

**JOINT LEGISLATIVE
AUDIT AND REVIEW
COMMISSION**

**THE
VIRGINIA
GENERAL
ASSEMBLY**

**ORGANIZATION
AND ADMINISTRATION
OF SOCIAL SERVICES
IN VIRGINIA**

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

April 13, 1981

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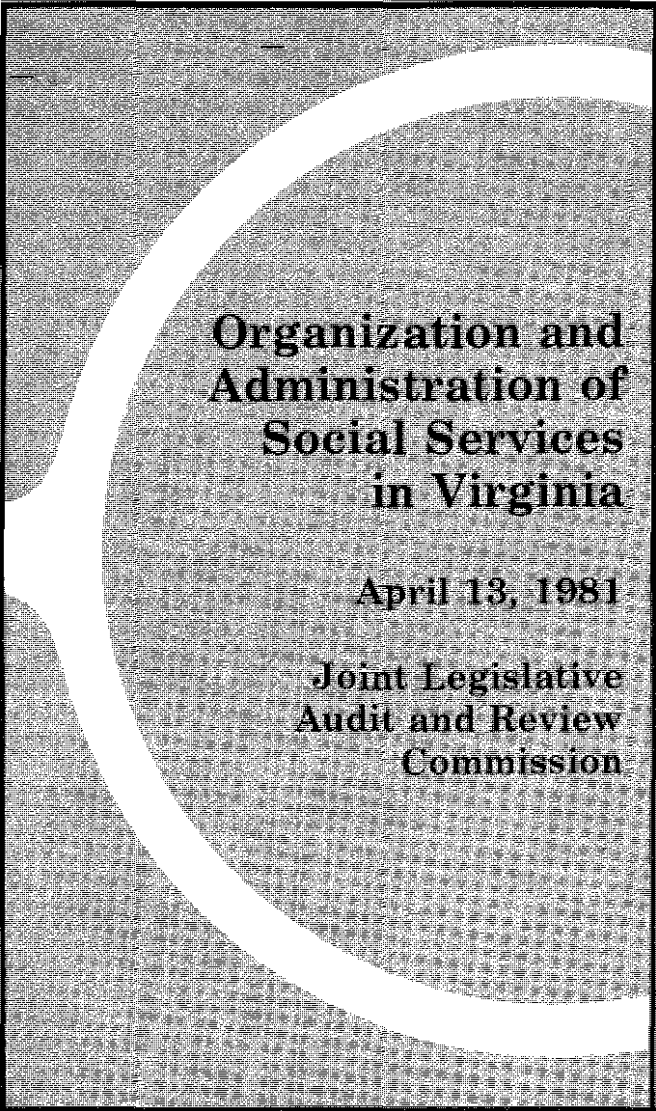
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The image shows the front cover of a report. It features a large, stylized white graphic on a dark, textured background. The graphic consists of two concentric, semi-circular shapes that form a partial ring. The title 'Organization and Administration of Social Services in Virginia' is printed in a bold, serif font across the middle of the cover. Below the title, the date 'April 13, 1981' and the name of the commission, 'Joint Legislative Audit and Review Commission', are also printed in a serif font.

Organization and Administration of Social Services in Virginia

April 13, 1981

Joint Legislative
Audit and Review
Commission

Virginia has a State-supervised but locally-administered welfare system. That is, the State Department of Welfare (SDW) develops program policy, procedures, and administrative support systems but most client contact is carried out by caseworkers in local welfare agencies. In addition to supervising the public welfare system, the department has been designated by the General Assembly as responsible for licensing adult and child caring facilities and for collecting child support payments.

The Commonwealth's welfare system has grown dramatically since the early 1960s. New and expanded federal programs—Medicaid, food stamps, and Title XX social services—offer a wide range of benefits for needy people. Accompanying this rapid program growth have been an increase in regulatory activity, higher staffing requirements,

and increased operating costs. In FY 1980, \$360 million was spent to provide 473,000 people with financial assistance or social services.

The period of accelerated growth in social programs may be coming to an end. Recently proposed federal cutbacks will challenge State and local governments to maintain current service levels. In the face of new fiscal constraints, the management of existing resources will become more complex and more important.

SDW has done a commendable job in developing an organization that can manage an array of social service programs and be responsive to welfare needs throughout the Commonwealth. Greater attention should now be given to streamlining the State's supervisory structure, remedying several long-standing intergovernmental and intradepartmental administrative problems, ensuring more consistent enforcement of licensure standards, and fine-tuning child support collections.

A JLARC REPORT SUMMARY

DEPARTMENTAL ORGANIZATION AND FUNDING (pp. 33-41)

SDW is organized into a central office in Richmond with six functional divisions and seven regional offices. Two central office resource staffs should be strengthened.

First, the internal audit unit should be staffed to conduct comprehensive internal audits of agency operations. The unit should not be used to make routine financial audits of records, except as part of a broader evaluation. All internal audit reports should be given to the State Board of Welfare.

Second, the department needs to strengthen its research and evaluation capability. Currently, large amounts of data are gathered but data are not sufficiently used. SDW could develop an evaluation unit by combining research positions now scattered throughout the agency and enhance its capability for applied research.

Regional Structure. The regional offices are designed to make contact with the 124 local welfare agencies easier. The regional concept appears sound, but the efficiency and effectiveness of regional staff are hampered to some extent

because SDW has not fully delineated the authority of regional directors, or clarified the relationship between regional staff and the central office program divisions. Regional staff frequently receive conflicting directions from the central office program divisions.

SDW needs to establish clear authority for operation of the regions. The department should consider creating a position with sufficient authority to focus administrative responsibility for regional operations at the State level, such as an assistant commissioner for field activities. Duties assigned such a position should include responsibility for setting priorities among program operations, and ensuring consistent administration of regional offices.

System Structure. The structure and funding of Virginia's State-supervised, locally-administered system have received particular attention by the General Assembly since 1970. In recent years, the State has assumed responsibility for paying for a larger share of the costs of administering the welfare system and providing services, while maintaining local management responsibility.

In view of proposed changes in federal funding for social programs, the General Assembly may now wish to reassess the options of (1) maintaining the current structure and funding of Virginia's welfare system, (2) adopting a State-administered and State-funded system, or (3) otherwise altering the roles of State and local governments.

SUPERVISION OF LOCAL AGENCIES(pp. 41-60)

Departmental supervision of local welfare agencies involves both program support and oversight activities. Important supervisory efforts of SDW are related to (1) policy development and communication, (2) caseload standard setting, (3) fraud detection, and (4) administrative reviews.

Policy Development. Clear program policies and adequate training are essential for effective administration of welfare programs. The local agency directors surveyed by JLARC responded that the development of policy and training should be one of SDW's highest supervisory priorities.

SDW has prepared extensive procedural manuals for each major program and the manuals are supplemented as needed by new or clarified information. Policy directives, however, are not

always received on a timely basis and are sometimes confusing as written. According to local directors and caseworkers, policies in three program areas—Aid to Dependent Children (ADC), food stamps, and fuel assistance—are the most troublesome. Case reviews conducted by SDW staff in the ADC and general relief programs revealed many errors which could be attributed to unclear policy. In addition, the frequency of policy training and the quality of staff orientations are inconsistent across the State.

SDW could improve the clarity of policy directives by training its policy-writers in written communication skills and by pretesting explanations with new and experienced caseworkers. In addition, the department should review its overall training effort to ensure that new local directors and recently hired employees receive appropriate orientation.

Caseload Standards. Caseload standards have been developed by SDW to determine the number of workers needed to handle a specified number of cases. The concept of establishing caseload standards is generally supported by both State and local officials. However, SDW has not updated, validated, or fully implemented the use of caseload standards in making local staffing decisions. SDW's reluctance to apply standards has resulted in understaffing in 24 local agencies and overstaffing in 76 local agencies. As of June 1980, potentially excessive positions totaled 482 statewide, at a cost of \$4.7 to \$7.3 million.

SDW should take immediate steps to update, validate, and apply caseload standards. The State Board of Welfare should consider adopting a policy to withhold State funding for local positions that exceed caseload standards. The board should also direct the department to develop methods to assess the need for positions in agencies with unique staffing requirements, and to recommend staffing alternatives for agencies over standards.

Fraud Detection. Although there appears to be considerable potential for fraud recovery, the fraud effort in Virginia is not adequate. SDW does not have a State-level fraud detection unit. Instead, local agencies have total responsibility for fraud detection. There are only 38 designated fraud positions statewide, and the number of backlogged cases has grown to 7,200. The department provides minimal training and supervision to local fraud workers.

Several actions should be considered to strengthen the fraud effort: (1) the recoupment of fraudulently obtained benefits should be actively pursued; (2) SDW should improve its training support for local fraud workers; and (3) the General Assembly and the State Board of Welfare may wish to add personnel at the State level for welfare fraud detection.

Administrative Reviews. SDW monitors local activities through an administrative review process. Administrative reviews are conducted by regional staff on a three-year cycle to measure local agency management skills and identify problem areas. Although the concept is sound, several weaknesses exist: (1) not enough client cases are read to provide an adequate picture of agency operations; (2) fiscal activities are not addressed; and (3) there is no State-level follow-up for compliance with recommended changes.

SDW should combine program, fiscal, and administrative components in its administrative review process. In addition, documented follow-up for compliance and central coordination of findings would help ensure that the problems disclosed in each locality subjected to administrative review are corrected.

DAY CARE LICENSING

(pp. 63-89)

SDW has a statutory responsibility for licensing child caring facilities, including day care centers and family day care homes. An evaluation was conducted of the department's child care licensing function which was similar to the JLARC evaluation of adult care licensing. This evaluation included an assessment of facility compliance with standards and a review of licensing and enforcement activities.

Compliance with Standards. The objective of licensing is to ensure that conditions in day care facilities meet minimum standards set by SDW. During the course of this review, JLARC staff visited 58 randomly-selected child care centers and homes. The majority of these facilities were found to be in compliance with standards. However, a wide range of conditions was observed.

Some facilities were operating with serious violations of standards that could affect the health and safety of children. Substandard facilities generally had several violations involving staffing problems or such hazardous conditions as broken

glass in playground areas or drugs and power tools within the reach of young children. Conditions observed in two facilities were serious enough to prompt the department to begin revocation of licenses. Based on the findings in the sampled facilities, it has been projected that seven percent or approximately 50 of the 695 licensed day care centers in the State have serious safety violations.

Inspections and Enforcement. Compliance with standards is enforced through annual compliance inspections, interim supervisory visits, and sanctions for noncompliance. Not all required steps in the licensing process are carried out for all facilities. For example, licensing specialists did not make a single interim supervisory inspection of nearly one-third of the child care facilities sampled by JLARC. Furthermore, day care centers have been routinely provided with advance notice of annual compliance inspections, giving owners the opportunity to temporarily correct substandard conditions.

There were significant differences between the findings of JLARC's unannounced visits and the record of the most recent announced inspection of each facility. JLARC staff found health and safety violations in 21 facilities during unannounced visits, while licensing staff found similar violations in only two of the same facilities during announced inspections.

Consistent with the JLARC recommendation contained in the report **Homes for Adults** in Virginia, we recommend that SDW make its annual compliance inspection of each child care facility without prior notification. In addition, the annual licensure decision should consider the findings from all other announced and unannounced supervisory visits made during the licensed period.

The process for revoking or denying a license is difficult to implement successfully. Therefore, SDW has attempted to use a provisional license as a surrogate enforcement device. Facilities that are temporarily unable to comply with standards have been given a provisional license for up to six months, and the provisional license has been renewable for up to two years. As a result, some substandard facilities with long histories of violations have continued to operate.

In response to a JLARC recommendation regarding the need to improve the provisional licensure process, the 1981 General Assembly passed legislation providing that provisional licenses may only be used for a six-month, non-renewable

period. A new conditional license may be granted for new facilities not previously licensed. This statute applies to children's day care and adult facilities.

To support this legislation, SDW should develop and propose to the General Assembly a series of intermediate sanctions which can be used to enforce compliance with standards when violations are found. Possible intermediate sanctions might include a fine, a temporary suspension of a license, or a prohibition against new enrollments.

Family Day Care Homes. The licensure of family day care homes (as opposed to child care centers) presents a unique enforcement problem. Specialists are reluctant to enforce standards in day care homes which are private family dwellings. Although the number of licensed family day care homes in Virginia has dropped significantly, department officials estimate that thousands of unlicensed facilities may exist. The two methods of detecting unlicensed homes, allegations and voluntary self-registration, have been conceded to be ineffective.

The General Assembly may wish to direct SDW to reevaluate the licensure of family day care homes altogether. Special emphasis should be placed on assessing the value of continuing to license family day care homes, or of choosing another option such as mandatory self-registration or deregulation. If licensure is to continue, attention will need to be given to consistent standards and realistic enforcement procedures.

SUPPORT ENFORCEMENT (pp. 91-102)

The collection of child support payments from

parents who abandon their children is another function performed directly by SDW.

The Bureau of Child Support Enforcement is unique because it is the department's only revenue generating unit. In FY 1980, the bureau, in cooperation with juvenile and circuit courts, collected over \$7.4 million from parents who had abandoned their children. During the same year, under the guidance of a new acting director, the bureau also made great progress in overcoming administrative problems that had adversely affected collections in past years.

Support collections have totaled approximately \$30 million since the program's inception in 1976. However, delinquent accounts now exceed \$35 million. Some delinquent accounts exist because the whereabouts of the responsible parent are unknown. Virginia's restrictive paternity laws also contribute to difficulties in making collections.

The department's initial efforts to recover delinquent accounts will be easier as a result of legislation proposed by the Joint Legislative Audit and Review Commission and enacted by the 1981 General Assembly. The legislation, the "Setoff Debt Collection Act," requires State agencies to identify delinquent bills owed to the State so the Department of Taxation can withhold any tax refund owed the debtor. In this way, some part of delinquent debts owed to the State can be recovered.

Collections could also be improved if paternity laws were less restrictive. A joint subcommittee appointed by the 1981 General Assembly to review child support legislation should pay special attention to the standards of proof required in the establishment of paternity.

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

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Preface

The Joint Legislative Audit and Review Commission (JLARC) has statutory responsibility to make operational and performance reviews of State agencies and programs. The Legislative Program Review and Evaluation Act requires that some of those reviews be made according to a schedule adopted by the General Assembly.

This is the fourth and final report in a series initiated under the "Evaluation Act." The series is focused on social service programs encompassed within the Individual and Family Services budget function. The series was authorized by Senate Joint Resolution 133 enacted by the 1979 General Assembly. Subcommittees of the House Committee on Health, Welfare and Institutions and the Senate Committee on Rehabilitation and Social Services are cooperating in the evaluation process.

Virginia has a State-supervised but locally-administered public welfare system. The State Department of Welfare plays a central role in managing the welfare system by (1) administering federal and State funds, (2) monitoring local service delivery, (3) developing and interpreting policy, and (4) providing technical assistance and training. Delivery of most welfare services to clients is the responsibility of the 124 local welfare agencies. The first section of this report, therefore, examines the department's effectiveness in providing support to and oversight of the public welfare system.

The department is also responsible for licensing and inspecting child care facilities and homes for adults, and collecting child support payments. Licensure of homes for adults was assessed in an earlier report. On-site assessments of a random sample of child care centers and family day care homes made as part of this study found that conditions in most facilities are good. However, some facilities were found operating with serious violations of State standards. The JLARC staff believes that most of the violations discovered during JLARC field visits would be eliminated if compliance inspections carried out by the department were made without prior notice. Furthermore, license renewal decisions should be based on the findings of unannounced compliance inspections as well as on other announced and unannounced supervisory inspections.

Recommendations to improve the administration of social services were adopted by the Commission on April 13, 1981. The recommendations are contained in the body of this report. A departmental response to the recommendations is contained in the appendix.

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



Ray D. Pethtel
Director

April 20, 1981

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I. Introduction

Nearly 50 types of financial assistance programs and social services are offered in Virginia. Eight programs provide cash assistance, such as Aid to Dependent Children and general relief. Six programs offer specific kinds of assistance, such as food stamps and fuel assistance. A wide range of individual social services are also available, such as day care, family counseling, and employment training. In FY 1980, approximately 473,000 individuals received some form of social service or financial assistance in the Commonwealth at a total cost of \$359.7 million.

Virginia is one of 18 states with a state-supervised but locally-administered welfare system. Under this system, State agency personnel develop policy, procedures, and administrative support systems, but do not actually deliver services to clients. Client contact is carried out by staff at 124 local departments of welfare. These staff are employees of local jurisdictions and are responsible to their local governing bodies. Local workers determine the eligibility of clients for assistance, issue some payments to clients and vendors, and provide direct services.

The State Department of Welfare (SDW) plays a central role in Virginia's welfare system. SDW is authorized by State and federal statutes to ensure that all relevant laws are fully and uniformly implemented across the State. The department administers federal and State funds, monitors local activities, develops and interprets policy, and provides technical assistance and training. Departmental functions are carried out by staff located in the central office and in seven regional offices.

In addition to its supervisory responsibilities, SDW has direct responsibility for licensing certain adult and child care facilities and for collecting child support payments from parents who have deserted their children. As of June 1980, SDW was responsible for setting standards and for inspecting and licensing more than 700 facilities, including child care centers, family day care homes, and homes for adults. During FY 1980, the Bureau of Support Enforcement collected more than \$7.4 million in support payments from 12,700 absent parents.

VIRGINIA'S WELFARE SYSTEM

Since the early 1960s, the cost and complexity of welfare administration in Virginia have increased significantly. Growth has resulted from new federally-required programs, increasing regulations, frequent program changes, and concerns of advocacy groups. The State Department of Welfare has a major role in coordinating federal, State,

and local regulations, administering various funding streams, and balancing government objectives with concerns of private citizens.

The State Board of Welfare has primary policy-making responsibility in Virginia's welfare system. The department is headed by a commissioner. Departmental staff are organized into five central office divisions, with a sixth planned for the spring of 1981, and seven regional offices. The regional staff work directly with the 124 local welfare agencies. Each local agency has a local welfare board. With the exception of 21 cities where the local boards are advisory, most local agencies are responsible to administrative welfare boards.

Historical Background

Virginia has a long history of local administration of welfare programs. During the 1920s and 1930s, some localities granted financial relief to citizens on an emergency basis. Emergence of local boards of welfare was gradual. Not until extensive federal funding became available in the late 1930s was there a requirement for each locality to have a public welfare agency. A few State laws governed the licensing of certain child and adult facilities.

Welfare System Mandated. In 1938, the Virginia Public Assistance Act mandated the establishment of local departments of welfare in each political jurisdiction of the State. State matching funds were made available at that time for reimbursing a share of local expenditures for financial assistance, foster care for children, and administration.

The State Department of Welfare and Institutions (DWI) was created by the General Assembly in 1948. Public welfare programs were supervised by the Division of General Welfare within DWI, which also had responsibility for licensing child and adult facilities. Field staff, which did not have administrative or supervisory responsibility, were scattered across the State to provide technical assistance to local departments and often worked out of their own homes.

Between 1970 and 1972, the division decentralized, establishing seven regional offices in Verona, Roanoke, Falls Church, Richmond, Lynchburg, Abingdon, and Virginia Beach. Regional staff were given substantial supervisory authority over localities in certain program and administrative areas.

Creation of SDW. Federally-mandated public welfare programs increased dramatically during the 1960s. With the addition of Medicaid in 1969 and food stamps in 1974, the State was required to meet numerous monitoring and reporting requirements. To strengthen the State's role in supervising the Commonwealth's burgeoning public welfare system, the legislature created a separate Department of Welfare in July 1974 (*Code of Virginia*, Section 63.1-1.1).

The State Board of Welfare was also created on July 1, 1974 (*Code of Virginia*, Section 63.1-14 *et seq.*). This nine-member board has the power to approve new programs and policy and advises the commissioner on administrative matters (*Code of Virginia*, Section 63.1-24).

Authority of SDW. The State Department of Welfare operates under both federal and State law because it has been designated by the Governor as the single state agency for administering federal welfare programs. Federal law mandates ultimate state responsibility for the effective local administration of federal programs such as food stamps and Aid to Dependent Children. A major requirement is that if federally-assisted programs are administered by localities, then the state must ensure continuous operation of the programs through planned reviews. Federal law also prohibits any restrictions on a state board's rule-making authority.

Section 205.120, *Code of Federal Regulations*, indicates that supervision by the single state agency should include: "methods of informing local staff of policies and procedures" and "regular examination and evaluation of operations in local offices through regular visits, and controls." Federal regulations leave it up to the states to develop specific procedures and timetables for performing these activities.

Virginia law vests supervisory responsibility in the director of SDW, but does not fully define it.

The Director ... shall supervise the administration of Title 63.1 and shall see that all laws pertaining to his Department are carried out to their true intent and spirit. (Section 63.1-4, *Code of Virginia*)

Activities such as requiring local reports, training local staff, and reviewing local budgets are listed in the *Code*.

The department's mission statement defines supervision as follows:

... (the) State Department of Welfare is to provide, within its legal authority, leadership to and support of public welfare agencies. (SDW Mission Statement, adopted by the State Board of Welfare, January 6, 1976)

The mission statement lists specific support components of "program and policy development, policy interpretation, technical consultation, training, administrative supervision, monitoring and evaluating delivery agencies and programs."

Under certain circumstances, the State may remove a local director. The State Board of Welfare has been assigned the legal authority to compel local performance in two instances: (1) if a locality refuses or fails to provide mandated programs and services, and (2) if a locality fails to hire necessary staff according to State standards. According to Sections 63.1-122 and 63.1-123 of the Code, when either of these conditions exist SDW must provide the required funds or staff to run programs. The resultant cost is recouped from the local jurisdiction's share of sales tax revenues or Alcoholic Beverage Commission profits. This procedure has been used 15 times since 1971 (Appendix Table 1).

As of July 1, 1982, the department will be retitled the Department of Social Services as a result of legislation passed by the 1981 General Assembly.

Organization of SDW

The major functions of SDW are carried out by five divisions (soon to be six), the executive office staff, and the staff of seven regional offices (Figure 1).

Divisions and Regions. Three divisions have primary responsibility for supervision of local agencies: Division of Social Services, Division of Financial Services, and Division of Field Operations. The major responsibility of the Division of Social Services is to develop policy and to supervise the delivery of social services that are primarily funded through Title XX of the Social Security Act. The Division of Financial Services has corresponding responsibility for federal and State-local cash assistance programs.

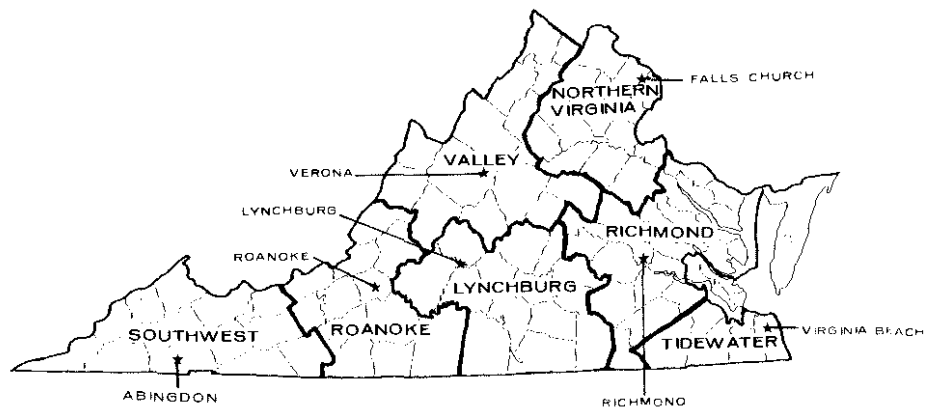
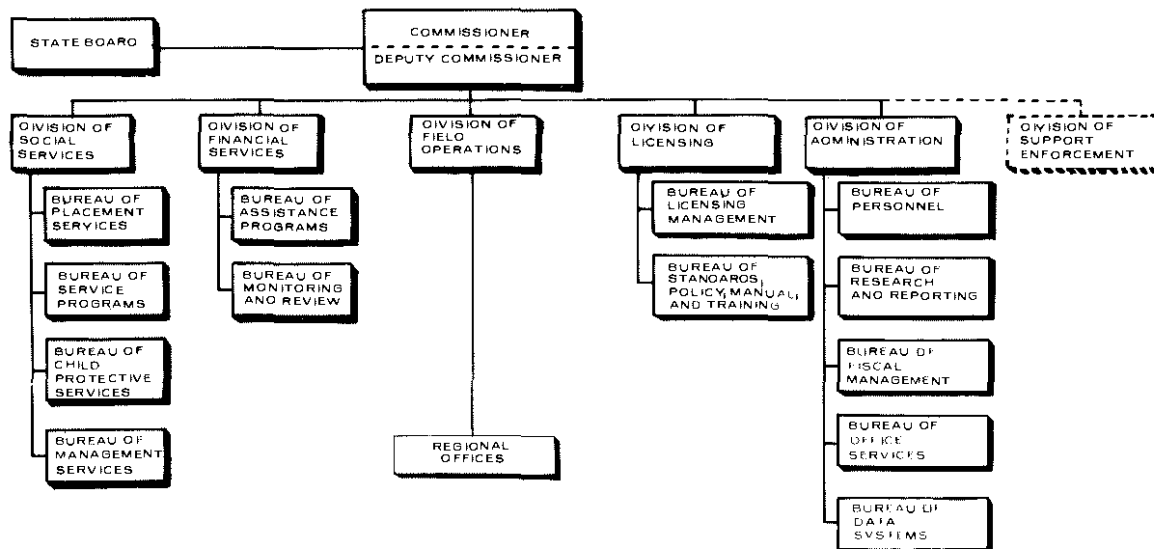
These divisions generally do not have direct contact with local staff, but work through the regional offices using staff designated as social service or financial service specialists. These specialists and others in the regional offices provide policy interpretation, technical assistance, and training to local staff and monitor local activities. Regional offices report to the Division of Field Operations and are considered to be part of that division.

The Division of Administration handles most support functions for the other divisions and regions. These functions include personnel, payroll, purchasing, research, reporting, and data systems. The Bureau of Support Enforcement is currently located in this division but will soon become a separate division. Support enforcement staff are responsible for locating absent parents and resolving problems related to payment of support for dependent children. These staff are primarily located in the regional offices.

Staff of the Division of Licensing are also primarily located in the regional offices. Inspection of facilities and issuance of licenses are handled by regional staff, except for child placing agencies

Figure 1

ORGANIZATION OF DEPARTMENT OF WELFARE



which are handled by central office personnel. Central office staff also design standards for child care and adult facilities.

Commissioner's Office. The commissioner's executive staff includes four offices: planning, communications, civil rights, and internal audit.

- Planning Office - Responsible for department planning, policy coordination, legislative liaison, and special projects for the commissioner.
- Communications Office - Handles public relations.

- Civil Rights Office - Responsible within SDW for implementing Title VI of the 1964 Civil Rights Act. Handles complaints and conducts on-site reviews of designated facilities.
- Internal Audit Office - Handles internal review of accountability and procedures in welfare programs. The unit, which is scheduled to audit all local welfare agencies in the next few years, has also audited certain types of vendors (e.g., homes for adults).

Staffing. SDW currently has 963.5 staff positions in central and regional offices (Table 1). About one-half of these positions are in the central office. Regional positions are organizationally located in the Division of Field Operations but receive programmatic direction from program divisions.

Table 1

TOTAL SDW POSITIONS
(November 1980)

	<u>Central Office Positions</u>	<u>Regional Positions</u>
Office of the Commissioner	50	--
Division of Administration	193	--
Division of Financial Services	53	104
Division of Social Services	93	26
Division of Licensing	23	41
Division of Support Enforcement	48	215
Division of Field Operations	<u>5</u>	<u>112.5</u>
Total	465	498.5

Source: SDW Bureau of Personnel.

Approximately 45 percent of regionally-located staff perform duties related to the child support enforcement program. Total department staffing for support enforcement is 263 positions, or 27 percent of the total State staff.

Local Administration of Welfare Programs

Welfare programs in Virginia are administered by 124 local agencies. Local agencies have two primary functions: determine client eligibility for financial assistance programs, and provide or arrange for social services. Each agency has its own local board.

Jurisdictions include 88 counties, 29 cities, and seven multi-jurisdictional areas. The multi-jurisdictional areas were created when neighboring localities consolidated their welfare agencies to eliminate duplication and reduce costs. While consolidated local agencies share office space, administrative costs, and a welfare board, each locality may offer differing local option programs such as general relief or State and local hospitalization. Consolidated agencies include Alleghany/Covington, Staunton/Augusta, York/Poquoson, Fairfax/Falls Church, Chesterfield/Colonial Heights, Greenville/Emporia, and Rockbridge/Lexington-Buena Vista.

Responsibilities of Local Boards. Each jurisdiction has a welfare board that serves in either an administrative or advisory capacity to the local welfare department. The principal powers and duties of both administrative and advisory local welfare boards are shown below.

<u>Administrative</u>	<u>Advisory</u>
•Discretion over all local funds	•Prepare annual report to governing body
•Furnish reports to State and federal officials	•Meet with local director at least quarterly
•Submit budgets to local and State officials	•Monitor social welfare programs in the locality
•Issue emergency payments to clients	•Interest itself in all matters of social welfare
•Exercise options in general relief and hospitalization of indigents	
•Select social services to be provided	
•Interest itself in all matters of social welfare	

Administrative boards are found in 103 localities. Under Section 63.1-50 of the *Code of Virginia*, administrative boards are responsible for administering public welfare programs. The powers and duties of the 21 advisory boards are more restricted.

First- and second-class cities may allow the officer in charge of the welfare department to assume the responsibilities of the administrative board. This provision was made in response to the growing complexity of city government. The State Board of Welfare felt

that one individual, knowledgeable of a city's complex personnel, financial, and administrative practices, could most effectively direct all welfare department activities. In these instances, an advisory board comprised of citizens must also be appointed to advise the officer on his duties and functions. The 21 cities with advisory boards are listed below.

Alexandria	Hopewell	Portsmouth
Charlottesville	Lynchburg	Richmond City
Chesapeake	Manassas	Roanoke
Danville	Manassas Park	Staunton
Franklin City	Newport News	Suffolk
Galax	Norfolk	Virginia Beach
Hampton	Petersburg	Waynesboro

The local board or local government appoints a director of the welfare department, subject to personnel standards established by the State (Section 63.1-59, *Code of Virginia*).

Size of Local Agencies. The size of a local agency relates to the number of clients in major programs, staffing levels, and the complexity of program offerings. SDW classifies local agencies according to the number of social worker and eligibility worker positions. The largest agency is in the City of Richmond, with approximately 650 employees and a monthly ADC caseload of 6,631. The smallest local agencies are in Craig and Highland counties, with total staffs of four and ADC caseloads of less than ten (Table 2).

Table 2

NUMBER OF LOCAL AGENCIES BY SIZE OF PROFESSIONAL STAFF

<u>SDW Category</u>	<u>Number of Professional Staff</u>	<u>Number of Agencies</u>
Classes I & II	1 - 4	34
Class III	5 - 14	48
Class IV	15 - 149	40
Class V	150+	2

Source: SDW Bureau of Personnel data.

JLARC staff visited seven local welfare agencies of differing sizes and locations during the course of this review. These agencies were in Cumberland, Prince William, Washington, and Franklin counties and the cities of Richmond, Harrisonburg, and Newport News. Descriptions of three of these agencies follow.

Class II Agency

The Cumberland County Department of Social Services is located in a small house near a major crossroads in this rural county. The director has been there for 22 years, and carries a small case-load in addition to her administrative duties.

Additional staff consist of two food stamp workers, two eligibility workers, one social worker, and three clerical positions. The agency budget for FY 1981 totaled \$283,000.

Eligibility workers in Cumberland County conduct home visits to new ADC applicants to verify application information. During the fuel assistance program, the office was swamped with applications which necessitated assigning the whole staff to this program. Most of the county's vendors were wood cutters who sold wood under the fuel assistance program.

Class IV Agency

The Prince William County Department of Social Services is one of three local welfare departments located within several miles of each other. Clients must first be screened to ensure that they reside in Prince William's service area.

Prince William is a medium-size agency with 70 staff and a satellite office at the eastern tip of the county. Most eligibility and food stamp workers are located at the satellite office, while service workers and administrative staff are located at the main office. Prince William's budget for FY 1981 was \$2.8 million.

The agency has developed internal policies and regulations that are often stricter than the State's. For example, child abuse cases must be investigated within four hours of a complaint (the State's social services manual does not designate a specific time frame for investigation), and foster parents are given suggested regulations for foster children's curfews and dating ages.

Class V Agency

The City of Richmond Department of Social Services is located in two large office buildings in

the center of the city and also operates two neighborhood offices. A staff of approximately 650 is supervised by a director, three division chiefs, and more than 80 supervisors.

In one month, the department issues food stamp coupons valued at \$1.1 million. Monthly ADC grants of over \$1.4 million provide maintenance for more than 20,000 individuals.

The department maintains its own computer system for public assistance clients and has separate units for data processing, accounting, and statistical reporting. Richmond's FY 1981 budget totaled \$21.7 million.

The total number of staff employed by local agencies is approximately 5,465. There are significant differences in the staff/client ratios for major programs which reflect staff size and caseloads of local agencies. Regional differences shown in Table 3 result from variations within local agencies.

Table 3

LOCAL AGENCY STAFF/CASELOAD
RATIOS FOR MAJOR PROGRAMS
(June 1980)

<u>Region</u>	<u>Total Local Staff</u>	<u>Aid to Dependent Children</u>	<u>Food Stamps</u>	<u>Social Services</u>
Lynchburg	354	1:52	1:273	1:60
Northern Virginia	820	1:47	1:292	1:40
Richmond	1171	1:52	1:267	1:43
Roanoke	591.5	1:36	1:307	1:42
Southwest	430.5	1:35	1:263	1:44
Tidewater	1707	1:50	1:380	1:39
Valley	390.5	1:45	1:217	1:37
Statewide	5464.5	1:46	1:282	1:43

Source: Public welfare statistics, June 1980; SDW personnel data.

Program Offerings. Local agencies must administer 15 programs that are mandated, at least in part, by the State or federal government. Localities may choose not to offer two local-option programs: general relief and State and local hospitalization. A locality may also offer only some aspects of general relief. However, if a

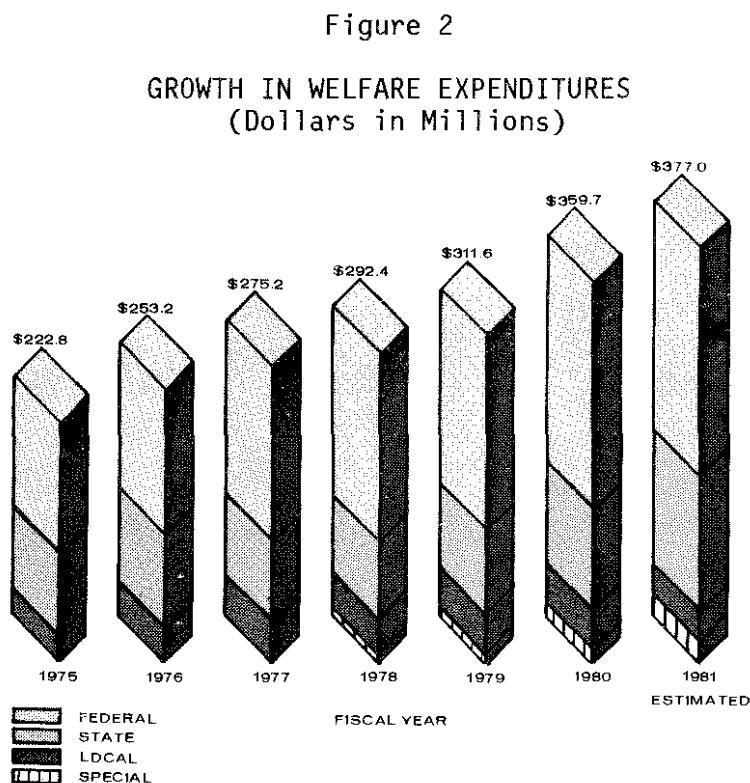
locality offers general relief, it must comply with SDW's administrative requirements. Additionally, localities may offer any or no optional social services, although at least nine service mandates must be covered. A summary of information for all types of welfare programs offered in Virginia in 1980 is shown on pages 12 and 13.

Expenditures

Between FY 1975 and FY 1980, total expenditures for Virginia's welfare system increased 61 percent, from \$222.8 million to \$359.7 million (Figure 2). The greatest increase in costs was \$48 million between FY 1979 and FY 1980. Much of this difference can be attributed to the federally-mandated fuel assistance program, which was offered for the first time in FY 1980 at a cost of nearly \$25 million.

The federal share of expenditures has averaged 57 percent over the six-year period, with State general funds accounting for about one-third of costs. The local share of all costs has remained at a constant 11 percent.

The local share is relatively small for two reasons. First, local jurisdictions share in program costs for only five programs: auxiliary grants, State and local foster care, hospitalization of indi-



Source: JLARC presentation of data from SDW annual reports and Bureau of Fiscal Management.

**FINANCIAL SERVICE PROGRAMS
ADMINISTERED BY LOCAL WELFARE AGENCIES
(FY 1980)**

Cash Assistance Programs: Provide cash grants to eligible individuals and families for basic needs.

Program	Purpose	Optional		Number of Recipients June 1980	Administrative Cost Match Ratio			Program Cost Match Ratio			Total Program ¹ Expenditures
		No	Yes		% F	% S	% L	% F	% S	% L	
Aid to Dependent Children	Provide basic maintenance for children deprived of parental support	✓		160,985	50	30	20	56.54	43.46	-	\$142,051,111
Aid to Dependent Children- Foster Care	Provide basic maintenance for children removed from home by court order	✓		2,464	50	30	20	56.54	43.46	-	4,265,933
Aid to Dependent Children- Emergency Assistance	Provide temporary basic maintenance for children in need due to natural disaster or fire	✓		1,261 ²	50	30	20	50	50	-	81,911
Auxiliary Grants	Provide supplemental assistance to SSI recipients who received greater benefits prior to SSI and to residents of homes for adults	✓		2,706	-	80	20	-	62.5	37.5	5,769,469
General Relief	Provide cash grants and in-kind assistance to individuals who do not qualify for federal assistance programs		✓	7,693	-	80	20	-	62.5	37.5	11,149,469
Indo-Chinese Refugee	Provide short-term resettlement assistance to refugees	✓		3,118	100	-	-	100	-	-	4,031,812
Individual and Family Grant	Provide relief to victims of disaster	✓		-	50	30	20	75	25	-	-
State and Local Foster Care	Provide for temporary or permanent placement of children entrusted to the care of the department	✓		4,290	75	5	20	-	50	50	8,055,233

In-Kind Assistance Programs: Provide eligible individuals and families with food coupons, fuel, medical care, and other necessities.

Assistance for Repatriates	Provide assistance to Americans stranded overseas to return to U.S.	✓		-	100	-	-	100	-	-	-
Food Stamps	Raise the nutritional level in low income households	✓		360,250	50	30	20	100	-	-	147,570,135
Fuel Assistance	Assist low income families with fuel payments	✓		172,054 ²	100	-	-	100	-	-	25,220,882
Medicaid-Eligibility Determination	Determine client eligibility for the Medicaid program	✓		277,038	50	30	20	-	-	-	N/A ³
State and Local Hospitalization	Provide inpatient and outpatient medical care for indigents who are not eligible for Medicaid		✓	4,675 ¹	-	80	20	-	75	25	5,650,327
Weatherization ⁴	Provide low cost/no cost weatherization assistance to low income families	✓		-	100	-	-	100	-	-	-

**SOCIAL SERVICE PROGRAMS
ADMINISTERED BY LOCAL WELFARE AGENCIES
(FY 1980)**

Social Service Programs: Provide social services to help individuals and families move toward the achievement of their optimum well-being and to increase self-support and self-sufficiency.

Program	Purpose	Optional		Number of Recipients June 1980	Administrative Cost Match Ratio			Program Cost Match Ratio			Total Program ¹ Expenditures
		No	Yes		% F	% S	% L	% F	% S	% L	
Title XX Social Services	Provide social services to increase self-support and self-sufficiency among needy citizens	✓	✓	289,053	75	5	20	✓ ²	✓	✓	\$ 87,706,782
<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>There are nine service mandates:</p> <p>Adoption; Day Care for Children; Early, Periodic Screening, Diagnosis, and Treatment for Children; Employment Services; Family Planning; Information and Referral; Protective Services for Children; and Services to Children in Foster Care. Local agencies must also designate three services for SSI recipients.</p> </div> <div style="width: 45%;"> <p>Twenty-four services are optional:</p> <p>Alcohol; Alternate Living Arrangements; Chore; Companion; Counseling and Treatment; Court Services; Day Care for Adults; Developmental Day Programs for Adults; Developmental Day Programs for Children; Drug Services; Education and Training; Emergency Needs Services; Family and Personal Adjustment Counseling; Foster Care Services for Adults; Health-Related Services; Homemaker; Housing; Interpreter; Legal; Nutrition-Related Services; Protective Services to Aged, Infirm, or Disabled Adults; Services to Specified Disabled; Socialization/Recreation; and Transportation.</p> </div> </div>											
Indo-Chinese Refugee	Provide services to assist refugees with resettlement and adjustment	✓		45	100	-	-	100	-	-	101,337
WIN Program	Provide job training, placement, and social services to ADC recipients	✓		8,606	75	5	20	90	-	10	2,162,655

TOTAL SYSTEM EXPENDITURES⁶

\$359,700,000

¹Reflects program expenditures only. Administrative costs are not included except in the Title XX Social Services program.

Administrative Costs: Operating costs incurred by local welfare agencies which include such expenses as salaries, benefits, rent, and office supplies. Administrative costs for FY 1980 totaled \$90.4 million.

Program Costs: These costs reflect the value of assistance given to clients, and include cash grants, food stamps, medical care, purchased services such as companion services and day care, and other necessities. Total program costs for social services cannot be precisely calculated because the salaries of social workers, who directly deliver some services to clients, are counted as administrative costs. Calculable program costs for FY 1980 totaled \$246.4 million.

²Some duplication may exist in these figures.

³The welfare and social services system only performs the function of eligibility determination. The Department of Health is responsible for administration and funding of the program.

⁴Will be offered in FY 1981.

⁵Varies by service program.

⁶Reflects all FY 1980 costs of the welfare system, including licensing and support enforcement.

Source: SDW Annual Report 1980; Bureau of Research and Reporting. A JLARC Staff Illustration.

gents, general relief, and certain social services. Second, although localities can be required to bear up to 50 percent of their administrative costs (Section 63.1-92, *Code of Virginia*), they are currently required to contribute only 20 percent of these costs, regardless of the program.

The major welfare expenditure in FY 1980 was \$142 million for maintenance payments to ADC clients. The operating costs of local agencies were the second largest category of expenditures, accounting for \$90.4 million. This figure included the salaries of social workers who provide direct services to clients.

Operating costs of the State Department of Welfare totaled \$21.2 million (Table 4). Included in this figure were the personnel and operating costs of regional and central offices. The general administration category included costs of central office support staff and operations.

Table 4

DEPARTMENT OF WELFARE ADMINISTRATIVE EXPENDITURES
(FY 1980)

<u>Program</u>	<u>Expenditures</u>
Supervision of Local Agencies	\$ 8,040,974
Child Support Enforcement	4,788,754
Licensing	397,660
General Administration	<u>8,070,114</u>
Total	\$21,297,502

Source: SDW 1980 annual report.

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 specific schedule. Senate Joint Resolution 133, enacted during the 1979 legislative session, implemented the provisions of the Evaluation Act. During FY 1979-80, SJR 133 directed JLARC to evaluate programs and agencies in the Standards of Living subfunction of the Individual and Family Services budget function.

This review of the organization and administration of public welfare programs is the fourth study performed by JLARC under SJR 133.

Other studies have included *Homes for Adults in Virginia* (December 1979), *The General Relief Program in Virginia* (September 1980), and *Title XX in Virginia* (January 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 focuses on SDW's supervision of local agencies, licensure of children's day care facilities, and collection of child support. Three major objectives of the study are:

- To determine the efficiency and effectiveness of SDW's support and oversight of welfare programs and local agencies.
- To establish whether the day care licensing process is adequate to ensure compliance with minimum standards.
- To assess SDW's success in establishing and collecting child support obligations uniformly and cost effectively.

Methods

In the course of this review, JLARC staff collected and analyzed data from numerous sources. To determine the functional responsibilities at the State, regional, and local levels, JLARC staff visited a local welfare agency in each of the seven regions. Selection criteria included staff size, regional location, status of the administrative review, and special features such as satellite offices. Case study localities were: City of Richmond, Newport News, Prince William County, Harrisonburg, Cumberland County, Washington County, and Franklin County.

Research activities in each locality involved (1) structured interviews with directors and staff; (2) review of agency action plans, contact logs, complaints, and appeals; and (3) analysis of program and cost data developed by SDW.

Field work in these local agencies was supplemented by a survey questionnaire sent to each of the 124 local agency directors. Questions covered personnel, policy, budgeting, and contacts with State staff. Extensive interviewing was also conducted in each of the central office divisions and seven regional offices with program, administrative, licensing, and support enforcement staff.

To assess the department's licensing function, unannounced visits by JLARC staff were made to 58 children's day care facilities and all case information on these facilities was reviewed.

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

Report Organization

This chapter has presented a general overview of the welfare system. Chapter II describes complexities and changes in Virginia's welfare system. Chapter III assesses SDW's supervision of local agencies. Chapter IV examines the department's licensing of children's day care facilities, and Chapter V reviews SDW's collection of child support.

II. Welfare Trends in Virginia

The most significant welfare trends, in Virginia as well as nationwide, have been increased federal influence over service delivery, more comprehensive benefits for recipients of public assistance, and related increases in costs and accountability requirements for administering agencies. Nevertheless, in Virginia's locally-administered system there is considerable variation in the availability of the few remaining optional services and in the operation of local offices. As local governments have sought fiscal relief, the State has assumed greater portions of system costs and has explored administrative options.

Development of a Tri-Level System

Due to considerably increased federal influence on local service delivery in recent years, the welfare system can reasonably be characterized as tri-level. In Virginia, public welfare programs are implemented through a system that involves interaction among federal, State, and local governing bodies and administrative agencies. All three levels must work together to ensure the effective and efficient delivery of services and financial assistance to eligible individuals.

At the federal level, the Department of Agriculture administers the food stamp program, the Department of Energy oversees the weatherization program, and the Department of Labor administers the WIN program. Most of the other 13 federally-enacted programs are the responsibility of the Department of Health and Human Services (formerly HEW). These agencies promulgate policies and rules and allocate funds.

At the State level, corresponding responsibilities are carried out by the Department of Welfare, which has also placed increasing emphasis on monitoring program implementation.

Since welfare programs are locally-administered in Virginia, almost all service delivery takes place through local departments of welfare. These agencies are responsible to local governments and local boards as well as to State and federal law-making and regulatory entities.

Other states with locally-administered systems include California, with over 1.3 million ADC recipients, and Wyoming, with only 6,343 ADC recipients. Virginia is in the mid-range (Table 5). Welfare programs in all other states are state-administered, and service delivery is provided by state employees.

Table 5

STATES WITH LOCALLY-ADMINISTERED WELFARE SYSTEMS
(August 1979)

<u>State</u>	<u>Population Rank</u>	<u>Per Capita Income Rank</u>	<u>ADC Program</u>	
			<u>Recipients</u>	<u>Rank</u>
California	1	5	1,326,137	1
New York	2	12	1,096,979	2
Ohio	6	18	472,266	6
New Jersey	8	3	453,413	7
Indiana	11	21	147,662	22
North Carolina	12	40	191,427	15
VIRGINIA	14	24	160,679	20
Georgia	15	35	212,775	11
Wisconsin	16	22	197,800	14
Maryland	18	10	207,969	12
Minnesota	19	17	129,057	26
Alabama	21	48	177,320	17
South Carolina	26	47	144,792	23
Colorado	30	15	74,162	31
Nebraska	35	27	34,949	38
Montana	43	34	17,690	45
North Dakota	45	33	12,690	47
Wyoming	49	11	6,343	49

Source: HEW Public Assistance Statistics, August 1979.

Impact of New and Expanded Welfare Programs

Since the early 1960s, many new and expanded welfare programs have been mandated by federal and State lawmakers. New federal programs enacted in the 1960s include Medicaid, food stamps, and refugee programs. Title XX and child support enforcement were implemented in the 1970s. SDW assumed responsibility for administering the fuel assistance program in FY 1980. In 1975, the General Assembly passed legislation to provide for the welfare of abused and neglected children.

The expansion of welfare programs has resulted in greater benefits for clients and expanded client populations. However, new programs have also required more program policies and regulations, increased staff at the local and State levels, and greater administrative costs to run the system.

The impact of program changes throughout the entire welfare system is illustrated by the following case history of the food stamp program in Virginia.

Food Stamp Program

Prior to implementation of the food stamp program, needy individuals received food through the surplus commodities program. Localities across Virginia gradually adopted the food stamp program during the early 1970s.

From 1970-1973, local staff increased by nearly 1,600 statewide, largely as a result of the food stamp program.

In January 1979, program modifications eliminated the purchase requirement. This led to an increase from 198,000 to 294,000 clients in a six-month period. As a result, new food stamp workers were added to many localities.

In 1980, SDW began designing a computerized system to update program data and provide program controls. The federal government has also increased accountability by requiring states to do a quality control review of food stamp cases.

Expansion of the program has resulted in an increase in fraud investigations. More than 2,000 investigations of food stamp fraud were pending statewide as of August 1980.

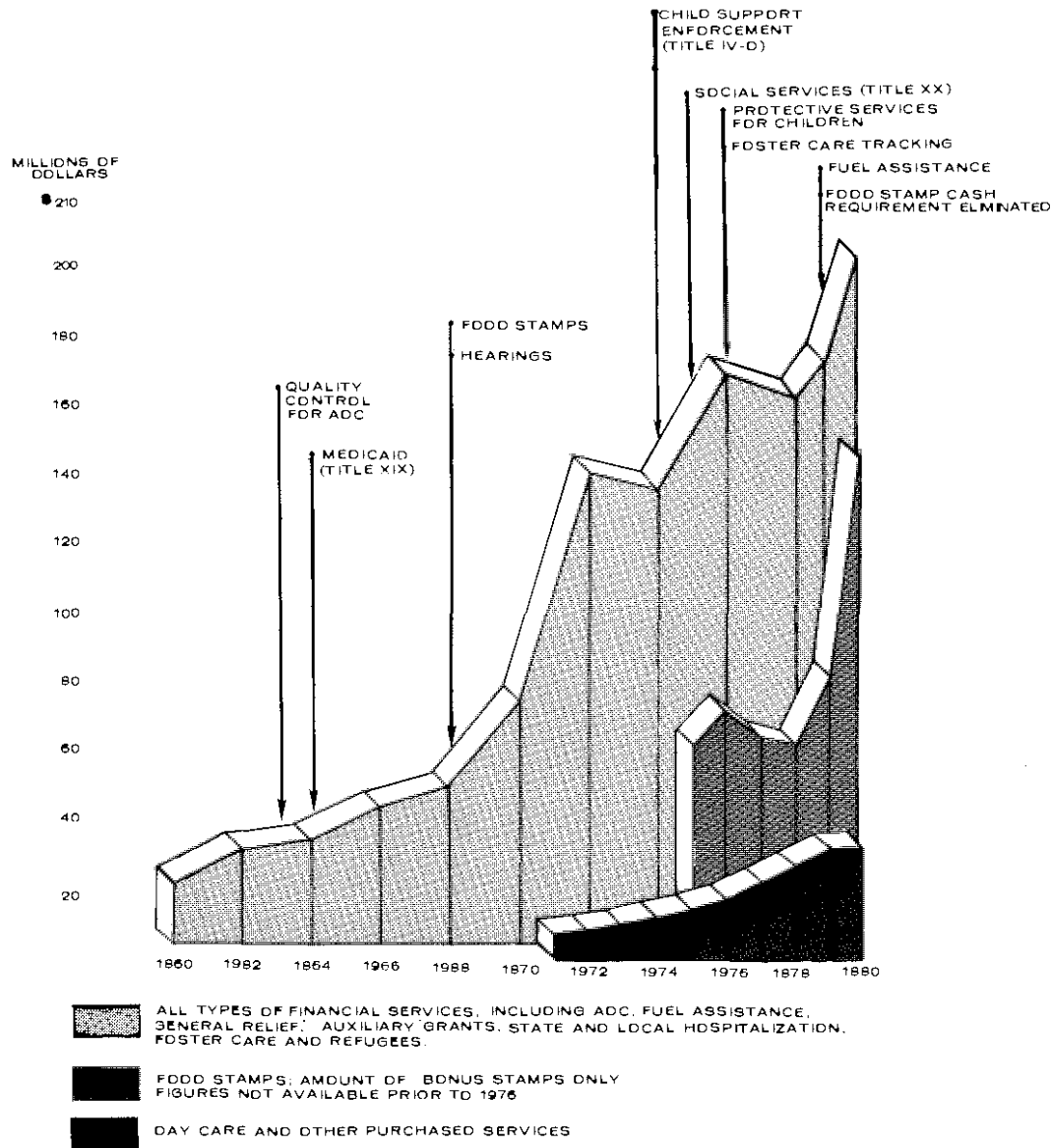
Increased Benefits to Clients. New and expanded programs have resulted in increased benefits to recipients of public assistance (Figure 3). Financial assistance benefits have increased from \$24 million in 1960 to \$208.2 million in 1980. These include payments under the ADC, general relief, foster care, and auxiliary grant programs. Reasons for the increase include periodic cost-of-living adjustments in all assistance programs and the addition of the fuel assistance program in FY 1980, which provided more than \$24 million to eligible clients.

Initiation of the food stamp program statewide in 1974 greatly increased benefits. Further increases resulted in 1979, when clients were no longer required to purchase stamps and distribution of stamps was expedited. Social services also expanded significantly with implementation of Title XX in 1975. Expenditures for day care and other services purchased from vendors have increased dramatically.

Increased Operating Costs. New programs and additional administrative requirements have also increased administrative expenditures of the system. A major cost has been for more staff at all levels (Figure 4). A major increase in local workers occurred when the food stamp program was adopted by localities from 1970 to 1973. In

Figure 3

GROWTH IN PUBLIC ASSISTANCE BENEFITS
(FY 1960-1980)



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

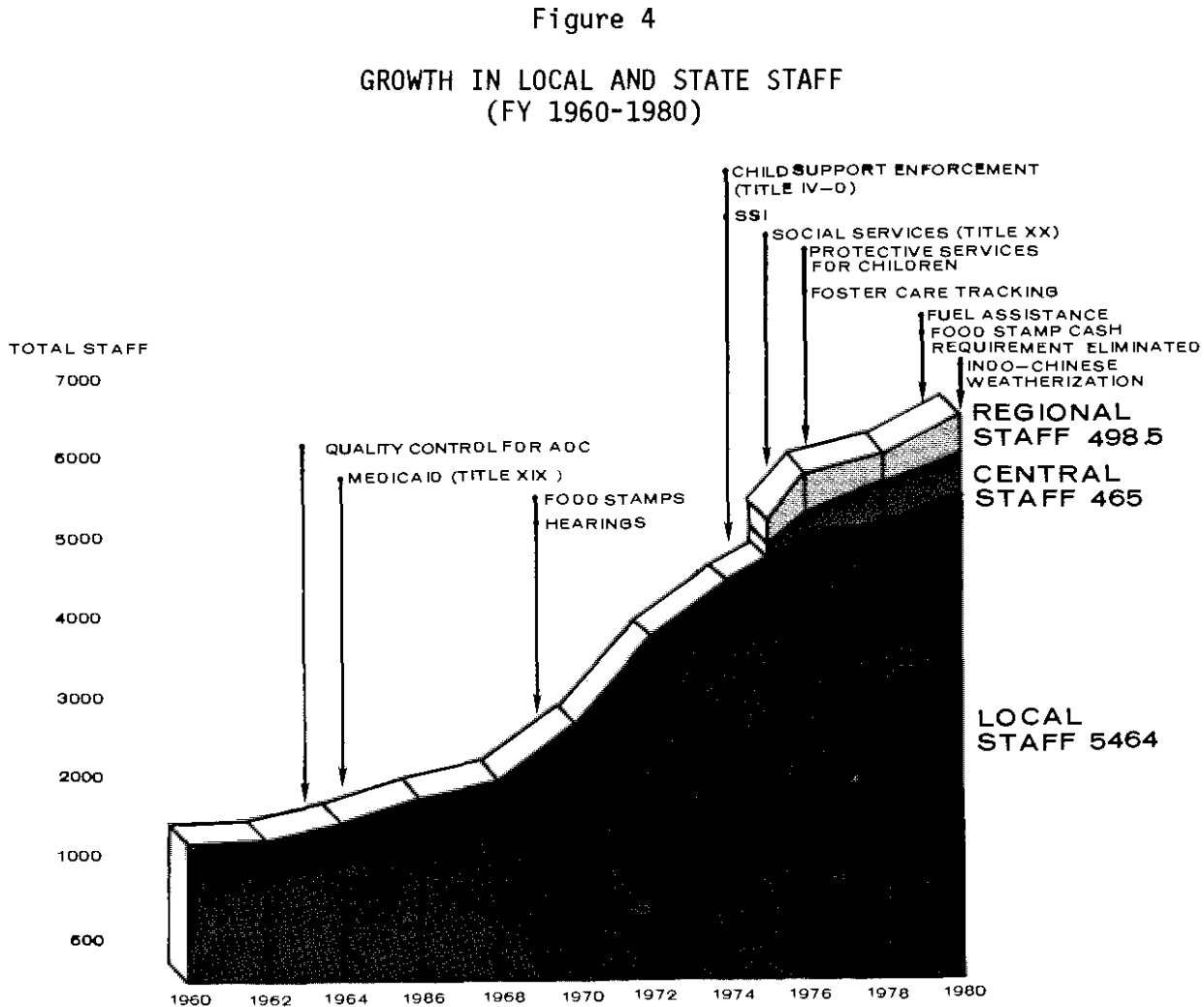
addition to operating expenditures, local administrative costs include direct services provided by social workers, including activities like family planning, individual counseling, and arranging for purchased services.

The growth in central office staff has been due to the addition of the Bureau of Support Enforcement, the internal audit unit, and

approximately 20 staff to monitor foster care and child protective cases. The greatest increase in regional positions was in 1976 with the addition of over 200 support enforcement investigators. The addition of regional hearings officer positions resulted from increases in client-requested hearings. Increased reporting requirements for local agencies necessitated the creation of seven regional management reporting specialists who monitor local reports.

In addition to staff, a major contributor to increased local and State operating costs has been the need for more accountability for the expenditure of public funds. Significant costs have been associated with designing and implementing automated information systems to monitor expenditures and program performance.

Since the mid-sixties, SDW has implemented computer systems for the ADC program, support enforcement program, child protective



Source: JLARC presentation of SDW Bureau of Personnel data.

cases, and foster care cases. Systems are currently being developed to monitor food stamps and social services.

More Regulations and Paperwork. Regulations and paperwork have kept pace with the new and expanded programs. Eligibility requirements have become increasingly complex and specific as illustrated by the scope of regulations that must be implemented by eligibility workers for the ADC program.

ADC Regulations

When a client makes application for ADC, the local eligibility worker must advise the client of confidentiality provisions, the appeals process, assignment of support rights, manpower services, food stamps, Medicaid, and social services.

The worker must verify client information concerning address, income and resources, Social Security number, number and ages of children, the absent parents' whereabouts, and quality of relationship with the children.

All case information must be entered in the ADC, support enforcement, and Medicaid computer systems. The case must then be processed within the following guidelines:

- Eligibility decisions must reach the client within 45 days of application.*
- Written notice must be mailed at least ten days before reduction, termination, or suspension of assistance.*
- The recipient of a negative action may have a conference, if requested, within ten working days of the request.*
- The case must be redetermined every six months.*

Administration of welfare programs and services currently involves approximately 605 forms: 505 from SDW, 80 from federal agencies, and 20 from other State agencies. This total does not include local forms. The following case illustrates the impact of the forms.

Paperwork

JLARC observed a foster care worker establishing eligibility for three children from the same family. The worker spent three hours filling out the following forms which enabled the children to receive services:

	Number Per Child	Source	
		Local	State
Record Room Clearance	1	X	
Case Information	1		X
Application for Verification of Birth	1		X
Application for Social Security Number	1		X
Title XX Vendor Invoice	3/month	X	
Title XX Purchase	6/month	X	X
Payment Form	4	X	X
Maintenance Allowance	2	X	
Credit Authorization	2	X	

Total for Three Children 63

These forms did not include case assessments and narratives that would later become part of the record.

Although the department has been attempting to reduce the forms inventory through several levels of internal review, excessive paperwork was still the primary administrative complaint of local directors surveyed by JLARC.

Program and Administrative Variations

In a locally-administered welfare system, local governments and welfare boards may exercise program options and organize their own operations. This local flexibility results in considerable variation in program offerings and administrative policies across the State. In the course of JLARC reviews of welfare programs, staff studied 13 local agencies in-depth. These agencies, which represent a variety of sizes and geographical locations, illustrate the program and administrative variation across the State (Appendix Table 2).

Program Differences. Program offerings differ among localities in non-mandatory program areas such as general relief and the State and local hospitalization programs. Additional variation occurs in social services because most of the 32 services are optional. Moreover, although all agencies must investigate allegations of child abuse, response times vary in accordance with local policy.

Local agencies may opt not to participate in the general relief program or may select among several program components, including ongoing money payments to meet daily living expenses of clients and short-term emergency assistance in the form of food, clothing, shelter, or medical care. In eight of the 13 localities all components were offered, whereas in Washington County general relief was not offered at all. Localities may also establish the level of the ongoing assistance grant. For example, in Fairfax and Franklin counties, the general relief payment meets 100 percent of a determined level of need, while in Cumberland 50 percent is met.

Similar variation exists in the range of social services and in the time frame established for response to child abuse complaints. The number of optional social services ranged from 11 in Norfolk to a full complement of 24 services in Harrisonburg and the counties of Smyth and Prince William. Child abuse response times ranged from a stringent four-hour limit in Prince William to 24 hours in some localities.

Variation in Local Administration. Local welfare boards and governments, in conjunction with agency directors, determine local operating policies for staffing, caseload, salary range, work hours, and case management. Significant variation in local operations exists statewide.

The size of an agency's staff reflects its overall caseload, location, finances, and organization. In the 13 local agencies visited by JLARC, staff size varied from more than 600 in the City of Richmond to nine in Cumberland County (Appendix Table 3). To some extent, large urban areas require additional support personnel and caseworkers to maintain satellite offices which provide services in closer proximity to clients.

Agency directors determine how caseloads will be distributed. Staff-to-case ratios and the nature of a worker's caseload varied considerably. Six of the agencies had staff assigned full-time to fraud work. The one social worker in Cumberland County was responsible for 60 cases of all types, whereas in Richmond social workers carried specialized caseloads that averaged 23 during the sample month. Staff-to-case ratios for ADC workers ranged from 1:32 in Washington County to 1:80 in Prince William County. Similarly, food stamp workers in Norfolk carried about 500 cases while in Richmond the ratio was 1:174.

The broadest distinctions were between specialized and generic caseload. For example, an eligibility worker with a specialized caseload would handle only ADC or food stamp cases. However, a worker with a generic caseload would handle the full range of financial assistance programs. In eight agencies visited by JLARC, eligibility workers had generic caseloads. The advantage is that one worker can meet most of a client's needs in an interview session. The disadvantage is the differing regulations with which a worker must be familiar.

Another area of local discretion is the choice of salary ranges. Local officials can select any range of steps within a State-approved salary schedule. If a locality wishes to pay salaries that are higher than the State-approved schedule, all additional funds must come from local sources. Of the 13 localities, Fairfax and Prince William counties have the highest salaries for case workers.

In 1980 local administrative costs ranged from \$11 million in Richmond to \$129,500 in Cumberland County. Included were salary costs, benefits, and agency overhead such as rent and equipment. A major portion of salary costs pays for direct services to clients. SDW calculates a unit cost per hour of casework in local agencies as one indicator of local efficiency. In June 1980, Richmond had the highest unit cost of the 13 localities--\$10.78 per hour. Several reasons for this comparatively high figure are that Richmond maintains its own data processing, accounting, and statistical units and has two satellite offices. Franklin County had the lowest unit cost of the agencies visited.

Increased State Assumption of Costs

The funding and organization of public welfare programs have received considerable attention from the General Assembly in the past eight years. Interest has centered on fiscal relief for local governments while maintaining local operation of programs. Three major proposals have addressed funding issues and a statute allowing local option for the reorganization of human services has been enacted.

1972 Plan for Full Funding. During the 1970 Session of the General Assembly, many localities requested fiscal relief from their share of public welfare programs, including administrative costs. In response, the General Assembly mandated that a plan be developed for the State to assume the administrative control and full funding necessary to carry out all welfare legislation. The plan, presented in 1972, recommended that the Commonwealth make major changes in the funding, administration, and organization of the system. Key recommendations were as follows:

- Funding: The Commonwealth should assume responsibility for funding all local programs and administrative costs.

- Administration: The Commonwealth should assume responsibility for administering all programs and delivering all services.

- Organization: The welfare system should be restructured to include 40 social service districts that would be responsible for direct client contact. Eight regional offices and a central office would perform all administrative duties.

The proposal was rejected because the additional State funds required for total cost assumption, \$14.7 million in 1972, would have exceeded \$22 million by FY 1976, according to projections. The actual local share in FY 1976 was \$28 million. By FY 1980 it had jumped to \$38.9 million. In 1972, localities received fiscal relief when the State assumed the local share of ADC payments.

House Bill 599. In 1978, two major pieces of legislation addressed the local share of welfare costs. House Bill 599, part of the package of annexation legislation, was designed to give fiscal relief to localities. As introduced, the bill would have restructured the existing allocation method for the program costs of auxiliary grants, general relief, State and local foster care, and hospitalization of indigents. The straight percentage of costs incurred would have been replaced by a formula measuring the need, tax effort, and fiscal ability of each locality. A locality's share would have been no less than 20 percent and no greater than 50 percent.

The amended version of the bill addressed only one program, hospitalization of indigents, by increasing the State's share of program costs from 50 percent to 75 percent beginning July 1, 1980.

House Bill 62. The second bill considered in 1978 would have required the State to reimburse localities for all administrative and program costs incurred in providing welfare programs, similar to the funding recommendation of the 1972 Plan for State Administration. House Bill 62 did not, however, provide for State administration of programs.

The bill was amended by committee to provide for State assumption of administrative costs only. The amended bill was passed by the General Assembly, but vetoed by the Governor because of lack of State funds and because local employees, who would be expending the funds, would not be under State control.

In view of recently proposed changes in federal funding for social programs, the General Assembly may wish to once again evaluate the current structure and funding of the welfare system.

Senate Bill 160. In 1978, Senate Bill 160, also known as the local option bill, was designed to permit localities to organize their

human service agencies in any manner appropriate to the locality's needs but within State-approved guidelines. The bill provided for a waiver process to circumvent State laws that stood in the way of implementing the local plan. There were two major stipulations of the approved bill: plan implementation must take place within appropriations; and localities may not reduce or eliminate the provision of any service mandated by law.

As of November 1, 1980, 60 localities had expressed an interest in developing local plans. Four plans have been submitted to the Secretary of Human Resources for review. These plans, none of which has yet been approved, are from the counties of Dickenson, Fairfax, Montgomery, and Surry.

Local Perceptions of the System

The perceptions, interests, and concerns of local directors are critical elements in the functioning of the welfare system in Virginia. Therefore, as part of the overall review of welfare programs, JLARC staff met with numerous directors individually and in groups and surveyed all 124 directors to obtain their opinions of welfare administration in the Commonwealth. Responses were received from 121 directors, many of whom supplemented their replies with letters and telephone conversations.

Local welfare agency directors have a pivotal role in the functioning of the system. As administrative heads of welfare agencies, directors are subject to federal, State, and local directives and are accountable to State officials as well as to local governments and welfare boards. Directors must ensure that limited funds are used efficiently to assist needy citizens and to maintain agency operations.

Survey responses gave a broad picture of the types of activities performed by directors, their problems and concerns, and their attitudes about the system's strengths and weaknesses.

Profile of Local Directors. The typical local director has held the position for seven and one-half years. Approximately 15 percent of the directors are new to the job, with tenures of less than one year. The longest tenure of a director was 34 years.

Directors spend most of their time performing administrative duties, such as report preparation, personnel, budgeting, and direct supervision of staff (Table 6). Directors of large urban agencies spend the greatest proportion of time on administrative matters and the least amount of time on casework. The directors who indicated casework activity were heads of small rural agencies where directors typically carry small caseloads.

Table 6

AMOUNT OF TIME SPENT ON TYPES OF ACTIVITIES

<u>Activity</u>	<u>Number of Directors Spending</u>					
	<u>51-80%</u>	<u>41-50%</u>	<u>31-40%</u>	<u>11-30%</u>	<u>1-10%</u>	<u>No Time</u>
General Administration	36	22	31	31	0	0
Working With Local Boards	2	0	3	58	58	0
Policy Interpretation	0	0	1	20	95	3
Coordinating with Other Agencies	0	0	1	33	70	9
Monitoring Casework	0	0	1	24	75	8
Training Staff	0	0	0	4	100	15
Attending Meetings with SDW Staff	0	0	0	22	96	2
Performing Casework	0	1	0	6	1	108

Source: JLARC survey of local directors.

Concerns of Local Directors. Directors interviewed by JLARC mentioned a variety of problems and concerns that adversely affected local operations. A survey question asked all directors to check any three concerns that applied to their agency (Table 7). A choice was also available if no serious problems existed.

Table 7

CONCERNS OF LOCAL DIRECTORS

<u>Concern</u>	<u>Number of Directors Expressing Concern</u>
Too much paperwork is required	91
Policies and procedures are inadequate	32
Physical facilities are inadequate	30
Staff size is inadequate	27
Local funding inadequate	15
High staff turnover	13
Inadequate regional response	13
Inadequate training	9
No serious problems	13

Source: JLARC survey of local directors.

The three most frequently mentioned concerns of local directors were too much paperwork, incomplete policy and procedures, and inadequate physical facilities. Thirteen directors said their agencies were not experiencing any serious problems.

Opinions of Local Directors. Directors were asked their opinion about SDW's priorities, adequacy of support by SDW, and strengths and weaknesses of the system's structure. Directors responded that SDW's three top priorities should be (1) providing technical assistance to local agencies, (2) developing policies and procedures, and (3) providing policy training to local staff. Directors rated program monitoring, needs assessment, and fraud detection as the lowest priorities.

While most local directors indicated general satisfaction with department activities, between 25 and 33 percent expressed dissatisfaction with several areas. These directors, representing agencies from all parts of the State, indicated that:

- Local directors do not receive adequate orientation.
- SDW monitoring mechanisms do not provide them with useful information.
- Regional staff are not necessary to the functioning of local offices.

Some of these directors also felt that program policy was unclear and budget assistance inadequate. About one-third of all directors felt that SDW should take stronger measures to ensure that local agencies function effectively.

Local involvement was assessed positively. Seventy percent of the directors felt that the local board was supportive of welfare activities. More than one-half felt that local funding for optional programs was adequate.

Directors were candid in their assessments of the overall strengths and weaknesses of Virginia's State-supervised, locally-administered system. Generally, strengths were seen to be in the areas of local flexibility and proximity to the people served.

Strengths of the System

"Local administration brings accountability closer to the taxpayer."

"... enables locals to assess and prioritize local needs."

"... enables local employees to serve local citizens."

"... keeps local money in the locality."

"... allows for creativity in program development."

However, those directors citing weaknesses were concerned about inconsistency of program offerings and administration across the State, the multiplicity of reporting levels, and a pronounced decrease in the degree of local flexibility and resources.

Weaknessess of the System

"Local directors are caught in the middle between State mandates and local boards who want to hold costs down."

"There is inconsistency across the State in salaries, benefits, hours, and caseloads."

"Directors have to work through three levels of government in budgeting, staffing, and reporting requirements."

"Lack of resources in some localities to adequately address needs."

Additional responses of local directors were analyzed in conjunction with interviews, file and record reviews, and site visits. These are discussed in other sections of this report.

Localities retain considerable responsibility for service delivery, but recent emphasis has been on mandatory programs and consistent statewide administration. The authority for maintaining an efficient and effective statewide system rests with the State Department of Welfare. Major functions, which will be reviewed in the next chapter, include:

- Development of policy and procedures.
- Provision of technical assistance to localities.
- Staffing local agencies.
- Monitoring local agency activities.
- Detection and prosecution of fraud.

CONCLUSION AND RECOMMENDATION

The organization and funding of Virginia's State-supervised, locally-administered system have received considerable attention by the General Assembly in recent years. Several proposals have recommended total State administration and funding of the system. In recent years, the State has assumed more welfare costs, while maintaining local administration. Local and State officials continue to express concern regarding the current structure and funding of the system.

Recommendation (1). In view of proposed changes in federal funding for social programs, the General Assembly may wish to once again evaluate the current structure and funding of Virginia's welfare system. A legislative study group could assess options for the system such as (1) maintaining the current structure and funding, (2) adopting a State-administered and State-funded system, and (3) strengthening the State's role in the current system.

III. Supervision of the Welfare System

The State Department of Welfare has statutory responsibility for supervising the delivery of welfare programs and services in the Commonwealth. The multiplicity of programs, services, and agencies requires a framework that promotes administrative consistency across the State while encouraging appropriate local flexibility. Components of this framework should include useful planning and evaluation, a viable organizational structure, clear policies and procedures, adequate staffing levels, and meaningful oversight of operations and expenditures.

SDW has developed basic procedures for the support and supervision of local welfare agencies. The department can now build on this foundation to enhance the system's responsiveness to changing conditions and to meet increasing needs for programmatic and administrative accountability. Key areas requiring further attention are the delegation of responsibility and authority within the State organization, the support of local agencies, and the oversight of local operations.

DELEGATION OF RESPONSIBILITY AND AUTHORITY

SDW's effectiveness is dependent upon relevant information, meaningful communication, and responsive regional offices. SDW initiatives to improve system management have included development of automated information systems, improved policy manuals, and training for local workers; encouragement of greater local involvement in decision-making; and increased monitoring of local operations. Further steps should be taken to develop useful management information by integrating planning and evaluation functions and to improve the operations of regional offices.

Development of Information For System Management

SDW currently generates fiscal and program information as part of its planning, reporting, and monitoring functions. Program managers and policy-makers at all levels have increasing needs to anticipate change and assess performance. Therefore, the department needs to improve the usefulness and dissemination of existing information and to strengthen its capacity for applied planning, research, and evaluation.

Organizational Planning. Until recently, SDW's primary planning process was the budgeting process. Prioritization of activities was largely determined by source and amount of funding, and little emphasis was placed on operational priorities of divisions. Instead of controlling change systematically within the organization, the department responded to events on an *ad hoc*, after-the-fact basis.

In the winter of 1980, SDW formulated its first detailed action plan which ranked priorities, designated target dates for completion, and assigned responsibilities to key individuals. The plan appears to be a useful blueprint for agency operations. An additional improvement that still needs to be made is greater involvement by users in the planning of information systems.

Planning for Information Systems. There is increasing emphasis on computerized information systems for public welfare programs. Systems development requires careful planning to ensure that concerns of designers and users are adequately addressed. The department has not sufficiently involved users in system design and, consequently, has experienced delays and wasted effort in its computerization activities. For example, the Social Services Information System has been on the drawing board since 1975. The original target date of 1977 has been postponed several times and statewide implementation is now set for 1983. According to department officials, much of the delay was because systems personnel and users did not coordinate on initial design activities. During the past year, user groups have had more input to the system, and significant progress has been made.

Lack of user input during systems design can also result in wasted expenditures. An automated information system for the support enforcement program was developed at a cost of approximately \$1.1 million. The accounting subsystem was developed without proper communication between data processing staff and support enforcement staff, the primary users of system information. The system was so inadequate that a major investment of staff was devoted solely to resolving a long series of crises such as the inability to distribute collections in an accurate and timely manner, an incomplete audit trail, and an inadequate data base. The accounting subsystem was eventually redesigned at a cost of \$595,000. During the design of the new system users were involved in every phase of development. The new system has been operating since July 1980, and appears to be meeting most program needs.

Agency-wide management systems have also been developed without determining managers' specific needs. A workload measurement project was developed by the Bureau of Research and Reporting and independent consultants in 1977 to measure staff productivity. Program managers in all divisions were not adequately involved in the project's design. As a result, the work measurement reports count discrete activities such as number of phone calls, letters, and meetings rather than staff accomplishments linked to program goals. Managers indicated that the reports are useless in their present form, and a major redesign has begun.

SDW must ensure that resources for developing management information systems are used efficiently. The department's policy-making board for systems development, the Management Information Systems Board, should develop a blueprint for systems design that requires user

involvement in each phase of design. Such a blueprint could be tested and refined during the current design of the food stamp system. The board should continue to require regular status reports on each project that include an accounting of project personnel and expenditures to date.

Research and Evaluation. Management of a complex welfare system requires planning to project future needs and costs. It also requires ongoing evaluation to improve operations and to provide needed information to legislators, advocacy groups, and other human service agencies. During the last several years, SDW has been assigned a number of research and evaluation tasks including assessment of the cost of a State-operated system, options for the State-local hospitalization program, and determination of the actual costs of operating adult homes. These tasks have been assigned to various department personnel in addition to their regular duties. However, it appears that the growing need for information requires an appropriately staffed program evaluation unit and increased capability in research methodology.

The Bureau of Research and Reporting was originally envisioned as having responsibility for research activities. Little research is performed, however, because most staff are assigned to the work measurement project or are processing statistical information from local agencies. SDW has had to hire outside consultants to develop basic methodologies for several projects, including an evaluation of the fuel assistance program. This function could be performed by in-house research staff.

The program evaluation and research functions within the department should be strengthened. A program evaluation section should be structured to bring together personnel with evaluation responsibilities who are currently located in the commissioner's office and the program divisions. Additional capability should be added in research methodology, such as trend analysis, forecasting, and sampling. The evaluation and research units should have a pragmatic focus. Projects should be selected to enhance management capability throughout the system and to provide policy-makers with relevant information.

Internal Audit. Top managers need independent assessments of program performance to determine if programs are being operated effectively and efficiently. An internal audit unit is used by many public agencies to provide officials with unbiased assessments of internal operations and to serve as troubleshooters when problems arise. The responsibility for performing internal program evaluations and financial reviews of all welfare programs at SDW is currently assigned to the internal audit unit under the administrative direction of the commissioner.

The internal audit unit is important in providing managers and policy-makers with information on operations and programs. Internal auditors have reviewed the operations of several department bureaus. The unit has also conducted fiscal audits of costs in homes

for adults, rates of vendors of social services, and operations of four local agencies. However, the unit has not been fully staffed and has been assigned some functions that would be more appropriately carried out by line auditors or other personnel. For example, only six out of 11 auditor positions were filled as of November 1980 and one of these auditors was assigned responsibility for managing forms. The unit is also supposed to review financial procedures and practices in each local welfare department on a three-year cycle, but has had little time to devote to this function, which could be assigned to line auditors.

SDW should clarify the role of the internal audit section to include comprehensive evaluations of welfare programs and operations, but to exclude line audits of financial records and accounts except where part of a broad evaluation. In addition, audit findings that are currently reported to the commissioner should also be transmitted directly from the chief auditor to the State Board of Welfare. The board should create a permanent audit subcommittee to receive and review audit findings.

Regional Responsibility and Authority

The geographically dispersed nature of the welfare system requires clearly defined delegation of responsibility and an organizational structure that enhances systemwide communication and consistent administration. SDW has created regional offices to increase frequency of contact with the 124 local welfare agencies and to improve response to local needs. Approximately half of the department's staff is located in these offices. However, the efficiency and effectiveness of regional staff are hampered because SDW has not fully defined the authority of regional directors or clarified the relationship between regional staff and the central office program divisions.

Development of Regional Offices. Regional offices predate the establishment of a separate Department of Welfare. Their function and organization have changed significantly over the years. Until 1970, field staff of the Division of General Welfare (within the State Department of Welfare and Institutions) were scattered across the State and operated out of 16 district offices or their own homes. These staff were responsible for providing technical assistance to local agencies. All supervision of regional staff and of local activities was carried out from Richmond.

The introduction of the Medicaid and food stamp programs in the mid-1960s necessitated creation of an administrative structure better suited to expanded program and oversight requirements. Between 1970 and 1972, the field network was reorganized into seven regions with offices in Verona, Roanoke, Richmond, Falls Church, Abingdon, Virginia Beach, and Lynchburg.

The reorganization was primarily intended to decentralize responsibility for the supervision and technical support of locally-

administered programs, and to locate licensing staff closer to regulated facilities. The seven regional offices have been continued by SDW. In FY 1980, the operating cost was approximately \$7.8 million for 498.5 staff positions.

Size of Regional Staff. Each office is headed by a regional director. The staff consists of support enforcement investigators; licensing specialists; social service and financial assistance program specialists; quality control reviewers who sample ADC, Medicaid, and food stamp cases on a regular basis; management reporting specialists who assist local agencies with budgeting and reporting; hearings officers; and training coordinators.

SDW attempts to provide minimum coverage in every region. However, workload standards for regional staff have not been developed. As Table 8 indicates, ratios of regional staff to workloads vary across the State.

Table 8
REGIONAL OFFICE STAFFING COMPARISONS

Region	Number of		Financial Services			Social Services		
	Local Agencies	Total Regional Staff Positions	Local Workers	Regional Specialists	Client Ratio	Local Workers	Regional Specialists	Client Ratio
Lynchburg	15	43	130	3	43:1	113	2	57:1
No. Va.	17	66	243	4	63:1	327	4	82:1
Richmond	25	105	373	6	62:1	513.5	4	128:1
Roanoke	17	61	210	4	53:1	214.5	4	54:1
Southwest	16	47	152	3	51:1	147	3	49:1
Tidewater	15	131.5	576	6	96:1	669.5	6	112:1
Valley	19	45	136	2	68:1	140	3	47:1
Statewide	124	498.5	1820	28	65:1	2124.5	26	82:1

Source: SDW manning document, November 1980; Bureau of Personnel data.

In Richmond and Tidewater, for example, financial and social service specialists supervise the activities of more local staff than do specialists in the other regions. Staff in these regions indicated that high turnover among local workers required continuous training and technical assistance from specialists. Supervising large numbers of individuals is complicated in the Richmond region by 25 local offices which add to specialists' travel and presentation time.

SDW should review its regional staffing patterns to ensure that positions for financial and social service specialists are allocated appropriately. Among criteria that should be considered in addition to number of staff and localities are high local turnover rates and travel time to local agencies.

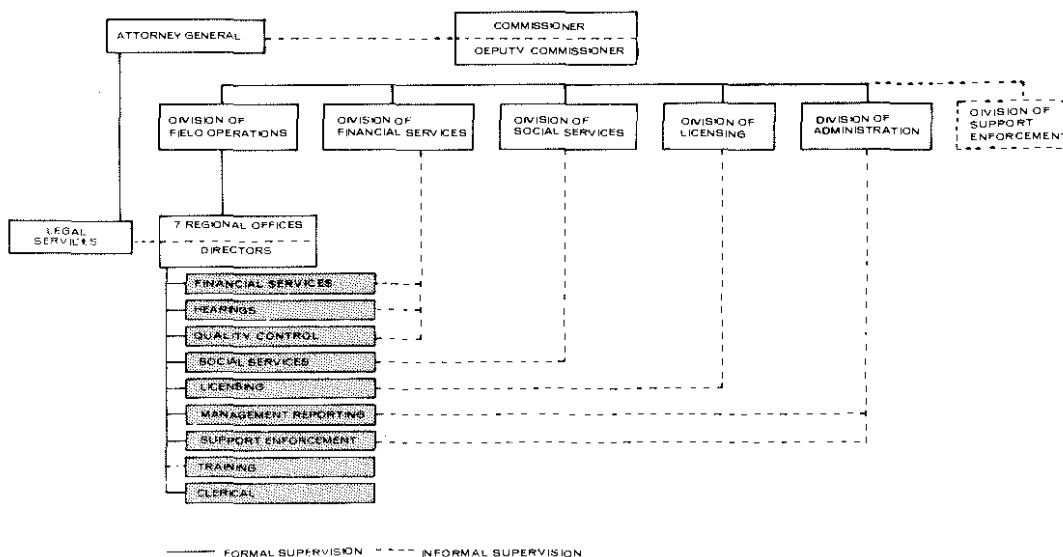
Role of Regional Staff. Regional staff are the key to the successful operation of the welfare system because they are responsible for maintaining day-to-day contact with local agencies. Among their duties are (1) providing training to local staff about program policy and social work skills; (2) clarifying complex policy; (3) helping resolve problem cases; (4) monitoring the accuracy and appropriateness of case actions; and (5) advising the central office about local concerns. By fulfilling these roles, they are supposed to blend the 124 distinct local agencies and the central office into a system that provides consistent, timely response to client needs.

Regional staff, however, are subject to confusing lines of authority and are uncertain of their roles and responsibilities. According to SDW's organizational chart and a 1977 position paper, the central office's Division of Field Operations is directly responsible for supervision of the regions. Regional staff are considered to be part of the Division of Field Operations. However, in practice regional staff also receive instructions from other central office divisions which may be in conflict with the requirements of field operations or of the regional director. Figure 5 shows the dual lines of supervision.

The most serious problems seem to exist with regional staff responsible for supervision of financial assistance and social service

Figure 5

REPORTING RELATIONSHIPS OF REGIONAL SPECIALISTS



Source: JLARC adaptation of data in SDW's 1979 annual report.

programs. For example, in three of the seven regions, regional directors have determined that providing training and technical assistance to local departments should be the top priorities of financial services specialists. At the same time, the Division of Financial Services has designated program monitoring as the division's top priority. Regional staff indicated to JLARC that they do not know which direction to follow.

Although regional directors are described as playing a key role in administration of regional offices and in oversight of the system, considerable inconsistency and uncertainty exists among directors. Directors have been described as extensions of the welfare commissioner in the regions. They are responsible for analyzing public welfare needs within the region, evaluating the effectiveness of local programs in relation to these needs, and advising local agencies on administrative and management practices. Additionally, regional directors are responsible for daily supervision of all regional staff and for office administration. Nevertheless, some directors appear to see their authority as advisory or administrative while others see themselves as directly responsible for the effectiveness of agency staff and delivery of welfare services within the region.

Case 1

Two regional directors said that they had little control over financial service specialists who received direction from the Division of Financial Services. Another director indicated that financial service priorities were secondary to regional priorities in his region.

Case 2

One regional director developed program and administrative priorities for all regional staff, while other directors took a "hands off" approach to the licensing and support enforcement programs because they were not welfare programs per se.

Case 3

One regional director indicated reluctance to initiate action when local agencies failed to perform effectively, because he felt his role was as consultant, not supervisor.

In contrast, another regional director monitored local performance closely, alerted local directors and welfare boards of problems, and set timetables for corrective action by the agency.

Need for Effective Delegation of Authority. SDW needs to resolve organizational confusion and strengthen the regional offices to ensure effective and consistent support and oversight of systemwide activities. Currently, the Division of Field Operations which supervises the regions is equal in authority to program and administrative divisions that also provide direction to regional staff. Field operations staff do not have sufficient authority to resolve conflicts among divisions regarding program emphasis and operational priorities.

The department has been attempting to operationalize the present arrangement since 1977. However, respondents to an SDW survey of central office and regional staff cited unclear lines of responsibility and authority as the primary obstacle to effective operation of the department. The following quotes were typical of staff concerns.

Who is in charge? With the present administrative structure there seems to be no final authority to resolve critical issues. Localities exercise autonomy and the regions seem helpless to deal with their behavior. The losers are staff in all areas of the Department and the client.

* * *

Responsibilities and authority of various divisions (as well as in relation to Commissioner's office) are woefully unclear or unspecified. The result is that there is no pattern for addressing or dealing with a lot of matters. Hence, we often fall over or bump into each other on a random basis as we go.

* * *

Financial Services is making demands on Regional Staff without consideration of existing priorities made by policy and procedure. It would be helpful if there were a coordinator to prioritize the total department's expectations of field staff. Too many pitchers for one batter.

In 1980, a multi-divisional committee was formed within SDW to reassess the 1977 relationship paper to determine if it (1) "addresses the needs of the current organization or if it requires changes"; (2) "can be operationalized effectively"; and (3) "can be utilized as the basis of agreements between Field Operations and the program divisions." After three years, the relationship papers still have not been successfully operationalized.

It appears that strengthened authority for operation of the regions is required. Among alternatives SDW should consider is the creation of a position of assistant commissioner for field activities to assume and broaden the functions of the Division of Field Opera-

tions. The duties of the assistant commissioner should include the following:

- Evaluate and set priorities for all program division requests as they relate to the activities of regional staff.
- Supervise the seven regional directors.
- Evaluate each regional office's performance on a regular basis.
- Develop specific goals and objectives for regional staff, including the type and frequency of local visits by regional specialists.
- Orient and train new local directors.
- Monitor local agencies' performance through established mechanisms.

An assistant commissioner should have sufficiently delegated authority to set priorities among divisions and to require consistent administration of regional offices.

A second alternative is to definitively establish a focal point for these responsibilities in the commissioner's office with sufficient authority and accountability for regional operations.

SUPPORT OF LOCAL AGENCIES

SDW's mission statement establishes the goal of the department as providing "... leadership to and support of public welfare agencies." Program policies and training serve as the framework of the welfare system by guiding local agencies in program administration. Local directors surveyed by JLARC view the development of policy and training as the supervisory activities that should be SDW's top priorities. An additional responsibility of SDW is ensuring that local agencies are appropriately staffed. The department uses monthly case counts and a caseload standard system to determine the number of workers needed by local agencies.

Policy Development

For most programs, central office personnel receive policy guidelines from federal agencies which must be expanded, explained, and transmitted to local agencies. SDW staff have prepared extensive manuals for major programs which are supplemented as needed by transmittal of new or clarified information. This is a time-consuming and continuous task which is conscientiously carried out. However, two problems exist with SDW's provision of policy: policy is sometimes received late, and policy is sometimes confusing as written.

Respondents to the JLARC survey of local directors indicated that policies for food stamps, fuel assistance, and social services were the most troublesome (Table 9). Additionally, about 37 percent did not feel that ADC policy was transmitted on a timely basis. The responses of the directors were generally supported by other sources reviewed by JLARC such as ADC quality control reports, interviews with workers, and administrative reviews.

Director satisfaction with policy in the general relief program appears to relate to the general lack of oversight of that program. A JLARC survey of workers and SDW's case file review for general relief indicated that only 33.6 percent of all cases were correctly processed by workers and that workers were not fully familiar with policies and procedures.

Table 9

SURVEY RESPONSES REGARDING SELECTED SDW POLICIES

<u>Policy</u>	<u>Clear?</u>		<u>Comprehensive?</u>		<u>Timely Transmittal?</u>	
	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>	<u>Yes</u>	<u>No</u>
Aid to Dependent Children	77%	23%	80%	20%	63%	37%
General Relief	80	20	81	19	82	18
Food Stamps	66	34	67	33	35	65
Fuel Assistance	56	44	48	52	19	81
Social Services	66	34	72	28	63	37

Total Number of Respondents - 121

Source: JLARC survey of local directors.

For the ADC program, federally-required quality control reviews have indicated a steadily declining error rate since 1978. To some extent this can be attributed to better understanding of policy. However, over half of the remaining overpayments and payments to ineligible persons have been caused by misapplication of four elements of ADC policy which are unclear to workers (Table 10).

These policy elements have also been the subject of more than half of local policy questions and of client appeals. Although SDW issued policy clarifications on earned income in August and November 1978 and July 1979, there has been no reduction in the proportion of errors surrounding that policy element. Local eligibility workers interviewed by JLARC mentioned policy for earned income and contributions as being the most confusing.

Table 10

MISAPPLIED POLICY CONTRIBUTING TO INCORRECT ADC PAYMENTS

Policy Element	Percentage Contributed to Total Overpayments			
	Apr.-Sept.	Oct.-Mar.	Apr.-Sept.	Oct.-Mar.
	1978	1979	1979	1980
Earned Income	26.2%	31.5%	23.3%	30.9%
Work Incentive Program	11.6	9.7	9.1	8.4
Deprivation	12.5	7.3	12.8	5.5
Contributions	7.8	9.0	10.6	12.6
	<u>58.1%</u>	<u>57.5%</u>	<u>55.8%</u>	<u>57.4%</u>

Source: SDW corrective action plans.

About one-third of the local directors indicated problems with social service policy. The Division of Social Services is currently rewriting the policy manual with the goal of making it complete, brief, and understandable. The JLARC review of Title XX found that workers had to review multiple policy sources for social services. In FY 1979, service policy questions posed to regional offices totaled 283. Forty-five percent of the questions concerned foster care policy. Social workers in one local agency told JLARC that they refer to the *Code of Virginia* rather than the service manual for guidance in foster care cases.

SDW must develop effective ways to ensure the clarity and completeness of policy. This could be achieved through a two-phase process. First, State policy staff should receive regular, ongoing training in written communication skills, with an emphasis on brevity and simplicity. Then, new policy should be pretested with both new and experienced workers. Pretesting could identify areas of confusion and policy elements that are error prone. Policy modification should be based on results of pretests. The Division of Social Services should place top priority on completing the new services manual. Completion of the revised manual for financial assistance programs, which was proposed in the FY 1980 Department Action Plan, should be expedited.

Training and Orientation

Timely, meaningful orientation and training are essential for ensuring that new staff become familiar with the organization and with welfare program requirements. However, orientation and training are not provided with consistent frequency statewide and the opinions of local directors are mixed regarding the quality of orientation that is provided.

Orientation. SDW has not developed policy regarding orientation of new local employees. Only the Northern Virginia region

currently provides structured orientation to both workers and directors. Local workers told JLARC staff that they could have especially benefited from orientation to the functions of the regional office.

SDW provides limited orientation to new local directors. The quality of this orientation is a concern to both new and experienced directors. More than 70 percent of all the directors surveyed by JLARC agreed that new local directors need better orientation by SDW. Thirteen of 15 directors with less than a year of experience expressed this concern.

The department should develop a formal statewide policy concerning orientation for local workers and directors. Both groups should be provided formal orientation by regional staff. Topics should include the functions and responsibilities of central and regional staff. Directors' regional training should be supplemented with orientation at the central office.

On-the-Job-Training. There is little consistency between the divisions of social and financial services regarding the type and frequency of training (Table 11). The Division of Financial Services provides the bulk of the training. It has developed training modules for major programs and is now developing modules on interviewing, fraud, and case management. The Division of Social Services and regional service specialists do not provide extensive training for local workers. However, social workers interviewed by JLARC staff indicated a need for more training, particularly in the areas of case management and adult services.

Table 11
COMPARISON OF TRAINING EVENTS
FOR FINANCIAL AND SOCIAL SERVICE PROGRAMS
(FY 1979)

<u>Type of Event</u>	<u>Number Conducted by Financial Services</u>	<u>Number Conducted by Social Services</u>
Program-related	194	80
Orientation	17	2
Skills Training	20	27
	<u>231</u>	<u>109</u>

Source: SDW Office of Executive Planners data.

Review of SDW training records also revealed that about 15 percent of training events scheduled by regional offices were in areas of training specified as local agency responsibilities. According to SDW policy, local agencies are required to provide their own training

in skills areas such as interviewing and time management, while regional staff concentrate on policy-related training. Skills training may be a misuse of the time of regional staff.

SDW should review the quality and frequency of training by program divisions and regional offices to ensure that all employees are kept current with new policy developments. The appropriateness of skills training by regional staff should also be assessed to determine the need for a policy revision or for implementation of the current division between regional and local responsibility.

Staffing

The major administrative expenditure in Virginia's welfare system is personnel costs. The State Department of Welfare must ensure that local agencies have sufficient staff to implement programs, but do not unnecessarily expend public funds due to overstaffing. Appropriate staffing also means that agencies should have the capability to retain or recruit appropriate numbers of workers. Local directors have indicated concern with both aspects of staffing, and an effective system of caseload standards has not been implemented systemwide. As a result, some agencies are overstaffed and some are dissatisfied with staffing patterns.

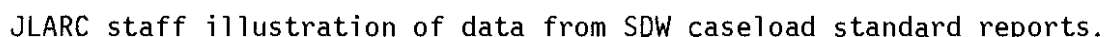
Caseload Standards. Virginia is one of several states that have established caseload "standards" to determine the number of workers needed to handle a certain number of cases. The concept of caseload standards is sound and is generally supported by State and local officials.

A case standard is the average time needed by an eligibility or social worker to handle a case. Standards were developed by SDW and outside consultants in 1975. Times were determined by collecting detailed task information from workers in test localities. The average times for each task were added to produce a total time for processing a case.

Local agencies report case counts and actual staff monthly. SDW then calculates appropriate staff levels by dividing the number of hours needed by the number of hours available. If an agency has fewer workers than needed to perform the actual casework, then the director may be authorized additional staff by SDW. If the agency has staff equal to or greater than the number needed, additional staff may not be authorized unless the positions are funded totally with local money.

Staffing Levels. Application of current standards indicates that 76 local agencies are overstaffed and 24 agencies are understaffed (Figure 6). Systemwide there are at least 482 total positions over standard. Agencies with the highest net number of positions over standard are Arlington, Hampton, Petersburg, Portsmouth, and Richmond.

LOCAL AGENCY STAFFING LEVELS
(June 1980)



The cost of excess positions ranges from \$4.7 million to \$7.3 million, based on minimum and maximum salaries (Table 12). The State's share of unnecessary salary costs, which varies from 30 percent for a food stamp or eligibility worker to five percent for a service worker, could be as high as \$741,000 in FY 1980. It should also be noted that although State costs for excess social workers are not high, these salaries are paid with federal Title XX funds that could be used to purchase services for clients. Therefore, there could be substantial cost in service foregone.

Application of Standards. Caseload standards have not been used in Virginia to eliminate overstaffing of local agencies for two principal reasons. First, SDW did not require that excess positions be eliminated when standards were originally implemented in 1976. Consequently, agencies that were overstaffed at that time have retained their excess positions for the past four years. In contrast, Indiana, which has a locally-administered system, recently implemented standards to regulate the growth of local staff. After a designated date, the state stopped reimbursing localities for any position over the standard. Many localities eliminated excess positions through attrition.

Table 12

COSTS OF OVERSTAFFING
(June 1980)

	<u>Eligibility Workers</u>	<u>Food Stamp Workers</u>	<u>Social Workers</u>	<u>Total</u>
Positions Over Standards	80	25	377	482
Base Salary Ranges	\$ 8,563- \$ 13,184	\$ 8,563- 13,284	\$ 10,081- 15,638	
Range of Costs for these Positions	\$ 685,040- 1,054,720	\$214,075- 332,100	\$3,800,000- 5,900,000	\$4,700,000- 7,300,000
State's Share of these Costs	\$ 205,512- 316,416 (30%)	\$ 64,223- 99,630 (30%)	\$ 190,000- 295,000 (5%)	\$ 459,735- 711,046

Source: Caseload standards data; Administrative Manual, Vol. I, 1979.

Second, SDW's Bureau of Personnel believes that current standards require validation and updating; consequently, the bureau cannot apply standards in all cases. Social service standards have not been validated since 1977 and financial assistance standards have never been validated systemwide. Updating should take into account increased or decreased casework tasks such as recent program changes in Medicaid eligibility and foster care which have added to the time needed to process a case. Some mechanism for forecasting manpower needs due to major program development should also be established. Recent expansion of the food stamp program caused some agencies to need rapid staff additions or reallocation.

Current reluctance to apply standards has allowed perpetuation of costly overstaffing and serious internal conflicts that have received public attention. The situation involving food stamp workers in Richmond is a case in point. Changes in the food stamp program required additional workers to process food stamp applications. Although the agency had about 100 positions above caseload standards, additional food stamp workers were requested. When SDW denied additional staff, a crisis developed in food stamp management.

On January 1, 1979, major changes occurred in the food stamp program. After that date, recipients could receive food stamps free of charge and more people were eligible for stamps.

In November 1978, the City of Richmond Department of Social Services projected a sizeable increase in food stamp cases and made several requests for additional workers to meet that need.

Although SDW's caseload standards indicated that Richmond was overstaffed in food stamps, Richmond's own calculations indicated a staff shortage. SDW denied the requests for permanent positions, maintaining that caseload standards indicated the agency had sufficient workers. SDW did, however, grant temporary positions, which localities feel are often unsatisfactory due to high turnover.

The agency made additional requests over the next nine months for permanent positions, but none were authorized. Meanwhile, monthly food stamp caseloads grew by 1,000, 400 cases were pending over 30 days, and staff spent more than 1,300 overtime hours processing cases.

On October 10, 1979, the situation erupted in a lawsuit which named both the Richmond welfare department and SDW as defendants. On October 17, 1979, SDW approved 11 restricted positions, in which incumbents would have full benefits but limited tenure. These positions were subsequently made permanent.

SDW should take immediate steps to update, validate, and fully implement caseload standards. The State Board of Welfare should consider adopting policy to withhold State funding of local positions that exceed caseload standards. The board should also direct the department to develop methods to assess the need for additional positions in agencies with unique staffing requirements, and to recommend staffing alternatives for agencies over standards, such as reallocation of excess positions.

Maintenance of Staffing Level. Regardless of the determined level of appropriate staffing, local welfare agencies have difficulty in filling vacant positions. During the past three years, the average annual turnover rate in local agencies ranged from 19 to 30 percent. High turnover can have a serious effect on an agency's ability to fulfill program requirements, as was noted in two of the seven localities visited by JLARC.

Case 1

The Newport News Department of Social Services has experienced extremely high turnover of eligibility staff for several years. During 1978, 54 percent of eligibility worker positions were vacated. Of 45 eligibility workers employed in April 1978, only eight were still employed in March 1980.

Agency staff felt that turnover was the major contributor to the agency's high error rates and inability to make determinations within the 45-day limit set in law.

In 1978, the agency was sued as a result of its inability to make timely determinations. The agency's top priority now is processing new applications.

Case 2

The Prince William County Department of Social Services experienced a 58 percent turnover in eligibility staff over a two-year period. Agency staff attributed high overdue reviews and pending applications to turnover, and estimated that it took approximately six months for a new intake worker to be trained to handle a full caseload.

A majority of local directors surveyed indicated that it was difficult to recruit and hire personnel because of delays caused by Merit System procedures. Sixty-one percent of the directors attributed the difficulty to Merit System complications.

Local directors must comply with recruiting and hiring procedures specified by the State Merit System. The Merit System, a division of the Department of Personnel and Training, is responsible for developing qualifying tests for local welfare agency employees to eliminate partisanship and attempt to ensure that the best qualified candidate gets the job. The tests are administered by the Virginia Employment Commission, and results are returned to the Merit System where lists of eligible candidates are compiled for the various positions. As vacancies arise, candidates must be selected from these lists. Directors enumerated several specific problems with the Merit System:

- Incomplete lists of candidates.
- Outdated lists showing candidates who had already taken other jobs or moved from the area.
- Slow receipt of lists.

Staff in SDW's Bureau of Personnel confirmed that Merit System inadequacies have hindered the rapid filling of local vacancies.

In recent months, representatives from SDW have met with Merit System officials to discuss ways of improving employment services to local welfare agencies. This is a good first step in resolving long-standing concerns of local directors. Both SDW and the Merit System should continue to pursue solutions to this situation.

OVERSIGHT OF LOCAL OPERATIONS

SDW's supervisory role requires that department officials be familiar with the programmatic and administrative functioning of local agencies. The department must ensure that programs are administered in accordance with State and federal law, that accountability for funds and services to clients is clearly established, and that operations are efficient and effective.

To carry out these responsibilities, SDW has developed mechanisms for monitoring local activities, including administrative reviews and supervisory visits in addition to federally-required quality control assessments. However, the department's view of local activities is fragmented. No central organizational unit coordinates findings to assess the overall performance of individual agencies or of the system. Moreover, SDW does not exert sufficient influence to ensure that management problems are resolved, and little direction is provided to local agencies for the reduction of fraud and abuse. Some of SDW's reticence relates to concern that the supervisory authority of the department is not clearly specified in law.

Administrative Review Process

SDW's principal method of assessing local operations is the administrative review process carried out by staff at the regional level. The process is designed to measure local agency management skills and identify problem areas for corrective action. Reviews are to be conducted no less than once every three years in all localities, and within six months of the appointment of a new local director.

The review is conducted by a team typically composed of the regional director, management reporting specialist, eligibility specialists, and service specialists. The hearings officer and training specialist may also be involved. Regional directors estimate that 15 to 25 percent of staff time is invested in this process. The review team:

- Administers questionnaires to the local board chairman and director.
- Conducts interviews with local board members and staff.
- Reads board minutes, policy manuals, and leases.
- Reviews case records, monthly reports, complaint files, invoices, and other reports.
- Generally observes local operations.

Review guidelines state that a summary will be delivered to the locality within 45 days of the on-site review. After conference and revision, copies of the administrative review are sent to the appropriate central office divisions. It appears, however, that there are gaps in the review process and that not enough use is made of the final product.

Unreviewed Agencies. Administrative reviews were first conducted in 1976, and are supposed to be done once every three years. According to this cycle, each agency should have been reviewed at least once by January 1980. When JLARC's analysis began in January 1980, 23 agencies still had not been reviewed. Since that time, the department has made significant strides towards completion. In the Tidewater region, for example, only four reviews had been completed between 1976 and 1980; between January and July 1980, seven more reviews were completed.

Ten localities had never been reviewed as of July 1980, including the large urban agencies of Richmond, Norfolk, and Newport News. Yet, these three localities accounted for more than 25 percent of public assistance and administrative expenditures statewide in FY 1980. Rather than being postponed for four years, administrative reviews of these agencies should have received top priority.

Timely, regular reviews would provide a continuing record of local agency performance and would aid in prevention and correction of policy violations. The Division of Field Operations should expedite the completion of all administrative reviews.

Gaps in the Review Process. The administrative review process could be improved by (1) making certain that an adequate number of cases is reviewed to provide a useful picture of agency performance, and (2) including examination of fiscal operations.

The 1978 administrative review manual requires the reading of a minimum number of cases from each program. However, in nine of 13 reviews examined by JLARC, less than the required number of ADC cases were read. This means that regional and central office staff have fewer cases from which to determine policy problems and training needs.

Without a fiscal component, the department has no way of ensuring appropriateness of local administrative expenses, accuracy of payments to vendors, and use of special funds. In one locality, approximately \$61,795 in State and federal funds was improperly deposited in the local agency's special welfare fund. This discrepancy was caught by SDW's internal auditors during a special audit of the agency. It would not have been detected by the administrative review process as it is currently structured.

An internal audit unit was established in 1978, with a major objective of performing a fiscal audit of each local agency every three

years. Yet in two years only four audits have been completed by the unit. Auditors have been involved with other critical areas, such as auditing vendors and resolving internal management problems.

Part of the problem in completing fiscal audits may relate to the definition of internal audits. Many of the auditors' functions duplicate the body of administrative reviews such as review of the qualifications and actions of local boards and of program compliance in areas with other than strict fiscal impact. It appears that duplication of effort could be eliminated and fiscal audits expedited if they were limited to fiscal records and accounts and performed by line auditors in the Bureau of Fiscal Management. The bureau already approves local budgets and performs desk reviews of local expenditures. The fiscal audit should be performed during the same fiscal year as the overall review, and the results could be combined into a single report.

Impact of Administrative Reviews. In establishing the concept of administrative reviews, SDW has taken an impressive step toward developing a useful tool for assessing and guiding a decentralized system. However, as currently implemented, reviews are limited in their impact. The reports are not used effectively within SDW or viewed as particularly useful by many local directors. Moreover, recommendations tend to focus on limited program or procedural areas and to avoid broader and potentially costly administrative issues.

SDW staff reported the following limited use of administrative reviews:

- Division of Financial Services uses quality control findings rather than administrative review case readings to assess local performance.
- Managers in the Division of Social Services indicated only occasional use of reviews.
- Division of Field Operations, with primary responsibility for liaison with local agencies, did not have copies of all the completed reviews as of January 1, 1980.
- An outside consultant found that regional and central office staff made little use of reviews.

Local directors surveyed by JLARC had mixed reactions to the process. Of the 119 directors responding, 42 percent agreed that the administrative review process provided their agency with useful feedback, although more than half of the directors either did not agree that the reviews were useful or had neutral feelings about the process.

The impact of administrative reviews is limited, in part, because SDW staff do not follow up on required actions. According to department officials, regional specialists are supposed to keep in

touch with local workers to ensure that policy and procedure inaccuracies are corrected. However, no documentation of this contact is required.

Required actions generally relate to program compliance items such as completing forms, keeping service ratings up-to-date, following program policies and procedures, and dating incoming materials. Administrative reviews only "recommend" changes that could significantly improve local operations. In 13 administrative reviews analyzed by JLARC staff, the following improvements were recommended rather than required:

- Better orientation of new employees.
- Effective communication between workers and supervisors.
- More equitable allocation of workload.
- Ways to monitor casework.
- Development of job descriptions.
- Better intake system for service cases.

These recommendations regard crucial administrative and case-work functions in local agencies. A regional director told JLARC that regional staff were reluctant to require these types of changes, even when the results would be better use of personnel and more effective operations.

Because SDW does not require administrative improvements, or perform formal follow-ups, agencies can continue to operate for years with severe inadequacies, as seen in the following examples.

Case 1

In 1978, SDW conducted an in-depth review of a medium-size local agency. The review uncovered critical administrative problems regarding program controls, staff morale, equipment, and space.

In 1980, JLARC staff visited the agency and found that the problems still existed. The regional director was aware of the situation and had tried to "work with" the local director and board but had not seen any results.

Case 2

During a 1979 administrative review, service specialists noted that an agency's social service unit was especially weak. Interview notes show that numerous problems existed in the unit, including insufficient training, poor communication, and confusing job expectations, resulting in ineffective casework.

Regional service specialists did not recommend ways of dealing with these management problems. Instead, they recommended updating case narratives and improving case documentation.

Improving Administrative Reviews. A regular review of local operations is essential to ensure compliance with program requirements, fair and expedient treatment of clients, and appropriate expenditures of funds. SDW should examine the administrative review process and internal audit function and develop a way to combine program, fiscal, and administrative components into one review process.

To provide State and local staff with the broadest view of local functions, components should include (1) desk audits of a sample of cases that give a general picture of local performance; (2) a fiscal audit that includes reviews of vendor invoices, administrative expenditures, and special funds; and (3) an assessment of administrative functions including personnel practices, reporting, client flow, workflow, and organizational structure.

Administrative review teams are comprised of regional staff responsible for most aspects of local operations. Staff trained in fiscal auditing should be added to the teams. Representation from all divisions responsible for supervising local operations should be a positive step toward increasing the value of reviews to program managers.

The State Board of Welfare should consider strengthening the impact of the administrative review process. The board should require local agencies to make changes that would improve the effectiveness and efficiency of local operations. If necessary, clarification of the supervisory authority of the department should be sought from the General Assembly. Regional staff should perform documented follow-ups of agency actions and should provide on-site assistance to local staff as needed to facilitate required changes.

Supervisory Visits

Ongoing review of financial and social service programs is performed through periodic supervisory visits by specialists from regional offices. These visits provide a mechanism for transmitting information between central office staff and local agencies. During these visits, specialists read cases to ensure that policies and procedures are accurately applied. Specialists also consult with case workers and supervisors to identify policy problems and training needs.

There are no department guidelines on the frequency of specialists' visits. As a result, specialists establish their own criteria for conducting visits. The number of visits varies among and within regions, with some specialists making quarterly or semi-annual visits and others going only when requested by local staff.

In JLARC's survey of local directors, one-third of the respondents stated that financial service specialists visited the agencies infrequently. Half of the directors cited infrequent visits by social service specialists. JLARC's review of Title XX identified at least 26 local agencies that had not been visited by all service specialists during FY 1980.

More frequent, regular visits to local agencies could reduce noncompliance and give central office staff an overview of local operations. The Division of Field Operations should develop policy to guide the frequency of supervisory visits. All specialists should be required to make regular visits which are documented in regional files. When policy concerns or training needs are identified, specialists should bring them to the attention of the regional director and central office staff.

Detection of Welfare Fraud

SDW has assumed a minor role in the detection and prosecution of welfare fraud in Virginia. Unlike the State Department of Health, which maintains a State-level unit of 18 positions for Medicaid fraud cases, SDW has only one position assigned to fraud. However, in its mission statement SDW states that "efforts will be guided to assure that only those persons eligible for assistance and service should receive them and that those not eligible or abusing the program shall be dealt with according to the law."

The department maintains that the detection, investigation, and prosecution of fraud is the responsibility of local welfare agencies and Commonwealth's attorneys. In a 1978 position paper, SDW made several points in support of this view:

Section 63.1-124, *Code of Virginia* which says the local Superintendent (Director) shall cause a warrant to be issued for each violation of which he has knowledge. Central office interprets this as a definitive statement regarding local responsibility.

* * *

Central office believes that local welfare departments are in a better position to investigate and prepare cases of fraud than regional or central office staff because local sources must often be used for evidence.

* * *

Commonwealth's attorneys who prosecute fraud cases can work more closely with local workers on preparation of cases.

SDW states that it will play a supportive role of educating and assisting local fraud workers and monitoring fraud activity.

Local Activity. Wide variation exists in fraud detection activity across the State. Local agencies are required by law to investigate any case of suspected fraud or abuse and to recommend for prosecution those cases where facts are sufficient to support a question of fraud. In most agencies, eligibility workers also carry fraud responsibility. There are 38 local agency positions designated for fraud detection statewide. Agencies with fraud units of more than two people are in Hampton, Newport News, Norfolk, Virginia Beach, Portsmouth, Fairfax, and Richmond.

Fraud activity concentrates on the high-cost Aid to Dependent Children and food stamp programs. Moreover, the actual cost of fraud can be substantially increased because once clients become eligible for ADC they are automatically eligible for Medicaid and social services and may be eligible for food stamps. Most ADC fraud occurs for one of the following reasons: (1) client does not report earned or unearned income; (2) mother claims children that do not exist; and (3) an able-bodied man resides with the family.

The actual number of ADC and food stamp fraud cases acted on during 1979 and 1980 is shown in Table 13. The amount of claims for substantiated fraud cases in FY 1980 was \$1.2 million. Approximately \$548,000 of the amount was recouped either by court order or administrative agreement.

Table 13

ACTIONS ON CASES INVOLVING RECIPIENT FRAUD

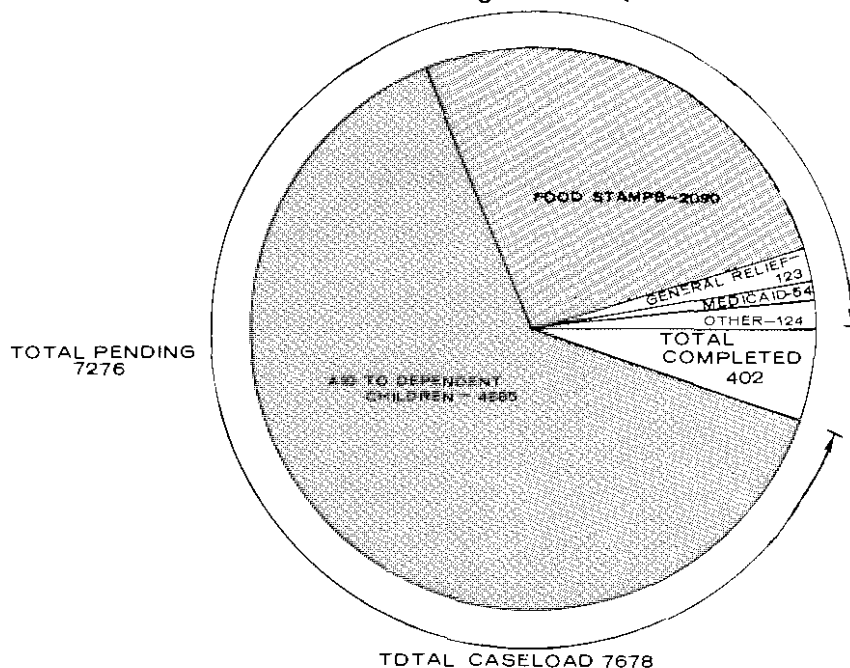
<u>Category</u>	<u>FY 1979</u>		<u>FY 1980</u>	
	<u>ADC</u>	<u>Food Stamps</u>	<u>ADC</u>	<u>Food Stamps</u>
Total Cases Involving Substantiated Fraud	1,408	1,235	1,237	875
Total Amount of Fraud Claims	\$908,245	\$395,645	\$954,684	\$301,761
Restitution Recovered	\$420,348	\$179,657	\$380,535	\$167,498
Cases Pending Fraud Review At End of Fiscal Year	1,859	N/A	4,103	N/A

Source: SDW Bureau of Research and Reporting data.

The number of cases pending investigation is a principal indicator of fraud activity. In Virginia, this number has been steadily increasing. JLARC staff aggregated pending cases in the 124 localities for August 1980. These figures showed more than 7,200 pending investigations in ADC, general relief, food stamp, and Medicaid programs (Figure 7). These are cases with suspected fraud which have not yet been acted upon by local workers.

Figure 7

RECIPIENT FRAUD CASELOAD
(August 1980)



Source: Compiled by JLARC from monthly fraud activity reports submitted to SDW.

Investigating a case of suspected fraud and preparing it for prosecution is time-consuming. Fraud investigators estimate that they are able to complete an average of four fraud investigations per month. A substantiated case of fraud can result in significant recoupment of money and long-range cost avoidance by removing the client from welfare rolls, as seen in the following examples of successfully resolved cases.

Case 1

A Norfolk widow with three children received unreported Social Security death benefits for nine

years. By not reporting this income, she was eligible for ADC, food stamps, and Medicaid benefits, which totaled more than \$56,000 over the nine-year period. The woman remarried but her children continued to receive benefits.

A federal computer listing of Social Security recipients was developed in 1978. A case worker in Norfolk identified the case on this listing. The woman served ten months in prison and is making monthly restitution of \$469.

Case 2

A Chesapeake fraud investigator received an anonymous tip about an ADC recipient who had just purchased a late model car. The investigator uncovered a lien on the title held by a Tidewater shipyard credit union.

The credit union acknowledged that the woman was employed by the shipyard. She had failed to report her income, thus defrauding the ADC program of \$9,000. The woman served six months in prison and is paying back \$200 per month.

Although most judges order restitution in cases where repayment is possible, fraud investigators told JLARC staff of several judges who do not order restitution recommended by the Commonwealth's attorney because they believe welfare fraud should be tried in federal court. The following case illustrates that the Commonwealth can lose substantial amounts of recoupment when no restitution is ordered.

A mother, children, and supposedly disabled father received ADC, food stamps, and Medicaid. Although the father had been certified as totally disabled by a physician, he was actually working.

The mother failed to report his earned income as well as his veterans benefits. The father's total income made the family ineligible for the \$20,000 in benefits they had received. A judge ordered a 45-day sentence and no restitution.

The recoupment of fraudulently-obtained benefits should be actively pursued by the Commonwealth. One way to facilitate recoupment would be legislative support for court-ordered restitution. This support could be in the form of a resolution that encourages courts to order restitution in cases where the individual has the ability to make repayments.

Another method of recouping funds would be through legislation that enables SDW to attach a lien against any State tax refund due a client who defrauds the welfare system and refuses to make voluntary restitution. Several states have passed similar legislation. North Carolina, for example, takes tax refunds to offset fraud restitution as well as delinquent child support and other debts owed to the State.

SDW's Role. SDW's investment in the State's fraud effort is limited to one fraud investigator supervisor. The supervisor's time is devoted primarily to coordinating computer matches of Virginia's ADC rolls with rolls of other states and with employment records from Virginia, the District of Columbia, and Maryland. Other responsibilities of this position include providing training and assistance to local fraud workers as well as monitoring statewide fraud activity.

Training has been minimal. In 1978, a consultant provided limited training but in FY 1979 no training was provided. A training position was requested by the fraud supervisor in 1979 but none was approved. The Division of Financial Services is developing a training module for fraud but this is not yet completed. SDW has developed a fraud manual but does not require its use by local agencies. One local worker described the State's support this way: "Fraud workers have to be self-trained and self-motivated, because the State has abandoned us."

The Tidewater regional office provides greater support for its investigators. A financial services specialist in the Tidewater regional office, who was formerly a local fraud worker, is coordinating with local fraud workers to improve training and answer questions. The region has a fraud subcommittee that meets bi-monthly to consider items of mutual concern. In addition, nearly half of the agencies in the region have fraud units.

The presence of a regional specialist to coordinate and monitor fraud activity is undoubtedly important. Fraud workers in the Norfolk agency, which leads the State in fraud investigations and prosecutions, stated that the Tidewater fraud coordinator has been instrumental in strengthening the region's fraud effort. Because of the high incidence of client errors uncovered during quality control reviews, in 1979 the financial services staff recommended that welfare fraud specialist positions be established in each regional office. No action was taken on this proposal.

SDW should take steps to improve the amount and type of support provided to local fraud investigators. The department should consider the following actions.

- Establish a fraud training specialist in the central office to develop and present programs to local staff.
- Designate regional financial services specialists as part-time fraud specialists to provide technical assistance and intra-regional coordination for fraud.

- Review fraud activity statewide to determine the need for additional positions. New fraud positions could be created without additional expenditures by reallocating the excess positions in eligibility determination and social work.
- Develop a reimbursement plan to obtain additional federal funding for food stamp fraud investigations, prosecutions, and hearings. The Food Stamp Act of 1979 increased the federal match for these activities from 50 percent to 75 percent, retroactive to October 1978.

Modifying Virginia's Fraud Effort. The General Assembly and the State Board of Welfare may wish to strengthen the responsibility of the State for the detection, investigation, and prosecution of welfare fraud. Many states have adopted aggressive, highly visible fraud detection and prosecution units that not only recover misspent public funds but also deter people from attempting fraudulent activity.

Eight of nine states contacted by JLARC have State-level units in addition to local units. North Carolina and Maryland, for example, have locally-administered welfare systems similar to Virginia's, yet both have state staff responsible for fraud detection. Other states have fraud units under the cabinet secretary or the inspector general.

Minnesota and South Carolina noted a gradual decline in the number of fraud cases since their units began operation, largely as a result of the deterrent effect of visible fraud units. A number of options could be considered for Virginia:

1. Retain current local responsibility but have SDW provide greater support through training and the establishment of regional coordinator positions for training and assistance.
2. Develop a State-level unit to investigate referrals from local agencies. These positions could be located in regional offices for closer proximity to clients.
3. Develop a State-level unit in the Attorney General's office to handle referrals from local agencies and to monitor computer matches from other States.

CONCLUSION AND RECOMMENDATIONS

The State Department of Welfare has statutory responsibility for providing an administrative framework within which local agencies can function efficiently and effectively. Since 1974 SDW has taken important steps to develop this framework.

Three key areas that require further attention by the department are the delegation of responsibility and authority within the State department, the support of local agencies, and the review of local operations.

Recommendation (1). The State Department of Welfare should develop, test, and refine a blueprint for information systems design that includes requirements for user involvement and periodic status reports on activities and expenditures.

Recommendation (2). A program evaluation unit should be developed to bring together the various personnel with evaluation responsibilities who are located throughout the department. Additional capability should be added to the department in research methodology, such as trend analysis, forecasting, and sampling.

Recommendation (3). SDW should clarify the role of the internal audit section to include comprehensive evaluations of welfare programs and operations, and to exclude line audits of financial records and accounts, except where part of a broad evaluation. Audit findings should be transmitted to an audit subcommittee of the State Board of Welfare.

Recommendation (4). SDW should review its regional staffing patterns to ensure that positions for financial and social service specialists are allocated appropriately. Among criteria that should be considered in addition to number of staff and localities are high local turnover rates and travel time to local agencies.

Recommendation (5). SDW should strengthen authority for operation of the regions. Among alternatives the department should consider is the creation of a position of assistant commissioner for field activities to assume and broaden the functions of the Division of Field Operations. Among other duties, this individual should set priorities among divisions and require consistent administration of regional offices. A second alternative is to definitively establish a focal point for these responsibilities in the commissioner's office with sufficient authority and accountability for regional operations.

Recommendation (6). SDW should develop a two-phase process for ensuring clarity and completeness of policy. This process should include regular training in written communication skills for policy staff and pretesting of policy with new and experienced workers. In addition, the Division of Social Services and the Division of Financial Services should place top priority on revising policy manuals.

Recommendation (7). SDW should develop a formal statewide policy concerning orientation for local workers and directors. Both groups should be provided formal orientation by regional staff.

Recommendation (8). SDW should review the quality and frequency of training by program divisions to ensure that all employees are kept current with new policy developments. The policy for provision of skills training should also be clarified.

Recommendation (9). SDW should take immediate steps to update, validate, and fully implement caseload standards. The State Board of Welfare should consider adopting policy to withhold State funding of local positions that exceed caseload standards. The board should also direct the department to develop methods to assess the need for additional positions in agencies with unique staffing requirements, and to recommend staffing alternatives for agencies over standards, such as reallocation of excess positions.

Recommendation (10). SDW and Merit System officials should continue to pursue solutions to the Merit System problems.

Recommendation (11). SDW should develop a regular review process for local agencies that examines local program, fiscal, and administrative practices. Review teams should be comprised of regional staff and staff trained in fiscal auditing.

Recommendation (12). The State Board of Welfare should consider strengthening the impact of the administrative review process. If necessary, clarification of SDW's supervisory authority should be sought from the General Assembly.

Recommendation (13). The Division of Field Operations should develop policy requiring regular supervisory visits by regional specialists which are documented in regional files.

Recommendation (14). The recoupment of fraudulently-obtained benefits should be actively pursued by the Commonwealth. The General Assembly may wish to provide support for court-ordered restitution in the form of a resolution that encourages courts to order repayment in cases where the individual has the ability to pay.

Recommendation (15). SDW should improve the amount and type of support provided to local fraud workers by designating part-time fraud specialists in the regions, reviewing the need for additional local fraud positions, and developing a reimbursement plan to obtain additional federal funding for food stamp fraud activity.

Recommendation (16). The General Assembly and the State Board of Welfare may wish to strengthen the State's responsibility for welfare fraud detection. Options include broadening SDW's current support responsibilities, assigning fraud detection responsibility to State staff, and concentrating fraud activity in the Attorney General's office.

IV. Licensure of Children's Day Care Facilities

The State Department of Welfare has statutory responsibility for licensing certain residential and day care facilities for adults and children. The objective of licensure is to ensure that conditions in these facilities do not fall below a minimum acceptable level. The principal components of the licensure process are development of standards that prescribe minimum acceptable conditions, and enforcement of these standards through annual inspections of facilities and interim supervisory visits. Inspection and licensure of children's facilities are carried out by 24 licensing specialists in the seven regional offices, in accordance with standards, policies, and procedures developed by the Division of Licensure.

SDW is charged with licensing two types of day care facilities for children: day care centers and family day care homes (Section 63.1-196, *Code of Virginia*). The principal distinguishing criteria for these facilities are place of care, number of children in care, and licensing standards (Figure 8). A family day care home is a private home where between six and nine children are cared for on a daily basis. Day care homes are generally operated by individuals who care for a few other children in addition to their own.

In contrast, a day care center is either a facility other than a private home that provides care for any number of children, or a private home with ten or more children. Day care centers are considered to be proprietary or non-profit businesses that provide a structured program aimed at the child's educational development.

Since 1970 there has been a three-fold increase in the availability of licensed day care services across Virginia. Total licensed capacity increased from 13,758 in January 1970 to 38,372 in June 1980. Most of the growth was in the number of licensed child care centers. In contrast to centers, the number of licensed family day care homes dropped substantially during the past decade.

Conditions in most of the children's facilities visited by JLARC staff were generally good, due to the efforts of licensing specialists, the willingness of operators to comply with standards, and the high visibility of facilities in communities. JLARC found, however, that some children's facilities continue to operate with serious violations of standards that affect the health and safety of children. SDW must take steps to strengthen the licensing process in order to deal more effectively with substandard facilities and to ensure that standards are enforced in all cases.

Figure 8

TYPES OF CHILDREN'S DAY CARE FACILITIES

PLACE OF CARE:	NUMBER OF CHILDREN IN DAY CARE		
	1 - 5	6 - 9	10 OR MORE
PRIVATE FAMILY HOME	NOT LICENSED	FAMILY DAY CARE HOME STANDARDS APPLY	
FACILITY	CHILD CARE CENTER STANDARDS APPLY		

Source: JLARC adaptation of SDW data.

COMPLIANCE WITH STANDARDS

In its 1976 mission statement, SDW said that "licensing efforts should ensure a minimum of quality care for children" Licensing standards are developed to provide minimum levels or guidelines for care. If a facility falls below this level, then the quality of care is not considered adequate, and the facility must comply with standards or cease operations. The department has developed different standards for centers and homes.

Most of the standards are reasonable for the protection of children and compliance does not appear to place undue requirements upon operators. Nevertheless, although most operators comply with standards, there is considerable variation among facilities and some standards require further review.

Description of Standards

Standards are developed through a process that includes input from SDW staff, child care providers, child care experts, fire, health, and safety experts, and parents. Draft standards are subject to a period of public comment before they are officially adopted. The current standards for centers were adopted in 1976 and those for family day care homes in 1977.

Standards for centers and homes are distinguished primarily by the focus and specificity of the requirements. Center standards focus primarily on the physical environment, addressing such items as amount of space per child, play equipment, heat and lighting, and absence of health and safety hazards. Centers must also conform with standards for record-keeping, financial solvency, and qualifications of the director.

SUMMARY OF SDW LICENSING STANDARDS

STANDARDS FOR CHILD CARE CENTERS

Operation and Administration

Application for original or renewal license made two months prior to opening or expiration date
License posted
Stable financial position
Liability insurance of \$300,000

Physical Plant

Buildings and play areas safe and hazard free
Rooms shall be clean, uncluttered
Adequate light, heat, ventilation
Electrical outlets capped
Placement of electrical outlets five feet above floor for new construction
Separate crib, cot, or bed for each child
Sheets assigned and changed weekly
Pillows not used by children under six
25 square feet of indoor play space per child and 200 cubic feet of air space per child
75 square feet of outdoor space per child
Fans and heating stoves screened and out of children's reach
Appropriate safeguards (screens, handrails, gates) installed in potentially hazardous areas
Separate isolation room for sick children
One toilet and basin per every 15 children
Individually-assigned towels for each child's use
Kitchen facilities must meet health department's food service standards
Emergency evacuation procedures posted and practiced monthly
Compliance with health, building, fire ordinances

Health Standards

Each staff member shall have an annual physical exam and TB test
Within 30 days of admission and annually thereafter, each child must have a physical exam (including immunizations)
Cleaning agents locked and out of reach
Availability of first aid kit
Daily screening of children for health reasons
Emergency rescue numbers posted

Personnel

No person convicted of child abuse, neglect, or moral turpitude shall be owner, operator, or employee
Staff of good moral character, emotionally stable, with empathetic nature
Staff between ages of 18 and 70 years; aides may be 16 to 18 years old
Specific qualifications for each staff position, including that the Program Director shall have equivalent of 15 college semester hours in any field
At least two staff on duty at all times
Ratio of adults to children:
— one to four for infants and toddlers
— one to ten for preschool age children
— one to 25 for school age children
Annual staff training provided

Records

Maintain a permanent and separate record for each child
Records shall include identifying information on each child, emergency phone numbers, written agreement with parents, attendance record, and medical record

Program

Daily admission screening of children
Adequate and appropriate materials
Daily schedule planned
Discretionary TV viewing
No harsh disciplining practices
Meals and snacks must meet specified nutritional requirements
No food is allowed to be brought from home (except for school age children and special diets)
Menus posted

Local Ordinances

Center must comply with local child care ordinances where such exist

Cooperative Planning with Parents

Discussion prior to admission
Regularly planned communication with parents
Assistance at discharge

STANDARDS FOR FAMILY DAY CARE HOMES

General

License posted in a conspicuous place
Application of new or renewal license made two months prior to opening or expiration date

Personnel

A family day care parent shall be at least 18 years old and able to read and write
An assistant shall be at least 14 years old
A family day care parent shall be understanding of children, able to handle emergencies, and motivated to contribute to child's development
Neither day care parent nor assistant shall have been convicted of child abuse, neglect, or moral turpitude
Children must be supervised by an adult at all times
Ratio of adults to children:
— The number of unrelated children in care plus the number of related children under six years old may not exceed nine
— A complicated chart is used to determine the precise adult-child ratio. In general, the standards require one adult to every four infants below age two and one adult to every six children over two years

Physical Health

All household members and staff shall have an annual medical exam and TB test
Staff medical records up-to-date
Within 30 days of admission and annually thereafter, each child must have a physical examination
Parent's permission is needed to administer any medication to children
All medicine kept out of reach of children
Care shall be taken to protect children from household pets

Records

A separate record shall be kept for each child including emergency phone numbers, medical information, and agreement forms

Household

All members of the day care household shall be responsible, wholesome, and of good character and reputation
No members shall have been convicted of child abuse, neglect, or moral turpitude
Stable financial position

Care of Children

Informal daily activities so children may have opportunity to participate in usual household activities
Family day care parent shall plan the day so to spend time with children
Activities shall include:
— periods of activity and quiet
— vigorous outdoor play
— rest periods
— learning opportunities
— opportunities for children to exercise initiative and develop independence
Discretionary TV viewing
Behavioral rules and limits shall be decided on with parents
No harsh disciplinary practices
Meals and snacks shall be nutritional (no prepared food is allowed to be brought from child's home)

Physical Environment/Equipment

Home and grounds free from health, safety, fire hazards
Adequate play space, lighting, and heat
Emphasis on homemaking rather than housekeeping
Isolation of sick children
House shall be properly screened and ventilated
Adequate bathing and toilet facilities
Individually-assigned towels for each child's use
Working telephone with emergency numbers posted
Each child provided with crib, cot, or bed (children may sleep on beds of family members if they do not sleep on same linen)
Appropriate play material and equipment
Must comply with local child care ordinances where such exist

Standards for family day care homes focus on the suitability of the provider and a homelike atmosphere. Providers must be at least 18 years old, be able to read and write, and be fond of children. The house must be safe and provide a homelike atmosphere. Standards are far less stringent for family day care homes than for centers. There are no space or structural requirements and the kitchen does not have to pass a State Health Department inspection.

JLARC Review of Facilities

JLARC staff visited a sample of day care facilities to determine if any fell below the minimum acceptable level prescribed by standards. JLARC staff were specifically interested in determining if children were in immediate or potential danger in a facility.

A generalizable sample of 58 licensed children's facilities was visited. The sample included 44 centers and 14 day care homes located in all parts of the State. JLARC staff were accompanied on visits by SDW licensing specialists who did not have prior knowledge of which facilities were chosen for review. All visits to the facilities were unannounced.

JLARC staff assessed facilities' compliance with observable standards dealing with the safety, health, and general welfare of children. Specifically, these standards included proper staffing, appropriate number of children in care, absence of indoor and outdoor hazards, posting of a license and menu, and adequate records. Licensing standards pertaining to such things as the facility's financial condition and the program director's qualifications were not addressed by JLARC staff because they were not readily observable and they did not affect the immediate well-being of the child.

Overall Findings. JLARC observed a wide range of conditions in child care centers and family day care homes across the State. In the majority of facilities, overall conditions were in compliance with those minimum standards selected for review. No potential hazards or other observable violations were found in nine facilities. However, in some facilities at least one condition that could adversely affect the health and safety of children was found. Such conditions included overcapacity, inadequate staff-to-child ratios, potential hazards in play areas, and insufficient supervision. Six facilities were seriously substandard. These facilities had seven or more violations that combined staffing problems with hazardous conditions such as glass on the playground and medications or tools in reach of children (Table 14).

Four of these facilities had histories of multiple violations prior to JLARC's visit. Conditions observed during JLARC's visits to two facilities were serious enough to prompt revocation of the facilities' licenses.

Table 14

CONDITIONS FOUND IN DAY CARE FACILITIES

<u>Type of Conditions</u>	<u>Number of Facilities</u>	<u>Child Care Centers</u>	<u>Family Day Care Homes</u>
No violations of any type	9	6	3
No observable health or safety violations but other areas of non-compliance	27	21	6
One to six violations including at least one health or safety standard	15	12	3
Seven or more violations including at least one health or safety standard	6	4	2
Inspection not permitted by director	<u>1</u>	<u>1</u>	<u>-</u>
Totals	58	44	14

Based on the six facilities with multiple violations of health, safety, and other standards that were found in the generalizable sample, statistical projections suggest that seven percent or approximately 50 of all day care facilities would have seven or more violations including at least one health and safety violation. This number could be more or less due to sampling error.

Specific Conditions. Compliance with standards varied substantially among facilities. As the following examples illustrate, some facilities had conditions that exceeded the minimum requirements whereas others were significantly substandard.

No Violations

No violations were found in a family day care home located in a semi-rural area of Northern Virginia. The home appeared to be well-equipped with plenty of learning materials and outdoor play equipment. Children were preparing for naps at the time of JLARC's visit.

* * *

JLARC staff found no violations during a visit to a large child care center in the Roanoke region. The approximately 150 children in care were involved in several activities and were well-supervised by staff members. The facility was clean and the outdoor play area spacious.

No Observable Health or Safety Violations

At the time of JLARC's visit to a church-sponsored child care center in Henrico County, 95 children and 22 staff members were present.

The building was large and clean and classrooms were stocked with supplies appropriate to each age group. The only violations noted were incomplete records for children and staff members.

* * *

A Tidewater center visited by JLARC was found to be hazard-free. Twenty-one preschoolers, supervised by four staff members, were either napping or eating mid-afternoon snacks. Violations noted were incomplete children's records, failure to display a license, and failure to post a weekly menu.

One to Six Violations, Including Health and Safety Violations

A Northern Virginia center was generally clean and well-equipped. However, at the time of JLARC's visit, only one adult was on the premises with six children, although standards require at least two staff members to be present at all times.

Household cleaning agents were located within reach of children, which is considered a potential hazard by SDW. Additional violations included failure to post the current license and records that were not up-to-date.

* * *

JLARC visited a private school in Lynchburg with approximately 60 children in day care. The center had several well-equipped indoor and outdoor play areas and more than the required number of staff members.

However, the facility was in violation of several health and safety licensing standards including operating electrical fans on the floor, a broken piece of playground equipment, and a sharp-edged pipe in the rear of one of the playground areas.

Seven or More Violations, Including Health and Safety Violations

A family day care home licensed to care for nine children in Southwest Virginia had several hazardous conditions, including seven children over capacity, an infant sleeping unattended on a double bed, and panes of glass lying in the outdoor play area.

* * *

A child care center in the Richmond region had no adult staff person present, dirty and cluttered conditions, a power lawn mower stored in a playroom, and cleaning agents stored in the facility's bathtub.

ENFORCEMENT OF STANDARDS

The primary objective of the licensing process is to ensure that all licensed facilities are in constant compliance with minimum standards. The State has designated several procedures to enforce compliance: formal licensing inspections, interim supervisory visits, and sanctions for non-compliance.

Licensing staff have not used enforcement mechanisms as consistently or effectively as possible, however, and are hampered by the absence of effective interim sanctions. As a result, some facilities continue to operate even when specialists are aware of substandard conditions. In some cases, factors external to the licensing process have impeded the enforcement of standards.

Inspections of Facilities

Annual inspections and periodic supervisory visits are the mechanisms on which the department relies to determine whether a facility meets minimum standards. Annual inspections are the basis for approval or renewal of licenses. During the annual inspection, the

licensing specialist assesses the facility's compliance with every standard. Annual licenses are granted to facilities that comply substantially with standards. Supervisory visits occur between inspections, and are shorter and less structured. These visits are conducted to ensure continued compliance with standards.

Inspections and supervisory visits do not always identify serious conditions that exist in a facility. One reason is the advance notice of inspections given to operators. Additionally, supervisory visits are not regularly conducted for all facilities.

Announced Compliance Inspections. Because owners get advance notice of compliance inspections, they are of limited value as indicators of ongoing conditions in a facility. Prior notice may give owners the opportunity to alter conditions that are not in compliance with standards.

A comparison of the violations found during JLARC's unannounced visits to 58 facilities and each facility's most recent announced inspection shows the difference in a facility's conditions at two points in time (Table 15).

Table 15

COMPARISON OF VIOLATIONS FROM JLARC
VISIT AND MOST RECENT LICENSING STUDY

<u>Violation</u>	<u>JLARC Visit</u>		<u>SDW Inspection</u>	
	<u>Centers</u>	<u>Homes</u>	<u>Centers</u>	<u>Homes</u>
Children's Records Incomplete	15	7	19	6
Electrical Outlets Uncapped	18	-	6	-
Staff Medicals Incomplete	12	-	13	2
No Towels for Each Child	5	6	2	1
Staff-Child Ratio Inadequate	8	-	-	-
Menu Not Posted	8	-	4	-
License Not Posted	3	4	-	-
Hazardous Indoor Area	4	1	1	-
Hazardous Outdoor Area	2	3	-	1
Over Licensed Capacity	3	2	-	1
Unsafe Outdoor Equipment	3	2	-	-
Medicine and Cleaning Agents in Reach of Children	4	1	1	-

Source: JLARC site visits and SDW licensing records.

Appropriate staffing, acceptable capacity, and absence of hazardous conditions are principal standards for ensuring the health and safety of children. Whereas JLARC staff found health and safety

violations in 21 facilities, licensing staff found violations in only two of these 21 facilities.

Differences in the number of staffing violations found by JLARC and SDW may also relate to the method used by SDW for computing ratios for preschool care. JLARC computed a flat ratio of actual staff present to children present and compared it to the standard of 1:10 for preschoolers. SDW, however, calculates a ratio based on the average number of supervisory staff hours theoretically available at any given time during the day rather than actual staff present at any one time. This may result in an actual ratio that is inadequate for proper supervision, but a theoretical ratio that meets the 1:10 standard.

The differences between types of violations cited during announced and unannounced visits are seen in Table 16, which describes the six facilities from JLARC's sample with seven or more violations. In four of these six facilities, licensing staff did not observe major violations during the announced inspection, yet JLARC noted as many as 11 violations in two facilities. Moreover, in one facility licensing staff noted no violations during the announced annual inspection, but approximately six weeks later JLARC staff noted numerous violations during an unannounced visit. In two facilities substandard conditions were severe enough to lead to revocation of licenses shortly after JLARC's visits.

Because licenses are granted only as a result of compliance inspections, licensing specialists need to get an accurate picture of conditions as they normally exist in a facility. All compliance inspections for children's facilities should be conducted without advance notice to licensees. If the licensee is not present during the inspection to answer administrative questions then the licensing specialist should make contact later by phone or in person. In addition, licensure decisions should include findings from interim supervisory visits.

Supervisory Visits. SDW's principal method of ensuring compliance between annual inspections is the supervisory visit. SDW policy states that specialists should make one announced visit to a new facility within the first two months of operation; one unannounced visit per year to a facility with an annual license; and one unannounced visit to a facility with a provisional license of more than three but less than six months' duration. Specialists are free to make more than the one required visit. In nearly one-third of the facilities visited by JLARC, no supervisory visit had occurred as mandated by policy (Table 17).

Northern Virginia specialists made fewer supervisory visits than specialists in other regions. The high turnover of licensing personnel in this region a few years ago contributed significantly to this problem. Specialists in Northern Virginia indicated they were working towards compliance with the requirement.

Table 16

VIOLATIONS NOTED BY SDW AND JLARC IN SIX FACILITIES

	Type of Facility	Date of License/ JLARC Visit	Violations Noted During SDW Announced Inspection	Violations Noted During JLARC Unannounced Visit
A	Child Care Center With 5 Children	Annual-5/80 JLARC Visit-7/80	Not in compliance with local health standards Emergency evacuation plan not posted	Inadequate staff--two adolescents in charge Indoor hazards - power mower in room - overturned furniture No planned activity Filthy conditions Incomplete children's records No emergency phone numbers Cleaning agents within reach of children
B	Child Care Center With 54 Children	Provisional-6/80 JLARC Visit-7/80	Missing children's records Incomplete children's records Incomplete staff records	Over capacity Inadequate staff Uncapped outlets Cots too close Incomplete children's records Incomplete staff records
C	Child Care Center With 16 Children	Provisional-4/80 JLARC Visit-6/80 Revoked-8/80	Over capacity Hazardous stairway No thermometer Incomplete staff medicals Accident insurance un- available for parents	Over capacity Inadequate staff License, menu, and phone numbers not posted No blankets Unfenced play area No hot water Unsanitary toilet facilities Incomplete children's records
D	Family Day Care Home With 16 Children	Annual-9/79 JLARC Visit-6/80 Revoked-8/80	Cribs not available for infants Playpen used for naps	Over capacity Unattended infant sleeping on double bed No blankets Pieces of glass in outdoor play area No records on 15 of 17 children in care
E	Family Day Care Home With 6 Children	Annual-6/80 JLARC Visit-8/80	No violations	Indoor hazards--debris and bags of garbage in play area Medicine and cleaning agents within reach Outdoor hazards - play equipment with torn, jagged edges - unfenced play area No indoor play materials
F	Child Care Center With 22 Children	Provisional-6/80 JLARC Visit-8/80	No insurance policy available No screens on doors Inadequate heat Unqualified staff No isolation area for sick children Unsafe toys Incomplete staff medicals Incomplete children's medicals	Lack of supervision Inadequate staff-to-child ratio Indoor hazards - fans within reach - saw, clippers, and paint within reach Outdoor play equipment unsafe Medicine and cleaning supplies within reach No emergency phone numbers Incomplete children's records Incomplete staff records

Source: SDW licensing records and JLARC site visits.

Table 17

NUMBER OF FACILITIES IN JLARC'S
SAMPLE RECEIVING SUPERVISORY VISITS

<u>Region</u>	<u>Total Number of Facilities</u>	<u>Facilities Not Receiving Required Supervisory Visits</u>	
		<u>Number</u>	<u>Percent</u>
Lynchburg	2	1	50%
Northern Virginia	12	8	67
Richmond	16	5	31
Roanoke	7	2	28
Southwest	3	0	--
Tidewater	13	1	8
Valley	5	1	20
State	58	18	31%

Source: JLARC desk audit review of licensing files.

Variations also exist among licensing specialists within the same regional office. In Tidewater, for example, one specialist did not make all required supervisory visits while another specialist in the same office typically made three supervisory visits to each facility to view different phases of operation.

Because supervisory visits are not necessary for the continued operation of a facility, specialists report that they have received low priority in the past. In recent months the department has re-emphasized the importance of announced and unannounced supervisory visits to homes for adults. The department should enforce the policy concerning frequency of supervisory visits to all facilities. Central office licensing staff should monitor regional activities to ensure that supervisory visits are made.

Enforcement Mechanisms for Non-Compliance

When a facility fails to comply with standards during a compliance inspection, licensing specialists have two courses of action: issue a provisional license or take negative action such as revocation of an existing license or denial of an application for new or renewed license. These mechanisms have not been as effective as they could be due to varying interpretations of the meaning of a provisional license and the time-consuming process for taking negative action. As a result, facilities have continued to operate for long periods of time with substandard conditions.

Provisional Licenses. Facilities are granted provisional licenses when they are temporarily out of compliance with some standards but where the operator is willing and able to comply within a short period of time. A provisional license may be granted for up to six months, renewable to two years. Fifteen percent of the State's child care centers and 21 percent of the family day care homes were on provisional licenses as of August 1980 (Table 18).

Table 18

PERCENT OF CHILD CARE FACILITIES
OPERATING ON ANNUAL AND PROVISIONAL LICENSES
(August 1980)

Region	Child Care Centers		Family Day Care Homes	
	Annual	Provisional	Annual	Provisional
Lynchburg	96%	4%	100%	0%
Northern Virginia	90	10	80	20
Richmond	86	14	75	25
Roanoke	73	27	73	27
Southwest	67	33	75	25
Tidewater	85	15	85	15
Valley	93	7	76	24
Total	85%	15%	79%	21%

Source: SDW Division of Licensing data.

According to the department's licensing procedures, a facility cannot be granted a provisional license when serious violations of health, fire, or building safety exist; when the owner refuses to comply; or when the owner has failed to take action for an unreasonable length of time. In these circumstances, revocation or denial would be appropriate.

Licensure staff do not make consistent use of the provisional license. In Richmond, the provisional license is regarded as a sanction. More than one-third of the renewals in this region were issued provisional licenses. In contrast, in the Lynchburg region, even when a previously licensed facility is out of compliance, it is granted an annual license and then monitored by the specialist for compliance. Moreover, in every region except Richmond, provisional licenses are routinely granted to new facilities that cannot demonstrate compliance until after sufficient start-up time.

Some specialists have used a series of provisional licenses to put a facility "on notice" rather than revoke or deny the license. As a result, substandard facilities with long histories of violations

can continue to operate. JLARC visited two such facilities whose histories are described below.

Facility A

A family day care home in the Valley region first became licensed in February 1978. It received four six-month provisional licenses over a two-year period and was issued an annual license in June 1980.

During the two years on provisional license, the home was repeatedly cited for poor record-keeping and lack of indoor and outdoor play equipment. No violations were noted during the most recent compliance inspection although no indoor play equipment had been obtained.

An annual license was recommended on the condition that a chlorinator be installed to improve water conditions and that play equipment be purchased as soon as possible. One month later a chlorinator was installed and the annual license was issued.

JLARC visited the home six weeks after the annual compliance inspection. It was observed that the home still lacked sufficient play equipment. No indoor equipment had been purchased and the existing outdoor play equipment was broken down and hazardous. Other violations included (1) the screened-in porch used for a play area was cluttered with tools and garbage; (2) the license was not posted; and (3) medicine was within reach of children.

JLARC staff inquired about the basement area and were told it was occasionally used for indoor play. The licensing specialist was not aware of its use.

Facility B

In May 1980, JLARC staff made an unannounced visit to a day care center in Richmond that had a history of serious staffing and safety violations. It was operating with a provisional license.

JLARC observed conditions that were clearly in violation of standards and were potentially haz-

ardous to the health and safety of the children. Observed conditions included:

- One adult responsible for the supervision of 27 children, mostly toddlers.
- Unsupervised children playing outdoors near a heavily traveled street.
- Prescription medication within reach of the children.
- Moldy food in the kitchen, also within reach of the children.
- Outdoor play area with knee-high grass and large shards of broken glass.

JLARC informed the licensing division of the potentially harmful conditions that existed. Licensing staff made an immediate visit to the facility. The facility remained on a provisional license while the specialist worked with the owner to correct the violations.

At the end of June the facility still had 24 violations. It continued to operate with a provisional license until it was sold in August.

Instead of revoking the licenses in these facilities, licensing staff attempted to use the provisional license as a sanction. In these cases, the owners' failure to comply after a reasonable period of time should have precluded the issuance of provisional licenses.

SDW must clearly define and delineate the use of the provisional license as a sanction. In response to a recommendation regarding the need to improve the provisional licensing process in homes for adults, the 1981 General Assembly passed legislation that applies both to homes for adults and child care licensure. The legislation proposed by the department creates a conditional license that will permit new facilities to operate until they can demonstrate full compliance. This is a good first step toward limiting the use of provisional licenses and should be enforced by SDW. The use of the provisional license should be narrowly defined to include only situations where violations can be corrected within a short period of time. In addition, the amendment specifies limits for the use of provisionals to one-time use for a six-month or one-year nonrenewable period.

Negative Actions. There are no intermediate sanctions that licensing specialists can use to force a facility to correct violations. Specialists now have only two options: let the facility con-

tinue to operate while violations are being corrected, or withdraw the license through the revocation or denial processes. When the owner of a licensed facility refuses or is repeatedly unable to comply with standards, licensing staff can revoke the license. If a new facility or a facility applying for renewal cannot meet minimum standards, it can be denied a license.

Because revocation of a license usually involves meeting requirements of the administrative process law as well as considerable time, licensing staff told JLARC they would rather "work with" substandard facilities to try to bring them into compliance with standards. Consequently, although revocation and denial are effective enforcement tools, these sanctions have rarely been used for children's facilities.

Since August 1976, seven denials of applications for new and renewed licenses and three revocations of existing licenses have occurred. Two of the revocations occurred as a result of violations found during JLARC's unannounced visits. Prior to these revocations, only one center license had been revoked and no family day care homes had ever received a negative action since current standards were adopted.

SDW should develop and propose to the General Assembly intermediate sanctions to ensure compliance with standards when serious violations exist or when numerous violations continue to exist for long periods of time. Such sanctions could include:

1. The authority to prohibit the enrollment of additional children in substandard facilities until violations are corrected.
2. A requirement that violations be spelled out in words rather than in numbers on the posted license.
3. Immediate suspension of the current license so the facility could not continue operating until violations were corrected. The term "suspension" is already in the day care center standards and is referenced in Section 63.1-213(a) of the *Code of Virginia*. However, the term is not defined and procedures are not specified. It may be necessary for SDW to request clarification of the authority to suspend a license from the General Assembly.
4. Levying a fine if violations are not corrected within a reasonable time frame.
5. Strengthening the sanctioning effect of provisional licenses.

Improving Enforcement

The uniform enforcement of licensing standards ensures that all children in care receive the same type and frequency of State oversight, regardless of the type or size of facility they attend or its geographical location. The enforcement process could be improved by reviewing workloads in some regions, preventing facilities from circumventing the licensing process, and reviewing some standards and the appropriate level of regulation of day care homes.

Licensing Workloads. Each licensing specialist has a caseload of 26 to 44 facilities. In addition to performing annual compliance inspections and supervisory visits, specialists also handle complaints, allegations, and inquiries (Table 19). If a specialist is involved with a negative action or has a facility that requires frequent attention, much time can be spent on just one case.

Table 19
AVERAGE MONTHLY ACTIVITIES
FOR CHILDREN'S LICENSING SPECIALISTS

Region	Licensed Caseload	Field Activities (FY 1980)		Total Active Applications	Total Active Inquiries	Allegations/Complaints
		Compliance Inspections	Supervisory Visits			
Lynchburg	38	5	3	13	34	2
Northern Virginia	38	5	2	15	15	3
Richmond	42	6	5	13	11	1
Roanoke	30	3	5	8	9	2
Southwest	31	4	4	10	7	1
Tidewater	33	5	6	10	6	1
Valley	34	6	2	11	25	2

Source: JLARC presentation of SDW monthly licensing reports.

Variations in caseload result from decisions made on the regional level. Most licensing supervisors assign each specialist to a designated geographical area. All new applications, inquiries, complaints, and allegations are handled by the specialist in whose area they occur. Several factors influence the time needed to adequately manage a workload: (1) the geographical proximity of facilities in a specialist's caseload; (2) the distance from the regional office to each facility; (3) the capacity of facilities; (4) the schedule for renewal inspections; and (5) the number of complaints, allegations, and inquiries assigned to a specialist. A lack of reasonable balance among these factors can affect the ability of a specialist to adequately carry out each function, as seen in the following example:

Until recently, Northern Virginia licensing specialists were assigned cases based on geographical areas. A newly-appointed licensing supervisor

noticed that overdue inspections, lack of supervisory visits, and low staff morale had resulted from imbalanced workloads.

For example, several specialists had short distances to travel to facilities while others had to commute from the regional office in Falls Church to Spotsylvania County and Fredericksburg to their facilities.

Also, some specialists had four or more compliance inspections due in one month, then had a month when none were due.

The Northern Virginia region recently began utilizing a rotating assignment scheme. Cases were assigned by the supervisor with the goal of equally distributing caseloads on the basis of size of facility, distance from the regional office, and total monthly workload. Under this system, each specialist has a mixture of large and small facilities, centers, and homes at a variety of distances from the office. One primary advantage of this system is that it permits the regional office to better manage its caseloads. This new method is expected to help improve Northern Virginia's low rate of supervisory visits noted earlier.

The Tidewater region has been experimenting with ways to reorganize workloads by creating a special enforcement position which is assigned problem facilities and investigates the region's complaints and allegations. This is a positive step because it gives other specialists more time to concentrate on supervisory visits, compliance studies, and consultation. JLARC's analysis of supervisory visits showed that the Tidewater region completed nearly all required visits. The enforcement position also encourages the development of strong working relationships between the enforcement specialist and the health, safety, and legal experts in the region.

The Division of Licensing should review Northern Virginia's model for equalizing caseloads and Tidewater's use of an enforcement specialist. Where appropriate these methods should be employed to help to redistribute and equalize the workload of licensing specialists.

Circumventing the Licensing Process. Each step of the licensing process is important to ensure the safety of children in care. Owners in two of the 58 facilities visited by JLARC had circumvented aspects of the licensing process, resulting in the inability of licensing staff to provide required oversight of facilities. In the following case, licensing staff were unable to investigate a complaint and perform supervisory visits because SDW officials had waived the department's right to perform regulatory activities.

The owner of several large day care centers negotiated with SDW in 1978 to prevent licensing specialists from making announced or unannounced supervisory visits to these facilities. As referenced in a memo prepared in April 1979, supervisory visits were discontinued during the 1979 legislative session on instructions of the commissioner, due to pending legislation.

Within a few days of this arrangement, regional licensing staff received a complaint regarding harsh disciplinary practices by a center employee. Because of the arrangement, licensing staff did not investigate the complaint.

Although SDW intended to establish supervision following the session, JLARC's review of licensing records showed that from November 1978 to July 1980 no supervisory visits were made to the four facilities. This meant that more than 600 children in the owner's four facilities did not receive the State's oversight from supervisory visits.

When JLARC staff made their unannounced visit to one facility in July 1980, they were denied entrance by center staff. After JLARC's attempted visit, licensing staff reached an agreement with the owner whereby staff were permitted to make unannounced visits, but only after contacting the owner when they reached the facility.

Department and State officials should carefully weigh individual requests for special considerations. Except in the most unusual circumstances, the State's primary obligation is to the children in care.

Another child care center visited by JLARC had legally circumvented SDW licensing requirements during the summer months by obtaining a summer camp permit. The advantage of a camp permit is that requirements are less restrictive, especially in areas like staffing ratios and quality of food. Section 63.1-195 of the *Code of Virginia* exempts any facility required to be licensed as a summer camp from licensure by SDW. The following case illustrates how a child care center can take advantage of the summer camp loophole.

Several supervisory inspections of a child care center uncovered serious violations of licensing standards, including overcapacity, inadequate staff/child ratio, overcrowding of children at

naptime, hazardous conditions, and unlicensed programs. Repeated attempts to get the facility to take corrective action were not fully successful.

During the negotiations, the facility's license expired. Instead of renewing it and being forced to comply, the center decided to apply for a summer camp permit, which was granted by the local health department for the duration of the summer.

SDW stopped pursuing licensure until the summer camp permit expired in September. As of November 1980, the facility was still operating but had not been licensed as a child care center.

Although there has not been a statewide resolution of the conflict between licensure and camp permits, the issue has been resolved in the Northern Virginia region. An agreement was reached in 1978 between the special assistant attorney general assigned to the regional welfare office and local health officials. It provided that:

1. An exemption to licensing would be granted in situations where school age children were attending a non-instructional program during the summer months and where the program operated only for the summer.
2. Any facility operating what is defined as a child care center would be required to meet all licensing standards.
3. A child care center's summer camp program would be exempt if it was separate from the center's day care program.

The conflict between summer camp permits and SDW licensing should be resolved to protect the children who are in care all year. Several resolutions are possible, including an agreement between the State departments of Health and Welfare or by an amendment to the licensing section of the Code clarifying the summer camp exemption.

Appropriateness of Standards. The Division of Licensing should also take steps to ensure that all standards are reasonable and necessary for the well-being of children in care. Standards that may require further review are indicated by variable application by licensing specialists and frequent granting of waivers by central office staff.

JLARC staff found several instances where the same standards were applied differently in several regions. Variations such as the

following raise questions about the reasonableness and importance of certain standards.

<u>Standard</u>	<u>Variations in Application</u>
Written children's records shall be filed at the center	Specialist A enforces the standard Specialist B permits owner of several centers to keep all records in a single administrative office
Only raw or commercially-prepared food can be brought to a day care home	Specialist C enforces the standard Specialists D and E permit children to bring any food from home
Only 100 percent fruit juice shall be served in centers	Specialist F enforces the standard Specialist G permits Kool-Aid to be substituted for juice

SDW can waive center standards if this does not pose a threat of harm to the children and if compliance with them would create undue hardship on the owner. Day care home standards cannot be waived. Since 1976, owners have requested 138 waivers to child care center standards. Eighty-five percent of the requests have been granted (Table 20).

Most denials have been issued because the standard in question did not appear to create a hardship for the owner. In some cases, however, requests for waivers of a standard have been approved for one facility but denied for another. For example, in one region, licensing staff granted a waiver of the standard requiring a sink in every room for infant care for one facility, but denied a waiver to a second facility. The owner of the second facility ultimately was able to obtain a waiver. Similarly, within the same region, one private school offering day care was allowed a waiver of the standard prohibiting food brought from home while another private school was denied a waiver.

Almost half of all waivers granted have been for the age requirements of staff, which appears to be an unreasonable standard. Center standards require staff to be "between the ages of 18 and 70 except any person(s) between the ages of 16 and 18" serving as aides. Many centers utilize older staff members from the League of Older Americans' foster grandparents program. These individuals are often over 70 years old. Because of recent legislation raising the age limit for employees in business, industry, and government, SDW should reconsider the relevancy of this age standard.

Table 20
REQUESTS FOR WAIVERS OF STANDARDS
(1976-1980)

<u>Standard</u>	<u>Total Requests</u>	<u>Number Granted</u>	<u>Number Denied</u>
Age of Staff	56	56	0
Placement of Outlets	17	17	0
Food From Home	14	9	5
Sink in Every Room for Infant Care	10	8	2
Toilet/Child Ratio	8	8	0
Cribs and Beds for Every Child	6	5	1
Program Director's Education Requirements	5	4	1
Tub and Shower for overnight care	4	3	1
Other	<u>18</u>	<u>7</u>	<u>11</u>
Totals	138	117	21

Source: SDW Division of Licensing data.

The placement of electrical outlets is another standard for which SDW receives a large number of waiver requests. Virginia's child care center standards require that centers constructed after August 1976 place all electrical outlets out of reach of preschool children, about five feet above the floor, or obstruct them with furniture. However, some local building inspectors have not approved placement of outlets higher than 18 inches above the floor, stating that this is a requirement of the Uniform Statewide Building Code. Therefore, SDW granted waivers of the licensing standard so that day care centers could comply with the building code.

In the course of this review, JLARC staff determined that the Uniform Statewide Building Code does not specify 18 inches, and in fact permits placement of outlets up to five and one-half feet above the floor. Consequently, there does not appear to be a conflict and waivers are not necessary. SDW and the Department of Housing and Community Development should take steps to clarify both sets of standards and ensure consistent application.

The Division of Licensing should ensure that licensing specialists apply standards uniformly in all facilities. This could be achieved by periodic training of specialists and monitoring of licensing actions. The division should also take steps to ensure that standards are reasonable and necessary for the well-being of children in care. One way of determining the need for certain standards is a

periodic review of waivers granted. Standards that are frequently waived should be reevaluated.

Enforcing Standards for Day Care Homes. SDW has statutory responsibility for licensing family day care homes, yet licensing specialists indicated that these standards are difficult to enforce for several reasons. The standards are thought to be too general. For example, a provider must be 18 years old, able to read and write, and able to understand children. As one specialist indicated, "nearly every parent in Virginia can qualify on paper." Another standard calls for "a homelike atmosphere." Several specialists indicated that, by definition, every day care home is in compliance with that standard.

Some specialists indicated that they felt they were invading an individual's privacy when they opened closets and room doors in private homes. This reluctance is one reason a specialist neglected to inspect a basement used for child care in one day care home. JLARC found cluttered and dirty conditions in the basement.

Several specialists indicated that they were reluctant to tell a provider that conditions in the home did not meet standards for six children, when the provider could keep five children under the same conditions without a license. The General Assembly and SDW need to consider alternatives to the current policies for licensing private day care homes.

VIRGINIA POLICY FOR DAY CARE HOMES

Virginia's family day care homes are becoming increasingly difficult to regulate. The sharp decrease in the number of licensed day care homes since 1970, the existence of numerous unlicensed facilities, and SDW's reluctance to enforce standards suggest that the State may wish to consider alternatives to licensing these homes. Virginia's problem of how to best regulate homes reflects a nationwide dilemma.

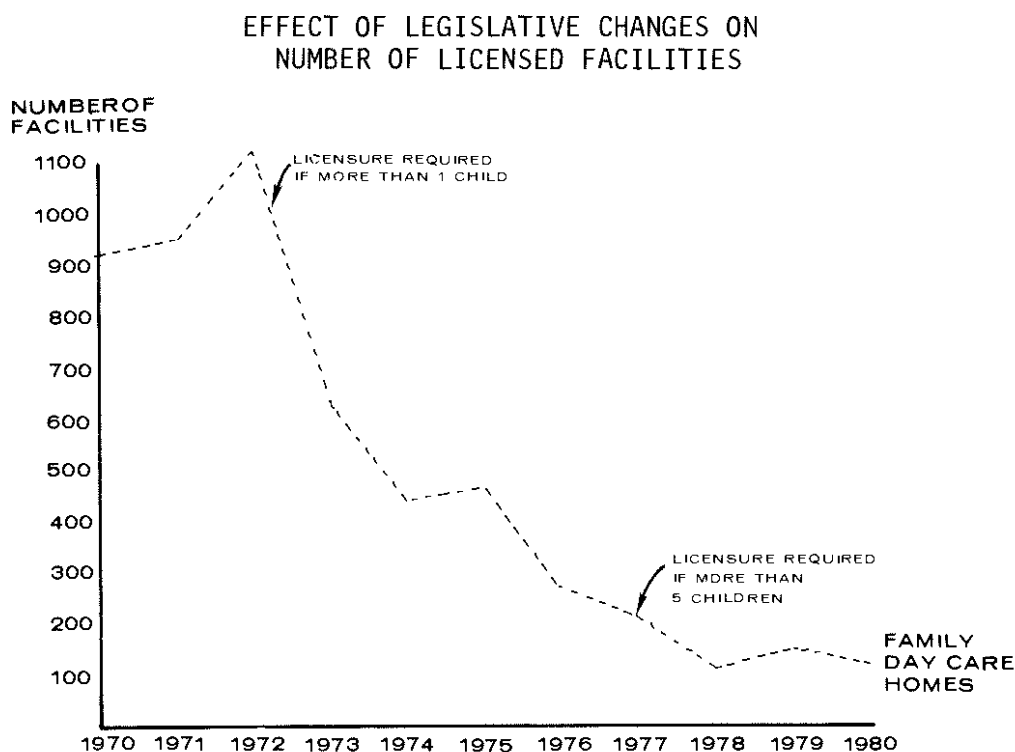
Scope of Family Day Care

Virginia's family day care program has been characterized in recent years by a decreasing number of licensed homes and many homes without licenses.

Drop in Licensed Facilities. There has been a significant decrease in the number of licensed family day care homes since it peaked at 1,122 in 1972. As of June 1, 1980, there were only 138 homes in Virginia with a total licensed capacity of 1,098 children. The decrease has coincided with a series of legislative changes in the 1970s which gradually raised the number of children permitted in an unlicensed home. Prior to 1972, homes caring for more than one child had

to be licensed. Amendments to the Code in 1972 and 1977 raised the number to four and six, respectively (Figure 9).

Figure 9



Source: JLARC presentation of SDW Division of Licensing data.

Unlicensed Facilities. SDW is responsible for ensuring that all homes which meet the family day care criteria are licensed. However, it is impossible for the department to detect all private homes that are caring for more than six children. The United States Office of Child Development estimates that only five to ten percent of family day care homes are licensed nationwide. A licensing official at SDW estimates that there may be "thousands" of unlicensed day care homes in Virginia.

The two principal ways of identifying unlicensed homes in Virginia have been by allegation and voluntary registration. These methods have been only marginally effective. Allegations of unlicensed facilities may come from parents, neighbors, or local welfare workers. Most specialists receive only a few allegations during a year. According to licensing officials, the limited number of allegations is because most parents are not concerned with whether or not a home is licensed. Instead, their main concerns are with convenience, reasonable cost, and adequate care.

In 1977, the General Assembly authorized a three-year pilot program for the voluntary registration of family day care homes in the City of Staunton and the counties of Roanoke and Southampton. The program was designed to determine if voluntary registration would identify more family day care homes than mandatory licensure. Registration was actually self-certification by the provider that the home met the minimum standards for licensure. When the voluntary registration program ended in June 1980, it was termed a failure by SDW officials because it failed to attract more homes than had previously been licensed in the three localities. SDW concluded that the program failed for several reasons: (1) inadequate publicity in the pilot localities; (2) no incentives for providers; (3) insufficient staff to oversee the project; and (4) standards were not simplified for the registration project.

Future of Day Care Homes in Virginia

The problems identified by JLARC concerning the licensing of day care homes--decrease in the number of licensed homes, existence of unlicensed operations, and enforcement problems--suggest that the future of day care home licensing in Virginia is uncertain. The State is faced with the dilemma of whether or not to continue licensing day care homes. Virginia's dilemma reflects nationwide trends toward the reassessment of day care home regulation.

National Trends. There are two national trends developing which may influence the future of family day care homes in Virginia: registration rather than licensing of homes, and licensing of family day care systems.

Self-registration shifts the responsibility for ensuring a minimum level of care away from the state and places it on the provider and parents. This is accomplished by requiring providers to certify their own compliance with standards and by encouraging parents to closely observe the home's conditions and to report any non-compliance to the licensing agency.

Registration can also serve to identify most family day care providers by making it easy for them to be registered. In North Carolina, which has employed voluntary registration for nine years, over 4,000 homes are registered. When Texas began registration in 1976, there were 1,950 licensed homes; as of September 1980, there were over 12,000 registered homes. In these states, a provider becomes registered by simply returning a form certifying that the home meets the minimum standards. Typically, the state does not conduct an inspection of the home as a prerequisite for registration. Inspections are only conducted on the basis of complaints or at the provider's request.

The second trend that several states, including Virginia, are pursuing is the licensure of family day care systems. A day care

system is an organization made up of a network or group of homes. The philosophy behind this system is that homes which are part of a centrally-administered system do not need to be licensed separately. Instead, the system is licensed as a single entity. The system is typically responsible for ensuring that the homes within its network meet standards. The system must meet additional administrative and personnel requirements.

Under Virginia's proposed system, SDW would license the system and would visit homes almost solely on complaints. Inspection of the homes for compliance with standards would rest with the system. Thus, Virginia's proposed licensing program for family day care systems is similar to most registration programs in that the responsibility for ensuring a minimum level of care is shifted away from the State and onto the system, the day care provider, and the parents.

Virginia's Options. Virginia has several options for dealing with the future of family day care homes in the State, including strengthening the current licensing effort, adopting a form of registration, assigning licensure responsibility to localities, or totally deregulating day care homes. These four alternatives are outlined below:

1. Strengthening the present licensing approach. SDW's present licensing effort has not been effective. If licensing is to continue, improvements such as developing routine methods for detecting illegal operations, increasing public awareness of the requirements and benefits of licensing, and developing more appropriate standards should be made.
2. Adopting a registration program. Registration has proven to be an effective substitute for licensing in several states. Although Virginia's three-year voluntary registration program was not successful, it could be effective statewide if several of its shortcomings were corrected. The State could also opt for a mandatory registration program which would require every day care home to register.
3. Assigning licensure responsibility to localities. Local officials are better able to determine the existence of unlicensed homes than are State officials. Local officials could be given the authority to enforce standards that meet a minimum level specified by the State.
4. Deregulating day care homes. Public support for licensure of family day care homes has dropped substantially since 1970; so has the number of licensed homes. Deregulation would acknowledge these circumstances by eliminating State intervention in day care homes.

Deregulation of family day care homes offers the State the opportunity to free SDW staff resources which could then concentrate on improving the effectiveness of the licensing program for child care centers.

The disadvantage would be that the State would lose the assurance that the 138 day care homes currently licensed are meeting standards.

The General Assembly should direct SDW to reevaluate the future of day care home regulation. Special emphasis should be placed on assessing the value of continuing to regulate day care homes. If licensing of family day care homes is to continue, improvements should be made to increase the effectiveness of SDW's licensing programs.

CONCLUSION AND RECOMMENDATIONS

The licensing process is essential for ensuring the well-being of children in care. Although overall conditions in the majority of day care facilities are basically good, substandard facilities do exist because of the ineffective use of enforcement mechanisms. Moreover, the licensing of family day care homes is a source of concern to the licensing staff. The current method of regulating these facilities may not be effective and alternatives to licensing should be explored.

Recommendation (1). All compliance studies should be conducted without prior notification of licensees. In addition, the annual licensure decision should include findings from announced and unannounced supervisory visits.

Recommendation (2). The department should enforce the regulations concerning frequency of supervisory visits to all facilities. Central office licensing staff should monitor regional activities to ensure that all supervisory visits are made.

Recommendation (3). The use of the provisional license should be narrowly defined to include only situations where violations can be corrected within a short period of time. SDW should immediately enforce the use of the provisional license as specified in Section 63.1-201 of the *Code of Virginia*.

Recommendation (4). SDW should develop and propose to the General Assembly intermediate sanctions to enforce compliance with standards when serious violations exist. Several possible sanctions are fines, suspension, prohibition of new enrollments, and strengthening the sanctioning effect of provisional licenses.

Recommendation (5). SDW should ensure that all licensed facilities are subject to each step in the licensing process, including inspections, unannounced supervisory visits, and complaint investigations.

Recommendation (6). The conflict between summer camp permits and SDW licensing should be resolved to protect the children who are in care all year. Resolution could result in several ways, including an agreement between the State Department of Health and SDW or by an amendment to the licensing section of the Code clarifying the summer camp exemption.

Recommendation (7). The Division of Licensing should review Northern Virginia's model for equalizing caseloads and Tidewater's use of enforcement specialists. Where appropriate, these methods should be employed to help reorganize the workload of licensing specialists.

Recommendation (8). SDW should periodically review the reasonableness of licensing standards based on allowable variance requests and approvals similar to JLARC's review.

Recommendation (9). SDW and the Department of Housing and Community Development should resolve confusion regarding interpretation of standards relating to placement of electrical outlets.

Recommendation (10). The General Assembly should direct SDW to reevaluate the licensure of family day care homes. Special emphasis should be placed on assessing the value of continued licensing of day care homes or of choosing another option, such as mandatory self-registration, deregulation, or local licensure based on minimum State standards. If licensure is to continue, more consistent standards and enforcement procedures are needed to increase the program's effectiveness.

V. Collection of Child Support Obligations

The collection of child support payments from parents who abandon their children is the second function performed directly by the State Department of Welfare. This function is carried out by staff located in the Bureau of Child Support Enforcement. The bureau will become a division in the spring of 1981.

The Bureau of Child Support Enforcement is unique because it is the department's only revenue generating unit. In FY 1980, the bureau, in cooperation with juvenile and circuit courts, collected over \$7.4 million. More than \$7.1 million of this offset a portion of Aid to Dependent Children benefits for which deserted families were eligible. The remaining \$300,000 was collected for non-ADC families. Benefits from the support enforcement program also include closing ADC cases as a result of collections and establishing paternity where necessary. There were 264 ADC cases closed due to collected support payments during FY 1980. The cost avoidance associated with these cases for a 12-month period could be as high as \$3 million, according to SDW.

In the past year, under the guidance of a new acting director, the department has made outstanding progress in overcoming administrative problems that adversely affected collections prior to 1980. Recent improvements include redesign of a computerized accounting system and greater attention to the efficiency of regional operations. The bureau still needs to address several accounting and managerial problems so that future program efficiency and effectiveness can be maximized.

PROGRAM OVERVIEW

In 1975, Congress mandated that every state establish a support enforcement program with two major goals: (1) enforcement of the financial obligations of all parents to their children; and (2) establishment of paternity of children born out of wedlock. The Bureau of Support Enforcement was created in 1975 to administer the child support program in Virginia.

In Virginia, the support enforcement process also includes juvenile and domestic relations courts which contribute significantly to the Commonwealth's collections.

Support Enforcement Process

The support enforcement process actually begins when a client applies for ADC benefits at the local welfare agency. Eligibility work-

MAJOR PROVISIONS OF VIRGINIA'S CHILD SUPPORT ENFORCEMENT PROGRAM

CONDITIONS

- Each recipient of ADC automatically assigns child support rights to the State and must cooperate in providing the absent parent's whereabouts and in establishing paternity, if necessary.
- Absent parents must pay support directly to the State, either through the bureau or through the courts.

NON-ADC SERVICES

- As a means of keeping families off welfare rolls, Virginia offers child support services to any family which makes application. A fee is charged, based on ability to pay.

REIMBURSEMENT AND INCENTIVES

- Federal reimbursement to states for administrative costs is 75 percent.
- Political subdivisions (courts) making collections are paid 15 percent of the collections as an incentive for program participation.
- The Department of Health and Human Services recoups 57 percent of original ADC grants minus the amount of incentives paid to the political subdivisions.

FEATURES OF VIRGINIA'S CHILD SUPPORT LAWS

- Payment of public assistance to dependent children creates a debt to the State. The absent parent is obligated by law for the amount determined administratively or by court action.
- State law also provides for administrative procedures to establish and enforce obligations in addition to existing judicial remedies.

Source: Adapted by JLARC from Bureau of Support Enforcement manual.

ers gather information about the absent parent including name, address, employer, and Social Security number. This information is immediately referred to the bureau. If sufficient information concerning the parent's whereabouts is provided in the referral, a support enforcement investigator in a regional office will locate the absent parent. Once the parent is located, the investigator establishes paternity, if necessary, by obtaining a voluntary acknowledgement or by collecting sufficient evidence to prove paternity in court.

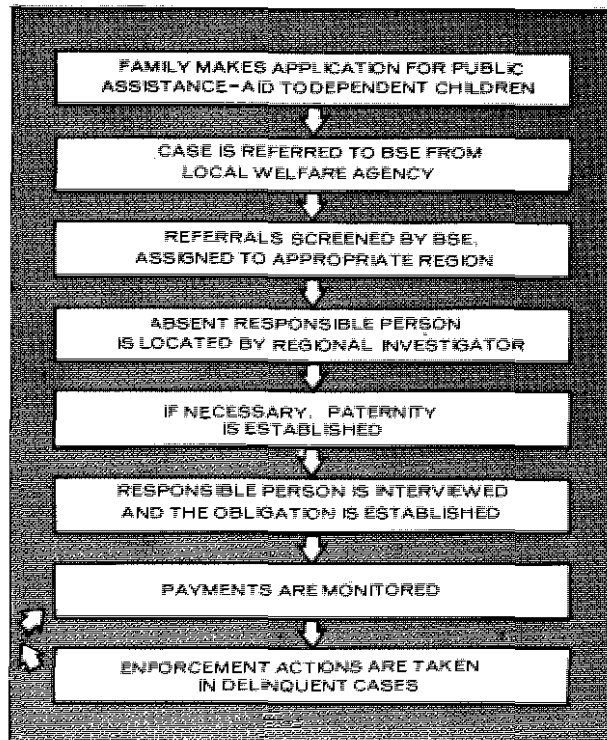
The investigator is then responsible for establishing the amount of obligation and monitoring payments. If the responsible parent is delinquent in paying, the investigator may file liens against the parent's real and personal property or may institute wage garnishments in order to collect arrearages (Figure 10).

Court Involvement

Support payments may be ordered by juvenile courts as part of a divorce settlement. If the children receiving support subsequently become eligible for public assistance, the courts must redirect

Figure 10

SUPPORT ENFORCEMENT PROCESS



Source: JLARC staff illustration.

payments from the family to the bureau. If a parent is delinquent in paying, some courts do not have the personnel to find the absent parent and enforce the court order. In these cases, bureau investigators will assume responsibility for enforcement and will count the collection as revenue that the bureau has generated.

When court-ordered collections are made without any effort from bureau staff, 15 percent of each payment is returned to the court's local jurisdiction as an incentive for making the collection. The 15 percent comes entirely from the amount reimbursed to the federal government. If bureau investigators enforce the court order, then no court incentive is paid.

MEASURES OF PERFORMANCE

Virginia's support collection effort can be evaluated on the basis of quantifiable results. Key measures include a comparison of the amount of collections to ADC payments, and a comparison of bureau costs to bureau collections.

Total support collections made by the courts and the Bureau of Support Enforcement have increased considerably between 1976 and 1980. Currently, collections offset approximately five percent of total ADC payments. Collections made solely by the bureau have not yet exceeded the bureau's operating costs but are gradually approaching the break-even point.

Recovering ADC Payments

A principal measure of the effectiveness of the support enforcement program is its success in recovering public sector costs associated with the ADC program. Payments to ADC recipients increased by more than seven percent between FY 1976 and FY 1980, and now total \$151.6 million (Table 21). ADC support collections made by the bureau and the courts increased by nearly 75 percent for the same period. The current recovery rate of 4.7 percent of total ADC expenditures is slightly below the most recent national average.

Improving Collections. Although collections have increased over the past five years, the amount of program arrearages is substantially higher than collections. Since the program began in 1976, approximately 25,200 persons have failed to pay obligations totaling more than \$35 million. In one month alone (July 1980), more than 12,700 individuals were delinquent in paying \$2.2 million. Bureau officials estimate that the potential rate of recovery of ADC payments could be as high as 60 percent if parents with the ability to pay made regular payments. The bureau's top priority is enforcement of established obligations. Enforcement mechanisms currently in use could be enhanced

Table 21

PERCENTAGE OF ADC PAYMENTS RECOVERED

<u>Year</u>	<u>ADC Payments</u>	<u>ADC-Related Collections</u>	<u>% of Payments Recovered</u>	<u>National Recovery Rate</u>
1976	\$140,974,614	\$4,084,283	2.8	NA
1977	139,677,303	5,572,742	3.9	NA
1978	137,970,406	5,688,216	4.1	4.4
1979	146,311,022	6,159,172	4.2	5.5
1980	151,631,813	7,120,215	4.7	NA

Source: Bureau of Child Support Enforcement; U. S. Department of Health, Education, and Welfare 1977, 1978, and 1979 annual reports to Congress.

by the expansion of liens against State income tax refunds. According to SDW, collections could also be increased if legal evidence for paternity was less restrictive.

Administrative Remedies. Before pursuing costly and time consuming court orders to enforce delinquent obligations, the bureau employs several administrative enforcement mechanisms such as wage garnishments and liens against personal property.

In 1980, the bureau initiated a pilot program of attaching liens against State income tax refunds of parents who owe support arrearages of more than \$100. The bureau identifies eligible cases to Department of Taxation officials who then monitor tax refunds to determine matches. SDW and the Department of Taxation have developed informal procedures to guide the identification process and the interagency transfer of funds. In 1980, SDW employed this method in 331 cases and recovered between \$10,000 and \$17,000. Officials see great potential for expansion of this enforcement tool.

In other states that recoup state tax refunds to offset support indebtedness, the number of transactions has increased dramatically. North Carolina, Georgia, and Oregon have passed legislation to provide criteria and guidance for the debt setoff function. In the first year after the law was enacted, North Carolina's support enforcement program collected more than \$500,000 through the setoff mechanism.

During the 1981 Session, the General Assembly enacted tax setoff legislation proposed by the Joint Legislative Audit and Review Commission. The law defines criteria and responsibilities of involved agencies and individuals. This formalizes and enhances the debt setoff procedures already in limited use by the bureau. Setoff legislation should enable SDW to also recover fraud restitution. It also makes the remedy available to other claimant agencies in the Commonwealth.

Establishment of Paternity. It is the responsibility of the bureau to establish paternity of the alleged father on behalf of the ADC mother. Staff pursue voluntary acknowledgement of paternity before taking a case to court. In FY 1980, paternity was established either voluntarily or by the courts for 1,678 cases. There were 920 cases where evidence presented in court was insufficient to establish paternity. If paternity is not established in a support case, the State cannot require the payment of child support.

The following evidence of paternity is required by Sections 20-61.1 and 64.1-5.1 of the *Code of Virginia*.

- Open cohabitation with the mother during all of the ten months prior to the child's birth.
- Consent given to a physician or other person, not including the mother, to being named as the father on the birth certificate.
- Having, by a general course of conduct, allowed the child to use his surname.
- Having claimed the child as his on any government form or statement which he has signed and filed.
- An admission of paternity before the court.
- The existence of a declaration of paternity under oath.

A uniform complaint of the investigators interviewed by JLARC was that the legal evidence required by the *Code* to establish paternity is too restrictive. The most restrictive evidence is requirement of ten months cohabitation with the mother before the birth of the child.

Three annual audits by the former Department of Health, Education, and Welfare also found the law restrictive. The Department of Welfare has repeatedly tried without success to have Virginia's paternity laws amended.

Management of cases by investigators reflects the legal difficulty in establishing paternity. In several regions the special assistant attorneys general feel it is preferable to obtain voluntary acknowledgement of paternity and generally do not take paternity cases to court. Attorneys fear that if a case is taken to court and paternity is not established, it will be impossible to obtain a voluntary acknowledgement afterwards. It is the policy of the bureau to take court action only after all voluntary means have been exhausted. Most cases in which voluntary acknowledgement cannot be obtained are considered unworkable, and support cannot be collected. The General Assembly may wish to reassess the standards of proof regarding the establishment of paternity in civil support cases.

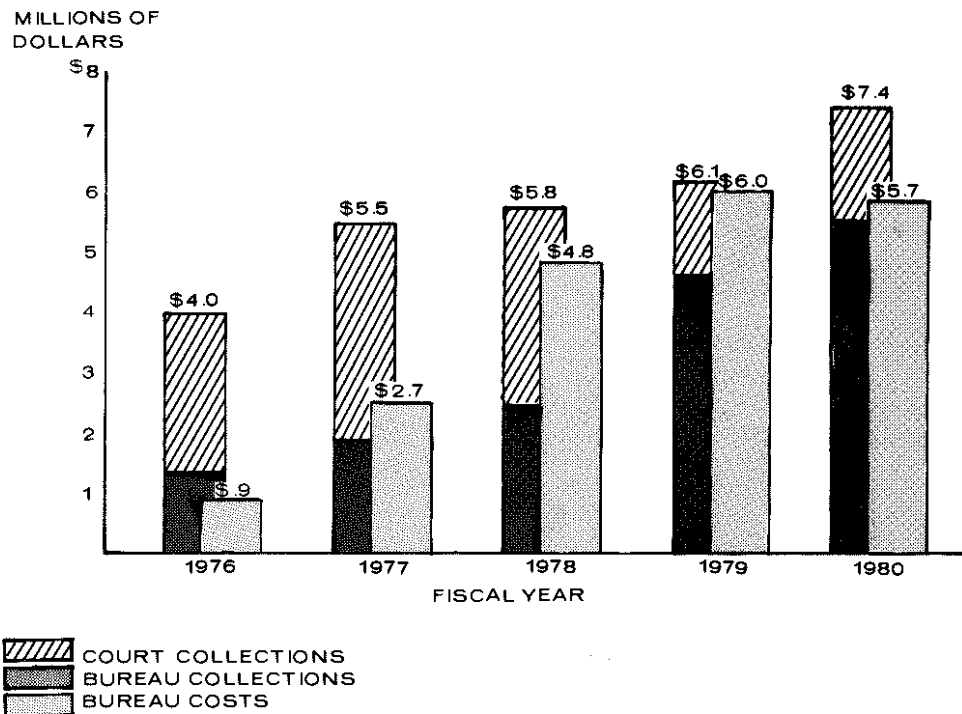
Bureau Efficiency

Since 1976, support enforcement collections in Virginia have totaled over \$29 million. A sizeable share of total collections can be attributed to court orders. Court-ordered collections are essentially "passed through" the bureau, and do not require location and enforcement efforts by bureau investigators. Any calculation of bureau efficiency should include only those collections obtained through the efforts of bureau staff. While the courts made the major share of collections prior to 1979, they now account for only 25 percent of total program collections with the rest being made by the bureau (Figure 11).

The chief measure of bureau efficiency is the relationship of the bureau's collections to the expenditures necessary to make the collections. Now that a new, more effective accounting system is operating, system development costs have leveled off. In FY 1978, the bureau's efforts resulted in collections of \$.51 for every dollar of operating expenses. The FY 1980 collection of \$.89 shows a substantial improvement in efficiency.

Figure 11

COURT AND BUREAU COLLECTIONS COMPARED TO PROGRAM COSTS (FY 1976-1980)



Source: JLARC presentation of Bureau of Child Support Enforcement data.

A more detailed look at bureau efficiency can be seen at the regional level where the collections are actually made (Table 22). Since FY 1978, all the regions have improved their efficiency, with Tidewater currently collecting the greatest amount in relation to expenditures.

Table 22

COST EFFICIENCY BY REGION
(Cents Collected for Each Dollar Spent)

<u>Region</u>	<u>FY 1977-1978</u>	<u>FY 1978-1979</u>	<u>FY 1979-1980</u>
Richmond	\$.87	\$.89	\$.96
Tidewater	.50	.80	1.00
Lynchburg	.28	.65	.79
Northern Virginia	.22	.70	.80
Roanoke	.32	.73	.86
Southwest	.40	.67	.82
Valley	.47	.77	.72
Total Bureau	\$.51	\$.78	\$.89

Source: Prepared by JLARC staff from collections and cost data provided by the Bureau of Child Support Enforcement.

PROGRAM ADMINISTRATION

The Bureau of Support Enforcement has made significant progress in overhauling a program that previously suffered from major administrative problems. The design and implementation of the new automated accounting system was one of the principal steps towards improving operations. Because bureau staff emphasized the system redesign, they devoted little time to regional operations. The efficiency and effectiveness of the program could now be improved through enhancement of the computer system and attention to the allocation and use of regional staff.

Automated Accounting System

The history of problems with the automated accounting system led regional staff to develop manual backup systems that required extensive staff time to maintain. The bureau needs to take steps to minimize the need for unnecessary backup systems.

Need for Fiscal Audit. During the course of this review, regional staff expressed reluctance to trust the information in the new

accounting system because of the history of inaccuracies. This is one reason why several regions have continued to maintain duplicative back-up systems.

With the current stabilization of the redesigned accounting subsystem, the hiring of a new director, and the creation of a division of support enforcement, it would be appropriate for the Auditor of Public Accounts to conduct a detailed fiscal audit of the support enforcement program. The Auditor should ensure that the accounting system is adequate for the needs of the bureau and is capable of timely accounting and disbursement functions. Positive findings from such an audit would help establish staff and public confidence in the program.

Improvements to Accounting System. Despite improvements made in the handling of payments and the redesign of the accounting system, the system could be improved to eliminate or reduce the need for the following procedures which are ineffective and time-consuming:

- The payee must remember to remit the proper amount at the proper time.
- Clerks must make manual identification of checks to ensure that payment is credited to the proper account.
- Manual systems are still in use to monitor payments.

One way of correcting all three deficiencies would be the use of an automated billing system. At least 13 states have already implemented computerized billing systems. Bills would serve as reminders to responsible persons and, when returned with the payment, would provide the necessary information to post the payment to the proper account. Monthly billings might also help reduce the effort required by investigators to follow up on delinquent payments, because they demonstrate to absent parents that payments are being monitored.

Once the new system has been fully stabilized and reviewed by the Auditor of Public Accounts, the bureau should consider the benefits of an automated billing feature to enhance the new accounting system.

Regional Staffing and Operations

The location of absent parents and establishment of obligations are performed by staff in the seven regional offices. Clearly, the successful functioning of the seven regional offices is central to the effectiveness of Virginia's support enforcement program. However, because of the staff effort involved in resolving the computer system problems, the bureau has devoted little attention to methods of allocating staff and assigning tasks in the regional offices.

Allocation of Staff. The number of staff in the Bureau of Support Enforcement has grown dramatically from 28 in 1975 to 249 in 1980. Salaries and wages alone accounted for 70 percent of all bureau direct costs in FY 1980, or about \$2.5 million. However, the bureau has not developed a meaningful way of allocating investigators to the regions. Current staff levels have resulted in staff-to-case ratios that are higher in the Northern Virginia and Tidewater regions (Table 23).

Table 23

STAFFING LEVELS IN REGIONAL
SUPPORT ENFORCEMENT UNITS
(October 1980)

<u>Region</u>	<u>Total Staff</u>	<u>Regional ADC Caseload</u>	<u>Staff/Case Ratios</u>
Lynchburg	17	3,623	1:213
Northern Virginia	25	7,817	1:313
Richmond	51	12,420	1:244
Roanoke	23	5,993	1:261
Southwest	17	3,237	1:190
Tidewater	65	23,058	1:355
Valley	17	3,400	1:205

Source: SDW manning document; public welfare statistics, June 1980.

A severe backlog of cases in the Northern Virginia region recently necessitated a temporary transfer of caseloads from three Northern Virginia counties to investigators in the Valley region. High turnover of caseload coupled with frequent staff turnover has resulted in backlogs of unworked cases in all regions.

The lack of performance standards and the shifting of caseloads raise questions about the current use of 100 investigators and the need for new staff. A top priority of the bureau should be the collection of program statistics for determining staff allocation. Statistics should include number of cases in default, number of cases with no obligation, and number of cases needing paternity established. The bureau should then develop a method of reallocating existing staff to regions where caseload turnover and numbers are high. This should be accompanied by a review of staff utilization by region to achieve greater uniformity and efficiency.

Assignment of Tasks. An important aspect of efficient use of staff is ensuring that tasks are performed by appropriate personnel. During the bureau's first four years of operation, regional staff were encouraged to experiment with case flow and task assignment. The central office did not require uniform assignments of tasks to the

regional staff. As a result, in some regions clerical and professional personnel are responsible for some of the same functions. In some instances the assignment of certain tasks to investigators is an inefficient use of their time, as in the following case.

In the Valley region, some investigators have responsibility for locating absent parents. This involves using telephone directories and calling employers. JLARC's review of this function indicates that it could be performed exclusively by clerical staff, as is already done in two regions.

In other instances the assignment of certain tasks to clerks or clerk-typists removes important case responsibility from investigators and investigator supervisors, as in the following case.

The Lynchburg region gives clerical staff responsibility for prioritizing cases. The process of determining which cases have sufficient information to be worked is important to controlling investigators' caseloads and ensuring maximum collections. This function should be performed by investigator supervisors, as is currently the practice in the Richmond region.

One step toward increasing collections and improving the effectiveness in several of the regions would be ensuring that investigators are responsible only for tasks requiring professional skills. Review of the support enforcement process indicates that investigators should be responsible for four tasks: establishing paternity, interviewing responsible parents, establishing administrative obligations, and initiating enforcement actions. Investigators should not be required to perform essentially clerical functions, a practice which reduces the efficiency of the professional staff.

As the bureau begins to examine regional organizations, it should ensure that investigators' and clerks' time is spent on tasks appropriate for their skills.

CONCLUSION AND RECOMMENDATIONS

Collection of child support from parents who abandon their children is an important function that benefits families and reduces ADC payments. The Bureau of Child Support Enforcement made significant progress in overhauling the program last year. Collections could be increased if certain legislative actions were taken and administrative weaknesses were addressed. A recent redesign of the automated accounting system was an important first step, but other improvements are needed in staff allocation and assignment of tasks.

Recommendation (1). The State Department of Welfare should vigorously pursue child support collections through implementation of debt setoff procedures as specified in Section 58-19 of the *Code of Virginia*, enacted during the 1981 session of the General Assembly.

Recommendation (2). The joint subcommittee appointed under House Joint Resolution 260 passed by the 1981 General Assembly should give consideration to the area of standards of proof regarding the establishment of paternity in civil support cases.

Recommendation (3). Because of the problems previously encountered in audits of the bureau, the Auditor of Public Accounts should conduct an audit of the bureau as soon as possible. The Auditor should ensure that the automated system is adequate for the needs of the bureau and is capable of timely accounting for and distribution of collections.

Recommendation (4). The Bureau of Support Enforcement should improve its efficiency by using a computerized billing system as part of the automated accounting system. A billing system would eliminate the need for manual identification of checks and manual monitoring of payments. In addition, bills would serve as reminders to responsible persons.

Recommendation (5). The bureau should collect and evaluate program statistics to determine staff productivity. Statistics should include number of cases in default, number of cases with no obligation, and number of cases needing paternity established.

Recommendation (6). The Bureau of Support Enforcement should develop a method of allocating staff in the regions. Criteria for allocation should include caseload volume and turnover.

Recommendation (7). The Bureau of Support Enforcement should provide greater guidance to the regions on the efficient use of personnel after carefully evaluating the tasks performed by each classified position. Clerical and professional level tasks should be performed by appropriate staff.

Appendix

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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.....	108
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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 on 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 developing this study and covers the following areas:

1. Case Study Approach. To determine the functional responsibilities at the local level of the welfare system, JLARC staff visited a local welfare agency in each of the seven regions. Activities conducted in each agency included interviews, reviews of program documents, and analysis of expenditure data.

2. Local Director Survey. Field work in the case study agencies was supplemented by a survey questionnaire sent to each of the 124 local directors. Questions covered personnel, policy, training, budgeting, and contacts with State staff. Data from the 121 returned surveys were analyzed using the Statistical Package for the Social Sciences.

3. Site Visits to Day Care Facilities. To assess general compliance with day care licensing standards, JLARC staff made unannounced visits to a generalizable sample of 58 licensed day care facilities. JLARC found six of the sampled facilities to have seven or more licensing violations. Statistical projections suggest that seven percent or 49 facilities statewide could have seven or more violations.

Appendix Table 1

SDW ASSUMPTION OF LOCAL PROGRAM OPERATION
(1971-1979)

<u>Year</u>	<u>Locality</u>	<u>Program</u>	<u>Reason</u>	<u>Amount Recouped by State</u>
1979	Washington County	Auxiliary Grants	Lack of local funds	\$ 24,859
1976	Pulaski County	Lack of local government support for salary increases for employees	Lack of approval by Board of Supervisors	3,776
1976	Alleghany County	Administrative and program costs	Severing of relation- ship between Alleghany and Covington	18,100
1975	Caroline County	ADC	Board of Supervisors withheld funds for programs	27,000
1976	Caroline County	ADC	Board of Supervisors withheld funds for program	42,000
1977	Caroline County	ADC	Board of Supervisors withheld funds for program	35,000
1976	Portsmouth City	ADC	Exhausted funds at end of fiscal year	725,000
1974	Portsmouth City	ADC	Exhausted funds at end of fiscal year	825,000
1973	Portsmouth City	ADC	Exhausted funds at end of fiscal year	825,000
1971	Portsmouth City	ADC	Exhausted funds at end of fiscal year	825,000
1972	Dinwiddie County	ADC	Board refusal to grant ADC to a case being appealed	300
1972	Clarke County	Administrative	Board refusal to grant required salary increases	971
1971	Prince Edward County	Administration and programs	Lack of funds	11,500
1971	Warren County	ADC and old age assistance	Lack of board approval	10,000
1971	Wythe County	ADC, old age assis- tance, administration	Lack of funds	<u>49,180</u>
TOTAL				\$3,400,000

Source: SDW Bureau of Fiscal Management data.

Appendix Table 2

VARIATION IN OPTIONAL LOCAL PROGRAMS

	General Relief Components	State-Local Hospitalization Offered	Number of Non- Mandated Title XX Services	Response Time in Child Abuse Cases
Richmond City	Maintenance - 85% Emergency - Yes Medical - No Burial - Yes	Yes	21	Immediately, varies by circumstances
Norfolk	Maintenance - 70% Emergency - Yes Medical - Yes Burial - Yes	Yes	11	Immediately, varies by circumstances
Fairfax	Maintenance - 100% Emergency - Yes Medical - Yes Burial - Yes	Yes	23	24 hours
Newport News	Maintenance - 70% Emergency - Yes Medical - Yes Burial - Yes	Yes	14	Immediately, varies by circumstances
Prince William	Maintenance - 75% Emergency - No Medical - No Burial - Yes	Yes	24	4 hours
Henrico	Maintenance - 90% Emergency - Yes Medical - Yes Burial - Yes	Yes	19	24 hours
Smyth	Maintenance - 90% Emergency - Yes Medical - Yes Burial - Yes	Yes	24	Immediately, varies by circumstances
Washington	Does not offer general relief	No	19	24 hours
Southampton	Maintenance - 80% Emergency - No Medical - No Burial - No	Yes	15	24 hours
Franklin County	Maintenance - 100% Emergency - Yes Medical - Yes Burial - Yes	No	13	24 hours
Freder- icksburg	Maintenance - 75% Emergency - Yes Medical - Yes Burial - Yes	Yes	17	24 hours
Harrison- burg	Maintenance - 90% Emergency - Yes Medical - Yes Burial - Yes	No	24	Immediately, varies by circumstances
Cumberland	Maintenance - 50% Emergency - No Medical - No Burial - Yes	Yes	20	Immediately, varies by circumstances

Source: JLARC presentation of SDW data.

Appendix Table 3

ADMINISTRATIVE VARIATIONS IN CASE STUDY LOCALITIES
(June 1980)

	Staff Size	Staff to Case Ratios			Designated Fraud Workers	Satellite Offices	Case Management	Hours Per Week	Salary* Ranges	Administrative Costs	
		ADC	FS	Services						Total (FY 1980)	Cost/Hour (April 1980)
Richmond City	638	1:54	1:174	1:23	4	Yes	Specific	37.5	SW\$12,350-15,730 EW\$10,114-12,974	\$11,061,573	\$10.78
Norfolk	497	1:49	1:576	1:29	6	Yes	Specific	37.5	\$11,868-17,231 \$10,764-15,732	\$ 8,827,788	\$ 8.51
Fairfax	254	1:35	1:279	1:37	3	Yes	Generic	40	\$15,963-23,186 \$13,025-19,245	\$ 5,167,958	\$ 6.78
Newport News	193	1:54	1:397	1:39	2	Yes	Generic	40	\$12,144-17,783 \$ 9,515-13,934	\$ 3,063,261	\$ 6.86
Prince William	71	1:80	1:225	1:42	1	Yes	Specific	37.5	\$15,627-24,013 \$14,882-22,869	\$ 1,499,450	\$ 7.31
Henrico	62	1:39	1:244	1:30	1	No	Specific	37.5	\$12,578-16,663 \$11,451-15,171	\$ 1,151,721	\$ 9.42
Smyth	39	1:34	1:252	1:39	**	No	Specific	37.5	\$11,114-15,638 \$ 9,440-13,284	\$ 571,850	\$ 7.55
Washington	37	1:32	1:299	1:26	**	No	Specific	35	\$10,585-14,894 \$ 8,991-12,651	\$ 612,650	\$ 7.42
Southampton	31	1:44	1:325	1:56	**	No	Generic	40	\$10,585-14,894 \$ 8,991-12,651	\$ 504,465	\$ 6.84
Franklin County	22	1:48	1:266	1:41	**	No	Generic	37.5	\$10,581-14,894 \$ 8,991-12,651	\$ 308,712	\$ 5.90
Fredericksburg	17.5	1:40	1:370	1:33	**	No	Generic	37.5	\$11,670-16,420 \$ 9,912-13,948	\$ 287,488	\$ 6.29
Harrisonburg	16	1:46	1:182	1:26	**	No	Specific	37.5	\$10,081-14,184 \$ 8,563-12,049	\$ 223,338	\$ 7.61
Cumberland	9	1:51	1:251	1:62	**	No	Specific	37.5	\$10,585-14,894 \$ 8,991-12,651	\$ 129,519	\$ 6.53

*The first range is for social workers and the second is for eligibility workers.

**Fraud investigation is performed by eligibility workers.

Source: JLARC presentation of SDW data.



COMMONWEALTH of VIRGINIA

DEPARTMENT OF WELFARE

Telephone (804) 281-9204

April 10, 1981

The Honorable L. Cleaves Manning
Member, House of Delegates
General Assembly Building
910 Capitol Street
Richmond, VA 23219

Dear Mr. Manning:

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

As I indicated at our meeting on April 1, Mr. Ray C. Goodwin, Deputy Commissioner, will attend the Commission meeting on Monday, April 13, 1981.

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

Very truly yours,

A handwritten signature in cursive script, reading "William L. Lukhard".

William L. Lukhard

WLL/LBM/pc

cc: The Honorable Robert B. Ball, Sr.
The Honorable Johnny S. Joannou
The Honorable Herbert H. Bateman
The Honorable Joseph V. Gartlan, Jr.

Attachment

DEPARTMENT OF WELFARE
RESPONSE TO JLARC STUDY ON ORGANIZATION AND
ADMINISTRATION OF SOCIAL SERVICES IN VIRGINIA

Recommendation (1):

The Department has arranged training in written communication skills for policy writers and has revised and reissued the Social Services Manual. The Department will continue to regard timely compliance with regulatory changes as a top priority. The continuing automation of programs should facilitate the implementation of program revisions.

We concur with the recommendation on pretesting of policy and in the Division of Financial Services, pretesting of policy is done through sharing proposals and seeking input from "sounding boards" (groups of local and State personnel) and to some extent, the Financial Services Advisory Committee. Additionally, the State Board of Welfare routinely authorizes publication of proposed policy for public comment prior to final action by that body.

The Department has begun development of a formalized and comprehensive process through which State and local financial services program workers, especially new workers, will receive general orientation, specific program training, as well as skills training in certain areas. In social services, the Department has contracted with Virginia Commonwealth University for developing a curriculum for orientation and training of new workers.

Recommendation (2):

The Department recognizes the need to improve oversight of local operations. At least three initiatives currently underway in the Department will significantly impact this function:

- (1) The establishment of a monitoring and evaluation unit within the Department.
- (2) The development of a comprehensive plan for monitoring all financial services programs, and (3) the development of a revised approach to administrative reviews.

The Department will establish guidelines for regional supervisory visits.

Recommendation (3):

The Department agrees that steps should be taken to update, validate, and fully implement Caseload Standards. It is anticipated that the update of Caseload Standards will commence in the summer of 1981.

It is anticipated that Merit System activity will be decentralized to user agencies in 1981. With this action, we hope to resolve some of the Merit System problems.

The State Board of Welfare will be requested to adopt policies that are applicable to agencies that are overstaffed, as well as those agencies that are understaffed in accordance with Caseload Standards, and refuse to hire staff necessary to meet time standards for determining and redetermining eligibility for financial service cases and providing mandated social services according to State Board policy and standards.

The unique staffing requirements will be included into the update study of Case-load Standards.

The Department now requests agencies to reallocate excess positions over standards when new positions are requested. The reallocation of excess positions may be one of the methods used by the State Board when they establish policy regarding excess positions.

Recommendation (4):

- (1) With few exceptions, local welfare agencies, through the Commonwealth's Attorneys, have recommended to the courts that restitution be made a part of sentencing for welfare fraud convictions. The Department would support a General Assembly resolution encouraging the courts to order repayment in appropriate cases.
- (2) The Department established a Welfare Fraud Control Specialist position which was filled effective January 16, 1981. The specialist is to provide training to local agency fraud workers. We believe that adequate training and support can now be provided at the Central Office level. Consideration is presently being given by the Department of Welfare to include in the State Classification Plan a new position entitled Fraud Investigator. At the present time, eligibility workers, assigned as welfare fraud workers, are excluded from Caseload Standards criteria.

A Department analysis of the requirements to be met in order to obtain additional federal funding for food stamp fraud activity indicates that it would not be cost effective to pursue the additional reimbursement at this time. A review of this recommendation will be made in October, 1981.

- (3) The Department will abide by the wishes of the General Assembly in this matter. Under the current provisions of the Code of Virginia, it has been this Department's position that the investigation and prosecution of welfare fraud is a local responsibility. The role of the State Department of Welfare should be providing a supportive and facilitative role primarily in the areas of training local staff and assisting local agencies in the detection of fraud cases identified in computer matching programs as well as assisting in other programs which enhance the local agency fraud control effort.

Recommendation (5):

The Department is in the process of refining its organizational relations to ensure clarity of responsibilities and authority for all major units within the Department. Regarding the discussion with the Subcommittee, the Department believes other alternatives may be more acceptable and effective for strengthening the regions than the creation of an assistant commissioner for field activities.

The Department has designed a work measurement study which, when fully implemented, will provide management information to assist in allocation of positions throughout the Department.

Recommendation (6):

- (1) The Department agrees with this recommendation and has been in the process of establishing procedures which are consistent with it for the past several years. Examples of processes already in place are:

- a) Mandatory use of user groups consisting of State staff and staff from local agencies plus other outside experts (for example, auditors, statisticians, etc.) for the design of all new systems.
- b) Review of all systems' plans by the Department's Management Information Systems Board prior to their submission to the Commissioner for approval.
- c) Development of a Department manual for use in designing systems and securing approval for them from appropriate State and Federal agencies.
- d) Training programs have been conducted for all senior management staff of the Department in the area of automated systems utilization and program management.

In addition, the Department recognizes the need for an information systems master plan which supports the overall goals and objectives of the Department. It is currently under development and will be consistent with the Department Action Plan.

- (2)& The Department concurs with this recommendation. Based on a study of the Department's monitoring and evaluation capabilities, which was completed last year, the Department is currently in the process of establishing a monitoring and evaluation unit within the Commissioner's Office. A "Director of Executive Assistance and Planning" position is being established and responsibility for developing and implementing a comprehensive monitoring and evaluation component for the Department will be fixed with that individual. Principal among program activities to be supported by the monitoring and evaluation unit will be the Department's ability to conduct trend analysis and forecast future program requirements.
- (4) The Department recognizes that it must further define and clarify the role of the Office of Internal Audit. It further agrees that emphasis should be on comprehensive evaluations of Welfare programs. However, line audits of financial records and accounts are on occasion appropriate to the Internal Audit function. Specific line item audits of accounts in local welfare agencies are made when complaints are received and must be investigated. The Department has begun discussion with the State Comptroller's office to review and develop an appropriate internal audit function and unit to meet the Department's unique needs. The Department does not agree that all audit findings should be transmitted to any portion of the State Board of Welfare. The Code of Virginia identifies the State Board of Welfare as a policy-making Board and clearly places responsibility for the management of the Department with the Commissioner. In view of our position that audit finds are administrative in nature, it would be inconsistent for audit findings to be transmitted to the State Board for other than informational purposes when such is appropriate.

Recommendation (7):

The Department supports this recommendation particularly in view of the many options for funding of Social Services' programs at the federal level that are now being discussed. Rather than initiate a new study, the General Assembly may wish to build upon the study which was conducted by this Department and the Commission for the Visually Handicapped in 1971 and reported to the General Assembly in January, 1972.

Recommendation (8):

For reasons previously expressed in the response to the Homes for Adults report, the Department does not believe that unannounced visits for purposes of licensing compliance inspections should become mandatory. The Department's current policy states that the findings from unannounced supervisory visits are to be considered at the time of decision for annual licensure renewal.

Recommendation (9):

- (1) The Department plans to enforce Section 63.1-201 of the Code of Virginia, as amended, within the intent of the law.
- (2) The Department recognizes the need for an indepth study of the licensing statute including consideration of enforceable sanctions with appropriate timeframes. We believe that strengthening the use of the provisional license as well as limiting its maximum timeframe to six months, will serve in lieu of other sanctions at this time.

Recommendation (10):

With the exception of unannounced supervisory visits to all facilities, the Department believes that facilities are currently subject to each phase of the licensing process. The exception has been due to staff shortages. When staff vacancies occur and the size of the individual caseloads makes it impractical to shift all cases in an uncovered load to other licensing specialists, emphasis has to be on licensing investigations and the investigation of allegations and complaints rather than upon supervisory visits. Senate Bill 836 which was enacted this year, provides that a facility licensed as a child care center by the Department and which also meets requirements for a permit as a summer camp by the Department of Health, shall be entitled to a summer camp permit.

With improvements in the workload standards system and the results of the pilot projects done in the several regions, the Department continually seeks ways to more effectively and efficiently accomplish the licensing process.

Recommendation (11):

The Division of Licensing does review the reasonableness and consistent application of licensing standards. We and the Department of Housing and Community Development continue to work cooperatively to achieve uniformity of interpretations.

Recommendation (12):

An administrative decision was made almost two years ago to evaluate the issue of regulating family day care homes. The Department has approached the Division for Children to determine whether it might assist us in assessing public attitudes and expectations relative to any type regulation of family day care homes.

The Department would welcome a General Assembly mandated and funded evaluation of the licensure of family day care homes in Virginia.

Recommendation (13):

SDW implemented the debt set-off project on a pilot basis in February, 1980, which

was expanded for 1981. Section 63.1-256 of the Code of Virginia provides us this authority. Section 58-19 includes new statutes passed by the 1981 General Assembly. We have discussed this new section with the Department of Taxation's attorney and we have no plan to modify our procedures at this time.

The Department fully supports the recommendations that the Joint Subcommittee appointed under HJR 260 should give vigorous and substantial consideration to the area of standards of proof regarding the establishment of paternity in civil support cases.

Recommendation (14):

The redesigned automated accounting system has no history of problems; the previous system did. The Division of Support Enforcement will evaluate the manual systems with the regional staff. At least two regions have obsoleted such systems.

In March, 1980, the Department notified the State Auditor of our Fiscal Redesign efforts and asked for a review of the detailed design. In April, 1980, two members of that staff were presented a complete overview of the system as well as the documentation of such. At that time, we extended an invitation to conduct subsequent audits. The Department's Office of Internal Audit, and fiscal specialists from the Federal Office of Child Support Enforcement have thoroughly reviewed the system and find it totally satisfactory.

The Department plans to include a computerized billing system in the redesign of the SUPE Front-End. The General Design has been completed for this project.

Recommendation (15):

The Department acknowledges inadequacies in staff utilization in Support Enforcement. The Department has developed some measures to increase the effective utilization of resources. These measures include:

- a) A redesigned work measurement report to assist in establishing productivity standards.
- b) New case prioritization procedures.
- c) Redesign of the SUPE Front-End.
- d) Special projects in worker specialization.
- e) An improved worker training program.



COMMONWEALTH of VIRGINIA

DEPARTMENT OF WELFARE

Telephone (804) 281-9204

March 24, 1981

Ms. Susan Urofsky, Division Chief
Joint Legislative Audit and Review Commission
910 Capitol Street, Suite 1100
Richmond, VA 23219

Dear Ms. Urofsky:

Attached is a copy of the Department's comments on the organization and administration exposure draft.

Thank you for incorporating some of the revisions suggested during our December 30, 1980, meeting. As you will see, the comments follow closely our discussion.

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

Very truly yours,

A handwritten signature in black ink, appearing to read "William L. Lukhard", written over the typed name.

William L. Lukhard

WLL/LBM/pc

Attachment

Page II-2 Line 3

Here, and at other sections in the document, are references to "Federally Mandated Programs." This in reality is an overstatement. Federal laws and regulations provide programs to states. Once a state opts to operate a program, e.g., Medicaid, ADC, and others, the rules and regulations and other Federal requirements become mandates as conditions to receive Federal financial participation in the benefit and administrative expenditure of the program.

Page III-3, Impact of New and Expanded Programs

The whole tone of this section is misleading. It sounds as though there have been many new benefits added to the individual clients' benefit, greatly increasing the individual families' benefits. While this may be true in some cases, there is no discussion of how much individuals have benefited in terms of constant dollars. That is, the implication seems to be that clients are much better off when indeed inflation, cost of living, and other factors greatly impact the total benefits.

Page II-8, More Regulations and Paperwork

The Department has been concerned about excessive paperwork for some time. Various efforts, such as the Forms Review Committee and regular reports to State Board about the number of forms have been made. Another effort on the part of the Division of Social Services is an Internal Policy Review Committee. This Committee reviews all forms developed in conjunction with new or revised policy. Part of this review function is to determine the necessity of duplication of requirement.

Page II-18, Line 11

The statement is wrong as regards a local director being accountable to Federal officials. There is a Federal/State relationship which carries with it State accountability to the Federal level and a Local/State relationship which carries with it a local accountability to the State level.

Page III-2, Last paragraph

In 1974, the Department initiated Action Plans. Following their development, a State Administrative meeting was held in Fredericksburg to provide a forum for all State staff to impact the process and become a part of the Department's action commitments. Since that time, the process has been utilized and refined to the system JLARC staff references as initiated in 1980. The statement as written also ignores the fact that action plans are developed every six months for the ADC and Food Stamp

programs and annually in the Medicaid program to effect continued improvements in the operation of these major programs. The last sentence of this paragraph also ignores the very important and useful procedure used by the Division of Financial Services and policy and program development which calls for the use of sounding boards made up of program "users".

Page III-3, Planning for Information Systems: Sentence 5

While program managers were involved in the project design, as the program was a manual system, it had a limited output capacity, and lacked the capability to return management information necessary for decisionmaking.

In response to this, it was felt that the output information and the work measurement program should be in a format that would encourage management by objective and that the system could be brought informationally in balance by giving line supervisors feedback of their employees. A key component of this system is that direct supervisors are the only recipients of individual employee data. All other reports are in summary form. A two-stage plan evolved to correct the above faults. First, the automation of the regional office work measurement system was used as a pilot to demonstrate that the work measurement program could produce information that would be useful to management. The second stage was to use the new outputs to aid in a management needs assessment.

At the present, the management needs assessment has begun and a distribution of the outputs of the regional office automation is taking place.

It is planned that the redesign of the work measurement program will be completed in the Spring of 1981.

Page III-5, Line 12

JLARC has ignored the results obtained through FOCIS, Child Protective Services, Monitoring and Evaluation, AARIS reporting, or the studies performed by Peter Jennings. In addition, a recommendation appeared delegating this responsibility to Research and Reporting without defining the problems or information gaps that JLARC apparently feels exist.

Page III-5, Research and Evaluation

The JLARC report recommends that "the Research Section be restructured to bring together the various personnel with research responsibilities who are currently located throughout the Department of Welfare in the Commissioner's Office and the program divisions." It is unclear whether this implies that all persons such as Financial Services QC people should be centralized. However, if these are the "personnel with research responsibilities" who should be centralized, then the M & E Report disagrees.

We believe that certain evaluation activities should appropriately be kept in the program divisions in order to maintain the integrity of routine data collection activities and of administrative evaluations which complies with divisional standards is assessed. The Office of Internal Audit has reviewed only one Bureau program, the Bureau of Support Enforcement. Maybe officially, but according to LaPrade, they have reviewed SS & POS. We are unfamiliar with the term "line auditors", however, we suspect this means a cash audit of local agencies. We disagree with the concept that Internal Audit could defer assignments in favor of these. The local agency is the point of delivery of welfare programs as determined by policy and management decisions, and therefore, a management effectiveness and compliance audit is more beneficial to the Commissioner than a recitation of revenue and expenditure schedules.

In regard to the opinion expressed for reporting, we believe two principles should be observed, (1) The unfettered access to any and all records which require the expenditure of Federal or State Welfare funds, and (2) The unencumbered reporting of findings to the authority responsible to act, in this case the Commissioner of the Department. The State Board of Welfare should not be required to take action on Administrative matters such as JLARC has recommended.

Page III-9, Paragraph 3, Line 3

We agree that criteria mentioned should be included in the assignment of additional regional staff, however, we think other factors must also be considered. It is important to note that regional specialists supervise programs, not people. This entails training and supervisory commitments; also to be considered are the size and complexity of the agencies within the region; the amount of evaluation and review of particular programs in which specialists are assigned.

Page III-9, Role of Regional Staff

This section on role of regional staff and the one that follows on delegation, (page III-13) addresses the role/delegation issue from only one level - that of the regions, and unfortunately attempts to offer solutions without input or even the "perception" of other programs and support staff located throughout the Department.

Page III-17, Table 3

Absent from the analysis of this table is any mention of current findings compared to previous findings. As regards earned income, it should be pointed out that, following implementation of current policy, errors have been decreased by some fifty percent since 1975. A question to local staff regarding policy also begs the point if no acknowledgement is made of the fact that it may not be a policy issue with Deprivation, Contributions and Earned Income.

The report should at least acknowledge the basic dynamics of the cases in which these elements are found. Each may involve very transitory situations such as short-term, intermittent, irregular employment and the volatile circumstances caused by divorce, separations and other family disruptions in cases involving deprivation and contribution. Each element requires that a worker must determine all the true facts before making an eligibility decision.

Page III-17 & 18 Social Services Manual

The Division of Social Services has completed its revision of the Social Services Manual which has been transmitted to all local welfare agencies in October 1980, for a six-month test and evaluation period. The Division has also planned for timely maintenance of the Social Services Manual.

Page III-19, On the Job Training

It would be expected that the type and frequency of training between the referenced divisions would be substantially different because of the size of the respective programs and the more frequent policy changes related to Financial Services. The JLARC report does not mention that the Division of Social Services is currently engaged in a project with Virginia Commonwealth University to develop and provide new worker training statewide.

Page III-20, Lines 8 & 9

When statewide skill deficiencies are identified, (via assessment), it is much more economically feasible for the state to address these needs than to fragment training efforts. Also, to provide training this way is essential for small agencies who have neither supervisors nor trainers on staff.

Page III-22, Overstaffing

Regarding overstaffed positions, a letter of September 19, 1980, to Region III in Philadelphia stated that the state was understaffed by 518.27 positions as of June 30, 1980. The major reason for the understaffing is the Food Stamp program. In June 1979, there were 101,508 households participating compared to 146,001 households participating for a 43.8% increase. In June 1979, there were 294,911 persons participating in the program compared to 400,884 persons in June 1980, a 35.9% increase.

Page III-27, Lines 9 & 10

It is the intent of the planned M & E unit to address, in part, the need for a central organization unit to assess the overall performance of the

agency. It is not yet clear what the unit's role will be to individual agencies.

Page III-34, Improving Administrative Reviews

Findings in the Department's M & E study confirm most of the findings on the administrative review and we agree with the recommendations on this page for improving administrative reviews.

Pages III-35 & 36, Supervisory Visits

If the Department is to strengthen the assistance and services to local agencies, the effort and concern should be directed toward the needs of the particular agency and the provision of the services - not to the number of visits. Some agencies require a great deal more service from the regional office and more visits should be made in those cases.

Page III-36, Paragraph 1

JLARC used information supplied by the local directors for the number of visits made by Financial Services specialists and Services specialists. Accurate information concerning these visits could have been obtained from the Department from the work measurement reports. Also, identified was the fact that 26 local agencies had not been visited by all the Services specialists during fiscal year 1980. The Services specialist probably referred to is the Title XX Specialist. Many of these people do not carry local agency responsibility but rather work primarily with vendors.

Page III-39, Line 6

Item (1) will be handled through the use of error-prone profiles which will identify cases likely to have unreported earnings and require the initiation of follow-up investigation. Through the use of this computer-supported procedure, fraud will be deterred and when it is found to exist can be more quickly identified and corrective action taken.

Page III-45, Modifying Virginia's Fraud Effort

JLARC suggests that consideration be given to a strengthening of state-level fraud activity, specifically by establishing a centralized fraud detection and prosecution unit.

Consideration was given to this methodology in the past and was rejected by the Department in favor of the present method of maintaining these activities at the local level. The Department has historically taken

the position that welfare fraud investigations and prosecutions can best be handled at the local level. Local personnel's familiarity with the cases, the local law enforcement agencies, courts, and the community, better facilitate the investigation and prosecution of fraud cases.

Page III-50, Recommendation 15

JLARC recommends that a fraud training specialist be established in the central office. A fraud training specialist position has been created and filled as of January 16, 1981. An additional fraud training specialist position is being proposed for the 1982/84 biennium period. Other recommendations by JLARC include designating part-time fraud specialists in the regions, reviewing the need for additional local fraud positions, and development of a reimbursement plan to obtain additional Federal funding for food stamps activity. We concur with the recommendation to review the need for additional local fraud worker positions. Consideration will be given to the possible inclusion of a fraud investigator position within the State classification plan for local agencies.

Pages IV-3-6, Description of Standards

The statement (p. 3) that center standards focus primarily on the physical environment, whereas standards for the family day care home (p. 4) focus on the suitability of the provider and a homelike atmosphere is not totally accurate. Center standards also address staff qualifications and program requirements. The summary of center standards contained in Figure 2 (p. 5) does not reflect the fact that specific standards relate to children in certain age ranges or in care during specific portions of the twenty-four hour day.

Page IV-13 Staffing violations discussed

Standard V, D, as it relates to the ratio of adults to preschool children does not require a flat ratio of 1:10; but we note the significance of the observation that SDW calculates a ratio based on the average number of supervisory staff hours theoretically available at any time during the day rather than actual staff present at any one time. Such a calculation may result in an actual ratio that is inadequate for proper supervision. We will file this observation for consideration when child care center standards are revised again.

Considering the fact that Standards do not require a flat 1:10 ratio for preschool children, are the eight instances of inadequate staff-child ratio cited in Table 2, page 12, actual violations in accordance with the way SDW or JLARC computes ratio? The report indicates (p. 13) that substandard conditions noted during JLARC's unannounced visits were

severe enough in two instances to lead to revocation of licenses. Actually, enforcement action was being carried out prior to and during the time of the JLARC visit and thus was not a result of the visit.

Page IV-15-16, Supervisory Visits

While the draft correctly cites policy as it relates to supervisory visits and while the Division does monitor regional activities to determine whether or not policy is followed, there have been times when the policy has had to be held in abeyance. In the event of an uncovered caseload, for example, primary emphasis has had to be on licensing investigations, and the investigations of complaints and allegations rather than strict adherence to policy as it relates to supervisory visits. Caseloads are now sufficiently heavy that it is generally impossible to assign all uncovered cases to other staff until a vacancy is filled.

Page IV-17, Use of Provisional Licenses

The report indicates that with each region except Richmond provisional licenses are routinely granted to new facilities that cannot demonstrate compliance until after sufficient start-up time. This is not an entirely accurate interpretation. Provided there are no life safety factors at risk, policy requires the issuance of a provisional license to a new facility when compliance with certain standards cannot be determined. But with a change of ownership or sponsorship, for example, compliance oftentimes can be determined. Thus the issuance of a provisional license is neither appropriate nor necessary. The report states (p. 20) that "SDW must clearly define and limit the use of the provisional license as a sanction." The Department is proposing the introduction of legislation that would permit the issuance of a conditional license for no more than six instances to allow a facility to demonstrate compliance with specific standards, when compliance can normally be determined only after the facility begins operation. It is proposed that a conditional license would be non-renewable; nor could it be followed by a provisional license.

The Department is also proposing that Sections 62.1-201 and 63.178 of the licensing statutes be amended to limit the use of a provisional license to a six-month, nonimmediately renewable period.

The issuance of either a conditional or a provisional license is never appropriate if any type of life threatening or potentially threatening factor exists.

Page IV-21, Intermediate Sanctions

The Department recognizes the need for an indepth study of the licensing statute including consideration of enforceable sanctions mentioned in

the report are worthy of serious consideration, they present certain legal problems - as well as staff problems. We believe that strengthening the use of the provisional license as well as limiting its maximum time frame to six months will serve in lieu of sanctions at this time.

Page IV-22-24, Licensing Workloads

Information about rotating case assignments and utilizing an enforcement specialist has been shared with licensing supervisors during the bi-monthly meetings with central office staff. The Division of Licensing and the regions will further evaluate the effectiveness of these two methods of managing a regional licensing caseload as well as exploring other alternatives.

Page IV-25-27, Summer Camps

The Division of Licensing proposes to resolve the conflict between licensure of child care centers and summer camp permits on a statewide basis as it was resolved in the Northern Virginia Region:

1. An exemption to licensing would be granted in situations where school age children are attending a non-instructional program during the summer months and where the program operates only for the summer.
2. Any facility operating what is defined as a child care center would be required to meet all licensing standards; and
3. A child care center's summer camp program would be exempt if it was separate from the center's day care program.

Page IV-27, Table 8

While there are undoubtedly instances in which standards may be applied differently in different regions one of the goals of the Division's continuing monitoring is to detect such occurrences in order that they can be corrected and prevented.

Page IV-27-29, Waivers of Standards

Even though the incorporation of the concept of a variance into child care center standards does result in some centers not being required by the Department to meet a specific standard, the concept does not negate the necessity for the standard itself. Without the standard, there would be no basis for evaluation and enforcement.

A request for a waiver is evaluated on an individual basis. The license in requesting a waiver goes through an orderly process of determining from his/her point of view that the waiver of a standard will not adversely affect children in care. The Division of Licensing goes through a similar process in deciding to grant or to deny the request for waiver. The fact that requests for waivers of the same standard have been approved for one facility but denied for another in the same region does not indicate inconsistency nor does it indicate that a standard is irrelevant.

Apropos of the statement that waivers have been granted because placement of electrical outlets conflicts with child care center standards, waivers have often been granted because of prohibitive costs of shifting outlets to a higher level on a wall.

The Department is currently working with the Department of Housing and Community Development to clarify regulations in order to ensure consistent application.

Page IV-31, Virginia's Policy Regarding Day Care Homes

The comment on page 34 that the proposed licensing program is similar to most registration systems in that "responsibility for ensuring a minimum level of care is shifted away from the State and into the System" is not entirely accurate. Actually the State proposes to hold the System accountable for developing regulations within a framework prescribed by the State and by which it will approve homes. The analogy between a system's approving family day care homes and a private child placing agency's approving foster homes is much greater than that of a family day care system and a registration system which permits family day care providers to self-certify compliance with standards.

Page V-6, Improving Collections

It is recognized that there are many cases that are known to be uncollectible, however, it is the Bureau's policy to legally establish arrearages in all cases, where possible, due to the statute of limitations which states an obligation cannot be established and collected once six years have elapsed. We try to be in a position to collect where the responsible person may be able to pay in the future. Therefore, the arrearage amount will always appear extremely high. The State Income tax lien process has already been expanded (enhanced).

Page V-7, Second Paragraph

The procedures developed by SDW and Taxation for the attachment of State tax refunds is not informal in that procedures afforded by 63.1-256 are followed. Our procedures should not be compared with North Carolina in

that their law provides for a lien against all debts to the State as well as any property that may be "condemned" by the State for highways, etc. It is possible that one transaction could account for several thousand dollars, whereas the average Virginia State Tax refund attached for child support was \$69.

Page V-9-10

Court ordered collections are usually "passed through" the Regional Offices, and forwarded to the Bureau for the appropriate accounting process. They do not require locate and enforcement efforts by Bureau Investigators. We believe it erroneous to measure efficiency as indicated by the report. The Program has been in operation sufficient time to realistically call every case a "IV-D" case. It is not possible to estimate the number of cases that pay only through Courts efforts. The "intangible" influence of IVD encourages considerable number of obligors to pay. The Bureau was quite lenient in its definition of cases to be considered "court" collections in that only if administrative enforcement actions initiated by a "Notice and Finding" had been filed would we consider the case a non-court, IV-D situation. We monitor court cases, petition for show cause, send reminder letters, and take other actions and still consider the collection "court generated." It is certainly more appropriate to consider all collections IV-D. Figure 2 is not indicative of cost effectiveness in the Bureau's philosophy.

We take exception to the cost efficiency data as presented. The following is what we consider to be correct data.

COST EFFICIENCY RATIOS BY REGION:

<u>Region</u>	<u>Fiscal Year</u>		
	1977-78	1978-79	1979-80
Richmond	1.29	1.10	1.23
Tidewater	1.47	1.10	1.40
Lynchburg	.86	.77	1.01
Northern Virginia	.98	.86	1.04
Roanoke	1.05	1.13	1.44
Southwest	.70	.85	1.06
Valley	1.15	1.15	1.35
Total Bureau	1.17	1.03	1.25

Page V-12, Fiscal Audit Needed

The Department's Office of Internal Audit conducted an audit of procedures and were kept informed of the redesign of the fiscal module of SUPE; the OCSE auditors have been provided system's documentation; Staff of the

Auditor of Public Accounts were provided an overview of the system and have been furnished copies of the system's documentation. The Bureau has received recognition from OCSE for its excellent design of the accounting system.

Page V-17, Recommendation 6

We have addressed this issue and have made significant progress. The work measurement reports will also assist in this area.

In summary, we believe it appropriate to stress our position of believing the report deals primarily with "what used to be." The Bureau has very aggressively pursued effective use of staff, the provision of useful information, optimization of case handling techniques, new prioritization procedures, enforcement techniques and projects, specialization, a training program, and an MBO approach to Program administration.

JLARC staff have deleted comments referring to facts changed in the final report, comments intended as questions of fact, and comments covered in the departmental response in earlier pages.



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DIVISION OF SOCIAL SERVICES

S. E. CULPEPPER
DIRECTOR
JERRY PARRISH
ADMINISTRATOR

December 31, 1980

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

Dear Mr. Pethtel:

One could readily comment on all aspects of your draft "Organization and Administration of Welfare Programs in Virginia". Most of my comments would be essentially in agreement with your staff's observations and recommendations. Some would be in mild disagreement. For example, I think an Assistant Commissioner for Field Operations would be about as effective for his/her purpose as the Merit System is for its stated purpose. Rather, a recommendation for genuine delegation of authority to Regional Directors could be a long step toward improvement--at no cost.

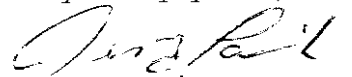
The one area engendering sufficient strength of reaction to result in this unsolicited letter concerns recommendation 9, caseload standards. The recommendation is essentially sound--as far as it goes--but is decidedly one-sided and misleading. Nothing is said about SDW's not enforcing its standards with regard to understaffing. Further, the implication is that local agencies overstaffed in one staff component are also overstaffed in total. I doubt that either the bias or the misleading implication are intended. Nevertheless, as an Administrator in an agency staffed at 87.7% of standard, I am rather disturbed at the likely impact of your report on Legislators who are not made aware of the whole story.

Disregarding your proviso "---demonstrate measurable need for excess positions---", as it probably would be disregarded in practice, your recommendation would cause this agency to reallocate two clerks for, perhaps, two of the ten additional Social Workers we warrant--provided we could get local approval of the salary differences. This could result in:

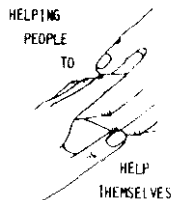
1. An unmanageable clerical workload;
2. Very little additional help in Social Work; and
3. A continuing total staffing at 87.7% of standard.

I doubt that such results are representative of your intent.

Very truly yours,


Jerry Parrish
Welfare Administrator

cc: S. E. Culpepper, Director



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