eligibility Technician by an MSR positive response edit. After contacting the recipient, the Eligibility Technician responds to the Edit Message Report with a simple positive response code if that person is ineligible. The MSR is then processed based on the previous household composition. If the person is eligible, the Eligibility Technician completes a Person Addition form and enters it into the processing system. The system then computes a grant, based on the MSR data reflecting the new arrival to the household.

While all of the information necessary to compute a grant is available on the MSR, it may be necessary for the Eligibility Technician either to make file corrections (e.g., the spelling of a recipient's name) or to enter new information (e.g., withholding amounts from the authorized grant for Food Stamps) on the file. To accomplish these tasks, the Eligibility Technician enters a CMF Update form.

The system design also provides Eligibility Technicians with two mechanisms for correcting erroneously computed grants. The Special Grant Processing transaction allows staff to correct grant amounts before a check is issued. The Retroactive Adjustment allows payment of supplemental amounts when an erroneously low check has been issued. A Special Message Report informs the Technician of any such unusual circumstances created by the grant computation process.

At the end of each MSR processing cycle, the processing system performs a series of functions to close out the current cycle and to prepare for the next one. MSR processing is closed by a Discontinuance Program that selects all cases from the Caseload Master File that have not filed complete and correct MSR's. These cases are deemed ineligible, and MSR's are not sent to these recipients for the next month. These cases had already received notices of adverse action when they failed to file or correct their MSR's by the relevant deadlines.

Following this discontinuance function, the processing system produces a set of management information reports about the distribution and processing of MSR's. Additionally, a Caseload Detail Report is provided on micro-fiche that lists the complete file records of each active case assigned to a given Eligibility Technician.

Finally, the following month's MSR processing is begun with the pre-printing of MSR's for all active cases. For all such cases, the computer system sets up a monthly record in the Caseload Master File to receive MSR data.

NOTICES TO RECIPIENTS IN THE MONTHLY REPORTING SYSTEM

The AFDC Monthly Reporting System provides recipients with unambiguous information about their filing obligations and actions that may be taken to reduce or terminate their payments. In addition to statements on the MSR stressing the importance of timely and accurate filing, notices are sent to recipients to warn them of adverse actions that may be taken by the agency. Three notices are sent to recipients to inform them of the critical importance of submitting information promptly and accurately: Failure-to-File Notice of Discontinuance; Failure-to-Correct Notice of Discontinuance; and the Notice of Reduction or Discontinuance based on MSR processing.

"Failure-to-File" Notices

Recipients are confronted with three filing deadlines each month and three possible payment dates. In order to receive payment on a given payment date, a recipient must file the MSR by the corresponding deadline and provide any additional information requested before the correction cutoff point just prior to the production of payments. Failure-to-File Notices are issued the day after the first and second filing deadlines. The notices tell the recipient that, at the very least, payment will be delayed by a week, and that unless the MSR is submitted by the final deadline, the case will be discontinued.

"Failure-to-Correct" Notices

A Failure-to-Correct Notice is sent to a recipient who has filed an MSR by the deadline for a given payment date but who has not corrected the MSR by the corresponding correction cutoff date. This

notice tells the recipient that he/she is ineligible on that payment date and that continued failure to provide additional information will result in discontinuance.

"Daily" Notices: Reduction or Discontinuance

Daily notices are generally produced as the result of processing an MSR through the grant computation sequence. The grant computation process may result in grant reduction or termination of eligibility. The computer system therefore analyzes the results of each grant computation, determines whether an adverse action has been taken, and issues a notice informing the recipient of such actions.

Reduction Notice. The computer system automatically compares the current month's authorized grant with the previous month's grant. If the current grant is lower than the previous one, but not zero, a Reduction Notice is issued.

Notice of Financial Termination and Medical Continuation. If the computer system finds that the current month's authorized grant is reduced to zero, it determines whether an increase in earnings is responsible for that reduction. If so, the processing system automatically issues a notice to the recipient indicating the reduction of benefit payments to zero and the continuation of medical assistance for a period of up to four months.

Notice of Financial/Medical Discontinuance. When a grant computation results in a zero level payment for a reason other than increased earnings, the computer system issues a notice stating that both financial and medical benefits are being discontinued.

All of the three "daily" notices are issued on the day following computation of the grant. In addition to those notices, an Eligibility Technician may generate a Discontinuance Notice independent of information from the MSR. Because these notices are not based on the processing of a signed MSR, they are subject to requirements for timely prior notice. The computer system therefore automatically determines the discontinuance date and issues an accurate notice in keeping with these requirements.

INTAKE AND INITIAL PAYMENTS PROCESSING

The Colorado Monthly Reporting System supports activities required for issuing payments to new cases. The intake and initial payments portions of the system are designed both to respond to urgent initial need with rapid and adequate grants, and to integrate the processing of new cases into the flow of ongoing case procedures.

Initial Screening and Application Interview

The individual requesting public assistance undergoes both an initial screening and a subsequent application interview. At the screening interview a clerk determines the category of assistance requested, gives the recipient the necessary forms, and schedules the application interview.

In that application interview, the recipient completes the AP-A Colorado's application form, which elicits information about that recipient's *current* status. The AP-A1 will then serve as the basis for calculating initial eligibility. During that same application interview the applicant is given an orientation to the monthly reporting system, with explanations of filing deadlines, the obligation to complete an MSR each month, and payment dates. The applicant then completes an initial MSR. The first MSR covers the reporting period most recently ended and determines which cycle the applicant will report under.

The introduction of monthly reporting in the application interview helps to distribute cases evenly between the two cycles. It also ensures that the initial MSR will be used as the basis for the first grant computation, once a case achieves ongoing status. Because

the MSR is a retrospective report, it ensures prompt response by the system to current need.

Determination of Eligibility

Following the application interview, the Intake Technician decides whether to approve the case pending a home visit or to deny the case on the basis of the AP-AI information. To determine initial eligibility, the Technician examines the needs and incomes of only those people for whom assistance is requested, and counts only income available both currently and on a continuing basis. This eligibility determination process is thus unaffected by the monthly reporting system.

Creation of the Case File. When conditional eligibility is determined, the Intake Technician creates a new case record on the Caseload Master File and completes a Household Addition Form for each individual in that unit. The successful incorporation of this information is reported to the Technician on the daily File Maintenance Report.

Application Denial. When the case is judged ineligible, the Technician completes an Application Denial Form to update the CMF. The system then automatically issues a Denial Notice to the applicant the following day. The Technician is notified about this transaction on the Special Message Report.

Grant Computation

The initial grant is computed on the basis of the retrospective MSR filled out in the application interview, but a "supplemental initial payment adjustment" is made, when necessary, to meet urgent need.

Once the case record is entered on the Caseload Master File, the Technician submits that initial MSR for processing. The system holds the MSR in the Pending File until the home visit has been completed and final approval is made. While it is in Pending status, the system does a series of edits to ensure that the information on the MSR can serve as the basis for a grant computation.

Also between initial and final approval, the Technician identifies any need for a supplemental initial payment adjustment based on any discrepancy between a grant calculated on the basis of current need and a grant derived from the retrospective MSR information. If a payment adjustment is appropriate, the Technician obtains the approval of a Supervisor before entering that information into the system. The subsequent grant calculation will increase the grant level by the directed amount.

Just as for continuing cases, the processing of MSR's and grant computations occur daily for initial applicants. The results of this processing are reported on the Grant Computation Report. The system also generates an Approval Notice to the recipient indicating the amount of the initial grant and calling attention to the supplemental adjustment if one has been made.

Payment Issuance

Most new cases receive their first grant on one of the three regular payment dates for their cycle. To insure prompt grant issuance, however, the system is designed to issue an initial payment on the first available payment date following the approval action, regardless of when the MSR was submitted. In some cases, delays in home visits or gaining required documentation may delay final approval until all three payment dates for that cycle have passed. When this happens, the initial grant is issued on the next available payment date in the other cycle.

Case Transfer to Ongoing Technician

When the initial payment is issued, the system produces the same payroll-related reports as for continuing cases: warrant, register

entry, and Grant Explanation. Once the Intake Technician has received the file copy of the Grant Explanation, the case can be transferred to an Ongoing Eligibility Technician. The Intake Technician completes a Case Assignment Form and submits it to data processing to modify the Technician code number. The case file is then transferred to the new Technician as are all subsequent reports related to the case.

END