JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

THE
VIRGINIA
GENERAL
ASSEMBLY

TITLE XX IN VIRGINIA

A report in a series focusing on individual and family services programs in the Commonwealth

January 12, 1981

JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

MEMBERS

Chairman
Delegate Richard M. Bagley

Vice Chairman
Senator Hunter B. Andrews

Delegate Robert B. Ball, Sr.
Senator Herbert H. Bateman
Senator John C. Buchanan
Delegate Vincent F. Callahan, Jr.
Delegate L. Cleaves Manning
Delegate Theodore V. Morrison, Jr.
Delegate Lacey E. Putney
Delegate Ford C. Quillen
Senator Edward E. Willey
Charles K. Trible, Auditor of Public Accounts

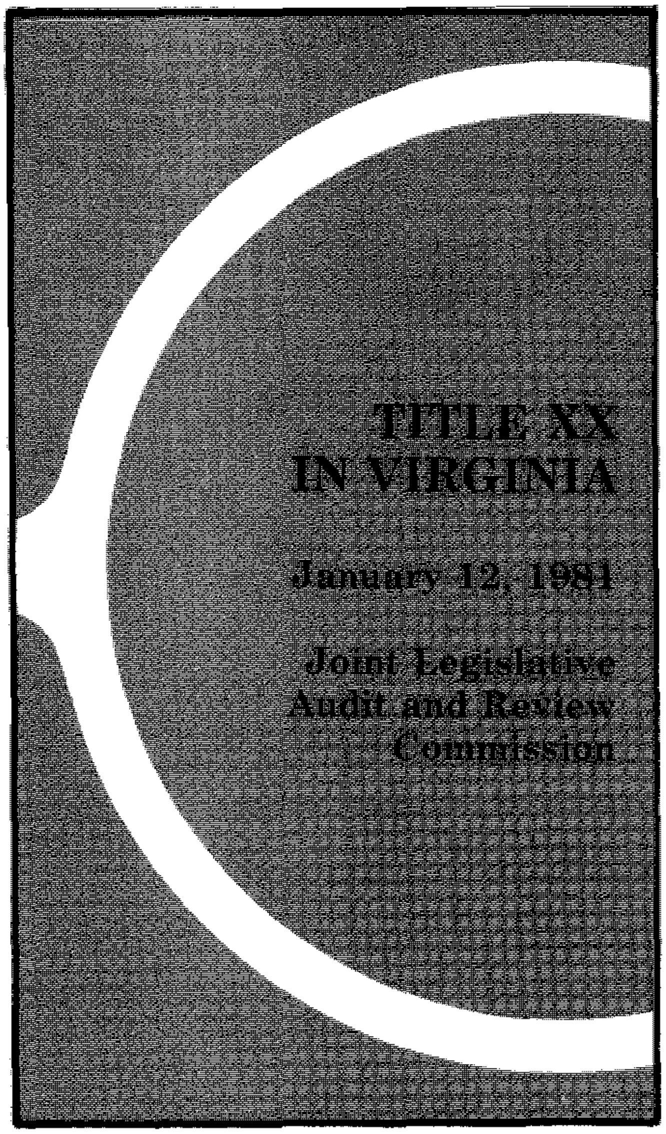
Director
Ray D. Pethtel

SJR 133 SUBCOMMITTEE MEMBERS

Senator John H. Chichester
Senator Joseph V. Gartlan, Jr.
Delegate Johnny S. Joannou
Delegate Norman Sisisky
Delegate W. Ward Teel
Senator Stanley C. Walker

JLARC STAFF
FOR THIS REPORT

John M. Bennett, Project Director
Lucretia S. Farago
Carol M. Hayes



Title XX of the Social Security Act of 1974 provides federal funds for social services. These services are intended to help people achieve self-support or self-sufficiency, prevent abuse and neglect, and ensure appropriate use of institutional care. In FY 1980, Title XX expenditures in Virginia totaled more than $94.4 million in federal, State, and local funds.

During a typical month in 1980, approximately 172,000 persons were eligible to receive social services provided by local welfare agencies in the Commonwealth. Most recipients were aged or disabled individuals or families with dependent children.

The State Department of Welfare (SDW) and the State Department for the Visually Handicapped (SDVH) are jointly responsible for administering Title XX funds. These agencies define which services may be provided, allocate funds, reimburse other State and local agencies, and monitor service delivery. SDW has the larger administrative responsibility because most Title XX services are delivered by local welfare agencies.

Thirty-two social services are available in the Commonwealth. There are nine service mandates which must be provided by each locality to specified client groups. The State's social service programs have been successfully expanded to take full advantage of available federal funds, as the General Assembly urged in 1976. SDW now needs to concentrate its efforts on methods of monitoring and controlling expenditures in a period of tightened resources.

A JLARC REPORT SUMMARY

Title XX Services and Clients (pp. 13-28)

Title XX funds have been used in Virginia to provide a variety of services to diverse population groups. Although Title XX requires extensive record-keeping and reporting, a composite picture of services and recipients does not exist. With the cooperation of SDW and local workers, a systematic survey of 488 randomly selected service cases was conducted by JLARC staff. A summary publication entitled "Who Gets Title XX Services?" reports on findings of the survey.

About 60 percent of Title XX funds are budgeted for direct services provided by social workers, and about 40 percent are used for purchased services. Direct services include determining eligibility, advising and assisting clients, referring clients to other community resources, and arranging to purchase services from providers. About 15 percent of all cases receive a service which is purchased from other providers such as mental health clinics, day care centers, or sheltered workshops.

People who come into contact with the welfare system have service needs stemming primarily from age, dependence, income level, or disability. As of March 1980, there were about 70,000 service cases in Virginia.

SDW policy requires workers to contact each of their cases at least once every three months. During the month reviewed, workers reported an average of one hour of contact with two-thirds of their caseloads of 40 to 60 cases. About ten percent of the cases accounted for over half of the workers' direct service time. However, 19 percent of the cases had not been contacted as required.

SDW should review and, if necessary, revise its quarterly contact standard. Situations which do not require quarterly contact should be specified by policy, classified as "open for administrative purposes," and not counted as active in local caseload reports.

Information on who receives social services and what service they receive is important to SDW's management of Title XX and to the General Assembly's overall policy-setting activity relating to service delivery by the State's human service agencies. SDW should expedite plans to develop a computerized Social Services Information System, and should periodically report information on the characteristics of clients served and of services provided.

Local agencies do not appear to have systematic processes for reaching new clients or for referring financial assistance clients for services. As a result, some people who need services do not receive them because they do not know what is available. None of the local agencies visited by JLARC had a completely adequate method for informing Supplemental Security Income recipients about social services, even though SSI recipients are a special target group for Title XX. Within local agencies, the percentage of Aid to Dependent Children program clients receiving services was significantly higher when all ADC applicants were automatically referred for services.

SDW should develop referral guidelines for local agencies to ensure that clients have equitable access to services.

Local Allocations (pp. 29-37)

SDW has recognized the need to allocate Title XX funds to localities on an equitable basis. Allocations have been primarily determined by a formula based on caseload and population. However, the usefulness of the formula has been limited by the absence of accurate and current population and caseload figures and reliable measures of the need for funds.

SDW's base formula was calculated using 1977 population and caseload figures. By continuing to base local allocations on 1977 information, SDW has not adjusted the formula elements to reflect shifts in population or in service caseloads. Recalculation using more current information could result in major changes in some local allocations.

Additionally, SDW does not have the means to verify the accuracy of local caseload reports. JLARC found that local agencies over-counted their active cases for March 1980 by almost 20 percent. Five thousand cases were misreported as open, and an additional 10,000 cases were open but inactive. Introduction of this degree of error into the base formula could have resulted in misallocation of up to $6 million in FY 1981.

SDW should develop an allocation formula which more completely measures local effort and need. Inaccuracies in caseload could be mitigated if additional indicators of poverty and local effort were included in the formula. Regardless of the indicators chosen, allocations should be updated annually using verified and current information.

Title XX Fund Overexpenditure (pp. 37-47)

The State has overexpended its allotment of Title XX funds for two of the last three federal fiscal years, although neither federal regulation nor State law permits spending in excess of appropriated or awarded amounts. Because the federal government deducts excess expenditures from the grant award for the next year, the State's ability to maintain services is reduced.

Expenditures in the Commonwealth exceeded the federal allocation for FFY 1978 by $1.3 million, resulting in a federal cut for the next year. However, SDW did not take corresponding action to reduce spending. As a result, a Title XX fund deficit was created. SDW projects that when all claims for FFY 1980 are processed, the cumulative overexpenditure will total $3.95 million.

TITLE XX ALLOCATIONS AND EXPENDITURES
(FFY 1978 - FFY 1980)

Federal Fiscal Year	Federal Funds Available	Federal Funds Spent	Cumulative Deficit
1978	$64,196,071	$65,503,195	$1,307,124
1979	69,275,705	68,684,459	715,878
1980	65,569,920	68,805,061	3,951,019

Transfer of $1.25 million in State funds from the general relief, auxiliary grant, and foster care programs was made to offset a portion of the overexpenditure. The remaining $2.7 million will be cut from the State's grant award for FFY 1981.

SDW needs to develop a plan for amortizing the overexpenditure of federal funds. The plan should be presented as soon as possible to the General Assembly through the House Appropriations and Senate Finance committees. SDW should also address factors contributing to the State's overexpenditure of Title XX funds. These include the overallocation of available dollars, late billing by some agencies, and inadequate monitoring of fund balances.

Each year, in order to maximize the State's use of Title XX funds, SDW has allocated to State and local agencies more federal funds than it projects will be available. The extent of overallocation has ranged from three to almost 13 percent. Overallocation is based on the premise that many agencies will spend less than they are allocated. However, budgeting by agencies to use their full allocation increases the potential for overexpenditure. In FFY 1978, a substantial increase in the use of federal funds by local agencies contributed to exceeding the federal allotment.

The practice of overallocation was compounded in FY 1980 by reduction in the overall congressional appropriation for Title XX and federal denial of an SDW proposal to transfer some Title XX costs to other welfare program titles. Due to differences in State and federal fiscal years, SDW must allocate projected rather than actual federal appropriations. As a result, SDW anticipated $4.4 million more than was actually received. These anticipated funds were included in the allocations to State and local agencies which already included a planned $4 million overallocation.

SDW should discontinue the practice of overallocating projected federal funds. A budgeting system that allocates actual funds available or that provides for an unallocated central reserve should be developed.

SDW monitors the availability of Title XX funds primarily by comparing quarterly expenditures to the State's total allotment, but without projecting future expenditures based on spending rates or estimates of late billing. Expenditure summaries which SDW sends to local agencies include overallocated amounts. In addition, little coordination has occurred between SDW and the State Department for the Visually Handicapped (SDVH) concerning the drawdown of federal funds or reimbursement by SDVH to local welfare agencies.

When claiming federal reimbursement, SDW charges service costs to the federal fiscal year in which the service was rendered, regardless of when agencies claim reimbursement. Like overallocation, this process was intended to maximize the State's use of Title XX funds. However, the billing delays allowed by this process increase the difficulty of maintaining expenditures within budget limits. About one-half of the $1.3 million overexpenditure in FFY 1978 was due to reimbursements made after the close of the fiscal year.

SDW should give greater attention to monitoring Title XX expenditures by State and local agencies in order to ensure that expenditures do not exceed funding limits. Actions should include (1) routine projection of year-end expenditure and commitment totals; (2) revised expenditure summaries for local agencies; (3) periodic consultation with SDVH; (4) expedited billing for Title XX services; and (5) measures to limit expenditures, such as selected or across-the-board cuts in services.

Fund Management (pp. 47-55)

Without a major infusion of additional funds, the era of rapid growth in social services is over. SDW and local welfare agencies must assess the impact on service delivery of the cap on Title XX funds and develop options for increasing efficiency and prioritizing among services.

About two-thirds of the 124 local welfare agencies have reached or are approaching the limit of their Title XX allocation. Increasing administrative and salary costs have forced most of these agencies to reduce their budgets for purchased services, which provide specialized aid not generally available from local welfare agencies. If local agencies implement planned cuts in purchased services, a $3.9 million decrease (12 percent) will have occurred between FY 1979 and FY 1981. Planned reductions generally occur in services provided at the locality's option, since mandated services must be provided.

The magnitude of planned reductions differs among services. The largest cuts are in optional services primarily targeted for mentally ill and mentally retarded persons. Planned expenditures for these services have been reduced 49 percent. In contrast, local agencies appeared to put a high priority on maintaining companion services, which provide elderly and disabled persons with assistance in caring for themselves at home. This service is credited with preventing many persons from being placed in nursing homes or homes for adults.

During the same time period that cuts occurred in purchased services, planned expenditures for direct services increased $9.2 million, or 21 percent. Despite rising costs, SDW has not attempted to assess the efficiency of local agencies' operations. SDW's caseload standard reports show that a net excess of 259 local social workers exists statewide, at an estimated cost of $3.9 million. More accurate reporting of local caseloads would likely reveal as many as an additional 337 excess social workers.

Unless local agencies reduce their personnel or other administrative expenses, the cap on Title XX funds will continue to lead to cuts in optional purchased services. SDW should take action to ensure that all localities operate as efficiently as possible. The department should refine its caseload standards and apply the standards to achieve staffing equity in local agencies across the State. Caseload standards should determine the level of State reimbursement for staff.

Purchase of Services (pp. 71-79)

Expanded purchase of services from public and private vendors established and increased SDW's responsibilities for setting rates and monitoring vendors and expenditures. Local responsibilities for evaluating vendors and monitoring expenditures were also increased.

Although SDW's rate-setting process is complex, it does not ensure that rates reflect the actual cost of providing services. In most cases, rates are based on undocumented cost and utilization reports submitted by vendors. Only ten of 29 vendor packages examined by JLARC contained any supporting documentation of costs. In addition, regional purchase of service specialists must establish rates in the absence of official norms for expenditures and occupancy, and without systematic guidance and oversight from SDW's central purchase of service unit. Unverified budgetary information has, on occasion, led to excessive Title XX rates.

Most vendors of purchased services are evaluated only informally. Although local directors indicated in a JLARC survey that most quality assessments are based on workers' general impressions, many workers do not have frequent or regular contact with vendors. Vendor records in case study localities showed that one-third of the utilized vendors had not been contacted in six months. For another one-third, vendor files contained no evidence of contact at all.

Local agencies seem to closely monitor the arithmetic accuracy of their payments for purchased services. However, procedures used to verify service delivery are not sufficient to guarantee accurate billing. Many billing errors are discovered only by accident.

SDW has begun to address several of the shortcomings in its purchase of service process. Local agencies should expand monitoring and evaluation of vendors to ensure that services paid for are actually delivered and that vendors provide effective services.

The department should expedite its development of a purchase of service manual and should regularize its efforts to oversee rate-setting activities. Vendors should be required to support cost reports through submission of audit reports, leases, payroll documents, attendance records, and tax returns as applicable. Preferably, cost data certified by an independent audit or audited by SDW should be used in the determination of overall costs. In addition, a method should be developed for determining utilization rates for various types of facilities and vendors, and unit costs should be based on an acceptable utilization norm.

JLARC *JLARC is an oversight agency of the Virginia General Assembly. Its primary function is to carry out operational and performance evaluations of State agencies and programs.*

Joint Legislative Audit and Review Commission

910 Capitol Street—Richmond, Virginia 23219—(804) 786-1258

Preface

The Joint Legislative Audit and Review Commission (JLARC) has statutory responsibility to make operational and performance reviews of State agencies and programs. Under the auspices of the Legislative Program Review and Evaluation Act, some of those reviews are concentrated within one of seven functional areas of State government according to a schedule adopted by the General Assembly. This report is the third in a series focusing on the Individual and Family Services function. The series was authorized by SJR 133, enacted by the 1979 General Assembly, and is being coordinated with the House Committee on Health, Welfare and Institutions and the Senate Committee on Rehabilitation and Social Services.

Title XX of the Social Security Act of 1974 is the principal funding source for social services in Virginia. This report presents an assessment of who gets social services, examines the fund allocation process, and evaluates the supervision of the delivery of services. The report includes a special analysis of the characteristics of clients and the services they receive.

Although social services have been rapidly expanded by full use of federal funds, as urged by the General Assembly in 1976, methods used to allocate funds resulted in overexpenditures during two of the last three federal fiscal years. The Department of Welfare needs to devise new ways to monitor and control expenditures, and will have to address a $2.7 million program deficit that was carried forward into 1981. In addition, the Department of Welfare should carefully review reported case counts for accuracy and give greater attention to staffing equity using up-to-date caseload standards.

Recommendations resulting from this evaluation regarding the administration of Title XX were adopted by the Commission on January 12, 1981. The recommendations were transmitted to the appropriate executive and legislative agencies as part of our external review process. A letter from the Commissioner of Welfare, which outlines actions the department plans to take, is printed in the appendix of the report.

On behalf of the Commission staff, I wish to acknowledge the cooperation and help provided by employees of the Department of Welfare, Department for the Visually Handicapped, and each local welfare agency contacted during the course of the study.

Ray D. Pethtel

Ray D. Pethtel
Director

February 26, 1981

Table of Contents

	Page
I. INTRODUCTION	1
Services Available in Virginia	7
JLARC Review	9
II. SERVICES AND CLIENTS	13
Services	13
Characteristics of Clients	22
Conclusion and Recommendations	28
III. ALLOCATION FORMULAS AND FISCAL CONTROLS	29
Allocation Formula	29
Title XX Fund Overexpenditure	37
Fund Management	46
Conclusion and Recommendations	54
IV. PROGRAM ADMINISTRATION	57
Title XX Plan	57
Policy and Supervision of Social Services	65
Purchase of Service Process	69
Conclusion and Recommendations	77
APPENDIX	79
Technical Appendix Summary	80
Agency Responses	81

I. Introduction

Title XX of the Social Security Act of 1974 provides federal funds for the delivery of social services. These services are intended to help recipients become self-supporting or self-sufficient, to prevent abuse and neglect, and to ensure appropriate use of institutional care. Most recipients in Virginia are aged or disabled individuals or families with dependent children. About two-thirds of all social service cases also receive financial assistance through public programs such as Supplemental Security Income (SSI) or Aid to Dependent Children (ADC). In FY 1980, social service expenditures totaled over $94.4 million in federal, State, and local funds. During a typical month in FY 1980, local welfare agencies were responsible for 70,000 cases which included approximately 172,000 people.

The State Department of Welfare (SDW) and the State Department for the Visually Handicapped (SDVH) have been designated by the Governor as administering agencies. Under federal regulations, these agencies define the services to be provided, allocate funds, reimburse other State and local agencies, and monitor service delivery. Because most services supported by Title XX are delivered by local welfare departments, SDW has the larger administrative responsibility.

Title XX was passed by the U.S. Congress to encourage and expand the provision of social services by the states. In Virginia, Title XX funds have been used to almost double expenditures for social services between FY 1976 and FY 1980.

Federal Framework

The implementation date for Title XX was October 1, 1975. While the act continued a federal thrust of expanding social services for low income groups, for the first time responsibility for designing service delivery systems, within federal guidelines, was placed at the state level. The federal guidelines relate to program administration, planning, eligibility, and fiscal match requirements.

Each state is required to designate a single state agency to plan services and administer funds. The designated agencies are required to develop a Comprehensive Annual Services Plan, allocate federal funds among providers of services, and establish procedures for fiscal and programmatic accountability.

A planning process for developing the Comprehensive Annual Services Plan has to be approved by the Department of Health and Human Services (formerly HEW). However, the number, type, and definition of services are left to state initiative, within broad guidelines. Each service that a state provides must be directed toward one of five goals:

- •Help people become self-supporting.
- •Assist people in becoming self-sufficient.
- •Prevent or remedy neglect and abuse of children and adults.
- •Reduce or prevent unnecessary placement in institutions.
- •Secure institutional placement when appropriate.

Both people who receive public financial assistance and those who do not are eligible for social services. However, at least three services must be designated for people who receive Supplemental Security Income, a federally-administered cash assistance program for the aged and disabled. Moreover, 50 percent of all federal dollars must be spent on recipients of SSI, Aid to Dependent Children, and Medicaid assistance.

A cap on Title XX funding has existed since its passage. Until 1978, the congressional funding authorization was $2.5 billion annually. Since that time, the federal ceiling has varied between $2.7 and $2.9 billion. Each state receives an annual allocation of federal funds based on population. A 25 percent match for these funds may be comprised of state, local, or privately donated monies. Quarterly expenditure reports must be provided by each state to the Department of Health and Human Services (HHS).

General Assembly Action

Although Title XX is not specifically identified in the Appropriations Act, the General Assembly has affected the use of Title XX funds in the Commonwealth. Recurrent language in the Appropriations Act and a 1976 resolution (HJR 137) have provided direction for the expenditure of social service funds. The major thrust of these provisions has been to expand social services through the greatest possible use of federal funds, while restricting the use of general funds appropriated to local departments of welfare.

Appropriations Act Direction. Restrictions on the growth of social services that were promulgated in 1974 have been modified by subsequent changes in the language of the Appropriations Act.

- •Prior to Title XX, language which appeared in the 1974 Appropriations Act (Item 411.1) made subject "to prior approval of the Governor any actions by the Board of Welfare which may have the effect of increasing caseloads or unit costs" in sum sufficient appropriations for services and financial assistance.

- •After Title XX was passed, language in the 1975 Appropriations Act (Item 396) was changed to reflect legislative direction that services could be expanded, but only through the use of federal funds and with the prior written approval of the Governor. The match for federal grants had to be non-State funds or appropriations from other than the general fund.

- In 1976 the restriction on general funds was changed, apparently to limit expansion of services by SDW to the appropriation for Administration and Services (Item 757), while permitting use of general funds not in that item for expansion of services.

This last change, which has appeared in subsequent Appropriations Acts, occurred in the same session in which HJR 137 was passed specifying the intent of the General Assembly for the use of Title XX funds.

House Joint Resolution 137. HJR 137 recognized that about $17 million in federal Title XX funds would not be used because some local welfare agencies were unable to match all the funds allocated to them by the administering agencies. The resolution stated that it should be State policy to use all federal funds for which matching funds were available. The administering agencies were required to evaluate three priorities in allocating funds:

1. To State agencies which were able to enter into contracts with SDW, with emphasis on programs reducing institutionalization.

2. In FY 1976, to localities which applied for and could match more than their allocation. However, if more funds were applied for than were available, SDW could consider the population in reducing the requests to the amount of available funds.

3. In FY 1977 and following years, to localities which, although previously unable, could later raise matching funds. However, to achieve this purpose, no locality was to have its Title XX funds reduced by more than 15 percent in any one year unless the total amount of Title XX funds available for localities was reduced.

Priority was to be given to contracting with other State agencies and to allocation among local welfare agencies.

Studies of Title XX. There has been continuing legislative interest in Title XX. In 1978, a House Appropriations Committee staff report raised concerns that included (1) how the program would be administered once all federal funds were expended, (2) the adequacy of fiscal reporting, and (3) the impact of services on clients.

In 1980, House Joint Resolution 12 requested the Secretary of Human Resources to study the Title XX program and report on the feasibility of alternative methods of mandating Title XX services and distributing Title XX monies among social services throughout Virginia.

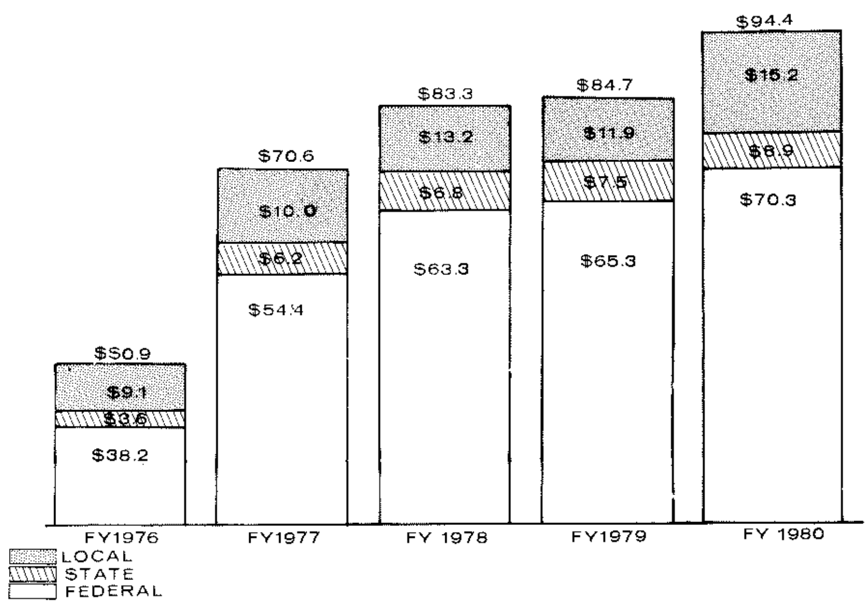
Expenditures

In Virginia, Title XX resulted in rapidly increasing expenditures for social services, as the State moved to spend its total federal allocation. Basic assumptions governing the use of funds were that Title XX should continue to fund welfare services previously offered under the categorical programs it replaced, and that local welfare agencies should be the primary providers of social services. However, expenditures took a significant new direction with expanded purchase of services from private vendors and through contracts with human service agencies.

Between FY 1976 and FY 1979, total expenditures for services increased 66 percent, from $50.9 million to $84.7 million (Figure 1). By 1978, all available federal funds had been matched and expended. In keeping with legislative direction, increases in State matching funds resulted primarily from contracts with State human service agencies.

Figure 1

GROWTH IN EXPENDITURES FOR SOCIAL SERVICES
(Dollars in Millions)



Source: JLARC representation of data from SDW Bureau of Fiscal Management.

Much of the $33.8 million increase in expenditures during this period can be attributed to State contracts or the passing of funds through local welfare agencies to purchase services from public or private vendors. Prior to Title XX, local welfare agencies primarily provided direct services, such as counseling by social workers, to recipients of income assistance programs, such as Aid to Dependent Children. Expenditures in FY 1979 reflected provision of services to expanded eligibility groups, $28.3 million in purchased services, and $8.2 million in State Level Agreements (Table 1).

Annual expenditures also reflected $5 million in additional federal allocations during the FY 1976-79 period. Allocations above

Table 1

EXPENDITURES FOR STATE CONTRACTS
(FY 1979)

Agency	Amount	Services Provided
Department of Health	$3,364,681 303,384	Family Planning Services Home Health Services
Department of Rehabilitative Services	1,972,287	Employment Services at Woodrow Wilson Rehabilitative Center
Department of Mental Health and Mental Retardation	896,413 93,294	Alcohol Services Administrative Support
Legal Services Corporation of Virginia	597,783	Legal Advice and Representation
Two Regional Information and Referral Centers	369,737	Information and Referral Services
Department of Corrections	194,578 81,255	Prison After-Care Protective Services to Children
Virginia Division for Children	77,683	Development of Needs Assessment for Children
Virginia Office on Aging	72,805	Administrative Support
Pendleton Child Care Center	68,253	Protective Services to Children
Virginia State Bar	54,744	Lawyer Referral Service
Virginia Council for Deaf	49,047	Services to Deaf
Department of Agriculture	26,549	Consumer Services
Virginia Office on Volunteerism	19,620	Administrative Support
	$8,242,113	

Source: SDW Bureau of Fiscal Management data.

the Title XX ceiling have been awarded each year since 1977. Substantial portions have been earmarked by Congress for day care services.

Administration and Funding

In Virginia, the State Department of Welfare and the State Department for the Visually Handicapped are the administering agencies for Title XX. This joint arrangement is permitted in states that, prior to Title XX, had separate agencies for administering welfare services and services to the blind. SDW and SDVH use about eight percent of Title XX funds for administration and direct services.

SDVH Role. While SDVH participates in overall planning for Title XX, it is primarily responsible for providing and overseeing services to the visually handicapped, such as education for children, occupational adjustment, and special residential services. SDVH also funds and supervises services to the blind provided by local welfare agencies. Two to three percent of Title XX funds are directly administered by SDVH.

SDW Role. Overall administration of Title XX funds is largely the responsibility of SDW, which establishes policy and procedures for most social services. SDW has supervisory responsibility for the State's 124 local welfare departments, which receive 80 percent of all funds. This supervisory role involves central office staff in developing social services policy and in establishing local planning, budgeting, and reporting processes. Service specialists in the seven regional welfare offices are responsible for providing technical assistance, interpreting policy, and monitoring local practices.

SDW also contracts with other human service agencies for the provision of specific services to Title XX clients. About ten percent of all Title XX funds are allocated for these inter-agency contracts. Interested agencies submit proposals to SDW's purchase of service unit for evaluation. Final contract decisions are made by the Commissioner of Welfare, in consultation with the Commissioner of SDVH.

In FY 1979, SDW was allocated $5.7 million, or six percent of total Title XX funds, to manage the State's social service system and to support the department's licensing division.

Local Agency Role. Title XX funds are used by local welfare agencies to cover costs of both direct and purchased services. Direct service costs include the salaries of social workers and a portion of the agency's operating costs, such as the director's salary, rent, and utilities.

Purchased services are bought by local agencies from other service providers, such as day care centers or mental health clinics. SDW documents indicate that about 60 percent of Title XX funds are budgeted for direct services and 40 percent for purchased services.

SERVICES AVAILABLE IN VIRGINIA

There are 32 social services available in Virginia. They include SDW mandates and the service options selected by local departments of welfare. The best indicators of the range of services offered are in the Comprehensive Annual Services Plan and the local option plans of the 124 local agencies. However, these documents do not fully reflect the nature of the service provided or adequately distinguish between direct and purchased services.

Mandated Services

Every local agency must provide certain services. The list of mandated services is based on SDW's interpretation of federal and State law. There are nine service mandates. The Social Security Act establishes three mandates: (1) three services (any of the 32 offered in Virginia) must be designated for recipients of SSI; (2) Early, Periodic Screening, Diagnosis and Treatment (EPSDT) services for Medicaid-eligible children; and (3) Family Planning. There are fiscal penalties if a state fails to comply.

Five service mandates are attributed by SDW to the *Code of Virginia*, which requires that each local board provide services related to (1) adoption, (2) employment, (3) children in foster care, (4) children in need of protection, and (5) day care.

A sixth State-mandated service--information and referral--does not have a comparable basis in legislation. SDW has determined that this service is mandatory because providing people with information on community resources relevant to their needs is believed to be essential in fulfilling the intent of Title XX.

Local Option Services

Local departments of welfare largely determine the range of services that will be offered in their communities. After assessing the needs and resources of their community, local agencies determine the level of funding necessary for mandated services and select among optional services and eligible groups (Table 2).

Most localities have opted to offer some services in addition to those mandated. Counseling, companion, and health-related services are often selected as designated services for SSI recipients, who are by definition elderly or disabled. Frequently offered optional services include:

1. *Companion*. Paying a person to bathe, feed, or keep house for elderly or disabled clients in their own homes. Counseling a client about the need for a companion.

Table 2

NUMBER OF LOCAL AGENCIES PROVIDING EACH TITLE XX SERVICE
(FY 1981)

Service	No. of Localities Offering Service	Service	No. of Localities Offering Service
Adoption	124	Alcohol Services	116
Day Care for Children	124	Counseling and Treatment	116
Early, Periodic Screening, Diagnosis, and Treatment for Children (EPSDT)	124	Education and Training	109
Employment Services	124	Housing Services	106
Family Planning	124	Services to Specified Disabled Individuals	100
Services to Children in Foster Care	124	Socialization/Recreation	98
Information and Referral	124	Nutrition-Related Services	94
Protective Services for Children	124	Legal Services	89
Companion Services	123	Drug Services	87
Court Services	123	Homemaker Services	48
Health-Related Services	123	Chore Services	47
Protective Services to Aged, Infirm or Disabled Adults	123	Developmental Day Programs for Adults	35
Family and Personal Adjustment Counseling	123	Developmental Day Programs for Children	34
Alternative Living Arrangements	122	Interpreter Services	29
Emergency Needs Services	122	Day Care for Adults	29
Transportation	116	Foster Care for Adults	27

Source: State Comprehensive Annual Services Plan, FY 1981.

2. Court. Court-ordered investigations and reports on cases, such as child custody disputes or domestic relations.

3. Health-Related. Assistance in finding, using, or paying for medical services such as speech therapy or occupational therapy.

4. Protective Services to Adults. Investigation of reported abuse, neglect, or exploitation of aged or infirm adults. Purchases such as homemaker or adult day care are optional.

5. Family and Personal Adjustment Counseling. Advice and guidance about family relationships or personal problems.

6. Alternative Living Arrangements. Assistance in locating placements for people unable to remain in their own homes. No component is purchasable.

7. Emergency Needs. Advice and referral to resources for people in emergency situations.

8. Transportation. Driving or arranging for transportation to a needed community service. Escort service as well as transportation is purchasable.

Services such as homemaker and chore services and day programs for the developmentally disabled are offered by few agencies. Components of homemaker and chore services are similar to the household tasks offered under companion services, a service provided almost everywhere. Limited provision of developmental day programs and foster care to adults has been attributed by welfare officials both to insufficient funds and lack of providers for the service.

JLARC REVIEW

The 1978 Legislative Program Review and Evaluation Act provides for JLARC to review selected programs, agencies, and activities of State government, according to a schedule adopted by the General Assembly. Senate Joint Resolution 133, enacted during the 1979 legislative session, implemented the provisions of the Evaluation Act. SJR 133 directs JLARC during FY 1980 to evaluate programs and agencies in the Standards of Living subfunction of the Individual and Family Services budget function.

This review of Title XX is the third study prepared by JLARC under the joint resolution. The first report, Homes for Adults in Virginia, was published in December 1979. The second report, The General Relief Program in Virginia, was published in September 1980.

Study efforts are being coordinated with the House Committee on Health, Welfare and Institutions and the Senate Committee on Rehabilitation and Social Services.

Scope

This review focused on the use and administration of Title XX funds in Virginia and had four major objectives:

- To describe the service delivery process and identify types of clients and services provided.
- To determine the adequacy of financial controls for ensuring accountability for Title XX funds.
- To assess the impact of funding limitations on local welfare agencies.
- To review the adequacy of policy for social services and procedures for setting rates for purchased services.

Methodology

To conduct its review, JLARC staff collected and analyzed information from numerous sources. Chief among data collection efforts was an extensive Utilization Review of a statewide sample of service cases. JLARC staff supplemented the Utilization Review with visits to SDW's regional welfare offices and five localities; a statewide survey of local welfare agency directors; and analysis of financial and statistical reports, planning documents, and national studies of Title XX.

Utilization Review. JLARC's review of Title XX service utilization was based on analysis of extensive data collected by a random sample of 488 cases open statewide in March 1980. Through the Utilization Review, JLARC staff were able to produce the first statewide profile of Title XX clients and a picture of the financial assistance and services they receive. Data collected included:

- Demographic information about clients.
- Amounts and types of financial assistance clients receive.
- Amount of time spent on a sampled case by the social worker during March.
- Services purchased for clients by the agency.
- Information about client disabilities and levels of functioning.

The Utilization Review was conducted with the cooperation of SDW and local welfare agencies. A survey instrument was developed by JLARC staff with the assistance of a central office task force. Local welfare agency staff completed the survey for each sampled case. SDW's regional Title XX coordinators validated a subset of the returned surveys.

Case Study Localities. Five localities were chosen as illustrative case studies: the cities of Richmond, Fredericksburg, and Harrisonburg, and the counties of Henrico and Southampton. Selection criteria included population, geographic location, public assistance and service caseloads, configuration of services offered, and Title XX expenditures.

Richmond and Henrico County are large urban areas with diverse populations and a broad range of direct and purchased services. At the time of the study, Richmond was using its full Title XX allocation, while Henrico was not. Fredericksburg and Harrisonburg are smaller cities with similar demographic features but different social service programs. Southampton is a small rural county with a fairly high level of poverty. In each locality, research activities included:

- Structured interviews with the local agency director, fiscal officer, service supervisors, social workers, and key administrative staff.

- A survey of local workers to assess their familiarity with social services policy and to determine how they spent their time.

- Review of randomly selected case records to examine the service delivery process.

- Visits to selected service providers to review financial and client attendance records and to interview providers about their contact with local welfare personnel.

Local Director Survey. Directors of local welfare agencies were surveyed in conjunction with other JLARC studies included under SJR 133. Questions related to Title XX concerned the impact of federal funds on local agencies and SDW's fund allocation and planning processes for Title XX.

A technical appendix, which explains in detail the research techniques and methodology used in this review, is available upon request.

Report Organization

This chapter has presented an overview of Title XX in Virginia and provided information about services provided. Chapter II focuses on Title XX clients. Chapter III examines SDW's fiscal control practices, the effect the federal cap on Title XX has had on local welfare agencies, and the method by which SDW allocates funds. The final chapter focuses on the adequacy of social services policy, some aspects of SDW's oversight of local agencies, and the process for purchase of services.

II. Services and Clients

Considerable legislative interest has been expressed regarding the nature of services delivered by local welfare agencies and the characteristics of clients. During March 1980, social workers were responsible for 70,000 cases which involved about 172,000 people. Although Title XX requires a significant amount of record-keeping and reporting, a composite picture of services and clients does not exist. Therefore, with the cooperation of SDW and local agencies, a systematic assessment of service delivery was conducted by JLARC staff.

A major part of this assessment involved collecting detailed information on a random sample of 488 service cases (including 1,202 people) which were open in March 1980. (Based on available evidence, including reports on monthly expenditures, reports on case types, and information derived from the Foster Care Information System, it appears that March is a typical service month.) A data collection form was developed by JLARC staff, with the assistance of an SDW task force, and social workers across the State were asked to complete the forms on their cases which were in the sample.

The review indicated that Title XX has broadened services, expanded the types of clients served, and enlarged the role of social workers. In addition to having access to more social services, about two-thirds of all clients also received financial assistance. Most cases had some contact with a social worker during the course of the month. Nevertheless, a significant portion of the cases included in the survey had not been contacted in over three months.

SERVICES

Local social workers have primary responsibility for delivering services to clients. They must recognize and respond to the needs of a diverse population. Each worker handles about 40 to 60 cases that may include disabled or elderly persons, foster children, or single-parent families. In addition to direct services provided by social service agencies, about 15 percent of the cases surveyed received a purchased service.

Direct service activities of social workers include tasks such as those listed on the following page. Also shown is the average amount of time devoted to each task on a typical day (according to a time study of 70 social workers in the case study localities).

Direct Service Activities	Percent of Time Devoted to Task
Client Services	
• Activities related to helping a specific client, including personal counseling, transporting, assessing needs, designing service plans, monitoring progress, and associated paperwork.	32%
• Referring and coordinating referrals to community resources, such as churches, teaching hospitals, or self-help groups.	16%
• Activities related to purchasing services from a private or public vendor, including locating vendors, arranging and monitoring purchased services, and associated paperwork.	11%
Eligibility Determination	
• Activities related to establishing or re-establishing eligibility for Title XX services.	17%
Administrative/Overhead	
• General administrative activities, such as filing, supervisory consultations, training, and leave.	24%

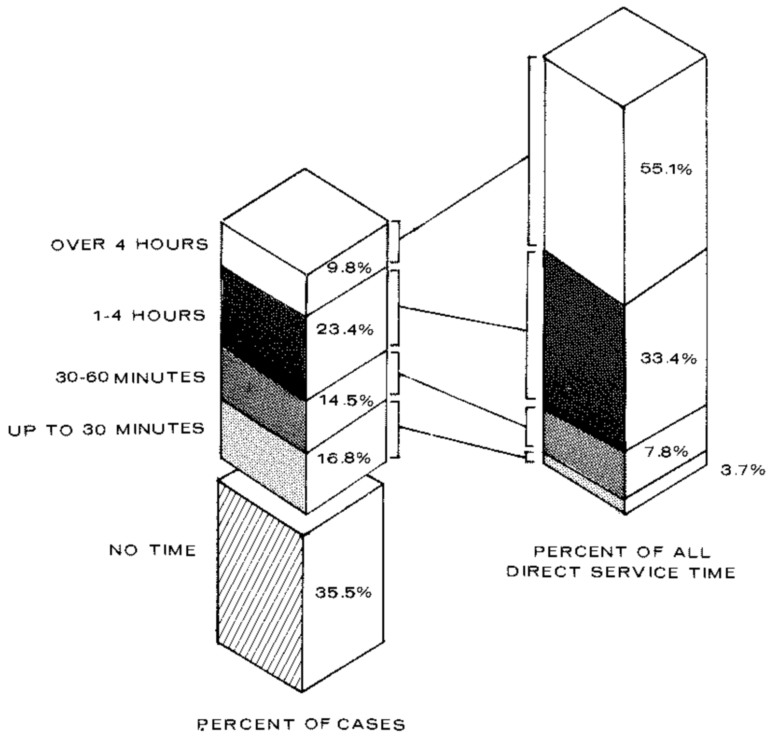
Contact With Cases

During the month reviewed by JLARC, social workers reported some form of contact with almost two-thirds of their cases. According to workers, crises that occurred, client demands, and administrative requirements, rather than case characteristics, determined the time devoted to a case. On the average, workers spent about one hour per contacted case per month, but some cases appeared to require extraordinary amounts of time. Workers spent over half of their total client contact time with less than ten percent of their caseload (Figure 2).

There is no discernible pattern to cases which require greater amounts of time. The following cases which appeared in the JLARC sample involved (1) a crisis, (2) a complicated situation, and (3) a routine case that simply took an exceptional amount of time.

Figure 2

AMOUNT OF DIRECT SERVICE TIME



Source: JLARC Utilization Review.

Case 1

A worker in the Tidewater area spent many hours working with a foster child who lived in a State mental health facility. The worker traveled to the facility to talk with the boy about a prospective adoptive home.

The adoptive parent and the child were introduced and arrangements were made for future visits. Additional time was spent talking with mental health staff and former foster parents. This situation required about 12 hours of worker time in one month.

Case 2

A social worker in a rural community was requested by the court to do a custody investigation for a divorce suit. Conducting the home study and preparing it for the court took about five hours.

Case 3

A social worker in southeast Virginia accompanied a disabled man to an appointment at the Medical College of Virginia. The man had lost his leg and had to have the prosthesis checked every three months.

The worker provided transportation to Richmond and was available to follow up on medical advice. This case took about eight hours.

Uncontacted Cases

SDW policy requires that cases be contacted at least once every three months. According to workers, some cases are seen more often and other cases do not require frequent contact. However, almost 20 percent of all service cases were not contacted as required (Table 3).

Table 3

SERVICE CASES WITHOUT REQUIRED CONTACT

	Number in Sample	Number Estimated Statewide	Percent of all Service Cases
Cases With No Contact For 3-6 Months	53	7,577	11%
Cases With No Contact For 6-60 Months	25	3,574	5
Cases Never Contacted	14	2,001	3
Total Cases Without Required 3 Month Contact	92	13,152	19%

Source: JLARC Utilization Review.

Social workers contacted by JLARC staff explained that policy was not conformed to for several reasons. The worker sometimes feels it is administratively convenient to leave a case open rather than close then reopen it. If a case receives a purchased service, it must remain open for payments to the provider, although the worker may feel it does not require worker intervention. In some instances, cases were overlooked because of worker error and clients did not receive needed services.

The following are examples of uncontacted cases.

Case 1

A case involving an ADC mother with three children had been open for several years, but had not been contacted in over eight months. According to the worker, the mother occasionally had problems requiring social work intervention.

The worker said that opening and closing the case was too time-consuming, so she simply left it open so problems could be dealt with when they arose. The worker told JLARC staff that it was easier for her to ignore the contact standard than to complete the paperwork necessary to open and close the case.

Case 2

A case opened in January 1980 had never been contacted at the time of JLARC review in April. The worker explained that it was a case referred for a purchased service by the mental health clinic and she generally did not follow those cases too closely. The client was seen in June.

More frequent contact would keep the worker up-to-date on the client's progress and the quality of services that were purchased.

Case 3

In February 1979, a 40-year-old woman with a child applied for ADC cash assistance and for help in finding a job. Between February and May, she had several contacts with her service worker to complete registration for the Work Incentive Program, an employment program for ADC recipients.

In May, her assigned service worker left the local agency and was not replaced until February 1980. Although other service workers were supposed to monitor the case during the time of vacancy, no follow-up was done.

At the time of JLARC staff review in mid-April, the client had slipped from view for a year. The new worker did not know what happened with the client's plans for work. The case was closed in July 1980. With closer contact, this client might have been helped to find work.

Case 4

An income-eligible mother of seven received counseling and medication from the local mental health clinic. Because the woman received a purchased service, the worker felt it was not necessary to visit personally.

The treatment plan from the clinic, however, stated that the woman was on high drug dosages and was extremely depressed. The social worker also did not know how the children were faring. The family situation was not being explored because of inadequate follow-up.

JLARC staff checked compliance with SDW's quarterly contact standard in the five case study localities. Again, problems with contact compliance were noted. Almost two-thirds of the cases reviewed lacked one or more required contacts during the previous year.

SDW should review its quarterly contact standard. If three-month contacts are not necessary in certain circumstances, a new case classification should be developed to denote an administratively open but otherwise inactive case. Closer SDW attention to ensuring compliance where appropriate would reduce the possibility of needy cases going unserved, ensure that cases actually need to remain open, and alert case workers to any changes in the case situation that require additional attention.

Types of Purchased Services

Purchased services provide specialized aid not generally available from local agency staff. Workers base their decisions regarding purchased services on the client's need, the local Title XX plan, State and federal requirements, and the availability of funds and providers. About 15 percent of all cases received purchased services. The most frequently purchased services were companion, day care, and a variety of services for foster children (Table 4).

The following case examples illustrate purchased services.

Case 1

A 79-year-old woman who was quite frail received companion services in order to remain in her home. The companion bathed and dressed her, did laundry and ironing, shopped, fixed meals, and fed her. The cost per month for this 40-hour a week care was $336.

Table 4

PURCHASED SERVICES

Type of Service	Number of Individuals in Sample	Estimated Number Statewide	Percent of Purchases Statewide
Companion	20	2,859	25%
Day Care	17	2,430	21
Foster Care	15	2,114	18
Employment	7	1,001	8
Counseling and Treatment	5	715	6
Other Services	18	2,573	22
Total	82	11,835	100%

Source: JLARC Utilization Review.

Case 2

An ADC recipient with one child was enrolled in a practical nursing course four hours a day. While she was in school, her daughter was cared for by a woman certified by the local agency to provide day care in her home. Monthly cost of this day care was $48.

Case 3

A foster care child with severe behavioral and emotional problems required care in a residential treatment facility. The monthly cost of care was $2,039, or almost $25,000 a year.

Types of Cases

In addition to direct and purchased social services, the majority of service cases received other forms of assistance. Very few cases had sufficient income to be totally self-supporting, although about 40 percent of the individuals of working age were employed on a full or part-time basis, and others received some form of Social Security, retirement, or child-support. Some people came into contact with a welfare agency because they were abused children or battered spouses and required protective services or foster care.

Case Categories. In March 1980 there were 70,000 service cases in the Commonwealth. A case, which may include more than one person, is the unit of service in local welfare agencies. Most cases are classified according to the type of cash assistance program for which they are eligible.

Case Categories	Case Proportions
Aid to Dependent Children: predominantly one-parent familes with dependent children.	37%
Supplemental Security Income: aged, blind, or disabled persons.	14%
Foster Care: children in the legal custody of the local welfare agency.	13%
Income Eligible: persons with income less than 50 percent of the State median, with some exceptions.	16%
Eligible Without Regard to Income: recipients of certain services such as child or adult protection, family planning, general relief, and adoption.	12%
Special Category: primarily recipients of Aid to Indo-Chinese Refugees, Medicaid only.	8%

Recipients of the Aid to Dependent Children (ADC) program and the Supplemental Security Income (SSI) program for the aged, blind, and disabled are always eligible for some services. In addition, Medicaid recipients are designated as a target group for Title XX services, and are eligible as a result of their income. (Except for SSI, which is administered by the Social Security Administration, eligibility for these programs is the responsibility of the local welfare agency.) These groups comprise 55 percent of the total caseload. Other cases receiving cash assistance include general relief recipients and most foster care children. The agency is the legal guardian for the foster child and provides payments for room, board, and other services.

In addition to Medicaid recipients, Title XX extended eligibility to other non-cash assistance cases, which now comprise about one-quarter of all cases and include 45,000 people. The largest number of cases in this category are termed "Income Eligible." People in this category have income less than 50 percent of the State median (70 percent for certain disabled individuals). A family of two in this category would have income of $7,050 or less per year.

The number of Income Eligible cases not receiving cash grants has increased by 6,000 since 1977. Generally, case members are elderly people with limited amounts of Social Security income, and former recipients of public assistance who may now be marginally employed or ineligible because of a change in circumstances, such as a dependent child leaving home.

Another category is "Eligible Without Regard to Income." Services such as intervention in child or adult abuse situations and family planning are provided to anyone in need of the service, regardless of income.

Range of Public Assistance. Service cases are likely to receive a wide range of assistance, including monthly support payments through SSI, ADC, or general relief programs, food stamps, and Medicaid, as illustrated below.

Case 1

An 80-year-old woman received $212 in Social Security, $46 in SSI, $16 worth of food stamps, and was enrolled in Medicaid. A social worker arranged for a companion who shopped and cleaned for the woman. The cost of the companion for a month was $172.

Case 2

A woman employed at a low-paying job had an income too high to qualify for ADC benefits for her two children. However, the family did receive $67 worth of food stamps and Medicaid coverage. Additionally, the children were in day care, which cost the local agency $138 a month.

Eligibility for food stamps is based on the number of persons in the household, which often includes people not in the service case. Food stamps are exchangeable for food items only.

ADC, SSI, and foster care cases are usually eligible for Medicaid. Eligibility has been established for almost all cases in these categories. Medicaid functions as a form of health insurance. Payments are made directly to hospitals, physicians, and others providing medical care, after a medical service has been rendered. A small number of cases do not receive any cash grant but are eligible for Medicaid because of some combination of family characteristics, low income, and high medical expenses.

The fuel assistance program assists low-income people in paying their fuel bills. Fewer than one-third of the service cases in each category received this form of assistance. This may relate to lessened need in March, the sample month.

Most financial assistance cases receive a monthly check to meet basic needs. The amount of the check received by individual cases may vary considerably because of the number of people in the case and the amount of outside income or resources. The median grant amount received by the most typical case in each cash assistance category is shown in Table 5.

Table 5

PUBLIC ASSISTANCE PROVIDED TO CASES

TYPES OF PUBLIC ASSISTANCE

Type of Case	% Receiving Income Assistance	Percent Also Receiving: Food Stamps	Medicaid	Fuel Asst.
ADC	100%	79.9%	96.1%	31.6%
SSI	100	42.0	94.2	21.7
Foster Care	100	3.0	98.5	3.1
Medicaid	--	21.1	89.5	21.1
General Relief*	100	50.0	--	7.1
Income Eligible	--	37.7	13.1	23.0
Eligible Without Regard to Income	--	15.0	10.5	1.8

*General relief cases are contained in the Income Eligible category. They are broken out here to show the cash grant.

AMOUNTS OF PUBLIC ASSISTANCE

	Number of Cases in Category	Percent of Cases With Other Income	Average Public Assistance Grant	Average Food Stamp Allotment
ADC	179	29%	$167	$77
General Relief	14	7	121	34
Foster Care	65	20	207	--
SSI	69	62	115	17

Source: JLARC Utilization Review.

CHARACTERISTICS OF CLIENTS

Services provided to a case may vary considerably according to the needs of case members. Because SDW does not maintain information on individuals in cases, the JLARC staff review focused, in part, on case situations and the characteristics of members. Individuals often have needs related to their age, health status, or employability, regardless of how the case is classified.

Age

Of the 1,084 people in JLARC's case sample for whom age information was available, slightly over half were under 18 years old.

Almost 40 percent were adults between 18 and 64 years old, and about seven percent were elderly.

The composition of a case makes a significant difference in who is the direct recipient of services. For example, only seven percent of the people in cases were elderly, but 82 percent of them were in one-person cases. Therefore, most of the 10,600 elderly people in cases statewide were direct recipients of services. Many of the elderly received services designed to assist them in remaining in their own homes. Fifteen percent received companion services paid for by a local welfare agency (Table 6).

Table 6

AGE
(March 1980)

AGE DISTRIBUTION OF CASE MEMBERS

Age Group	Estimated People Statewide	Percent
6 or under	33,308	21.5%
7-12	28,591	18.5
13-17	22,300	14.4
18-40	45,745	29.5
41-64	14,438	9.3
65 or over	10,578	6.8
Total	154,960	100.0%

AGE COMPOSITION OF CASES

Case Composition	Number of Cases	Number of Children	Number of Adults	Number of Elderly
Adults Only	81	--	92	--
Children Only	87	136	--	--
Elderly Only	55	--	--	61
Elderly and Adults	3	--	3	3
Elderly, Adults and Children	5	5	9	5
Elderly and Children	5	8	--	5
Children and Adults	234	463	294	--
	470	612	398	74

Source: JLARC Utilization Review.

In contrast, only 22 percent of the total number of children were clearly the recipients of services. Most of the 87 cases containing only children involved foster children who were legally wards of the agency, children who had physical or mental disabilities, or children who required protective services outside the family setting.

About 78 percent of all children were included in cases with adults. On average, there were about 1.6 children for each adult. These children might benefit from services provided to the case unit, even if they do not always receive a service themselves. For example, day care might be provided for a child to enable the parent to work. In other cases, a child might be the indirect beneficiary of counseling services provided to an adult.

Case 1

> A mother and her two children were in an ADC service case. The mother was heavily in debt and received help from her social worker in money management.
>
> The social worker assisted her in scheduling bill payments and helped her locate a less expensive apartment.
>
> Although the children received no direct service themselves, they indirectly benefited from their mother's improved financial situation.

Case 2

> An ADC recipient was employed part-time as a waitress. While she worked, the youngest of her three children received day care. The other two children were in school during her work hours and did not receive any service.

It should not be inferred because of case composition that many individuals live alone. Most case members, even those in one-person cases, lived with other people. Only six percent of the people in cases lived alone. About half of the case members lived in a household with other members of the case, and the remainder lived in households with other people, such as members of an extended family. Children generally lived with relatives or foster families.

Disabilities

About 40 percent of all cases had members who were disabled to some degree. Workers were asked to identify case members with specific disabilities, such as mental retardation or blindness, and to indicate the ability of every case member to function at work or play.

Workers identified 108 people in the specific categories and 137 additional people who, in their opinion, were limited in daily activities due to a mental or physical disorder. Such unspecified disabilities included cancer, impaired limbs, and emotional problems. Statewide, there were approximately 38,313 disabled people in cases (Table 7).

Table 7

DISABLED INDIVIDUALS

Disability	Estimated Number of Individuals	Percent	Individuals With Additional Disabilities
Mental Retardation	8,004	21%	2,000
Mental Illness	5,433	14	1,144
Alcoholism	3,002	8	--
Blindness	1,287	3	143
Epilepsy	286		--
Cerebral Palsy	286	3	--
Deafness	286		--
Autism	143		--
Unspecified mental or physical disabilities	19,585	51	--
Total	38,313	100%	3,288

Source: JLARC Utilization Review.

Mental illness and mental retardation were the most prevalent of the specified disorders. Statewide, approximately 38 percent of the disabled individuals in cases were mentally disabled. This was about eight percent of all the individuals in cases.

Of the 56 retarded individuals in the sample, four also suffered from mental illness and ten had other conditions such as epilepsy or cerebral palsy. Eight of the 38 mentally ill individuals also had secondary disabilities.

About 28 percent of the mentally ill or mentally retarded individuals in the sample had been discharged from State institutions. At the direction of the General Assembly, SDW identified deinstitutionalized clients as a target group for assistance from local departments of welfare. SDW and the Department of Mental Health and Mental Retardation entered into a cooperative agreement to help facilitate the resettlement of discharged individuals into the community. These individuals may also receive services from community service boards, which are responsible for developing mental health and mental retardation services.

Cases with disabled individuals may receive services related to the disability, such as help in obtaining medical care, transportation, or aid in coping with the handicapping condition. Because the disability may not be the client's primary problem, social workers also provide a range of other services to disabled individuals.

Case 1

A six-year-old mentally retarded child lived in a foster home. The child was very shy and quiet, and his social worker advised his foster parents on how to draw him out and get him involved in activities. The social worker also drove him to medical appointments.

Case 2

A 30-year-old mentally retarded woman was institutionalized in a State hospital for three years. After her release, she lived with her mother and sisters at home. She received employment training paid for by the local agency at a nearby sheltered workshop.

Case 3

An ADC recipient was completely disabled by cancer. Her social worker worked closely with her to arrange medical appointments, prepare insurance papers, and plan for her child's future.

Client Referral

Clients who come into contact with local welfare agencies appear to receive a wide range of important services. However, the agencies do not appear to have systematic processes for reaching new clients or for referring financial assistance clients to services. Therefore, some people do not receive services because they do not know what is available.

Limited Inter-Agency Referral. The contrast between ADC and SSI clients served illustrates limited inter-agency referral. Both ADC and SSI recipients are mandated populations for Title XX services and are always eligible for some services. Although many factors influence who receives services, ADC clients, who have contact with the welfare office for financial assistance, appear to have a greater opportunity to receive services. About 41 percent of ADC recipients received services, in contrast with 15 percent of all SSI recipients. SSI is administered by the Social Security Administration and applicants do not have to come to the local welfare agency to apply for assistance.

Efforts to identify needs of SSI recipients are not aggressive. A study by a large urban welfare agency illustrated that some SSI clients need services but are unaware of their availability, as shown below.

> As part of its annual planning process, one agency contacted a sample of SSI recipients who were not service cases. Interviewers asked these recipients to prioritize their need for a range of Title XX services.
>
> According to welfare officials, between 30 and 50 percent of those contacted needed one or more of the services already being provided by the agency. The recipients did not know the services were available.
>
> Agency case workers were instructed to contact these SSI recipients and provide necessary services to them. However, despite indications of unmet needs, the agency has not repeated this attempt to notify SSI recipients about services.

None of the five localities visited by JLARC systematically notified SSI recipients that they were eligible for certain Title XX services. One agency placed pamphlets describing Title XX services in the waiting room of the local Social Security office. Another agency sent its Title XX plan to local Social Security administrators. However, even though each local agency receives a monthly listing of SSI recipients in its area, none of the five localities used the list to contact and inform recipients about Title XX services available to them.

By limiting efforts to reach this eligible population, localities are unable to judge whether their service programs are operating equitably, or whether the programs need some adjustment to respond to the full range of community needs. SDW and local agencies should take steps to furnish Social Security offices with information on services and consider periodic mailings to SSI recipients.

<u>Inconsistent Referral</u>. Even for ADC recipients, the manner in which local agencies refer financial assistance applicants to social workers seems to influence the proportion of cases that receive ser vices. Clients who have been determined eligible for ADC must file a separate application for social service and undergo a determination of service eligibility.

In the case study localities, the percentage of ADC clients receiving services was significantly higher when all ADC applicants were automatically referred for services (Table 8). In the other agencies, only clients who requested a specific service were referred to a social worker.

Table 8

ADC CLIENTS RECEIVING SERVICES

Locality	Automatic Referral	Percent of ADC Clients Receiving Services
Harrisonburg	Yes	90%
Richmond City	Yes	47
Henrico County	Yes	45
Fredericksburg	No	27
Southampton County	No	25

Source: JLARC analysis of SDW data; JLARC interviews with staff in case study localities.

Although SDW has developed detailed policy manuals for ADC and social services, the intra-agency referral of clients is not addressed. It appears that the equitable access of clients to services would be enhanced if agencies used consistent procedures. SDW should develop guidelines for local agencies to use in establishing referral policies.

CONCLUSION AND RECOMMENDATIONS

Title XX funds have been used in Virginia to provide a variety of social services to diverse population groups. The funds appear to have resulted in an increased capacity for service delivery through expansion of eligible groups and the availability of purchased services. However, there are significant gaps in public information with regard to clients and services. Such information is necessary to ensure accountability and to manage diverse and costly social services.

Recommendation (1). SDW should develop and periodically report information on the demographics of clients served and services received.

Recommendation (2). SDW should review its standard for quarterly contact between workers and clients. The policy should be enforced, except in specific situations which may be identified by workers for prior approval of the local director. These cases should be classified as "open for administrative purposes," and should not be included as active in local caseload reports.

Recommendation (3). SDW should develop guidelines for local agencies for providing SSI recipients with information about social services. Automatic referral of ADC clients to social workers should also be encouraged.

A Special Analysis

WHO GETS TITLE XX SERVICES?

Title XX of the Social Security Act of 1974 provides funds to pay for the delivery of social services. In FY 1980, total expenditures for social services in Virginia were over $94.4 million from federal, State, local, and private sources. During March of that year, 172,000 people were eligible to receive one or more of 32 different social services provided by local welfare agencies.

The Department of Welfare and the Department for the Visually Handicapped have been jointly designated by the Governor to be the administering agencies for Title XX funds in Virginia. These two State agencies design service delivery systems, set State policy, and administer funds, within federal guidelines. Social workers in the 124 local welfare agencies deliver direct services or arrange for purchased services for eligible people.

Direct service refers to the tasks performed by social workers, including such things as determining eligibility for programs, providing personal counseling, transporting or escorting clients, arranging for a purchased service, or referring people to appropriate community resources.

Purchased service refers to the activities that are bought from private or public vendors, such as a training class, day care, or companion assistance.

Each service must be directed toward one of five Title XX service goals.

1 to help people become self-supporting.
2 to assist people in becoming self-sufficient.
3 to prevent or remedy neglect and abuse of children and adults.
4 to reduce or prevent unnecessary placement in institutions.
5 to secure institutional placement when appropriate.

Considerable legislative interest has been expressed concerning the nature of services offered and clients served. Although Title XX regulations require a significant amount of record-keeping and reporting, there is no summary description of who actually receives services. This document has been prepared by JLARC to provide a composite picture of Title XX clients.

The information in this analysis was collected through a random sample of all Title XX cases which were open for service in March 1980. Four hundred eighty-eight case files were used in the analysis. The sampling error is ±4.6 percent, at a 95 percent level of confidence. A technical discussion of the sampling method is available on request.

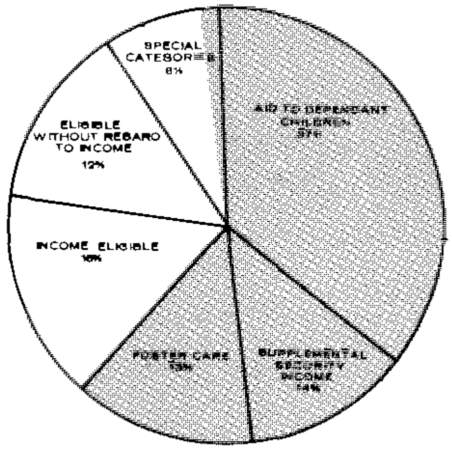
Title XX Services in Virginia

Adoption Services	Drug Services	Housing Services
Alcohol Services	Education and Training	Information and Referral
Alternate Living Arrangements	Emergency Needs Services	Interpreter Services
Chore Services	Employment Services	Legal Services
Companion Services	Early, Periodic Screening, Diagnosis, and Treatment	Nutrition-Related Services
Counseling and Treatment	Family and Personal Counseling	Protective Services for Aged, Infirm or Disabled Adults
Court Services	Family Planning	Protective Services for Children
Day Care for Adults	Foster Care for Adults	Services to Specified Disabled Individuals
Day Care for Children	Services to Children in Foster Care	Socialization and Recreation
Developmental Day Care for Adults	Health-Related Services	Transportation
Developmental Day Care for Children	Homemaker Services	

Prepared by JLARC, the Joint Legislative Audit and Review Commission, 910 Capitol Street, Suite 1100, Richmond, Virginia 23219

CASE DEMOGRAPHICS

Each person or family that receives a Title XX service is included in a "case." During March 1980, there were about 70,000 cases in Virginia. The designation given to a case often describes the economic circumstances of the people involved or identifies the basis for eligibility for services. The category and proportion of social service cases open during March 1980 are illustrated in the chart on the right. The shading indicates that clients also received a cash grant from corresponding financial assistance programs.



Aid to Dependent Children (ADC)

Almost 26,000 families including 79,000 people were eligible for social services because they were eligible for the Aid to Dependent Children program. On average, these cases had been open for one and one-half years.

ADC families most often consisted of a young mother with one or two children. Two-thirds of all ADC families rented an apartment or house—one-quarter of those lived in public housing. The average age of the dependent children was ten years. One-third of all ADC children were six years of age or younger.

Typical services given to an ADC family were counseling, help in obtaining preventive medical care for children, and day care. Although just one member of an ADC family might have received a social service, sometimes an entire family received services.

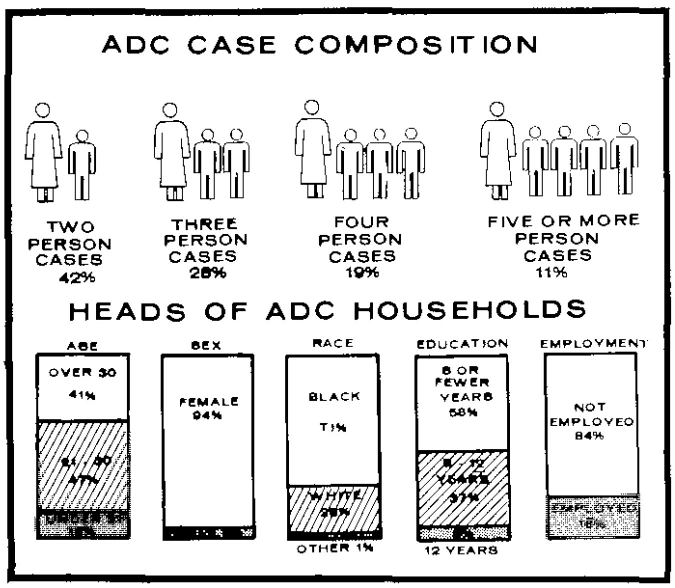
Supplemental Security Income (SSI)

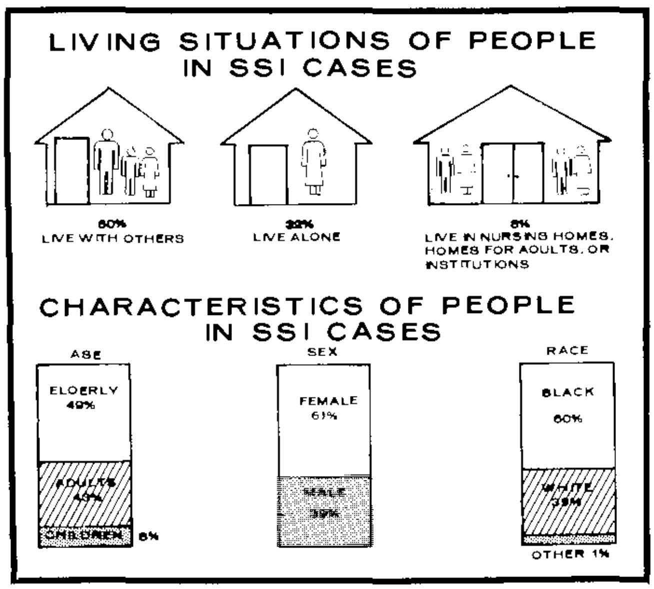
Eleven thousand aged, blind, or disabled people were eligible to receive services because they were eligible for the federal Supplemental Security Income program. On average, these cases had received services for two years.

Many of the elderly lived with grown children. Disabled children often resided with their parents. About one out of every ten SSI recipients lived in a nursing home, a State institution, or a home for adults.

The largest group of people were over age 64, but ages ranged from 100 years old to under one year old. People in SSI cases were more likely to be female than male, and more likely to be black than white.

An SSI recipient typically received such services as aid with housekeeping or personal care, counseling, transportation, or referral to another agency.



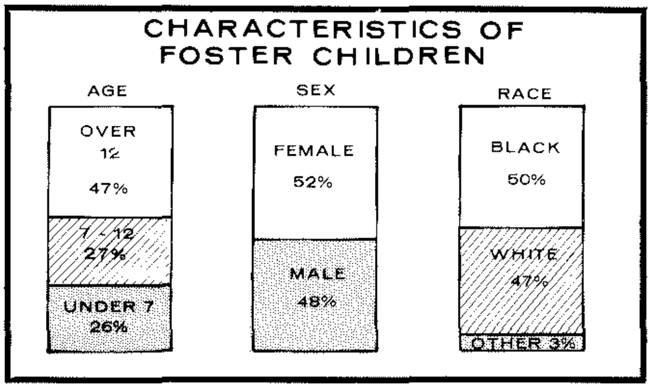


Foster Care

Local welfare agencies were the legal guardians for about 9,000 children in foster care. The children in the sample had been in care an average of three and one-half years.

Three-fourths of the children lived with foster parents. Others lived in psychiatric treatment centers, institutions for the mentally retarded, or group homes. Some older children lived in college dormitories or apartments.

Social services were often directed toward returning children to their homes, or helping them and their foster parents adjust to conflicts. In half of the cases, both foster parents and biological parents received services from a social worker.

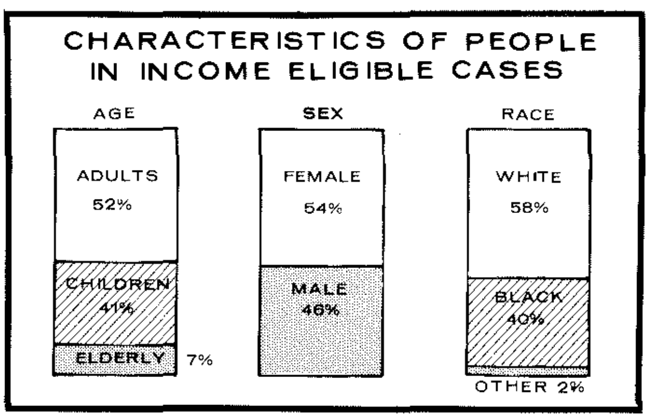


Income Eligible

Some 11,000 cases including 20,000 people were eligible for a social service because of their low incomes. A family of four usually qualifies in this category if family income is under $10,400.

People who received a cash grant from the general relief program accounted for a significant percentage of these cases. Other cases involved families who at one time had received ADC payments but whose income was now too high to qualify for that program. The majority of income eligible cases was made up of working poor and elderly pensioners.

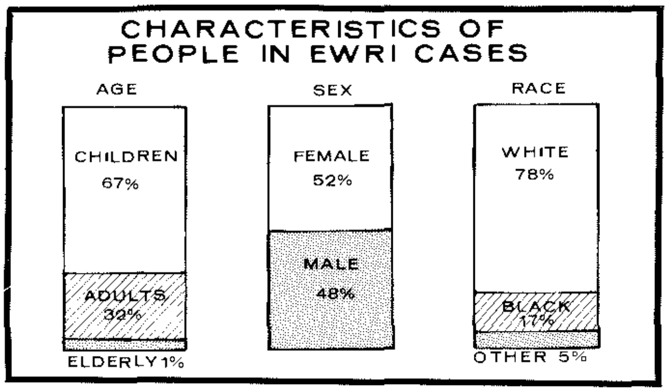
People in income eligible cases most often received counseling, transportation, or help in obtaining food or clothing.



Eligible Without Regard to Income

Some Title XX services are available to people regardless of income. These services include information and referral to community services, family planning, and protective services. About 9,000 cases involving 27,000 people were eligible without regard to income.

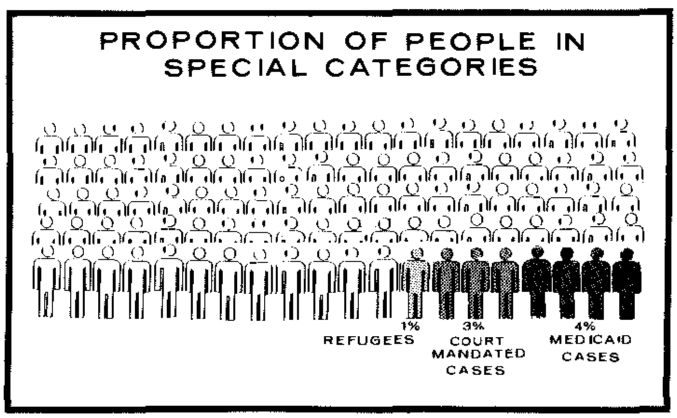
Protection for children in families where abuse or neglect had occurred, or was likely to occur, was the most frequently encountered situation in this category. Cases in this group had been open for about eight months. Services included individual or family counseling about emotional problems, marital discord, or personal stress.



Special Categories

About eight percent of the cases served by local welfare agencies were in three special categories: low-income people who were enrolled in Medicaid but did not receive other welfare assistance, Indo-Chinese refugees, and families undergoing court-ordered investigations for such reasons as child custody disputes. Statewide, these three categories accounted for about 6,000 cases with 12,000 people.

On average, special category cases had been open about seven months. Services typically provided included counseling, preventive medical care for children, transportation, and referral to other community resources.



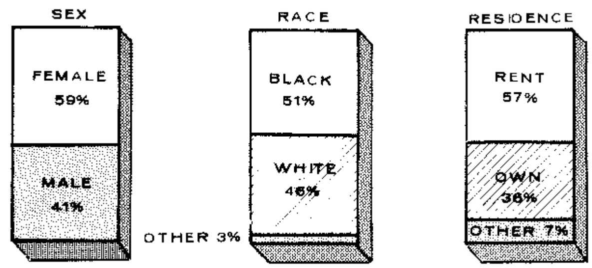
GENERAL CHARACTERISTICS OF CASE MEMBERS

Some general characteristics of service clients which cut across case categories are shown on this page. Many social service clients were either children or elderly and unable to care for themselves. About 40 percent of the cases included someone who was handicapped or ill. Most adults did not have much education. Fewer than half of the working age people held a job.

TYPE OF CASES	NUMBER OF CASES IN MARCH 1980	NUMBER OF PEOPLE IN MARCH 1980 CASES
AID TO DEPENDENT CHILDREN	25,589	79,339
SUPPLEMENTAL SECURITY INCOME	9,864	10,864
FOSTER CARE	9,292	10,864
INCOME ELIGIBLE	10,721	20,156
ELIGIBLE WITHOUT REGARD TO INCOME	8,577	26,875
SPECIAL CATEGORIES	5,718	11,722

Sex, Race, Residence

More than half of all social service clients were female. Service recipients were nearly equally divided between black and white. Most people lived in rented apartments or houses, although some owned their own homes or lived with relatives.

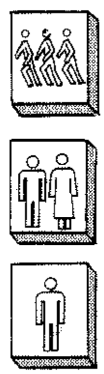


Age

Of the 155,000 case members whose ages were known, 94,800 were either under 18 or over 64.

Almost half of the case members were children. Most children were included in cases with adults but did not necessarily receive a social service. On average, there were 1.6 children in each ADC case.

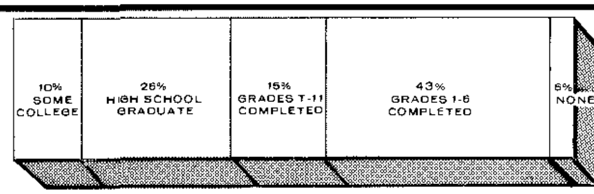
Fifty-four percent of all case members were children under 18 years of age, 39 percent were adults under 65 years of age, and seven percent were elderly over 65 years of age.



- 33 THOUSAND ARE SIX OR YOUNGER.
- 28 THOUSAND ARE BETWEEN 7 AND 12 YEARS OLD.
- 24 THOUSAND ARE 13 TO 17 YEARS OLD.
- 45 THOUSAND ARE YOUNG ADULTS BETWEEN 18 AND 40 YEARS OLD.
- 14 THOUSAND ARE 41 TO 64 YEARS OF AGE.
- 11 THOUSAND ARE OVER 64 YEARS OLD.

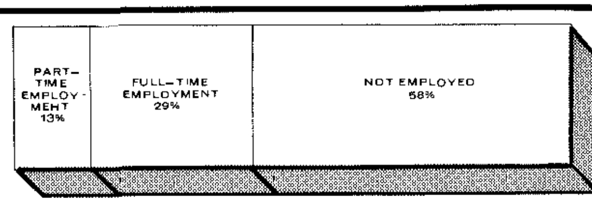
Education

Generally, adult social service clients had little schooling. Almost half had not gone beyond grammar school. Ten percent had some college-level course work.



Employment

People of working age were often not employed. Most of the 26,000 who did work held down full-time jobs.



Disability

Over 38,300 people had a handicap or illness. Mental retardation and mental illness were the two most frequently cited disabilities. About 28 percent of the mentally ill and mentally retarded in service cases (3,716 people) had been discharged from a State institution.

DISABILITY	NUMBER OF PEOPLE	PERCENTAGE OF PEOPLE IN CASES
MENTAL RETARDATION	8,004	4.7%
MENTAL ILLNESS	5,433	3.2%
ALCOHOLISM	3,002	1.7%
BLINDNESS	1,287	.7%
OTHER DISABILITY	20,587	12.0%
TOTAL	39,313	22.3%

III. Allocation Formulas and Fiscal Controls

As supervisor of the State's welfare system, the State Department of Welfare (SDW) has primary responsibility for administration of Title XX funds. SDW is accountable for compliance with State and federal requirements, allocation of funds to State and local agencies, and development of planning, budgeting, and reporting procedures. Internal accountability is particularly critical because Title XX funds do not appear as a consolidated item in the Appropriations Act or State budget, and there has been little legislative or executive oversight of program expenditures.

ALLOCATION FORMULA

Most Title XX funds have been allocated to local welfare agencies according to a formula which, since FY 1978, has been based 50 percent on population and 50 percent on caseload. Local agencies which could raise additional matching funds and could establish need were granted supplemental allocations, at the discretion of SDW. In FY 1980 and FY 1981, prior year supplemental funds became a part of the base allocation for agencies.

Because local welfare agencies receive approximately 80 percent of total Title XX funds, a critical part of SDW's management of Title XX involves allocations to these agencies. SDW has attempted to establish an equitable allocation formula. However, formula calculations used figures that were not verified or updated. JLARC staff found that in FY 1980, caseload figures reported by local agencies exceeded actual active cases by almost 20 percent. Moreover, current allocations do not account for recent shifts in population and caseload that could substantially change the sums allocated to many local agencies.

Supplements

In FY 1979, supplements totaling $4.5 million were granted to 14 agencies. Supplemental awards totaling $3.3 million were made to 35 agencies for FY 1980. For FY 1981, supplements of $582,000 were targeted to support sheltered workshop services in ten agencies and provide companion services in the City of Richmond. Supplements for FY 1981 were made as a result of public comment.

Of the $8.4 million in supplements awarded between FY 1979 and FY 1981, over 90 percent went to cities or large urban counties (Table 9). In some cases, supplemental allocations almost equaled the amounts given to an agency by formula.

Table 9

ALLOCATION OF FEDERAL TITLE XX FUNDS

METHODS OF ALLOCATION
(FY 1977-FY 1981)

Fiscal Year	Methods of Allocation	Funds Allocated to Local Welfare Agencies	Percent of Total Federal Funds
1977	50 percent population; 50 percent AOC, auxiliary grant, foster care caseload	$50,400,000	84.7%
1978	50 percent population; 50 percent service caseload	$55,400,000	82.1
1979	50 percent population; 50 percent service caseload	$57,600,000	82.5
1980	FY 1979 allocation, including FY 1979 supplements, plus .865% increase	$61,100,000	81.6
1981	FY 1980 allocation, including FY 1979 and FY 1980 supplements	$61,100,000	81.7

PRIMARY RECIPIENTS OF SUPPLEMENTAL ALLOCATIONS
(FY 1979-FY 1981)

Locality	Original Allocation FY 1979	Total Supplements FY 1979-1981	Final Allocation FY 1981	Percent Increase Due to Supplements
Richmond	$6,177,330	$2,071,367	$8,313,677	33.5%
Arlington	1,520,395	1,180,077	2,721,893	77.6
Alexandria	1,119,380	992,295	2,136,402	85.5
Roanoke	1,484,520	844,639	2,342,950	56.9
Norfolk	4,285,430	763,134	5,091,168	17.8
Hampton	1,456,505	453,892	1,923,626	31.2
Fairfax	3,683,290	453,148	4,168,301	12.3
Portsmouth	1,403,735	345,372	1,764,237	24.6
Virginia Beach	1,673,640	340,180	2,024,790	20.3
Charlottesville	545,520	208,779	761,193	38.2
Lynchburg	709,455	125,205	841,439	17.6
Martinsville	236,910	63,938	303,399	27.0
Greensville/Emporia	176,745	60,797	239,216	34.4
York County/Poquoson	378,630	49,567	432,025	13.1

Source: JLARC presentation of data from SDW Comprehensive Annual Services Plan and Office of Executive Assistants.

SDW staff indicated that each request for a supplement was considered independently. However, there was a conscious effort not to hurt services which were well-developed prior to Title XX. Cities are more likely to offer a comprehensive range of services and have generally been able to raise matching funds.

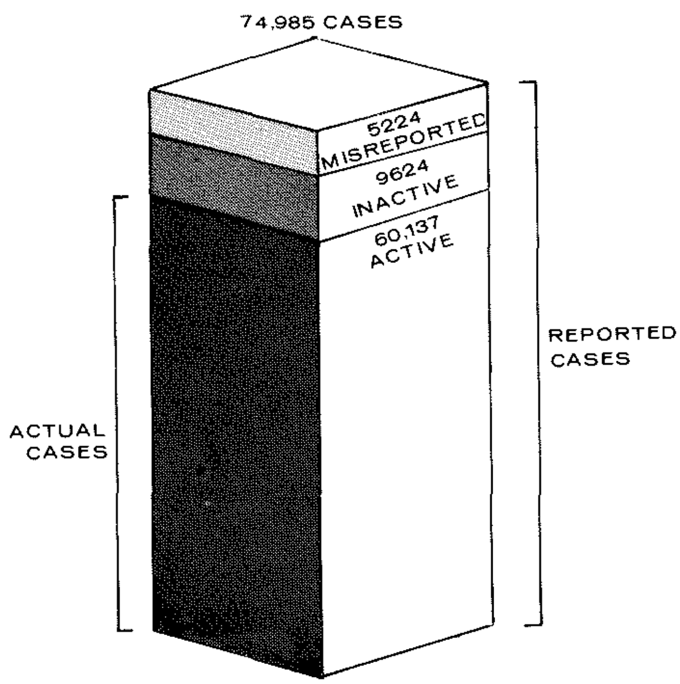
While it is entirely appropriate for SDW to grant discretionary assistance, the magnitude of some supplements indicates that the base formula has not adequately reflected need for Title XX funds. The usefulness of a formula is dependent upon the accuracy and currency of figures and the extent to which components are reliable measures of the need for funds.

Inaccurate Case Counts

Since service caseload has been used as a measure of agency effort and the need for services in a locality, it is essential that caseload figures be accurate. However, SDW does not have a procedure for ensuring the accuracy of case counts. JLARC staff found that an estimated 14,848 cases were erroneously reported to SDW as open for service in March 1980 (Figure 3). Introduction of this magnitude of error into a funding formula could have resulted in misallocation of up to $6 million in federal funds for FY 1981.

Figure 3

REPORTED AND ACTUAL SERVICE CASES
(March 1980)



Source: JLARC Utilization Review.

Misreporting was first discovered when JLARC attempted to draw a survey sample by generating a list of service cases open in March 1980. Many localities submitted lists that had case counts lower than case counts reported to SDW. Agencies were asked either to verify the lists sent to JLARC, or to submit missing names. The final list totaled 69,761 cases, 5,224 fewer cases than local agencies reported to SDW.

The inflated case counts were not uniformly distributed among all local agencies. Eight local agencies misreported the actual number of cases being served by more than 20 percent (Table 10). Fifty-nine localities had errors of less than one percent.

Table 10

ERRONEOUS COUNTS OF ONGOING CASES

Locality	Number of Cases Reported to SDW	Number of Cases Verified to JLARC	Percent Error
Portsmouth	3,874	1,531	153.0%
Lynchburg	1,810	793	128.2
Norton	126	80	57.5
Hanover County	486	315	54.3
Waynesboro	243	175	38.9
Montgomery County	557	421	32.3
York County	656	500	31.2
Prince George County	154	124	24.2
Newport News	2,983	2,530	17.9
Arlington County	1,702	1,528	11.4

Source: JLARC Utilization Review.

Several reasons were given for inaccurate case counts.

- The Portsmouth welfare department erroneously included over 2,000 members of a Senior Citizens Center in its caseload reports to JLARC and to SDW. SDW regional welfare staff noted the discrepancy and notified JLARC.

- In Lynchburg, a computer error caused double-listing of all open service cases. Caseload reports sent to SDW had been in error for several months. JLARC discovered the problem and reported it to the agency.

- Newport News could not initially explain a discrepancy of 900 cases between reports to SDW and JLARC lists. An investigation conducted by the agency over a five-month period finally resolved part of the error and accounted for 500 of the 900 missing names. The remaining 400 cases were not accounted for. Administrative lapses in completing paperwork were cited as the cause for the discrepancy.

In addition to inaccurate case counts, many cases are carried as active but are not. Analysis of the 488 sampled cases indicated that a significant number of reported cases were not active, according to SDW standards. Based on the sample, it can be estimated that 9,624 inactive cases statewide were included on JLARC lists.

The categories of inactive cases found in the sample and the number of projected cases in the total population are shown in Table 11. Sampling techniques do not allow attribution of these 9,624 cases to specific local agencies. However, the JLARC staff sampling effort has caused some agencies to update record-keeping. In one Northern Virginia agency, two of nine sampled cases were found to be inactive. According to an SDW regional specialist, a subsequent review of all open cases resulted in closing 400 additional inactive cases.

Table 11

INACTIVE SERVICE CASES AS OF MARCH 1980 JLARC SAMPLE

	Estimated Number in Population
29 sampled cases were closed before March, but not reported as closed to SDW.	4045
10 sampled cases were closed in March after appearing on JLARC lists of open cases, but had no worker-client contact in over 150 days, as required.	1395
11 sampled cases were closed in April after being selected by JLARC, but had no worker-client contact in over 150 days, as required.	1534
19 sampled cases remained open as of March 31, but had no worker-client contact in over 180 days.	2650
	9624

Source: JLARC Utilization Review.

It is clear that local agency case counts are not kept up-to-date, and that record-keeping is not sufficiently rigorous to use as an unverified part of a funding formula. SDW intends to have the capacity to monitor caseload once an elaborate computer information system has been developed. Until that system is complete, SDW should at least update caseload figures from verified lists. JLARC case lists, for example, would exclude one-third of the estimated error in caseload reports.

Out-of-Date Information

In addition to accurate information, information that reflects current conditions is necessary to maintain the equity of local allocations. For the last three fiscal years, SDW has used 1977 population figures issued by the Tayloe-Murphy Institute and 1977 caseload totals reported by local agencies. The data used do not reflect changes in suburban or rural areas or changes in the service patterns of local agencies. If allocations are re-calculated using current information, projected dollar shifts could have a damaging impact on some service programs.

Changes in Caseload. Statewide, caseload totals have remained essentially stable since 1977 at about 74,000 reported cases. Nevertheless, some agencies have increased caseloads markedly, while caseloads in other agencies have declined. In some instances, changes in caseload can be attributed to local conditions, such as local budget constraints or the development of new resources.

In Pulaski County, caseloads increased 43 percent between June 1977 and June 1979. According to the agency director, other local service providers had become aware of the availability of Title XX funds for purchasing services. Increased caseloads were due to referrals of clients from these providers.

In the City of Richmond, caseloads declined from 9,554 in June 1977 to 8,154 in June 1979. Local staff pointed to the elimination of 65 social worker positions since 1976 as the explanation for declining caseloads. According to agency staff, as positions were cut, less demanding cases were closed to bring each worker's caseload down to a manageable level.

Impact of Updated Figures. If SDW were to update the formula using 1979 data, there would be significant changes in the allocations to some localities. To illustrate the potential impact of updated population and caseload figures, JLARC selected 20 localities that had significant changes in caseload between 1977 and 1979. The change in allocation due to increased or decreased population and caseload, and the net change in allocation, was calculated for each locality.

The results of this recalculation, which are shown below, demonstrate the need to consider formula changes.

Locality	Net Allocation Change	Percent Change From FY 1981 Allocation
Campbell County	+ $ 205,297	+48%
Charles City County	+ 57,396	+73
Chesterfield County/ Colonial Heights	+ 362,770	+37
Northampton County	+ 58,873	+32
Prince William County	+ 162,343	+18
Pulaski County	+ 80,266	+25
Roanoke County/Salem	+ 74,884	+ 9
Russell County	+ 62,968	+23
Smyth County	+ 35,528	+11
Virginia Beach	+ 316,077	+16
	+ $1,416,402	+30%
Buchanan County	- 87,835	-21
Henry County	- 48,856	-10
James City County	- 31,946	-10
Powhatan County	- 17,154	-20
Southampton County	- 48,689	-19
Norfolk	- 562,514	-11
Richmond	- 687,577	- 9
Caroline County	- 24,293	-19
Carroll County	- 44,754	-19
Warren County	- 29,358	-16
	- $1,582,976	-15%

Increases in allocations would have a significant impact on most localities if local matching funds were available, while decreases would have a lesser impact on most localities that would lose funds. The average increase for ten localities was about 30 percent more than currently allocated. On the average, these localities use about 91 percent of their present Title XX allocation. In contrast, the average reduction for localities that would receive lower allocations was about 15 percent. These localities use about 84 percent of their allocation.

Significant exceptions to this pattern were the cities of Richmond and Norfolk, which could lose the largest dollar amounts ($562,514 for Richmond and $687,577 for Norfolk). Both cities have lost population and cases, but spend most of their current allocations, which include substantial supplements above the basic formula. These older cities have lost population to suburban cities and counties, and contain large concentrations of poor residents. Substantial decreases in funds would have a serious impact on services in these localities.

Not surprisingly, the largest dollar gains would be in Chesterfield County ($362,770) and Virginia Beach ($316,007). Chesterfield County is a notable exception among counties that would gain funds. The county currently uses only 76 percent of its allocation.

Some localities have been adversely affected by continued use of out-dated population and caseload figures. At least two localities that would gain significantly from an updated formula have been straining to accommodate increased caseloads.

Campbell County

In Campbell County, service caseload increased from 671 cases in June 1977 to 1,155 cases in June 1979. During the same period, the agency's Title XX allocation increased only $4,000, to $426,277. To supplement limited funds, the agency generated $58,000 in additional funds and in-kind contributions from community resources.

According to the local director, sufficient funds are not available in FY 1981 to serve existing caseloads. Unless additional funds are awarded, service cuts may be necessary.

If the formula had been revised using 1979 population and caseload figures, Campbell County would have been allocated an additional $205,297 in federal funds.

Charles City County

In Charles City County, service caseload increased 173 percent between 1977 and 1979. During those years, the agency's Title XX allocation increased 27 percent, to $78,273. The local director attributed the increased caseload to stability in the services provided by the agency. For the five years prior to 1977, no agency director had stayed for more than one year.

Since FY 1979, Charles City County has spent its full Title XX allocation each year. The agency is now attempting to reduce its service caseload to compensate for limited funds.

Based on updated population and caseload figures, Charles City would have been allocated an additional $57,396 in federal funds for FY 1981.

It is important that SDW allocate funds on an equitable basis. At a minimum, base allocations should be made using verified case counts and up-to-date population figures. However, some discretion will be necessary. HJR 137 prohibits cutting the allocation for any locality by more than 15 percent in any one year, unless overall allocations are reduced. It will also be necessary to avoid sudden and injurious shifts in services within a locality.

Developing a New Approach. SDW has taken some steps to reexamine its allocation formula. In 1978, an inter-agency committee was formed to evaluate alternative allocation formulas. The committee recommended adopting a formula based on mandated and optional services. Opposition to this approach from local welfare agencies prevented its implementation, however, leading to continuation of the current approach.

According to SDW staff, a new formula is again under consideration. SDW should consider developing a formula that reflects additional aspects of local agency need. Simply updating current components may not redistribute funds where they are most needed.

The current formula uses caseload alone to indicate need for social services. This measure is limited because of inaccuracy and the frequency with which caseloads change, due often to administrative reasons rather than need-related factors. If SDW used a formula with additional measures of need, the inaccuracies in caseload would be mitigated but changes in caseload would still reflect growth. Other factors, such as the percentage of total allocation spent in the previous year, could be used to indicate the current level of services provided. The number of ADC, SSI, or Medicaid recipients in a locality could also be used to reflect the extent of poverty.

TITLE XX FUND OVEREXPENDITURE

The State has overexpended its Title XX allocation for two of the last three federal fiscal years, although neither federal regulation nor State law permits spending in excess of appropriated or awarded amounts. Language in the Appropriations Act cautions agencies not to spend in excess of appropriated amounts, or at a rate which would exceed appropriations regardless of the source of funds. Congress has also mandated a national ceiling for Title XX funds and limits awards to each state. The Department of Health and Human Services (HHS) enforces the spending limit by reducing the amount of a state's grant award of federal funds by the amount of any overexpenditure in previous years.

Expenditures in the Commonwealth exceeded the federal allocation in FFY 1978 by $1.3 million, and HHS reduced the grant awarded for the next year. Because SDW did not take corresponding measures to reduce spending, a fund deficit was created. SDW continued to spend funds as though no reduction in available funds had occurred.

Failure to implement effective fiscal controls in FFY 1979 resulted in the original deficit being rolled over into FFY 1980. SDW projects that when all claims are processed for FFY 1980, the cumulative overexpenditure will have reached $3.9 million.

Conditions which led to continued overexpenditure of federal funds and a growing Title XX program deficit include overallocation of funds, late billing, and unanticipated federal actions. SDW continued to employ management options designed to foster use of all federal funds despite overexpenditure. Expansion of service spending was undertaken without developing a meaningful system for monitoring and controlling expenditures.

Components of Deficit. Since 1978, SDW has carried over deficit amounts and increased spending to use additional congressional appropriations (Table 12).

Table 12

TITLE XX ALLOTMENTS AND EXPENDITURES
(FFY 1978-FFY 1980)

Federal Fiscal Year	Federal Funds Available	Federal Funds Spent	Difference	Amount of Deficit Carried Over
1978	$64,196,071	$65,503,195	($1,307,124)	$1,307,124
1979	69,275,705	68,684,459	591,246	715,878
1980	65,569,920	68,805,061	(3,235,141)	3,951,019

Source: JLARC analysis of SDW Bureau of Fiscal Management data.

The problem of the carry-over deficit was aggravated by congressional appropriations which were less than anticipated. As a result of congressional action, the State received about $4 million less than anticipated for FFY 1980. At the end of the third quarter of FFY 1980, only about $14.9 million remained of the State's Title XX allocation. Based on expenditures for the preceding years, SDW staff projects that about $18.1 million will be claimed for the fourth quarter, resulting in overspending for FFY 1980 of about $3.2 million. When all claims for FFY 1980 are processed, the total overexpenditure of Title XX funds will exceed $3.9 million.

With the approval of the Department of Planning and Budget, in June 1980 SDW transferred $1.25 million in State funds from the general relief, auxiliary grant, and foster care programs to offset a portion of the Title XX overexpenditure. According to SDW staff, the remaining $2.7 million will be carried into FFY 1981. The State's grant award of federal funds for FFY 1981 will be reduced by that amount.

SDW Plans to Reduce Deficit. SDW hoped in the past to absorb the deficit and to increase service funding through increases in congressional appropriations and through an inter-title transfer of funds. Increases in funds have not materialized, and HHS denied the proposed transfer of Title XX costs to other federal programs. Appeal of the HHS denial may still realize up to $3 million which could be used to absorb prior overexpenditures. Increases in congressional appropriations could also still occur, although decreases are more likely.

Nevertheless, it is possible that reductions in services will be required or substantial additional appropriations of general funds will be necessary to balance the budget and maintain services. SDW may not be able to absorb the deficit as planned. Congress has been reluctant to increase Title XX funding, and the proposed inter-title transfer of federal funds must still be approved by both HHS and the Governor. SDW should prepare alternative plans for amortizing the deficit as soon as possible.

Reimbursement Process

One reason that deficits can occur and remain undetected is the manner in which the present reimbursement process handles State agency contracts and billing for services purchased by local agencies. SDW has chosen to charge Title XX reimbursements to the federal year in which the service was actually delivered, rather than the year in which reimbursement was made. This method maximizes the use of the full federal allotment for any year. In the absence of an effective monitoring system, however, SDW does not know what final expenditure totals for a given federal fiscal year will be until long after the fiscal year has ended. About one-half of the $1.3 million overexpenditure in FFY 1978 was created by reimbursements made after the close of the federal fiscal year.

Impact of Delayed Billing. The FFY 1978 overexpenditure was actually increased $384,649 (26 percent) by a reimbursement to the Department of Rehabilitative Services (DRS) which was charged to the FFY 1978 Title XX allotment, seven months after the close of the federal fiscal year. According to SDW officials, the department was unaware at the time that the allotment had been overspent, as shown below.

> At the beginning of FY 1978, DRS received a contract from SDW to provide employment services

totaling $1.2 million at the Woodrow Wilson Rehabilitation Center. By January, DRS had used all available funds and requested additional federal funds from SDW. DRS continued to provide employment services to Title XX-eligible clients at Woodrow Wilson.

In May 1979, SDW authorized DRS to submit additional invoices for FY 1978 services to these clients. Invoices totaled $384,649 in federal funds. SDW did not yet know that the State had overspent its Title XX allocation for FFY 1978, even though the federal fiscal year had ended seven months before the May 1979 authorization to DRS.

Delayed billing by State agencies increases the difficulty of ensuring that expenditures do not exceed allotment limits. However, SDW does little to ensure compliance with contract provisions which require timely billing. SDW contracts stipulate that bills presented more than 45 days after services are delivered need not be honored by SDW.

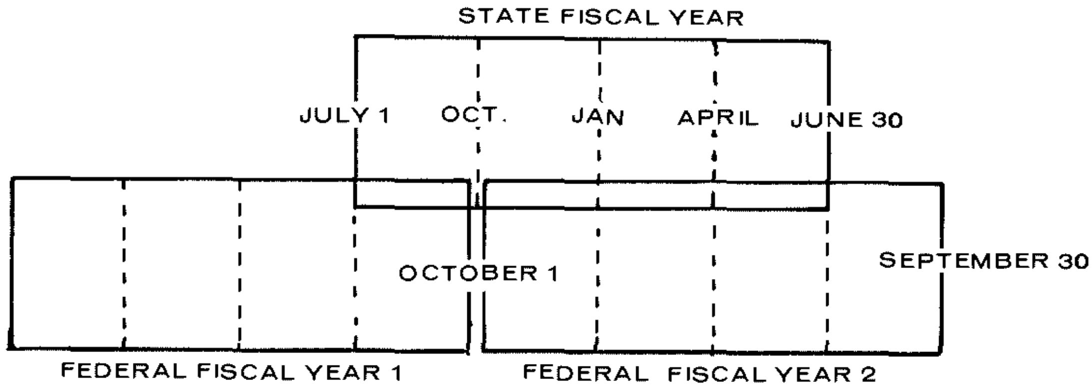
In FY 1978, more than $410,767 in federal funds was reimbursed by SDW for services rendered more than 90 days prior to billing. The State Department of Health (SDH) received $122,017 and the Department of Mental Health and Mental Retardation (DMHMR) received $236,793. In FY 1979, $357,214 in late billing was reimbursed by SDW. As in FY 1978, SDH and DMHMR together submitted over 80 percent of all late billing.

SDW should encourage agencies to be prompt in their billings and should develop a budget monitoring system to keep track of outstanding commitments. The department should coordinate actions with SDH and DMHMR to develop procedures which expedite billing for Title XX services.

Differences in Fiscal Years. Management of the reimbursement process for local welfare agencies is complicated by differences in the State and federal fiscal years. Because reimbursement for local worker salaries and local administrative costs is kept relatively current, most problems result from billing for purchased services. Not all services rendered during the State fiscal year are reimbursed before the close of that fiscal year.

Although Title XX funds are received by SDW for the federal fiscal year, the State fiscal year is the basis for allocations to local agencies and the time frame for accounting for State funds. The State fiscal year, which begins in July and ends in June, encompasses the final quarter of one federal fiscal year and the first three quarters of the subsequent fiscal year.

FEDERAL AND STATE FISCAL YEARS



For direct service expenditures, such as local welfare agency salaries and administrative costs, reimbursement is usually made within one month after the expenditure. Therefore, in November agencies are typically reimbursed for direct expenditures made in October. However, reimbursement for purchased services or services through State-level contracts generally lags by two or more months. Therefore, in November SDW may reimburse agencies for services rendered in September or before. These reimbursements are charged to the allotment for the prior federal fiscal year, because SDW has chosen to charge the federal fiscal year when services were rendered, regardless of when the reimbursement was actually made.

During the course of this review, SDW informed local agencies that they could no longer expect reimbursement for bills presented later than October for services rendered prior to July 1. This was the first time since 1976 that SDW attempted to control late billing by enforcing a cut-off date for reimbursement. A similar requirement is to be placed on other State agencies.

Overallocation of Federal Funds

A major factor contributing to continued overspending of federal funds is SDW's practice of consistently allocating to State agencies and local welfare departments more funds than are actually available. This practice was useful for expanding the use of funds during the early days of Title XX. However, continued overallocation without sufficient controls led to exceeding federal fund limits in 1978, and exacerbated problems created by an unanticipated reduction in federal Title XX appropriation in 1980.

Each year, SDW has allocated more federal funds than were actually available (Table 13). Almost all agencies budgeted to use the full amount allocated to them. Without a monitoring system to ensure that unusual spending patterns or late billing did not exceed available funds, overexpenditure could not be prevented.

Table 13

OVERALLOCATION OF FEDERAL FUNDS
(FY 1977-FY 1981)

State Fiscal Year	Federal Funds Allocated	Federal Funds Available	Percent Overallocation
1977	$59,501,224	$57,850,000	4.9
1978	67,480,906	64,145,108	5.2
1979	69,819,616	68,005,325	2.7
1980	74,824,950	66,446,366	12.6
1981	74,645,102	68,588,687	8.8

Source: SDW Bureau of Fiscal Management data.

According to SDW officials, 1978 was the first year that overallocation became a problem. Prior to FFY 1978, the Commonwealth spent considerably less than the amount of federal funds available. In FFY 1978, spending exceeded the limit by $1.3 million.

Overallocation is based on the premise that some State and local agencies will not spend the full amount granted to them. However, in FFY 1978 there was a substantial increase in use of federal funds by local agencies. Between 1977 and 1978 the number of localities spending 80 percent or more of their allocation increased from 60 to 88 (two-thirds of all localities). The number of localities spending 90 percent more than doubled (Table 14). Since that time, growth has stabilized.

Table 14

LOCAL WELFARE AGENCY EXPENDITURES AS AN
ESTIMATED PERCENT OF THEIR TOTAL ALLOCATION
(FY 1977-FY 1980)

	FY 1977	FY 1978	FY 1979	FY 1980
100% or More	2	18	13	3
90% - 99%	24	40	39	43
80% - 89%	34	30	34	42
70% - 79%	29	14	19	25
60% - 69%	12	16	12	5
Less Than 60%	23	6	7	6
Total	124	124	124	124

Source: SDW Bureau of Fiscal Management data.

SDW should discontinue the practice of overallocation in view of the deficit situation and expanded use of federal funds. A budget system that allocates the actual funds available or that provides for an unallocated reserve should be considered.

Unanticipated Federal Actions

Overallocation in FY 1980 totaled $8.4 million. This unusually high figure resulted from SDW's over-projection of federal revenues and federal denial of an inter-title transfer to supplement Title XX funds. These actions compounded the potential for overspending inherent in SDW's practice of allocating more funds than are available.

Allocation of Projected Revenues. To accommodate required planning and budgeting processes and differences in the State and federal fiscal years, SDW allocates projected rather than actual federal appropriations. In most years, Congress does not consider Title XX appropriations until four to six months after SDW determines State and local allocations.

For FY 1980, SDW believed that it had made a conservative estimate of federal revenues by not anticipating more than had been received in the previous fiscal year. SDW projected Title XX revenues of $70.8 million; however, the State received only $66.4 million. If SDW had allocated only anticipated revenues, lower congressional appropriations would have resulted in an overallocation of $4.4 million. Because SDW had originally allocated more than the anticipated congressional appropriations, the amount overallocated was increased.

Disallowed Inter-Title Transfer. To free more Title XX funds to pay for services to clients, SDW has also attempted to shift some administrative costs to other federal programs. For FFY 1980, SDW proposed to use Aid to Dependent Children (ADC) federal funds awarded under Title IV-A to cover the costs of determining the eligibility of ADC recipients for Title XX services.

Because other states had received approval for this inter-title transfer, SDW assumed that its proposal would be approved. As a result, the department increased allocations to local welfare agencies by $1.5 million in FY 1980 and $3.2 million in FY 1981. However, the transfer was not allowed by HHS, thus contributing to the overexpenditure in FFY 1980. SDW has filed an appeal of the denial, but no final decision has been rendered. If the funds are eventually realized, they could be used to reduce some of the deficit. If they are not, the deficit could likely be increased because agencies will use the $3.2 million included in local allocations for FY 1981.

Transfer of funds from the ADC program to reduce the current deficit may be beneficial to the Commonwealth. However, it should be noted that to use the full $4.7 million applied for would cost an additional $2.4 million in general funds. Federal funds under Title IV-A must be matched by 50 percent State and local funds, in contrast to the 75 percent federal share provided under Title XX (Table 15). For every million dollars of total service costs transferred, $250,000 more in general funds must be provided.

Table 15

MATCH REQUIREMENTS UNDER TITLE IV-A AND XX

	Title XX Amount	(%)	Title IV-A Amount	(%)
Federal	$ 75,000	(75)	$ 500,000	(50)
State	50,000	(5)	300,000	(30)
Local	200,000	(20)	200,000	(20)
Total	$1,000,000	(100)	$1,000,000	(100)

Source: SDW Bureau of Fiscal Management data.

SDW plans to pay the increased match by transferring general funds from the State appropriation for the ADC program. The Governor's approval of such a transfer is uncertain, however, since general provision 4-1.03 of the Appropriations Act permits funds to be transferred "for a closely and definitely related purpose" only.

Furthermore, the intent of Item 501 of the Appropriations Act appears to be to limit additional general fund expenditures for social services delivered by local departments of welfare. The item states:

> . . . any additional revenue from the federal government may be utilized to expand aid for services, with the prior written approval of the Governor, provided non-State funds or appropriations from other than the general fund in this appropriation are used to match the federal grants.

Since the general fund match would be significantly increased by SDW's proposed use of IV-A funds, approval cannot be assumed.

Insufficient Monitoring

The process established by SDW to maximize use of federal funds could have been used without creating a deficit, if an adequate monitoring system had been in place and if SDW had acted to hold spending within the limits of available funds. However, gaps in reporting and coordinating mechanisms were not addressed until recently. SDW officials still maintain that once funds have been allocated there is no way of controlling expenditures short of terminating reimbursement for outstanding bills. The department has chosen not to use this method, but has not developed suitable alternatives.

Inadequate Expenditure Summaries. Monthly allocation and expenditure summaries provided by SDW to local welfare agencies have not been useful management tools at the State or local level. The format has made it difficult, if not impossible, for fiscal managers to determine the accurate amount of each agency's Title XX allocation or to relate expenditures to the listed allocations.

Prior to FY 1980, the summary purported to inform agencies of their total Title XX allocation, expenditures to-date for direct and purchased services, and total funds remaining. However, allocation and expenditure columns were not comparable.

The allocation column reflected total federal, State, local, and donated funds, including those allocated by the Department for the Visually Handicapped for services to the blind. Allocation totals were not accurate, however, because overallocations were included and totals were not adjusted to reflect mid-year increases or decreases due to reallocations by SDW. In contrast, expenditure columns did not include approximately $300,000 to $600,000 in annual Title XX expenditures for local agency services to the blind (SDVH maintained separate records), and did include some non-Title XX expenditures, such as for the Indo-Chinese refugee program, work incentive program, and certain "State only" services. Using these summaries, managers would be given the misleading impression either that they had more funds to spend than were actually available or that they were spending at a more rapid than actual rate.

Beginning with FY 1980, SDW made one report correction and began to separately identify expenditures for Title XX services on expenditure summaries. However, allocations still include overallocations. Therefore, overexpenditure might occur even though all local agencies remained within their allocation limits. Given the need to control expenditures, summary documents should at a minimum reflect actual funds available, rather than overallocated amounts. It would also be useful for SDW to identify available and expended federal funds, because total expenditures are determined by federal funds available.

Coordination with SDVH. SDW and SDVH jointly share responsibility for ensuring that Title XX funds are not overexpended. Nevertheless, little fiscal coordination has taken place regarding the drawdown of federal funds or reimbursement by SDVH of local welfare agencies for services to the visually handicapped.

Once basic Title XX allocations are determined, there is little communication between the fiscal offices of the two departments. Each agency draws its share of Title XX funds independently through the Federal Reserve Bank, using a separate letter of credit. Lack of routine cross-reporting of expenditures increases the likelihood of overexpenditure. For example, in FFY 1978, SDW spent all but $25,000 of the federal allocation, which did not allow for the $1.5 million which SDVH independently drew as its share of the federal funds. Total overexpenditure in FFY 1978 was about $1.3 million.

During the course of this review, SDW and SDVH began to establish improved reporting procedures on the State and local level. In FY 1980, SDVH began providing local welfare agencies with expenditure summaries for services to the blind which are directly reimbursed by SDVH. SDW and SDVH should also consider issuing a combined fiscal summary to local agencies, to avoid confusion and duplication.

Useful Monitoring. Recent improvements in the format of expenditure reports and inter-agency coordination could be used as the basis for developing a more meaningful monitoring system. SDW currently monitors the availability of Title XX funds primarily on the basis of the balance left in the federal allotment. No precise projections are made based on rates of spending or estimates of services rendered for which later bills will be presented. SDW should monitor the revised expenditure summaries and develop a method to project year-end expenditure totals.

Administrative actions to limit fourth-quarter expenditures and State Board of Welfare actions to curtail overall spending, when deficits are projected, should be keyed to this monitoring system. Administrative controls might include requiring that proposed fourth-quarter administrative expenditures above a certain amount be approved by SDW, or limiting each agency's June expenditures to a set portion of the agency's expenditures-to-date, unless SDW approval is secured. When the potential exists for overspending, SDW should request the State Board of Welfare to limit expenditures to available funds. Options could include across-the-board percentage cuts or targeted cuts for specific services.

FUND MANAGEMENT

It is apparent that without a major infusion of new funds, the era of growth in social services is over. Sound management of Title XX funds requires the State to restrict spending within the federal ceiling. Therefore, SDW and local welfare agencies must take long overdue actions to assess the impact of the Title XX ceiling on service delivery and to develop management options for increasing efficiency and prioritizing among services.

The full impact of the ceiling on federal funds has not been felt in Virginia. Increased congressional appropriations, underspending by some local agencies, and SDW's willingness to carry a deficit in federal funds have forestalled major cuts in services. Nevertheless, the combined effects of the ceiling and inflation have already resulted in some reduction of planned purchased services, local agency concern about loss of flexibility due to mandated services, and proportionally higher costs associated with direct services.

Planned Reductions in Purchased Services

Purchased services provide specialized aid not generally available from local welfare agencies. However, if local welfare agencies implement planned reductions in purchased services, between FY 1979 and FY 1981 a decrease of $3.9 million (12 percent) will have occurred. Approximately two-thirds of local agencies across the State plan some level of reduction. The largest cuts are in optional services primarily targeted for the mentally ill and mentally retarded.

Reasons For Cuts. The expenditure level of a local agency is determined primarily by the amount of its Title XX allocation, including supplements, and the availability of matching funds. In response to a JLARC survey question, 75 local agencies reported that they had cut funding for services planned in FY 1980 or FY 1981 because they were reaching the limits of their federal allocation.

Sixty-one of these agencies had expenditures that were close to the limit of their FY 1980 allocation and had decreased the proportion of their budget targeted for purchases. Fourteen agencies had actually increased the proportion of their planned budget allocated for purchases. Agencies contacted indicated that funding constraints made it necessary to cut some services to meet anticipated increases in demand or costs for other services.

Cuts in purchased services were also planned by many of the localities that consistently spend less than 80 percent of their total allocation. These agencies are not actually affected by the federal ceiling on funds, but may be responding to local conditions such as the lack of matching funds or providers. These localities have reduced purchases by about $900,000.

Services Cut. Funding constraints generally lead to cuts in optional services because, according to SDW, mandated services must be provided to the extent that there is demand by eligible clients. Changes in planned expenditures for purchased services by the 75 localities impacted by the cap on federal funds are shown in Table 16.

The magnitude of the reductions differs among services. The largest cuts were planned in services that initially accounted for

Table 16

CHANGES IN PLANNED EXPENDITURES
FOR PURCHASED SERVICES
(FY 1979-FY 1981)

Service	Amount Planned for Purchase FY 1979	Amount Planned for Purchase FY 1981	Percent Change
Services to Children in Foster Care	$4,159,264	$6,139,224	+47.6%
Day Care for Children	6,286,891	6,437,572	+ 2.4
Companion Services	6,748,587	6,211,528	- 8.0
Employment Services	1,053,408	724,161	-31.3
Services to Specified Disabled Individuals	1,183,434	505,326	-57.3
Child Protective Services	250,195	214,147	-14.4
Homemaker Services	203,940	123,455	-39.5
Day Care for Adults	287,072	127,672	-55.5
Counseling and Treatment	533,368	175,025	-67.2
Transportation	409,476	117,965	-71.2
Education and Training	134,297	71,053	-47.3
Family and Personal Adjustments Counseling	121,579	50,640	-58.3
Chore Services	105,450	32,834	-66.9
Socialization/Recreation	121,076	39,485	-67.4
Housing Services	44,447	31,166	-29.9
Adoption Services	39,134	25,704	-34.3
Nutrition Related Services	97,383	51,708	-46.9
Adult Protective Services	66,157	31,812	-51.9
Legal Services	15,662	4,452	-71.6
Foster Care for Adults	26,853	5,515	-79.5

Source: JLARC analysis of local budget documents.

major expenditures. A significant exception was companion services, for which planned expenditures were $6.7 million in FY 1979 and $6.2 million in FY 1981, only an eight percent reduction. Local agencies appear to put a high priority on maintaining this service, which provides elderly and disabled clients with help in caring for themselves and their home. The service is credited with preventing recipients from being institutionalized.

In contrast, planned expenditures for services related to the needs of the mentally ill and mentally retarded were reduced by $1,365,698 (49 percent) for FY 1981. This appears to have occurred partially because the other large dollar services are mandated, and many of these services are also provided by community service boards, which have primary responsibility for developing services for the mentally ill and mentally retarded. Several localities contacted by JLARC staff indicated that most services for clients would be continued by community service boards.

Services for the mentally disabled that were substantially cut include:

- Employment Services: Job training and sheltered employment.

- Services to Specified Disabled Persons: Work adjustment training, respite care, and infant stimulation for the developmentally disabled (primarily mentally retarded).

- Counseling and Treatment: Psychological or psychiatric treatment.

It should be noted that some cuts were not as severe as they appear. SDW provided $357,866 in supplements to restore funding for sheltered workshops. Moreover, additional sums for transportation may be budgeted as part of other services, such as day care.

Decisions as to the appropriate level of funding for a service and which services to cut are made on the local level, because Title XX has been implemented in Virginia partially as a local option program. However, SDW has mandated that a specific core of services be provided in every locality in the State. Therefore, these core services have priority in local decisions. To affect the priority assigned to a service, SDW and the General Assembly may wish to review mandates periodically and consider changes in mandated services.

Mandated Services

Many local agencies have expressed concern that their flexibility to deliver services is seriously constrained by the ceiling on federal funds and the growing cost of mandated services. Large urban localities appear to be particularly affected by these factors. However, most localities retain a significant capacity to purchase services even after mandates have been budgeted.

Types of Mandates. SDW has mandated that every local agency in the State must provide eight types of mandated services: adoption services, day care for children, Early and Periodic Screening, Diagnosis and Treatment (EPSDT), employment services, family planning, information and referral, protective services for children, and services to children in foster care. In addition, localities must designate any of three services to be provided to SSI recipients.

Staff in local agencies do not appear to question the validity of SDW's selection of mandates. Most mandates are based on State or federal law and are seen to be important services. However, many local directors who chose to comment on the JLARC survey regarding the overall management of Title XX in Virginia expressed concerns about loss of flexibility.

"After direct costs are met," said one local director, "mandated services consume the bulk of the allocation, with very little left over for needed optional services." Another director said: "With allocations staying basically the same for the last two years, inflation and the increased demand for mandated services absorbs a greater share of what is available." A third director said: "There is seldom enough money to cover anything else but mandated services and not even do that adequately."

Impact of Mandates. Statewide, each locality budgets, on average, about 42 percent of purchase funds for mandated services. Therefore, most localities maintain considerable flexibility after mandates have been covered. The actual amount expended for mandated services may be somewhat less than indicated in the local Title XX plan because it is not possible to precisely isolate only the mandated elements of each service. The only mandates that require significant purchases are Services to Children in Foster Care and Day Care Services for Children. Limited purchases are occasionally made under adoption, child protection, and family planning services. Most mandated services primarily require the time of social workers.

Only one-quarter of all localities budget more than half of their purchase funds for mandated services. However, some of these localities may be seriously constrained if they are also expending close to their full allocation or cannot obtain additional local matching funds. Nine urban counties and large cities appear to be facing particular difficulty (Table 17).

Table 17

LOCALITIES CONSTRAINED BY CEILING MANDATES

Locality	Percent of FY 1980 Allocation Spent	Percent Budgeted for Mandates FY 1980	Indicated Problems With Title XX Ceiling
James City County	98.3%	81.0%	Yes
Loudoun County	97.4	87.6	Yes
Orange County	98.7	88.4	Yes
Charlottesville	94.9	91.0	Yes
Hopewell	94.8	98.1	Yes
Newport News	94.7	65.4	Yes
Petersburg	97.4	60.9	Yes
City of Richmond	97.9	91.6	Yes
Winchester	95.8	64.4	Yes

Source: JLARC analysis of local budget documents and JLARC survey of local directors.

An additional 14 localities spend over 95 percent of their total allocation but appear to maintain some flexibility for purchasing optional services. Nevertheless, regardless of overall spending patterns, some localities have encountered unique local conditions and extraordinary costs.

Hopewell

The Hopewell welfare agency is faced with unusually high demand for day care because there are several large employers in the relatively small city.

In FY 1981, about 66 percent of the $66,687 budgeted for purchases has been allocated for day care. After allocation of funds for foster care, another mandated service, only $1,308 remained for companion services. No other optional purchases were planned.

Williamsburg

In Williamsburg, about $15,000 was available for purchases in FY 1981. However, shortly after the beginning of the fiscal year two foster children entrusted to the agency had to be placed in residential treatment facilities. The monthly cost for the children will be $3,600.

SDW will provide Williamsburg with supplements to cover the costs of mandated services, but no funds will be available in the locality for any optional purchases.

Southampton County

Southampton County budgets only six percent of its $260,006 allocation for mandates. The county has few large employers and there is little demand for day care.

In addition, the agency has placed few foster care children in residential treatment facilities. As a result, expenditures for mandates are very low.

It is clear that mandated services have a significant impact on some local agencies and are a source of concern to others, particularly those approaching the limit of their Title XX allocation. SDW and local agencies should evaluate the costs and constraints of mandates in the context of legislative requirements, and increased efficiency in other areas of agency activity.

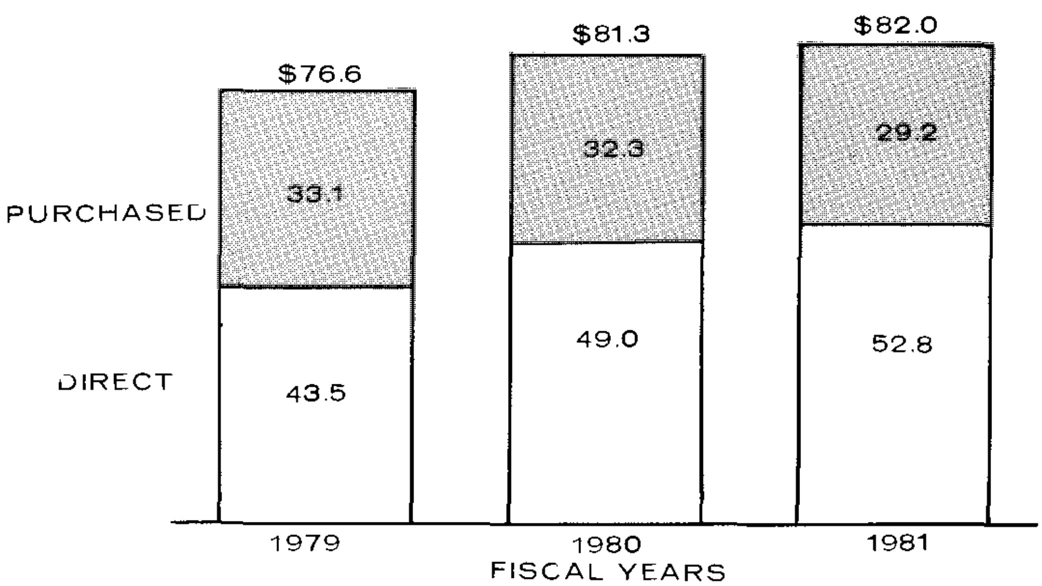
Cost of Direct Services

Unless local agencies cut staff or administrative expenses, funding constraints will continue to lead to cuts in optional purchased services. Local agencies have maintained relatively stable staff and caseload levels since 1976, despite substantial increases in cost. However, there has been little assessment of the efficiency of service delivery or of potential changes in the role and responsibility of local agencies.

Planned Increases in Expenditures. During the same time period (FY 1979-FY 1981) that cuts have been planned in purchased services, both the proportion of total expenditures and the actual amount of planned expenditures for direct services have increased (Figure 4). During this period, the actual planned increase has been $9.2 million (21 percent).

Figure 4

PLANNED DIRECT AND PURCHASED SERVICES
(Dollars in Millions)



Source: JLARC analysis of SDW data.

It appears that increased costs are primarily due to inflation, which has exceeded the increases in expenditures. Although the number of local service staff increased slightly when Title XX was implemented, staffing has remained stable since then.

Efficiency of Service Delivery. In spite of increasing costs and the ceiling on federal funds, SDW has not compared the overall efficiency of local welfare agencies. Allocation of Title XX funds among direct and purchased services is treated as strictly a local function. Once agencies determine their direct costs, they are reimbursed for 80 percent of these expenditures (75 percent federal, five percent State), without meaningful review by SDW.

SDW has developed caseload standards to determine local staffing needs. Based on the standards, 43 agencies are overstaffed and 42 agencies are understaffed. There is a net excess of 259 social workers statewide (Table 18). The estimated salary and benefit cost of these workers is $3.9 million.

Table 18

LOCAL SERVICE STAFFING PATTERNS

	Number of Localities	Total Number of Workers	Number Over or (Under)
Overstaffed	43	1213	329
Understaffed	42	427	(70)
Correctly Staffed	39	150	--
Total	124	1790	259

Source: JLARC analysis of Caseload Standards Report and Bureau of Personnel data.

The ratio of workers to cases varies considerably across the State. Some variation is due to the size of the agency and to whether workers handle specialized or generic caseloads. For example, child protective and foster care workers in many agencies handle limited caseloads.

Nevertheless, there are significant differences in the ratio of workers to cases in some localities. The mean in overstaffed localities is one worker to 32 cases, while the mean in understaffed localities is one worker to 53 cases.

SDW should refine caseload standards to account for significant service delivery factors and move toward staffing equity across the State. If workload standards are to be meaningful, then adherence to caseload standards should determine the level of State reimbursement for staff. (Additional staff could be retained with local funds.) Staff in excess of refined workload standards should not be reimbursed by State funds. Since staff workload standards are based on active case counts, it is also essential that inactive cases are closed in a timely fashion or identified as temporarily inactive, and that case counts reported to SDW are accurate.

SDW could get a better indication of actual workload in agencies by requiring adherence to the policy that requires contact with an active case every three months and by verifying reported caseload figures. JLARC staff has estimated that 9,624 inactive cases were counted as open in FY 1980. Cases that require no further contact should be closed.

SDW will have the capacity to monitor cases when the computerized Social Services Information System is in place. Although this is scheduled for 1982, other scheduled dates since 1979 have not been met. SDW should develop interim measures to accurately compare workloads of local agencies.

Overall indicators of administrative efficiency could be developed by SDW using monthly expenditure reports submitted by local agencies. These reports could be used to develop expenditure norms, with reasonable adjustments for regional differences. Excessive expenditures would have to be approved in advance or would not be reimbursed with State and federal funds. A more far-reaching measure would be for the State Board of Welfare to use the norms as the basis for State and federal financial participation, with additional expenditures locally supported.

CONCLUSION AND RECOMMENDATIONS

SDW has successfully expanded the State's social service programs to take full advantage of available federal funds. However, a federal cap on Title XX funds limits future growth. Sound management requires the State to restrict spending within the ceiling on federal funds. Yet, for two of the last three federal fiscal years, annual allotments of federal funds have been overexpended.

SDW needs to address shortcomings in its methods for monitoring and controlling expenditures. The department should also develop options for increasing efficiency in local agencies, for prioritizing among services, and for maintaining the equity of allocations among local agencies.

Recommendation (1). SDW should develop a plan for amortizing the deficit in federal Title XX funds. The plan should be presented as soon as possible to the Department of Planning and Budget and to the General Assembly, through the House Appropriations and Senate Finance committees.

Recommendation (2). SDW should discontinue its practice of overallocating federal funds, in view of the deficit and expanded use of federal funds. A budget system that allocates actual funds available or that provides for an unallocated central reserve should be developed.

Recommendation (3). SDW should improve its ability to monitor Title XX expenditures by State and local agencies.

1. Expenditure summaries should be revised to show funds actually available, and should include only Title XX expenditures. SDW should consider listing federal funds allocated and expended.

2. SDW and SDVH should issue a combined fiscal summary to local agencies, which shows funds allocated by both departments to local agencies and funds expended.

Recommendation (4). SDW and SDVH should routinely exchange expenditure summaries showing respective Title XX expenditures. Periodic consulation concerning the drawdown of federal funds would decrease potential for overexpenditure by either agency.

Recommendation (5). SDW should develop methods for projecting year-end expenditures by local agencies and other State departments. Projections should be used to monitor the availability of federal funds, and to determine whether measures to control expenditures should be implemented.

Recommendation (6). SDW should formulate and exercise measures to control expenditures of Title XX funds, should projections show insufficient funds available. Options to be considered should include:

1. Requiring that fourth-quarter administrative expenditures above a specified amount be approved by SDW.

2. Limiting each agency's fourth-quarter or last-month expenditures to a set percentage of expenditures to that point, without SDW's approval.

3. Requesting the State Board of Welfare to authorize either across-the-board cuts in all services or cuts in targeted services.

Recommendation (7). The House Appropriations and Senate Finance committees should be consulted regarding the advisability of pursuing inter-title transfers which require additional State matching funds.

Recommendation (8). SDW should develop an allocation formula for local welfare agencies which better reflects local effort and service needs. Indicators such as the percent of Title XX allocation spent by an agency and the number of ADC, SSI, and Medicaid recipients should be considered. Regardless of the indicators chosen, allocation should be updated annually, using verified and current information. Some discretion should be maintained to ensure that individual agencies are not cut more than 15 percent in any year, as provided in HJR 137.

Recommendation (9). SDW should make any necessary adjustments in caseload standards and apply the standards to achieve staffing equity across the State. Adherence to caseload standards should determine the level of State reimbursement for staff. Beyond applicable standards, additional staff could be employed only with local funds.

Recommendation (10). SDW should develop norms for administrative expenditures. These norms should be used as the basis for assessing the efficiency of local administration and as the basis for reimbursement of State and federal funds.

Recommendation (11). SDW, in cooperation with the Secretary of Human Resources, should study within the context of HJR 12 the impact of mandated services on worker activity and the flexibility of local agencies to provide optional services. The results should be reported to the appropriate General Assembly committees by November 1, 1981. A progress report should be submitted to the committees by August 1, 1981.

IV. Program Administration

Effective leadership by the State Department of Welfare is essential to the successful implementation of Title XX. As an administering agency for Title XX funds and as supervisor of the State welfare system, SDW has a major role in preparing the Comprehensive Annual Services Plan for Title XX, developing policy for service delivery, and overseeing the activities of local welfare agencies. Additional responsibilities were created when Title XX considerably increased the purchase of services by welfare agencies. SDW has had to develop rate-setting mechanisms, and caseworkers have assumed regulatory functions of monitoring and evaluating purchased services.

SDW has recognized the need for revision in each of these areas and has taken steps toward improved management. However, further action is necessary to enhance the utility of planning documents, to clarify policy, and to ensure local agency understanding and compliance with State guidelines. The process for purchasing services also needs further refinement to increase State and local accountability for Title XX services delivered by non-welfare agencies. Currently, in the absence of verified cost data, SDW cannot be certain that rates set for purchasing services from vendors accurately reflect service costs.

TITLE XX PLAN

The Comprehensive Annual Services Plan for Title XX is intended to provide policy-makers and the public with specific information on the availability of services and the nature of expenditures. The plan, which is federally required, is comprised of statewide data and the individual service plans of the 124 local welfare agencies. It is the only public document which incorporates definitions of services and eligibility groups, planned and actual figures on the number of clients served, and the costs of each service. However, some information in the plan is misleading because data do not adequately distinguish between direct and purchased services, and cost information presented is not consistently reported or comparable.

Misleading Aspects of Title XX Plans

Title XX plans are misleading with regard to actual services delivered because it is not clear which components of a service are offered, and because no distinction is made between services intended to be provided directly by social workers and those to be purchased from vendors in the community. For example, there is a considerable difference in counseling a client on the value of education (direct service) and paying for outside tutoring (purchased service).

Services generally have a number of components that can be either provided by social workers or purchased. Local agencies may elect to provide some components and not others. However, only the broad service category, not selected components, appears in the plan. For example, the various components for Education and Training Services are shown below.

Direct Components	Purchased Components
Counseling	Formal Education/Training
Consumer Education/Protection	Guidance
Home and Money Management	Private Tutoring
Informal Education/Training	Speech Therapy
Motivation and Support	Education-Related Equipment
Coordination of Volunteers	Education Fees
	Medical/Remedial Care
	Evaluations
	Educational Instruction
	Counseling
	Consumer Education/Protection
	Home Management

Failure to distinguish between direct and purchased components can be misleading to providers as well as clients. At a regional public hearing for Title XX, a representative of an alcohol treatment center wanted to know what had happened to the money earmarked for alcohol services in the State Title XX plan. The plan for FY 1980 indicated that $1.6 million would be spent for such services. The representative had been led to believe by the plan that $1.6 million would actually be used to purchase alcohol services when, in fact, much of the money was used to pay for counseling and referral by social workers.

Moreover, it is difficult to interpret changes in expenditures from year to year without knowing specifically what has been provided. It is possible for the services to have changed dramatically although the same service item and cost figures appear in the plan.

Wise County

Planned expenditures for companion services in Wise County increased 67 percent between 1979 and 1981. The amount of funds available to purchase housekeeping help, however, remained the same.

The increase was due to a change in the direct service costs attributed to companion services. Direct services were not altered; rather, the director reworked his allocation of staff time to more accurately show the work done on companion services.

Although the plan indicates more services are being provided, companion services in Wise are unchanged.

Page County

Page County spent about $40,000 purchasing companion services in 1979. Two years later, only $35,000 was available for purchase. Rising direct costs, such as staff salaries and utilities, decreased the amount left for purchase.

Although the plan shows little change in funds for companion services, delivery of services to individuals has been reduced.

Title XX plans should be meaningful documents. They absorb a great deal of welfare agency staff time and should be the basis for public scrutiny of service offerings. In fact, the plans are used to solicit comment at public hearings held throughout the State. SDW should develop a planning format that indicates where purchase funds are available and make it possible to better interpret service patterns. The plans are particularly misleading with regard to service costs.

Inadequate Service Cost Information

At the present time, it is not possible to determine the actual costs of specific Title XX services. The Title XX plan is the only public document available for ascertaining service cost, and tables in the plan represent, at best, only gross estimates of the cost of specific services. In addition, they are based on inconsistent data and statistics presented are not comparable. Using data currently collected, SDW can report accurately only the total cost of all services and the cost of each purchased service. However, 60 percent of the Title XX funds support direct services. Meaningful comparisons require accurate unit costs.

Cost Estimates. In the plan, SDW shows only total expenditures for a service without identifying purchase or direct costs. Based on the plan and SDW's expenditure reports for purchased services, expenditures can be disaggregated (Table 19). Of the $77.9 million in expenditures for local services, $28.3 million was for purchased services. Three services--companion, day care, and foster care--accounted for over three-fourths of all purchase funds.

For direct services, expenditure figures are attributed rather than actual. That is, SDW attributes direct costs by allocating a portion of total cost to each service, based on the number of

Table 19

LOCAL SERVICE COSTS
(FY 1979)

Service	Total	Local Direct	Local Purchase
Family and Personal Adjustment Counseling	$ 6,690,560	$ 6,629,689	$ 60,871
Protective Services to Children	6,707,863	6,436,588	271,275
Health-Related Services	5,245,716	5,245,384	332
Foster Care	10,680,626	4,127,739	6,552,887
Counseling and Treatment	4,150,775	3,737,403	413,372
Day Care	10,268,310	3,054,559	7,213,751
Transportation	3,216,690	2,911,873	304,817
Emergency Needs	2,147,966	2,147,966	--
Companion	9,785,821	1,312,681	8,473,139
All Other Services	19,041,557	14,031,444	5,010,113
Total	$77,935,884	$49,635,327	$28,300,557

Source: Compiled by JLARC from SDW Bureau of Research and Reporting and Title XX plan.

instances reported by local agencies. This method assumes that each service takes the same amount of worker time and that services are reported accurately. However, the time required to deliver a service varies considerably and JLARC found significant misreporting by workers.

Inconsistent Data. SDW does not have useful methods for counting the types of services or the number of recipients to be used in attributing direct costs or developing standardized unit costs. For direct services, workers are required to use a form to check off the types of service provided. However, workers appear to be unsure how to classify a service. JLARC staff asked workers in five case study localities to examine a series of typical case situations and indicate how they would report to SDW. Two examples of worker response follow.

Case A

Margaret Marks receives day care services for her son while she is in school. Last month you picked the boy up from the day care provider's house and drove him to an Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) appointment.

How would you report?

According to SDW, the correct services to report for Case A are Day Care and Early and Periodic Screening, Diagnosis, and Treatment. In certain circumstances, Education and Training or Employment might also be correctly reported. Out of 31 workers, 27 misreported the case. Worker responses are shown in Table 20.

Table 20

SERVICES REPORTED BY WORKERS

	Total Number of Workers Responding	√ Day Care	√ EPSDT	Transportation	Health-Related	Other
Richmond	17	15	16	17	4	3
Southampton	3	3	3	3	0	0
Fredericksburg	2	2	2	0	0	0
Harrisonburg	2	2	2	1	0	0
Henrico	6	6	4	5	3	1
Nottoway	1	1	1	0	0	0
Total	31	28	28	26	7	4

NOTE: Includes only workers handling service cases for ADC clients.

√Indicates correct answer.

Source: JLARC survey of local case workers.

Case B

> Jane Smith, a blind SSI recipient, receives companion services. This past month, the companion provider quit because Ms. Smith was "hard to work for." You located another provider for Ms. Smith and had a talk with the client about getting along with the companion provider.
>
> How would you report?

According to SDW, a correct report for Case B would list only companion services. About 50 percent of the workers responded incorrectly by reporting other services in addition to the correct one.

SDW could address this problem of inaccurate reporting by providing training for workers and by reducing the number of services to be reported. There is now considerable overlap.

For purchased services, standardized unit costs cannot be developed because the department lacks reliable information on the number of individuals receiving a service and the number of service units delivered. SDW could derive units of service by requiring agencies to include the number of units being purchased on warrant registers and invoices submitted for reimbursement. This would be a significant step toward developing comparable service-cost information.

Lack of Comparability. The comparability of planned and actual expenditures, as presented in each annual Title XX plan, is distorted by differences in calculation methods, which are shown below.

	Planned Expenditures	Actual Expenditures
PURCHASE	Planned purchases for the target year	Expenditures made for the targeted year plus payments of late bills from prior years
DIRECT	Distribution of costs among direct services by estimating amount of worker time involved	Distribution of costs among services without estimating worker time
TOTAL	Planned use of funds allocated for the targeted year	Expenditures made during the target year, including late billing

As a result, differences in planned and actual totals, and increases or decreases for a particular service, may reflect calculation factors rather than a change in service delivery.

The Title XX plan meets federal requirements. However, the document should do more than meet the letter of federal regulations. The plan should enhance public knowledge of Title XX, including the cost of services purchased by localities, and contribute to accountability assessments.

SDW should develop a format for the Comprehensive Annual Services Plan that (1) separately identifies planned expenditures for purchased services; (2) presents comparably calculated planned and actual expenditures; and (3) identifies unit costs for each service. Moreover, SDW should develop a data base for determining unit costs for services. Initital steps should include improved reporting of direct services provided by social workers by reducing the number of services to be reported and by training workers. For purchased services, local agencies should be required to include the number of units of service being purchased on warrant registers and invoices submitted for reimbursement.

POLICY AND SUPERVISION OF SOCIAL SERVICES

SDW has developed elaborate definitions of services, with multiple components, as well as policy guidelines for local workers to follow in delivering services to clients. However, unnecessary complexity and gaps in policy hamper the efficiency of case work in local agencies, as does the failure of local workers to comply with critical directives. Moreover, the monitoring system does not detect systemwide or local agency problems with policy, or ensure consistent delivery of social services throughout the State.

Unclear Policy

Policy intended to define Title XX services is neither clear nor comprehensive. Service descriptions are not consolidated within one document and, in some instances, are inconsistent. Vague terms are subject to varying interpretations and result in misunderstanding by local workers and inappropriate service delivery.

Lack of Consolidation. SDW's Social Services Policy Manual is the only official policy document for Title XX services. However, the manual provides no direction at all for 16 of the 32 services which can be provided under Title XX. The only written information on the remaining 16 services is found in the State's Title XX plan, which is not supposed to be regarded as a policy document (Table 21).

For example, the manual does not mention Developmental Day Programs for Adults. The plan, however, specifically directs that the service may be provided only if it will meet two or more distinct needs of the client, such as improving communication skills and stimulating physical development.

The manual is also silent concerning Emergency Needs Services. The plan alone contains written instructions for local agencies that this service must be provided directly by agency staff and may not be purchased from other community resources.

By failing to consolidate its instructions for service delivery within one official policy document, SDW makes service delivery and compliance by local workers more difficult. The likelihood is increased that workers will be unaware of certain policy requirements. Adherence to SDW's service policy is further complicated by inconsistencies between service definitions in the manual and the plan.

Inconsistent Service Definitions. Reconciliation of service definitions contained in the manual with those in the plan requires

Table 21

LOCATION OF SERVICE DESCRIPTION

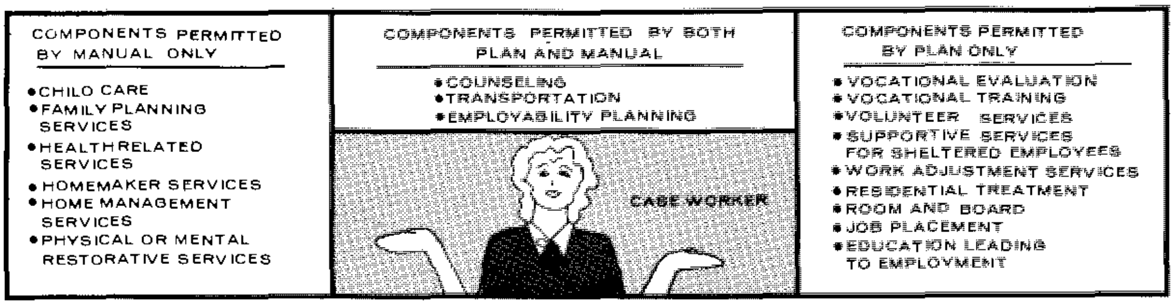
SERVICE	PLAN ONLY	PLAN AND MANUAL
ADOPTION		✓
ALCOHOL	✓	
ALTERNATIVE LIVING ARRANGEMENTS	✓	
CHORE		✓
COMPANION		✓
COUNSELING AND TREATMENT	✓	
COURT		✓
DAY CARE FOR ADULTS		✓
DAY CARE FOR CHILDREN		✓
DEVELOPMENTAL DAY CARE FOR ADULTS	✓	
DEVELOPMENTAL DAY CARE FOR CHILDREN		✓
DRUG	✓	
EDUCATION AND TRAINING	✓	
EMERGENCY NEEDS	✓	
EMPLOYMENT		✓
EARLY PERIODIC SCREENING, DIAGNOSIS, AND TREATMENT		✓
FAMILY AND PERSONAL ADJUSTMENT COUNSELING	✓	
FAMILY PLANNING		✓
FOSTER CARE FOR ADULTS		✓
FOSTER CARE FOR CHILDREN		✓
HEALTH RELATED	✓	
HOMEMAKER		✓
HOUSING	✓	
INFORMATION AND REFERRAL		✓
INTERPRETER	✓	
LEGAL	✓	
NUTRITION RELATED		✓
PROTECTIVE SERVICE FOR ADULTS		✓
PROTECTIVE SERVICE FOR CHILDREN		✓
SERVICES TO SPECIFIED DISABLED INDIVIDUALS	✓	
SOCIALIZATION / RECREATION	✓	
TRANSPORTATION	✓	

Source: SDW Social Services Policy Manual and Comprehensive Annual Services Plan, FY 1981.

careful and time-consuming comparison of the two documents. Even when the manual and plan do offer definitions for the same service, the definitions sometimes conflict. An instance in which the manual and plan permit quite different activities as components of the same service is illustrated in Figure 5.

Figure 5

CONFLICTING DEFINITIONS FOR EMPLOYMENT SERVICES



Confusion over what activities are permitted under a service can lead to inconsistent service delivery among agencies. In the following example, a worker did not feel able to assist in locating housing for an individual about to be discharged from a State institution for the mentally retarded, because housing services were not included in the local plan. However, a worker in another agency would have assisted the client by broadly interpreting other service definitions.

> An epileptic, mentally-retarded man was a candidate for discharge from a training center for the mentally retarded. The training center notified the local welfare agency of its plans to release him and he was assigned a case worker.
>
> When the training center was unable to locate suitable housing for the man, his case worker was asked for assistance. However, the worker did not feel she could assist in finding him a home because her agency did not offer housing services. He remained a resident of the training center.
>
> A social worker in another local welfare agency which also excluded housing services from its Title XX plan was asked by JLARC staff how she would handle the situation. This worker said she would provide help in locating housing. She interpreted policy to allow such assistance as part of either Adult Protective or Emergency Needs services.

Vague Terms. SDW's policy directives are sometimes phrased in general terms. For example, day care standards require local workers to assess whether a prospective day care provider "maintains a homelike atmosphere" or has the "ability to handle emergencies with dependability and good judgment." Workers interviewed by JLARC staff expressed uncertainty about what the terms meant and how to judge a provider's performance.

By using these terms without providing extensive training, SDW fosters inconsistent interpretation and application of its social services policy. The following example demonstrates how an imprecise phrase can result in implementation of two different sets of criteria for service eligibility.

> According to SDW's manual, former recipients of ADC must be offered day care services for their children when "there is no break in the ongoing need for day care services for reasons of employment, education, or training leading to employment."
>
> Henrico County interprets the phase "no break in the ongoing need for day care" to mean that the service must be provided as long as the need is continuous. This interpretation was given to the agency by SDW's Richmond regional office.
>
> In Fredericksburg, however, the phrase is interpreted to mean that the agency is not required to provide day care if at any time the service has been interrupted, regardless of whether the need has been continuous.
>
> Although there is a State policy that should be consistently applied, a client's eligibility for services would be differently interpreted by workers in Henrico and Fredericksburg.

Over one-third of all local welfare agency directors reported on a JLARC survey that SDW's social services policy was unclear. This lack of clarity reduces the effectiveness of SDW's policy as a central source of uniform direction for local workers.

SDW is currently revising its Social Services Policy Manual. Although some inconsistencies between the plan and the manual have been eliminated, others remain. Moreover, almost half of the services offered under Title XX have not been consolidated within the manual.

JLARC supports SDW efforts to revise its policy manual. SDW should extend its revision efforts and reconcile the new manual with information contained in the State's Title XX plan. Regional office and local welfare agency staff should be consulted to pinpoint confusing terminology as well as to identify gaps in policy directives. Social workers should also be provided with training in policy implementation.

Expanded Oversight

Basic methods used by SDW to oversee the activities of local welfare agencies include periodic supervisory visits by regional specialists and administrative reviews, which are conducted on a three-year cycle by teams of regional staff. However, supervisory visits and administrative reviews are not sufficiently consistent or in-depth to ensure that local workers understand or comply with policy.

Supervisory Visits. Ongoing review of local Title XX programs is performed through supervisory visits by service specialists from the regional SDW office. SDW has not established standard criteria for these visits. Two of the seven regional offices have internal requirements for regular visits, but none has developed standard review procedures.

As a result, most service specialists use individual criteria for determining when to make a supervisory visit and how it should be conducted. In the regions for which logs of specialist activity were available, fewer than one-third of the specialists visited every locality in their region during FY 1980. At least 26 local agencies were not visited by all specialists responsible for overseeing specific services (Table 22).

Table 22

SUPERVISORY VISITS TO LOCAL AGENCIES

Region	Number of Localities Within Region	Number of Localities Not Visited By All Specialists
Northern Virginia	17	8
Lynchburg	15	7
Southwest	16	6
Valley	19	5
Tidewater	15	*
Richmond	25	*
Roanoke	17	*

*Regional offices were unable to provide this information.

Source: JLARC analysis of SDW regional visit logs.

Regional specialists interviewed by JLARC reported that during a typical supervisory visit, they read service cases as well as consult with case workers and local supervisors. Certain specialists examine provider files and budgetary records and also interview the agency's fiscal officer. However, the results of these visits are routinely documented in only two regions. Consequently, SDW has little opportunity to identify and analyze either trends in agency performance or recurring problems with the implementation of Title XX.

A more consistent system of monitoring could greatly reduce the occurrence of noncompliance and policy misinterpretation. SDW should require all specialists to visit agencies on a regular basis. When problem areas are identified, local workers should be provided with relevant training and unclear policies should be brought to the attention of central office staff. Specialists should document their findings and remedial actions taken.

Administrative Reviews. Regional SDW staff are required to conduct an administrative review of each local welfare agency once every three years. During these reviews, policy compliance and management practices are examined by reading cases and conducting interviews with local staff. As the following examples illustrate, the primary focus of an administrative review is the locality's *pro forma* compliance with SDW's policy requirements. The quality of services delivered by the agency and need for additional guidance from SDW are not studied.

- A "Service Plan" is intended to document the services to be provided to clients to help them achieve specific goals. The administrative review's checklist for evaluating service cases of ADC clients asks only if a service plan is included in the case file. The relevance of the plan to the client's needs is not assessed.

- The checklist for reviewing files of day care providers approved by the locality asks whether the approval document is present. The document itself is not reviewed to determine whether approval of the provider was appropriate.

- The administrative review's guide for interviewing workers addresses staff development, unit meetings, job evaluations, and access to cars and supplies. Nothing is asked about how workers assess clients' needs.

It appears that administrative review could more usefully serve as a device for improving State and local performance if the focus were less narrow. SDW should consider including analysis of the appropriateness of case actions in the administrative review process.

Computerized Information Systems. SDW has recognized the need to develop a computerized information system for social services. A comprehensive Social Service Information System (SSIS) is planned for completion by mid-1982. SSIS is expected to incorporate detailed information on clients, services delivered, vendors, and costs. However, development of the system has been delayed several times during a four-year period.

Two computerized systems are currently in use. The early development of the Foster Care Information System (FOCIS) and the Child Protective Information System (CPSIS) was prompted by General Assembly requirements for regular reports on foster care and child protective cases. FOCIS follows each foster care case from its opening to its termination. The system provides quarterly reports on the service goals for the child, the natural parents' problems, and the number of visits by the case worker to the child and his natural and foster parents. SDW credits FOCIS for increasing the number of foster care children returned to their homes, as well as for reducing the cost of monitoring foster care cases.

CPSIS has not yet proven as useful to SDW as FOCIS. CPSIS processes data concerning the age of the child, the nature of the abuse, characteristics of the abuser, and the source of the complaint. However, the system does not include information on clients' needs or service goals.

Once SSIS is fully operational, and CPSIS and FOCIS are integrated with other components of the full system, SDW will have a powerful tool for monitoring local service programs. The system should be used to ensure the accuracy of caseloads and assess progress toward service delivery goals. JLARC supports full and prompt development and implementation of SSIS.

PURCHASE OF SERVICE PROCESS

A major new responsibility under Title XX is the expanded purchase of services by local departments of welfare from vendors in the community. Vendors include providers such as departments of public health, proprietary or non-profit operators of day care centers, and individuals who care for children in their own homes. In FY 1979, the cost of purchased services was about $28 million. SDW has recently begun addressing problems with the process established to select vendors, set rates, and monitor the quality of services. Currently there is no assurance that rates reflect the actual cost of providing services and that procedures are consistently administered across the State.

Rate-Setting

Rate-setting for most providers takes place at the regional level, although local agencies set rates for individual providers, such as companions, and central office staff set rates for residential child-caring facilities. Regional Title XX coordinators set the rates which local welfare agencies within each region must pay to providers, such as day care centers or sheltered workshops, for services delivered to Title XX clients. However, regional coordinators receive little guidance or oversight from the central office and they do not regularly verify cost information submitted by vendors as the basis for rate-setting.

Inadequate Verification. On an annual basis, vendors complete and submit a Vendor Application Package (VAP), which includes current and projected revenues and expenses. The VAP is used by Title XX coordinators to determine the vendor's cost for a unit of service, which may be defined by the vendor as an hour, a session, a one-way trip, or some similar unit. The unit cost is generally established as the Title XX rate, but a lower rate may be negotiated. Once the rate is established by the coordinator, it must be paid by local welfare agencies who choose to send clients to that vendor.

Inaccurate information on the VAP can result in artificially high unit costs. As the following examples illustrate, excessive Title XX rates can be set when revenues or units of service are understated or when expenses are overestimated.

Case 1

In FY 1979, a day care center received $13,451 from the U. S. Department of Agriculture's Child Care Food Program. This revenue was not reported to SDW negotiators.

The revenue was uncovered during an audit by the U. S. General Accounting Office (GAO). The GAO determined that inflated rates resulted in an FY 1979 overpayment to the center of more than $8,388.

Case 2

A day care provider projected that his expenses would total $62,898 during 1979. He also estimated that during that year he would sell 6,496 units of full-time day care and 2,184 units of part-time day care. Consequently, his Title XX rates were set at $5.90 for full-time and $3.24 for part-time day care services.

SDW's Office of Internal Audit examined this provider's records, which were in very poor condition. The auditors found that the expenses for 1979 actually totaled only $54,509. In addition, the auditors calculated that the provider actually sold 7,400 full-time units and 4,520 part-time units.

Using these figures, the auditors determined that the center's rates should have been only $4.25

> for full-time care and $1.28 for part-time services.
>
> Calculations by JLARC staff indicate that the provider was overpaid by approximately $15,000 in 1979. No action has yet been taken to recover funds.

Despite the significance of information in the VAP and the potential for misreporting or manipulation, none of the rate-setters routinely required supporting documentation for reported costs or units of services. Of the 29 VAPs reviewed by JLARC staff, only ten were accompanied by supporting documents.

For most vendors, rates are set either through mailed correspondence or during visits by vendors to the SDW regional office. Therefore, rate-setters are unable to verify that the services and facilities are accurately represented by the VAP. Justification of a budgetary item is sought only if it appears unreasonable in the judgment of the rate-setter. Often, a vendor's oral explanation is accepted as sufficient justification.

SDW should take steps to improve the basis for setting rates for vendors. At a minimum, vendors should be required to support their applications through submission of audits, reports, leases, payroll documents, attendance records, and tax returns, if applicable. Preferably, cost data certified by an independent auditor retained by the agency or cost data audited by SDW should be used to determine overall costs. In addition, a method should be developed for ascertaining utilization rates for various types of facilities and unit costs should be based on an acceptable utilization norm.

Inconsistent Policy Application. In the absence of standardized procedures established by SDW, regional Title XX coordinators do not consistently apply the federal regulation that Title XX rates may not exceed those paid by any other buyer of the same service. Particular difficulty occurs when vendors have established a sliding fee scale based on the ability of clients to pay. In this circumstance, some clients will pay only a portion of the cost of the service.

Most rate-setters base the Title XX rate on the full cost of the service if the vendor can demonstrate that endowments, gifts, or grants from public agencies, such as the United Way, are actually subsidizing the fees for clients whose contribution is less than full cost. However, the methods used are not consistent and may result in differing rates.

Case 1

> One rate-setter simply sets the Title XX rate equal to the rate paid by the majority of clients.

Case 2

Four rate-setters proceed as usual through the VAP and set Title XX rates equal to their determination of the provider's actual costs. These rate-setters inform providers that their records must be able to document that the low end of the scale is supplemented appropriately. However, the rate-setters do not examine the documentation.

Case 3

Two rate-setters require providers to establish complicated scholarship accounts which demonstrate for each child whose fee is less than the Title XX rate how that fee is supplemented with other specific revenues. These rate-setters also set the Title XX rate equal to their determination of the provider's actual costs.

SDW should establish a standard procedure for establishing rates in situations where vendors use a sliding fee scale. A vendor's rate should depend on the cost of services rather than on who establishes the rate.

Insufficient Guidance. A major reason for the uneven performance of regional Title XX coordinators is the limited guidance provided by the purchase of service unit in SDW's central office. A procedures manual has not been developed for coordinators, and on-the-job training is limited to a brief initial orientation and trouble-shooting workshops held once or twice a year. The most comprehensive description of how rates are determined appears in the VAP instructions to the vendor. These instructions present a list of budgetary review tasks which the rate-setter "may" perform, such as "reviewing and analyzing all budgetary information and calculations."

During the course of this review, the purchase of service unit took steps to upgrade its guidance for rate-setters. In May 1980, responsibility for overseeing the regional rate-setting process was given to a purchase of service unit auditor. Committees of regional and central office staff are developing a rate-setting manual which should be completed by April 1981. In addition, purchase of service staff began more actively monitoring rate-setting activities in mid-summer 1980.

These are positive steps that should improve the rate-setting process. However, a more systematic approach to oversight and guidance needs to be developed. Monitoring visits are currently made only in response to regional requests for assistance.

The purchase of service unit should have regular contact with regional coordinators and appropriate training on the use of the proposed manual should be conducted.

Monitoring Expenditures

Expenditures for purchased services are monitored to ensure that payments are accurate and made only for services that are actually delivered. Procedures have been established at the State, regional, and local levels. However, procedural gaps and faulty coordination hamper the effectiveness of monitoring efforts.

Monitoring by SDW. Once a month, local agencies send warrant registers, summary expenditure reports, and a summary financial report to the Bureau of Fiscal Management in SDW's central office. Fiscal management accountants verify that (1) arithmetic calculations are correct, (2) agency providers are approved, and (3) services are included in the locality's Title XX plan.

The accountants receive no information, however, on the units of service ordered for or provided to a client, or on individual providers' Title XX rates. As a result, fiscal management's review of local expenditures for purchased services must be based on several assumptions:

- Services are actually delivered.
- Payments do not exceed purchase orders.
- Localities use correct rates when calculating payments for service providers.
- Individual providers receiving payments are approved.

The validity of these assumptions rests heavily on effective local and regional monitoring practices. Nevertheless, SDW should require local agencies to identify the approved rate for individual providers and the number of units purchased on the warrant register. In addition, the reliability of local practices should be cooperatively assessed by regional and local staff.

Monitoring by Local Agencies. According to SDW policy, local agencies have primary responsibility for ensuring that payments to service providers are accurate. Providers send invoices to local agencies either monthly or bi-weekly. Local staff are supposed to check each invoice for agreement with the purchase order and also attempt to verify that services being billed for were actually delivered.

Evidence from JLARC's case study localities indicates that agencies routinely double check providers' arithmetic and reconcile invoices with purchase orders. However, the procedures used by the case study agencies to verify service delivery are not sufficient to guarantee accurate billing.

- One case study agency did not require vendors to submit invoices until January 1980. Until that time, vendors were automatically paid for services ordered, regardless of services delivered.

- SDW policy requires invoices to be reviewed by the appropriate case workers because they know best what services their clients are receiving. Such review did not occur consistently in two of the five case study agencies.

- None of the case study agencies requires their workers to visit vendors unannounced and spot check attendance records.

As illustrated by the following examples, many billing errors are discovered only by accident, or by later monitoring efforts of SDW or other public agencies.

Case 1

A long-standing provider of companion services billed and received payment for one month of undelivered services. Although clients usually complain promptly to their case workers when companions fail to come as scheduled, in this case the client had entered Woodrow Wilson Rehabilitation Center.

The worker discovered this during an unrelated conversation with a staff member of the Department of Rehabilitative Services. The agency applied for and won repayment.

Case 2

As part of a regional monitoring effort, local welfare staff visited a provider of services to the mentally retarded. The provider's in-house records were compared to invoices which had been submitted to and paid by the agency.

The reviewers found errors in four of seven cases. Three cases showed overpayments totaling $109; the fourth case was underpaid by $14. The agency requested repayment of $95.

Case 3

The U. S. General Accounting Office compared attendance records to invoices submitted by three day care centers in the Tidewater area. The GAO found that the centers had overcharged the local welfare agency for 27 days during FY 1979.

Local workers interviewed by JLARC staff report that most billing errors result from poor record-keeping by providers. In some cases, providers' attendance and service delivery records are not regularly maintained and invoices are improperly prepared. However, local agencies should take an aggressive stance toward verifying service delivery to minimize inappropriate expenditure of Title XX funds.

Monitoring By Regional Staff. Regional purchase of service specialists are responsible for providing local agencies with technical assistance and for monitoring local activities. However, supervisory visits by purchase of service specialists to local agencies are neither comprehensive nor regular. None of the specialists routinely visits providers to review billing procedures or to verify appropriate reimbursement by the local welfare agency for services actually delivered.

SDW should develop a coordinated fiscal monitoring system. Guidelines should clearly define the responsibilities of each staff level and specify verification procedures to be used consistently and on a regular basis.

Evaluating Purchased Services

According to SDW, ongoing evaluation of purchased services is primarily a local responsibility. Case workers are expected to have contact with vendors and with clients who receive purchased services. However, procedures tend to be informal at best.

Informal Evaluation. Sixty percent of local agency directors reported to JLARC that quality assessments usually consist of workers' general impressions, rather than systematic, written evaluations. Workers interviewed by JLARC staff agreed that most quality assessments, especially negative assessments, are informal and passed through the agency by word-of-mouth alone. Very few evaluative comments are placed in providers' files.

Contact With Clients and Vendors. According to local directors, case workers most often evaluate purchased services through their contact with clients and vendors. Analysis of a representative sample of Title XX cases showed, however, that many workers were not in frequent contact with all of their cases which received purchased services (Table 23).

Moreover, frequent contact between workers and providers cannot be substantiated. JLARC staff's review of vendor records in case study localities found that for one-third of these vendors, the most recent contact with a case worker occurred at least six months previously. Files for another third of the vendors contained no evidence of any contact.

Table 23

RECENTNESS OF WORKER CONTACT WITH
CASES INVOLVING A PURCHASED SERVICE

Recentness of Contact	Number of Cases in Sample	Number of Cases Statewide	Percent of Cases with Purchase
0-30 days	34	4,862	50%
31-60 days	15	2,142	22
61-90 days	8	1,144	12
91 days - 1 year	9	1,284	13
Never contacted	2	286	3
Total	68	9,718	100%

Source: JLARC Utilization Review.

None of JLARC's case study agencies required its staff to make regular, evaluative visits to all providers of purchased services. As a result, workers sometimes ordered services they had never or rarely witnessed, at facilities they had never seen.

Case 1

A local worker who purchases employment and developmental services for 47 mentally retarded clients has been to the provider's facilities only "two or three times" in the past two years.

Since the worker's last visit, the provider has moved to new facilities. Purchases from this provider for these 47 clients cost about $13,000 each month.

Case 2

In one locality, five children were placed in a day care center which no one from the agency had visited.

When contact with providers is either infrequent or restricted to telephone conversations and office visits, the quality of service delivery is difficult to reliably assess. Some localities have recognized this problem and have begun to establish more systematic approaches to evaluating providers. Title XX coordinators in two regions have organized evaluation programs which include local workers.

SDW and local agencies should require regular site visits and service reviews by local workers to validate any impressions of service quality they reach through their contact with providers and clients. Findings should be documented in writing and used as the basis for continued use of the vendor.

CONCLUSION AND RECOMMENDATIONS

With the enactment of Title XX and subsequent expansion of Virginia's social service program, SDW faced new and intensified supervisory responsibilities. Planning, policy, and monitoring procedures were broadened to include Title XX services, and a new process was developed for purchasing services from providers outside the welfare system.

SDW should expedite efforts to improve the accuracy of the Title XX plan and to clarify policy and service requirements. Monitoring should be intensified to detect problems with policy and ensure local compliance with provisions. Moreover, verification of vendor cost reports is essential to ensuring that Title XX purchase funds are appropriately spent.

Recommendation (1). SDW should develop a format for the Comprehensive Annual Services Plan that (1) separately identifies planned expenditures for purchased services, unless such identification would require formal plan amendments to be altered; (2) presents comparably calculated planned and actual expenditures; and (3) identifies unit costs for each service, once they are developed.

Recommendation (2). SDW should develop a data base for determining unit costs for services. Initial steps should include improved reporting of direct services by reducing the number of services to be reported and providing training for workers. For purchased services, local agencies should be required to include the number of units of service being purchased on the warrant registers submitted for reimbursement.

Recommendation (3). SDW should consolidate its entire service policy within the Social Services Policy Manual. Emphasis should be placed on elimination of inconsistent and confusing language as well as differences between the Comprehensive Annual Services Plan and the manual. Regional and local staff should be included in the revision process to ensure the clarity and comprehensiveness of revisions to local staff, and workers should immediately be provided with training on the use of the new manual.

Recommendation (4). SDW should set guidelines for regional specialists' supervisory visits to local agencies. Expectations for frequency, methods of monitoring, and content of documentation should be clearly expressed.

Recommendation (5). The administrative review process should consider service quality as well as policy compliance. The case record review should be broadened to examine the relevance of service planning to case situation, the adequacy of worker follow-up, and the appropriateness of continued service delivery. Interviews should probe into casework methods to discover both ineffective and successful techniques for handling cases.

Recommendation (6). SDW should expedite the development of a comprehensive purchase of service manual. Vendors should be required to support their cost reports through submission of audit reports, leases, payroll documents, attendance records, and tax returns, where applicable. Preferably, cost data certified by an independent auditor retained by the agency or cost data audited by SDW should be used as the basis for determining overall costs. In addition, a method should be developed for ascertaining utilization rates for various types of facilities, and unit costs should be based on an acceptable utilization norm.

Recommendation (7). SDW should require local case workers to visit or otherwise contact providers on a regular, unannounced basis to verify that services being paid for are actually delivered. In addition, SDW should require rate-setters to periodically monitor providers' fiscal practices.

Recommendation (8). SDW's central office staff should develop a comprehensive system for providing direction and training to regional rate-setters and for regular monitoring of rate-setting activities.

Recommendation (9). SDW should expand its policy for evaluating the quality of purchased services. At a minimum, policy should require regular site visits by local staff, evaluation criteria, and documentation of evaluative findings.

Appendix

Page

Technical Appendix Summary 80

Agency Responses

As part of an extensive data validation process, each State agency involved in JLARC's review and evaluation efforts is given the opportunity to comment on an exposure draft of the report.

Appropriate corrections resulting from the written comments have been made in the final report. Page references in the agency responses relate to the exposure draft and may not correspond to page numbers in the final report.

State Department of Welfare 81
State Department for the Visually Handicapped 97
Harrisonburg Department of Social Services 100
Henrico County Welfare Department 102

Technical Appendix Summary

JLARC policy and sound research practice require a technical explanation of research methodology. The technical appendix for this report was included in the exposure draft and is available upon request from JLARC, Suite 1100, 910 Capitol Street, Richmond, Virginia 23219.

The technical appendix includes a detailed explanation of the methods and research employed in conducting this study. The following areas are covered:

1. Utilization Review. Analysis of the characteristics of clients and the services provided to them was based on a statewide random sample of 488 service cases open in March 1980. Detailed demographic and service information was collected, using a survey instrument and instruction booklet developed by JLARC, in cooperation with SDW. The sample is subject to a maximum likely sampling error of ±4.6 percent, at a 95 percent level of confidence.

2. Case Study Approach. Five local welfare agencies were chosen as illustrative case studies: the cities of Richmond, Fredericksburg, and Harrisonburg, and the counties of Henrico and Southampton. In each locality, research activities included interviews, a survey and time study of local workers, review of randomly selected case files, and visits to public and private vendors used by the agency. Visits to the supervising SDW regional offices were also included.

3. Analysis of Local Title XX Allocations. Analysis was conducted of the impact on local welfare agencies of updating the FY 1979 allocation formula. Local Title XX allocations were recalculated using current population and service caseload information. Updated allocations were compared with current allocations and local agency expenditures.

4. Review of Local Agency Budgets. JLARC examined local agency budget documents to determine the impact of finite federal funds on local service delivery. All local agency directors were surveyed, and agencies experiencing cuts in services were identified. Budgets for the affected agencies were reviewed, and estimates of the services cut and the magnitude of reductions were prepared.

BLAIR BUILDING
8007 DISCOVERY DRIVE
RICHMOND, VIRGINIA 23288

WILLIAM L. LUKHARD
COMMISSIONER

COMMONWEALTH of VIRGINIA

DEPARTMENT OF WELFARE

Telephone (804) 281-9204

December 23, 1980

Mr. Ray Pethtel, Director
Joint Legislative Audit and Review Commission
910 Capitol Street, Suite 1100
Richmond, VA 23219

Dear Mr. Pethtel:

The following are the Department of Welfare's comments on the exposure draft of the Title XX report.

Page I-6

The amount of state money in the program is mentioned. The amount of state funds that Virginia puts into the Title XX program is low compared to most other states.

Page I-12:

The report states that Information and Referral does not have a legislative base for the mandate, but Section 63.1-312 of the Code of Virginia places certain coordination and supervision responsibilities for the development of Virginia's Information and Referral program with SDW. Title XX is SDW's major funding source to pay for this.

Pages II-4 and II-5:

The examples used all have one line comments/conclusions and they are all negative examples, yet on page II-7, the examples used have no comments/conclusions and they are all positive examples.

Page II-5:

The report states that the Department should review its policy on quarterly contacts. This has been done and the regulation clarified that contacts must be made no less often than three months unless there is a valid reason for their being less frequent. This reason must be documented in the case record.

PEOPLE HELPING PEOPLE

Pages II-8 and II-9:

Foster Care is shown as a case category and the report states that all foster care children receive additional cash assistance. Foster Care is a subcategory and is included in all of the other categories with the exception of Eligible Without Regard to Income. Some Foster Care children have assets sufficient to cover the cost of their care.

Page II-14:

The report states that about 40% of all cases have members who are disabled to some degree. This could be pointed out as a positive sign that the Department is not ignoring the needs of the disabled, especially in proportion to their percentage in the population.

Page II-17:

Also on page II-17, the report seems to conclude that the only reason that more ADC clients get services than SSI recipients is because ADC is handled through the welfare departments. This seems an erroneous assumption. The Department staff have been unable to locate any national reports or statistics which purport to give the percentage of ADC or SSI clients who "should" be getting services. Also, there may be a greater reluctance on the part of older people to ask for services. The SSI recipients may have support systems available to them that ADC families do not. This is a more complicated issue than the report indicates.

Page II-19:

In the new service manual issued in October of 1980, the issue of intra-agency referrals of clients is addressed by saying that where appropriate, applicants for social services must be referred to financial services. The Division of Financial Services is about to begin their manual revision process and this issue will be referred to them for inclusion in their manual. It should be noted that there has been considerable debate nationally over whether every ADC client should be referred to a service worker. In the earlier days of the program there was a federal requirement that all ADC clients be referred for services but this federal requirement was dropped.

Page II-20:

Recommendation #1 is that the Department should develop and report information on the demographics of clients served and services rendered. With the current manual reporting, this recommendation would require additional staff. This information is being incorporated in the Social Services Information System and will be available once that system is fully operational. The first pilot test of the system is due to start in March of 1981 and full implementation of the system is due in July of 1983.

Page II-20

Recommendation #3 is that automatic referral of ADC clients should be encouraged. This is a philosophical issue. There are some local welfare agencies already doing this, but there are others that are opposed on the grounds that not all people needing financial services also need social services. There is no national concensus on this issue.

Pages III-1, III-2, and III-3:

The report speaks of the allocation formula. The method of allocating federal funds is one of the most perplexing problems that state agencies face. Agencies that allocate funds through a grant application process are constantly changing the criteria by which applications are reviewed because no one likes the criteria. Agencies that allocate funds through a formula basis are constantly changing the process because there is never concensus on which formula to use. Within the Department's experience, there has been less internal and external criticism of the formula based on 50% population and 50% service caseload. One of the techniques that the Department used to help assure the equity of the formula was reallocation of unused funds during the year and this is not addressed in the report.

Page III-7:

The report states that for the last three fiscal years, the Department has used 1977 population and caseload figures. A more complete and accurate explanation is as follows:

For the 1978/79 planning document, published in the Fall of 1977, the allocation formula was computed using the latest available Tayloe-Murphy population figures and caseload data for April, May and June, 1977. The adjustments in funding granted under the formula were made, according to HJR 137 stipulations, that no agency should get more than a 15% reduction. These final allocation figures were used for the 1978/79 Title XX Plan which was developed in the Winter of 1977/78, as required by federal regulations.

In the summer of 1978, SDW formed an inter-agency committee to evaluate possible alternative allocation formulas. After several months work, the committee's recommendation was to allocate the money on a formula based on mandated and optional services. This possible formula was published in the planning material and the comments were overwhelmingly negative; therefore, the Department rejected using this approach. The issue of using a multi-part formula was discussed by this committee and they rejected it as (1) not being significantly better and (2) making the formula more complicated to understand and difficult to replicate.

For 1979/80 and 1980/81, because of funding limitations, the formulas were not recalculated. The allocations were, in effect, frozen at the previous year's level. The only difference in handling of the two years was that in FY 1980, agencies were given their FY 1979 allocation plus a .865% increase, while for FY 1981, agencies were just given their FY 1980 allocation.

In the discussion of the "Title XX deficit," the following additional information is useful. The deficit for FY 1978 was due to using CWS funds as a reduction of state funding for services rather than as the federal share. This had been the policy for a number of years and through error was not changed when CWS funds were built into the Title XX Plan. To partially rectify this error, $1,250,000 was charged, in June 1980, to state funds and the necessary adjustment is to be made in the reporting for the quarter ending September 30, 1980.

Attachment B contains a thorough discussion of the funding issue.

The Department initially chose to charge services to the period in which services were delivered in order to maximize the federal funds available when expenditures were below the ceiling. We are currently exploring a change in procedure to charge all expenditures as current.

Pages III-15 and III-16:

On these pages, the impact of delayed billing is discussed, but efforts to ensure timely billing are made to a greater extent than the report acknowledges. For state contracts, ongoing expenditure logs are maintained and rates of expenditures are calculated for each contract after the first six months of the contract year. For most contracts, expenditures are monitored on a monthly basis. Agencies are reminded, prior to the end of the contract year, of the cut-off date for billings.

Page III-20:

The first paragraph on III-20 should refer to Table III-8. It should make clearer that in 1980 the federal government cut the funds from Title XX that had been allocated to Virginia in 1979, in addition to the factors listed of denial of inter-title transfer and the approximate 3% overallocation based on turnovers and vacancies.

Pages III-23 and III-24:

These pages discuss inadequate expenditure summaries. During the plan years 1979 and 1980, allocation statements have been adjusted to reflect supplementals. While the expenditures did not include Blind, the statements so stated this, and the local agencies were furnished a copy of the F-10.A which detailed the expenditures with a breakout showing federal, state and local funding for all services.

Indo-Chinese and WIN charges are adjusted quarterly and the Department develops statements covering these adjustments and distributes them to state office staff with a copy of the cost sheet showing the total amount allocated to all programs.

Page III-24:

Individual Title XX allotment statements are sent monthly or more often if adjustments are made. VDVH also sends allotment statements covering their expenditures.

Page III-24:

The report states that it would be useful for the Department to identify available and expended federal funds. In addition to comments previously made, it should be noted that this has been built into the Department's planning for its computerized reporting system.

Page III-33:

In this section, the report states that there has been little assessment of the efficiency of service delivery or of potential changes in roles and responsibilities of local agencies. Several projects in process should assit with remedying this situation. The Department is in the process of working on an overall monitoring and evaluation plan, including anticipated staffing. Efforts are also under way to restructure the administrative review procedures and process. The development of the Social Services Information System is a step leading to the ability to utilize reporting data for information on roles and service delivery. The Foster Care Computerized Reporting system has been used in conjunction with other efforts in assessing the efficiency of Foster Care services for children. The Department's development of valid caseload standard data is a first step in using this data for monitoring and evaluation efforts.

Page III-38:

Recommendation #4 - steps have already been taken to implement this. Recommendation #5 states that SDW should develop methods for projecting year-end expenditures. This is being built into the automated Social Services Information System. In the interim, SDW has developed for state staff a quarterly report with projected and annual expenditures.

Page III-39:

Recommendation #7 would only be necessary if HHS approves the Department's transfer request.

Page IV-2

The report states that the Title XX Plan is "misleading" because individual services are not listed by purchase and direct. This is not a federal requirement and in a survey of 22 other state plans in SDW's files, only five showed each service separately by purchase and direct. The other 17 (77%) did not distinguish each service on the basis of purchase of service and direct delivery. At the start of Title XX, Virginia separated purchase and direct in this fashion, but it was not believed to be that helpful to clients, they still had to go to the local welfare agency for eligibility and other facts related to service delivery.

The Title XX Plan, by federal regulations, must show an estimate of numbers expected to be served and planned expenditures. Federal regulations do not require the Title XX Plan to contain evaluation data for the general public. People seeking such information, either as a result of reviewing the Plan or from seeing any other document that SDW produces, are welcome to make such requests to the Department. To make the Title XX Plan more comprehensive would require more resources. A request for resources for administrative costs has to be balanced against a resulting decrease in service delivery funding.

Page IV-6:

HHS paid consultants to do a study (Title XX Purchase of Service: The Feasibility of Comparing Costs Between Directly Delivered and Purchased Services, January, 1979, Pacific Consultants) of whether it was feasible for welfare agencies to develop unit costs for services. The study concluded that of those components that would be necessary to develop unit costs for direct services, only one, direct delivery staff costs, were readily available. The other requirements for measurement which were not available included:

(1) Service components directly delivered to each client.

(2) The number of units of each directly delivered service component.

(3) A Comprehensive documentation of the problems of clients who receive each directly delivered component of service.

(4) Amount of time spent by frontline social workers on each service component for each client.

The Department is computerizing the latest social service work measurement data and will attempt an analysis of the type mentioned in (4).

Page IV-7:

The report suggests that SDW could increase accurate reporting by reducing the number of services to be reported and that is probably true. However, if services were actually reduced, then clients would suffer; but if services were simply consolidated, it would only increase the number of components available in a service and the report is already critical of having components without listing them all in each local plan.

Page IV-9

The report states that service policy is inconsistent and unclear. SDW has attempted to clarify policy in the new Manual issued in October of 1980. Staff particularly looked for discrepancies between the Social Services Policy Manual and Title XX Plan but they could find none. It would be helpful if JLARC could point out specific examples to SDW.

Page IV-14 also states that SDW is not expected to address inconsistencies in the Manual Revision, but they were addressed.

Page IV-10:

The new Manual contains policy on Transportation and Alternative Living Arrangements.

Page IV-13:

Day Care is used as an example of how extensive training is needed on certain services. SDW has developed a five-year day care plan which includes the provision of training on the program.

Page IV-15

The chart on this page is unclear without giving explanations of the reasons for the lack of local visits. Perhaps intensive training in a program was provided in the Regional Office or perhaps the specialist met the welfare agency at the vendor agency when they were doing rate negotiations. There could be any number of reasons why a local agency visit was unnecessary.

Pages IV-18 and IV-19:

Comments are made concerning rate setting, but Regional negotiators receive more guidance in setting rates than is reflected in the report. Meetings are held for all staff at least twice per year. Each Regional negotiator has an assigned staff member in the Central Office Purchase of Service Unit with whom they work or receive technical assistance. Telephone contact is maintained throughout the year on a much more active basis than the report reflects. Onsite visits to the Regional Office by Central Office staff also occur, although not as frequently as before the Governor's travel cut-back policy.

Pages IV-19 and IV-20:

The report addresses vendor verification. The statements in the report do not apply to rates negotiated in the Central Office. The negotiator's manual expected to be available in April of 1981) will include information on monitoring vendors. However, many Regional Title XX Coordinators do currently request copies of audit reports, enrollment, attendance, IRS forms and in-house budget forms. The primary area of rate setting in the Central Office is for children's residential facilities, a source of major expenditures in Services to Foster Care Children. Audit reports are required for all vendors. In addition, tax returns are examined, as well as rental agreements and other contractual arrangements.

Page IV-20:

The implication seems to be that Regional rate setters do not visit vendors and this is not true. In many instances, the Regional staff do visit vendors to get information.

Pages IV-20 and IV-21:

The report addresses utilization rates. Utilization rates are determined as a consideration for all vendors. This information is part of the package submitted by vendors. The utilization rate takes into consideration the licensed capacity of the agency (if one is set), the enrollment, and the attendance. The Negotiator's Manual will provide negotiators with additional guidance regarding the treatment of these factors to ensure consistency. Part of the problem in dealing with utilization rates is that for most vendors, all the clients are not welfare related. This makes monitoring of utilization rates more difficult.

Page IV-21:

On this page, the report addresses inconsistent policy applications. From SDW's perspective, there is no substantial difference in the last two examples cited in the report. Federal Regulations require that Title XX fees be no higher than any other fee charged for the same service. Therefore, all vendors are required to maintain evidence of funds used to make up the balance of the fee when the client is paying less than the Title XX fee. There is no reference made to the fact that when revenue is not used for fees for service, it is used to offset the costs for Title XX participants in the program.

Pages IV-21 and IV-22:

The report discusses sliding fee scales. The Negotiator's Manual will contain explicit directions on how to treat sliding fee scales. The vendor's rate depends on the net cost of service.

Insufficient guidance is a topic on page IV-22. As stated above, meetings with all Purchase of Service negotiators and Central Office staff are held at least twice a year and were more frequent at the inception of the program. The assigned Central Office Specialist and the Purchase of Service Supervisor are available to assist Regional negotiators when frequent telephone communication occurs.

The statement regarding visits to Regional Offices beginning mid-Summer 1980 is incorrect. These visits have taken place since February, 1976. They are not always in response to a Regional request; many have been initiated by Central Office staff.

Page IV-23

Contact with and training for coordinators is addressed. As already highlighted, regular contact is maintained with Regional negotiators. Training sessions on the use of the Negotiator's Manual are planned as soon as the Manual is completed.

Monitoring by SDW is addressed on page IV-23. The Vendor Information sheets of the Profile contain information on each vendor's rate for each service. A complete Profile is maintained in the Bureau of Fiscal Management and is available for the accountants.

Pages IV-26, IV-27, and IV-28:

The report discusses evaluating purchased services. SDW does require that a vendor meet any certification or licensing approvals that are available, a fact not mentioned in the report. This provides some basic evaluative criteria.

Page IV-28:

Recommendation (1)(1) has been addressed elsewhere, but it should be added that this data is available on auxiliary forms for those requesting it. Recommendation (1)(3) assumes that a consistent unit of service for determining unit costs is available. Our experience is that the type of unit varies, depending on the type of service. The unit costs that are determined for purchased services are available in the Profile.

Page IV-30:

Recommendations #7 and #9 - the Department is planning for the Negotiator's Manual to establish guidelines in these areas. Recommendations #8 - this is being done.

Page B-3:

There is no reference to the Code Citation 63.1-31-2 which places responsibility with the Department of Welfare for the coordination and supervision of Information and Referral efforts. While not a mandate per se, certain expectations for the Department's role are explicit and Title XX is the major funding resource for these efforts.

I hope these comments will be clear. Should further discussion be necessary to clarify these issues, please contact me.

Very truly yours,

William L. Lukhard

William L. Lukhard

WLL:em

cc: The Honorable Jean L. Harris, M.D.
The Honorable Charles B. Walker

To avoid confusion, several comments contained in the original letter have been deleted. The letter has been retyped and reviewed by the department for printing.

TITLE XX - JLARC REPORT - FUNDING ISSUE

A major concern of the JLARC staff is that a deficit of federal funds occurred in the Title XX program particularly for the year ended June 30, 1980, and the resulting implication that the Department of Welfare operated with a $4.2 million deficit for the fiscal year ended July 30, 1980.

The fact is that the Department of Welfare with all its programs and appropriations had a balance in general fund monies of over $5 million dollars as of June 30, 1980. A second fact is that the department did utilize approximately $4.2 million state dollars to finance the approved Title XX program for the fiscal year ended June 30, 1980.

This $4.2 million dollars was to provide for a non-realization of anticipated federal revenues in the Title XX program. The non-realization of anticipated federal revenues was the result of congressional action which reduced the national ceiling for Title XX for the fiscal year of 1980 from $2.9 billion dollars, which it had been in the fiscal year ended 1979, to $2.7 billion dollars for the fiscal year ended 1980. It should be noted that for the fiscal year ending 1981 congressional action again places the Title XX ceiling at $2.9 billion dollars. For every $100 million dollars of federal funds nationally in the Title XX program, the State of Virginia receives approximately $2 million dollars. The Department of Welfare received notification of its allocation for fiscal year 1980 on July 18, 1980 through the publication of the Federal Register. This date, of course, occurred after the end of the state fiscal year of June 30, 1980, and after the majority of claims against the Title XX program for the fiscal year ending June 30, 1980, had occurred.

The Department under authority of the Appropriations Act requested and received approval from the Department of Planning and Budget to make the appropriate appropriation transfers. This authority exists under Section 4-103 of the Appropriations Act shown at the top of page 334 of Attachment A. The key points in this paragraph are that appropriations within a state agency may be transferred from one appropriation to another or to supplement an appropriation for a closely defined inter-related purpose for which an appropriation is made. This was justified to the satisfaction of the Department of Planning and Budget. The second point is the last sentence which states that the total amount appropriated to the respective state agency shall in no case be exceeded. Reference to the last page (203) of Attachment B will indicate that the total appropriations to the Department for the fiscal year ending June 30, 1980, amounted to $305,076,305 of which $114,424,255 was from the General Fund and $187,502,675 was from the Federal Funds. The annual report from the Department would show that without the $26,914,975 expended for the Fuel Assistance Program which was a new program that was not included in the Appropriations Act but was approved by the Governor with the knowledge of the leadership of the House Appropriations and Senate Finance Committees, totalled $294,803,824. The federal expenditures again without the Federal share of the Fuel Assistance Program totalled $183,820,822. The General Fund expenditures, including approximately $3,804,000 General Fund dollars for Fuel Assistance amounted to $109,917,074. Therefore, both in terms of total expenditures and expenditures of federal funds and state funds individually, the Department was within the amounts appropriated by the General Assembly for 1979-80.

Another section of the Appropriations Act which, in my opinion, does not govern this situation but which the JLARC staff has made reference to is Section 4-501 on page 339 of Attachment A in which it says that if a deficit should be incurred that it does require the prior written approval of the Governor. This Section also states that no state agency receiving appropriations, and I emphasize the plural aspect of this word, under the provision of this Act shall expend or obligate funds in excess of its appropriations, nor shall it obligate or expend funds at a rate which would result in expenditures in excess of its appropriations; nor shall it, if appropriations are in whole or in part from special revenues obligate or expend funds in excess of or at a rate which would result in expenditures in excess of collections of such revenues combined with General Fund appropriations. Again, I think it is clear that this paragraph is talking about the state agency operating within appropriated funds that are both collective as to all of its appropriations and collective as to a combination of both general and federal funds. Therefore, I reiterate that a deficit was not incurred but, in fact, a utilization as authorized by the Appropriation Act of state funds for the purposes of meeting the intent of the Legislature in appropriating both state and federal funds for a program was the appropriate action of the Department.

In terms of what the General Funds were utilized for can be documented on the basis of two items. First is the expenditures in the Foster Care Program which is one of the more expensive programs funded from Title XX and the fact that the second paragraph of Section 63.1-55 of the Code of Virginia as shown on Attachment C indicates that the General Assembly and the governing body of each county and city shall appropriate such sums of money as shall be sufficient to provide basic foster care services for children under the custody and control of the local board of public welfare. Foster care services are defined in Section 63.1-55.8 also a part of Attachment C. $1.7 million dollars of foster care general fund appropriations were transferred to reimburse local departments of public welfare.

The second major area of expenditure for which the state funds were used was to provide for reimbursement to localities of indirect cost allocation plans. This amounted for the year ending June 30, 1980, to an amount of $2,124,279 state dollars to provide for the full reimbursement of 80 percent of these claims for social services. These two items, Foster Care services and the indirect cost plans were the major items covered by the transfer of state funds.

The actions taken by the Department in the utilization of the transfer of state dollars between appropriations but staying within total appropriations of the Department is not new. This is a method of flexibility for agencies to operate their programs that is addressed in the Appropriations Act and the Department has used these in the past.

The appropriations of both general funds and federal revenues collectively were available for utilization by the Department. Traditionally, transfers have been made between related items with the approval of the Department of Planning and Budget and this was the case this year. What is unique is the fact that through no fault of the Department the anticipated federal revenues did not materialize and the Department utilized the authority available to it in the Appropriations Act to affect the necessary transfers so that local governments and boards of welfare who had expended funds, in accordance with an approved Title XX Plan, could receive the appropriate reimbursement.

BLAIR BUILDING
8007 DISCOVERY DRIVE
RICHMOND, VIRGINIA 23288

WILLIAM L. LUKHARD
COMMISSIONER

COMMONWEALTH of VIRGINIA

DEPARTMENT OF WELFARE

Telephone (804) 281-9204

January 7, 1981

The Honorable Robert B. Ball, Sr.
Member, House of Delegates
P.O. Box 9487
Richmond, Virginia 23228

Dear Delegate Ball:

Attached is a copy of the Department's comments on the "Action Agenda" for the Title XX report of the Joint Legislative Audit and Review Commission.

As you will see, the comments follow closely the discussion on December 29, 1980. I am also sending a copy directly to Ray Pethtel for his inclusion with the material to be distributed on January 12, 1981.

Please let me know if you have any questions or would like any further information.

Very truly yours,

William L. Lukhard

WLL/MAS/bdp

Attachment

cc: Senator Joseph V. Gartlan, Jr.
Delegate Lacey E. Putney
Delegate W. Ward Teel
Senator John C. Buchanan

DEPARTMENT OF WELFARE
RESPONSE TO JLARC TITLE XX "ACTION AGENDA"

Recommendation (1):

The Department does plan to revise the Title XX allocation formula for the 1982/83 Plan in the planning guidelines to be released in November of 1981. Prior to that time, alternative formulas will again be explored. Since the beginning of Title XX, the Department has used four different formulas. The present formula has been the most satisfactory and has received the least amount of criticism so an updating of the present formula, using 1980 census data, will also be done.

The formula was not updated for 1981/82 because the problems inherent in making a change would have outweighed the benefits. This is particularly true because the only population data available was based on projections of 10 year old data. It seemed more equitable, for 1981/82, to provide local agencies with the same funding level they received in the 1980/81 Draft Plan.

Recommendation (2):

The Department is using local monthly expenditure figures projected annually, in conjunction with the locality's last four years quarterly expenditure data to monitor statewide expenditures. Expenditures of the Department of Welfare and the Department for the Visually Handicapped are also being closely monitored and, where possible, expenses are being cut. State level agreements are being monitored and payments for late billings (those received beyond 90 days of service delivery) will be eliminated. It appears that the local welfare agencies have not spent at the originally projected level and the savings here will be much more than the $2.7 million. Until this $2.7 million has been absorbed, there will be no reallocation process which would allow local agencies to use other agencies' unexpended funds. The Department will continue to closely monitor expenditures and should it appear that these savings may not materialize, there will be across-the-board percentage cuts in the allocation of federal funds (within the two state agencies, state contracts and local agencies). Therefore, federal funds will be in balance by September 30, 1981.

Recommendation (3):

For 1981/82, the Department discontinued the practice of overallocation of projected federal funds. The funds were allocated based on information from HHS giving Virginia's share of the federally authorized funds.

Recommendation (4):

The Department has begun projecting annualized expenditures on a quarterly basis and is developing a way of estimating outstanding commitments. The Department of Welfare and the Department for the Visually Handicapped have increased communication on fiscal information and will continue to improve the process. The Department has notified local and other state agencies that bills not received for payment by Central Office within 90 days of the delivery of the service will not be honored.

Recommendation (5):

The Department has developed some measures to control expenditures within allocations and will be reviewing additional measures.

Recommendation (6):

Regarding the discussion with the Subcommittee, the Department believes that it is more appropriate to investigate possibilities for inter-title transfers prior to consultation with the legislative branch. We concur that prior to a commitment for such transfers the appropriate state legislative committees should be consulted. However, we will of course, abide by the wishes of the General Assembly in this matter.

Recommendation (7):

The Department will cooperate with the Secretary in fulfilling this recommendation and will suggest to her that a progress report on mandated services be made by August 1, 1981.

Recommendation (8):

The Department is refining caseload standards and developing a process for enforcing the refined standards. Data from caseload standards with other management information will be used to develop norms for local administrative expenses.

Recommendation (9):

The Department is in the process of developing procedures to ensure greater consistency among regional offices in the rate setting process. With respect to verifications required, the emphasis will be on getting what is needed without causing more paperwork and reporting burdens for the vendors. As indicated to the subcommittee, there may be a need for additional staff to fulfill these recommendations.

Recommendation (10):

Some local agencies visit and evaluate vendors. As this activity might not show up in the caseload standards, it may look as though the local agency is overstaffed. Additional regional and local visits to vendors and program evaluations will take additional staff. It should be noted that additional state staff may be prohibited under the Manpower Utilization Program.

Recommendation (11):

The Department plans to begin testing the first phase of a statewide Social Services Information System in March of 1981. Full implementation of all four phases is scheduled for July of 1983. This system will provide information on client characteristics and services.

Recommendation (12):

The Department has revised the Social Service Policy Manual on open cases and it is now determining a method for monitoring the policy.

Recommendation (13):

SDW will develop a method for providing SSI recipients with information about social services. Systematic referral of ADC clients to social workers will be addressed in the rewrite of the Financial Services Policy Manual.

Recommendation (14):

The Department is asking for a written interpretation from HHS on the issue in (1). If including both purchase and direct figures in the Plan would mean additional amendments, then the Department will not include them. If this can be done without extra amendments, the change will be made in the 1982/83 Plan. The Department is exploring ways to accomplish (2). Number (3) is not possible at the present time not only in Virginia but in most other states.

Recommendation (15):

The revised Social Service Policy Manual was issued in October. As needs for clarification of present policy are identified, they will be addressed.

Recommendation (16):

The Department will establish guidelines for regional supervisory visits. These will be set so that the agencies most in need of assistance will receive it.

COMMONWEALTH OF VIRGINIA

EARL DOTSON, D.D.S.
CHAIRMAN
GEORGE D. SPENCE, M.D.
VICE-CHAIRMAN
DAVID F. GUTHRIE, JR.
SECRETARY
JAMES A. MCCLELLAN, O.D.
JACK L. MIDDLETON
WILLIAM H. BUTTS, Ph.D.
H. RANDOLPH TATE, M.D.

WILLIAM T. COPPAGE
COMMISSIONER
397 AZALEA AVENUE
RICHMOND, VIRGINIA 23227
TELEPHONE: (804) 264-3140

VIRGINIA DEPARTMENT FOR THE VISUALLY HANDICAPPED

November 5, 1980

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

Dear Mr. Pethtel:

The Department for the Visually Handicapped would like to respond to several issues related to Department services as noted in the draft report, Title XX in Virginia, issued by the Joint Legislative Audit and Review Commission.

In general the Department finds the report quite accurate but would like to offer the following clarifications.

The Department is aware of certain problems of fiscal coordination with the State Department of Welfare highlighted by the report. Several measures have been taken and others are planned to provide for better coordination and information-sharing.

1) As noted in the report, the Department began in Fiscal Year 1980 to issue budget advice slips to localities showing allocated amounts, expended amounts and balances remaining. Included in the process in Fiscal Year 1981 are two added features. First, budget advice slips are tagged with a "Warning or Reallocation Needed" message. This process has been approved by the Department's Internal Auditor. Second, this advice slip is also shared with the State Department of Welfare's Regional Title XX Specialists to improve coordination.

2) A meeting to facilitate closer coordination was held September 19, 1980, between fiscal and program staffs of both agencies. Additional meetings are planned for the future.

3) Reclassification of a current position to that of Welfare Financial Service Supervisor has been requested by the Department. This position would supervise local welfare agency budget preparations, monitor service expenditures and serve as liaison with the Bureau of Fiscal Management at the State Department of Welfare. (A job description is attached.)

Mr. Ray D. Pethtel
November 5, 1980
Page 2

4) While the Department recognizes its responsibility in administering Title XX funds, it must be pointed out that the Department has spent within its allocation since the inception of Title XX.

Related to comments on expanded oversight by service specialists (Page IV-14-15), case reviews by Department specialists have been routinely conducted for most cases which were reported by the local welfare agencies, for not only compliance with Title XX regulations but for appropriate service planned and for coordination with Department service delivery.

The Department receives a monthly computer printout of all primary recipients of Title XX services from which each case can be identified. The reporting process is monitored in order to assure correct and appropriate reporting. For several years the Department followed a policy of visiting a locality at least once every three months. However, this policy has been changed due to the increased cost of travel and the Governor's mandate to conserve energy by reducing travel. Specialists are asked to make decisions as to particular needs of local welfare agencies and to prioritize their supervisory visits accordingly.

In reference to concerns related to Outreach (II-17) the Department established a statewide information, referral and outreach program in 1974 to assist clients into appropriate service programs through systematic outreach development.

Recent efforts have increased the emphasis placed upon this outreach. For example, for the first quarter of Fiscal Year 1981, departmental Social Services staff conducted 22 separate outreach programs involving approximately 415 persons.

The Department also identifies and tracts all reported blind and visually impaired individuals in the State through its model reporting area register. The Department also sends copies of the Supplemental Security Income - Blind computer printout to six district offices to be used as a tool in case-finding and outreach.

Finally, with regard to evaluation of purchased services, the Department maintains close contact with both vendors and recipients of purchased services. All facilities which contract for services are visited by service specialists and Department rehabilitation teachers.

Client progress must be evaluated on a quarterly basis by a team consisting of vendor personnel, rehabilitation teachers, service specialists and local welfare social workers where indicated. Monthly reports are made by vendors to rehabilitation teachers who provide follow-along services to these clients.

In closing, the Department would like to thank you for the opportunity to comment on the draft report, Title XX in Virginia. Should you have additional questions or desire further clarification, please contact me at 264-3145.

Sincerely,

William T. Coppage

William T. Coppage
Commissioner

WTC/CLCjr/dvl

HARRISONBURG DEPARTMENT OF SOCIAL SERVICES

MUNICIPAL BUILDING
345 South Main Street
HARRISONBURG, VIRGINIA 22801

MRS. MARIE K. ARRINGTON
Director

November 20, 1980

Ms. Carol Hayes
Joint Legislative Audit & Review Committee
910 Capitol Street
Suite 1100
Richmond, VA 23219

Dear Ms. Hayes:

This is in response to your telephone call requesting that I put my comments to you in writing. I was at Hotel Roanoke when I telephoned and unfortunately I threw away my notes. I will try to recall as near as possible what I said at that time.

I believe the report is well done and accurate in describing the Title XX program. I believe I said that I thought it was an especially thorough piece of work and that you were to be commended in pulling together the data since the Title XX program is a somewhat difficult and confusing program to administer in that it is surrounded by a morass of instructions and interpretations.

I spoke to the fact that the components of services need to be spelled out in clear and understandable explanations. Contradictions between the Plan and the Operation Manual need to be clarified. I believe the misinterpretations,in part, stem from the fact that there are too many persons providing clarification and interpreting policies.

Responsibility should be placed with local Directors to administer the program and the policies should be written so that they can do it.

The Director makes an interpretation which the worker does not believe was as she was told in training, and thereby starts a chain of events that lead to the Regional Office, through the Regional Office to Richmond; and back through the Regional Office, to the local Agency.

The report mentions the thorough training of workers. I believe that their Supervisors should also be thoroughly trained and, if at all possible at the same sessions, so that they will have a clear conception of what has been said. This would eliminate so many interpretations and enable the Regional

Offices to handle only those things that are truly exceptional and by written correspondence or follow-up in writing, if an emergency truly exists.

We are aware that this does not allow for much flexibility at the local level but if the agency is liable for chargebacks and bound with other restrictions, instructions need to be clear and written in simple language so few interpretations are needed and the "buck" rests at the local level.

Another area I spoke to, I believe, was the rapid-fire changes in program. There is no way that an agency can function effectively when it is constantly receiving new interpretations and adjusting to continuous changes. The paperwork must be simplified. There must be a simpler system so that the workers can deal with the clients and their situations.

It is essential that caseload data be accurate. Caseload standards that can be justified must be established and after established adhered to.

The method for developing the budget does need to be revised.

Finally, a monitoring system is essential. With responsibility placed upon the local offices to handle this at the grassroots, it is my personal belief that the "buck should stop at the desk of the Agency's Executive," providing the program is structured so that it can do so.

The expansion of state and regional personnel to "spoon-feed" local staff is too expensive and removes the dollar from the local client who should be the beneficiary.

Sincerely,

Marie Arrington

(Mrs.) Marie K. Arrington, RSW
Director

MKA:bcs

HENRICO COUNTY WELFARE DEPARTMENT
4912 WEST MARSHALL STREET
RICHMOND, VIRGINIA 23230

November 6, 1980

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
Suite 1100, Capitol Street
Richmond, Virginia 23219

Dear Mr. Pethtel:

Thank you for the opportunity to respond to your draft on Title XX in Virginia. I believe that your draft report has accurately identified the major problem areas in Title XX Administration and that your recommendations are generally good.

My major concern with your report is the size of the case study sample for localities. I believe this sample was much too small and was not a sufficient representation of local agencies.

The State Department of Welfare and local agencies had to implement a very complex program with many new concepts within a short period of time under some very difficult circumstances. For those reasons I do not feel the program has been administered as well as possible. All the areas noted in your study have previously been noted within the welfare system itself and, in many instances, as your report points out, the Welfare Department has developed or is developing remedies to correct those problems. It should be noted that computerization, technical assistance and improved fiscal control have been rather limited due to the Welfare Department's budgetary constraints.

I believe your report will serve as an impetus to assist the Welfare Department in improving the administration of Title XX and, in that respect, it should prove to be a very useful document.

Sincerely yours,

Bettie S. Kienast

(Mrs.) Bettie S. Kienast, ACSW
Superintendent

BSK:arg

Letter retyped for printing.

REPORTS ISSUED BY THE JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

The Virginia Community College System, March 1975
Virginia Drug Abuse Control Programs, October 1975
Working Capital Funds in Virginia, February 1976
Certain Financial and General Management Concerns, Virginia Institute of Marine Science, July 1976
Water Resource Management in Virginia, September 1976
Vocational Rehabilitation in Virginia, November 1976
Management of State-Owned Land in Virginia, April 1977
Marine Resource Management Programs in Virginia, June 1977
Sunset, Zero-Base Budgeting, Evaluation, September 1977
Use of State-Owned Aircraft, October 1977
The Sunset Phenomenon, December 1977
Zero-Base Budgeting?, December 1977
Long Term Care in Virginia, March 1978
Medical Assistance Programs in Virginia: An Overview, June 1978
Virginia Supplemental Retirement System, October 1978
The Capital Outlay Process in Virginia, October 1978
Camp Pendleton, November 1978
Inpatient Care in Virginia, January 1979
Outpatient Care in Virginia, March 1979
Management and Use of State-Owned Vehicles, July 1979
Certificate-of-Need in Virginia, August 1979
Report to the General Assembly, September 1979
Virginia Polytechnic Institute and State University Extension Division, September 1979
Deinstitutionalization and Community Services, September 1979
Special Study: Federal Funds, December 1979
Homes for Adults in Virginia, December 1979
Management and Use of Consultants by State Agencies, May 1980
The General Relief Program in Virginia, September 1980
Federal Funds in Virginia, October 1980
Federal Funds: A Summary, January 1981
Methodology for a Vehicle Cost Responsibility Study, January 1981
Organization and Administration of the Department of Highways and Transportation, January 1981

JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

Professional Staff

F. Daniel Ahern, Jr.
John M. Bennett
L. Douglas Bush, Jr.
Charles E. Cummings, Jr.
Lucretia S. Farago
Mark S. Fleming
Gary T. Henry
Clarence L. Jackson
Kirk Jonas
R. Jay Landis
William E. Landsidle
Philip A. Leone
Joseph H. Maroon
Barbara A. Newlin
Ray D. Pethtel
Walter L. Smiley
Patricia G. Smyth
Ronald L. Tillett
Glen S. Tittermary
Susan L. Urofsky
Karen F. Washabau
Mark D. Willis
William E. Wilson
Margi J. Winters

Administrative Staff

Debbie Armstrong
Sandy C. Davidson
Phyllis M. Dyer
Sharon L. Harrison
Joan M. Irby
Betsy M. Jackson
Kim Rexrode

910 CAPITOL STREET — SUITE 1100 — RICHMOND, VIRGINIA 23219 — (804) 786-1258