

**REPORT OF THE  
JOINT SUBCOMMITTEE  
STUDYING**

**The Costs To  
Localities For  
Public Assistance Programs**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**House Document No. 26**

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Division of Legislative Services

Susan C. Ward, Staff Attorney  
E. Gayle Nowell, Research Associate  
Liz Cosler, Secretary

#### **Administrative and Clerical**

Office of Clerk, House of Delegates

**Report of the  
Joint Subcommittee Studying the**

**Costs to Localities for Public Assistance Programs  
To  
The Governor and the General Assembly of Virginia  
Richmond, Virginia  
January, 1986**

To: Honorable Gerald L. Baliles, Governor of Virginia,  
and  
The General Assembly of Virginia

**AUTHORITY FOR THE STUDY**

The Joint Subcommittee was created in 1984 by House Joint Resolution No. 151, to identify and study the various costs incurred by the Commonwealth and the localities in the administration of public assistance programs.

The study was continued in 1985 pursuant to House Joint Resolution No. 255 to study in more detail issues raised in 1984 and provide time to consider the results of the State Board of Social Services Study on Mandates and Regulations (Appendix A).

**BACKGROUND OF THE STUDY**

The study was suggested when the Governor's budget proposal for the 84-86 biennium included the recommendation that combined federal and state reimbursement of localities for administrative costs of public assistance programs remain at the current level of 80% for the first year of the 84-86 biennium but be reduced to 75% for the second year. This recommendation was a response to data indicating that, while caseloads were remaining stable, general fund expenditures for local administrative costs were increasing more rapidly than expected and were exceeding appropriations.

This proposal included the recommendation that local administration be studied so that administrative efficiencies could possibly reduce these costs in the second year, therefore reducing the local contribution. With this savings, state and federal funds which are budgeted for direct client services may be retained rather than shifted to pay administrative expenses.

Benefit and service programs in Virginia are administered locally by 124 local departments, subject to rules and regulations promulgated by the State Board of Social Services in accordance with federal law and regulation and state law. Local governing bodies approve local department budgets and appropriate funds for administration and some program costs in anticipation of reimbursement for costs, according to a formula, by the Department of Social Services. Administrative costs are those associated with the determination of eligibility for aid programs and the delivery of some of those services. They include salaries, fringe benefits, rent, telephone, travel, depreciation/amortization and all other operational costs.

The level of reimbursement for administrative costs is governed by § 63.1-92 of the Code of Virginia, which states that:

Administrative expenditures made by localities in connection with the providing of assistance grants, other benefits and related services, including child welfare, shall be ascertained by the State Board, and the Commissioner shall, within the limits of available federal funds and state appropriations, reimburse monthly each county, city or district fiscal officer therefor out of such federal and state funds in an amount to be determined by the State Board not less than fifty per cent of such administrative costs.

Although the reimbursement level thus established may be as low as 50% of administrative costs incurred, the policy has been reimbursement of 80% of such costs. The 80% funding is generally a combination of state and federal funds, varying in proportion by program (Appendix B).

Figures compiled in 1983 by the Department of Planning and Budget in its analysis of the 84-86 biennium budget items showed that caseloads grew steadily between FY77 and FY81 in food stamp and other public assistance programs. Since FY81, however, they have grown

smaller. Social services caseloads, stable between FY77 and FY81, also decreased significantly in FY82 and FY83. The analysis also noted a slowing down of inflation.

In spite of the decrease or leveling off of caseloads and lower inflation, however, the analysis showed that the state general fund share of administrative costs increased 20% in 1982-84 over the level of the previous biennium. State expenditures for administration in FY83 were also shown to exceed adjusted appropriations by \$8.7 million (\$2.7 million from the general fund and \$6.1 million from nongeneral funds). These deficits were experienced in all three general program areas, which are public assistance, social services, and food stamps. The Department of Social Services has, in the past, used funds from other programs and additional nongeneral funds to meet these deficits. However, because the 1984-86 target was developed using a level funding concept, the analysis suggested that these sources would be unavailable in this biennium. Also, such use of those funding sources could erode client services. Therefore, the Governor's budget proposal recommended that the first year of funding remain at a level to provide 80% reimbursement. Second year funding would then be reduced to 75% while efforts are underway to achieve savings in administrative costs. This plan is intended to relieve localities of additional financial burdens while avoiding further loss of state and federal funds for direct client services.

The 1984 Appropriations Act adopted the recommendation described above with an additional reduction of funds for the second year, bringing the reimbursement level to between 70% and 74% of administrative costs.

### **ACTIVITIES OF THE JOINT SUBCOMMITTEE**

The Joint Subcommittee investigated the issue before it by conferring with administrative officials of the State Department of Social Services and of a number of local departments of social services from representative geographic areas of the State. A forum was provided for those representatives to discuss their problems and suggestions regarding administration of the programs.

The Joint Subcommittee also reviewed past efforts in Virginia to improve public assistance delivery systems. It reviewed the 1974 and 1975 reports of the Virginia Advisory Legislative Council on Public Welfare Programs. It also discussed the legislation passed by the General Assembly in 1978 providing for local option in the organization of local human services activities. Similar "local option" programs have been implemented in other states. The Joint Subcommittee reviewed the design of one such program in Minnesota.

The Joint Subcommittee also has reviewed the State Board of Social Services' Study on Mandates and Regulations. The study was to result in a plan to reduce state mandates and regulatory requirements which may be contributing to high administrative costs. The study was undertaken concurrently with the Joint Subcommittee's study and results were reported in January, 1985.

### **1984 INTERIM RECOMMENDATIONS**

#### **Maintain 80% Reimbursement Level**

The Joint Subcommittee recommended that the State reimburse the local departments 80% of their administrative expenditures for the second year of the biennium. The Joint Subcommittee urged the General Assembly to provide funding in the FY 85 budget to implement this recommendation.

#### **Continue the Study**

The Joint Subcommittee recommended that its study be continued for an additional year to consider in greater detail the issues raised during 1984. Recommendations regarding reimbursement levels beyond FY 85 should be based on a thorough study of issues which emerged as a result of discussions with state and local administrators. Also, the Joint Subcommittee should study recommendations of the State Board of Social Services Study on Mandates and Regulations, many of which affect administrative costs and require legislative action. Because the State Board's report was not issued until January, 1985, the Joint Subcommittee had insufficient opportunity in 1984 to review the recommendations.

The Joint Subcommittee was continued pursuant to House Joint Resolution No. 255 as recommended by the Joint Subcommittee (Appendix A).

The General Assembly in the 1985 general appropriations act authorized reimbursement of localities 80% of the cost of administering Food Stamps and other financial assistance programs (Appendix C). The act also required the State Board of Social Services, in cooperation with the Joint Subcommittee, to implement a plan to generate cost savings in FY 1986 through a reduction in state mandates and regulations. Savings thus realized would be allocated to the localities for the purchase of word processing and data processing equipment to modernize the agencies' administrative activities. The plan required by the act was to be submitted to the Governor and to the Chairman of the Senate Finance and House Appropriations Committees by June 15, 1985. An extension was granted by those committees with the direction that the report be submitted as soon as possible after June 15 and prior to the 1986 Session.

## **FINDINGS AND FINAL RECOMMENDATIONS**

### **I.**

At the completion of its work in 1985, the Joint Subcommittee recognized that the cost of administering benefit programs had increased, while caseloads had decreased, for a number of reasons. The Department of Social Services described factors affecting cost increases in several contexts.

First, the Department explained increases in the major expenditure categories, which include salaries, fringe benefits, space, local cost allocation plans and data processing. Actual data is provided on the chart found in Appendix D of this report. These cost increases are discussed below.

**Salaries** - The 28% increase shown for salaries is attributed to increased staffing or increased wages for existing staff. New programs, such as fraud detection and employment services, have contributed to the need for increased staffing.

Special federal funds as well as funds reserved by the Board of Social Services from the Special Services Block Grant have been made available to local social service agencies but have been limited by the Board or by federal restrictions to service provision, with administrative costs paid out of regular funds only. Programs receiving such funding are Services to the Unemployed (\$1.4 million between June 1, 1983 and June 30, 1984); Services to Aged and Disabled Adults (\$2 million between July 1, 1983 and June 30, 1984); and Day Care for Children (\$750,000 between July 1, 1983 and June 30, 1984). Local agencies needed the funds for client services but additional staff time was required for establishing separate accounts and training.

The federal government also limited funds that could be used for administration in a new food and shelter program under the Federal Emergency Management Agency (FEMA) to 1.25% of the total funds a state received. Between June 1, 1983, and December 31, 1983, local social service agencies were allocated \$824,977 for the FEMA food and shelter program, with special regulations and separate reporting requirements increasing staff administrative responsibilities.

For 1985, approximately \$1,600,000 in state funds were added to the Department's appropriation. This money was allocated in four separate portions and for most of it no administrative costs will be allowed.

Additional staff positions were needed because of the additional administrative procedures required for compliance with new federal regulations for continued federal reimbursement.

Wages for existing staff were raised as a result of high inflation in the last five years. Salaries are also influenced by the fact that eligibility workers and social workers, employed by the localities, must earn a locally competitive salary if local departments are to attract and retain experienced staff. Also, local social service employees are remaining in the same job longer and reaching the top of the salary scale, thus increasing salary expenses.

**Fringe Benefits** - From FY 81 to FY 85, salaries have increased only 28%, while fringe benefits have increased 83%. Increases in salaries and health insurance benefits have increased fringe benefit costs. In addition, more localities are paying the employees' share of the retirement contribution and retirement insurance. State law requires that all localities have a retirement program; costs increased when some localities offered a program for the first time.

**Space** - Space costs, which have increased 41%, have been affected by the increased staff required by new or expanded programs and additional federal administrative requirements. When existing sites are no longer adequate to accommodate the space needs, it is cost-effective

for local governments to relocate social service agencies, since their space costs can be reimbursed at a relatively high level by the state and federal governments, thereby increasing space costs. There is currently no specific ceiling on cost of space which the State can authorize; the cost cannot go above the competitive rate in the community. For thirty-two local agencies which moved between FY 81 and FY 85, the total annual rents increased from \$2,500,000 to \$3,900,000.

Local Cost Allocation Plans - The 278% increase in this item is attributed to the increased local need to maximize federal and state funding resources. Since 1980, local governments have become adept at identifying local government costs that could be considered, by federal guidelines, as a part of local social service agencies' reimbursable administrative costs through the development of cost-allocation plans. For example, a portion of the county manager's time spent in oversight of the local social service agency could be allocated to administrative costs. The number of agencies which have developed cost allocation plans has increased from fourteen in 1978, to fifty-seven in FY 80-81, and to sixty-seven in 1984, in order to take advantage of these funding resources. The cost allocation plans have resulted in higher reimbursable administrative costs because they reflect higher salaries, new positions created in recent years, new data processing equipment in use in localities, and increases in city and county attorneys' time in prosecuting fraud cases. These costs are all federally funded.

Data Processing - Increases can be attributed to the development of automated systems to provide support to localities to reduce errors, to automate reporting and recordkeeping, and to develop a single statewide information system for social services.

Other Costs - These costs identified on the chart include utilities and insurance on buildings, equipment rental and repair, postage, phones, office supplies, automobile fuel and repairs, and janitorial services and supplies. These costs went down 16% over the period in part because some of these costs were included in the local cost allocation plans as administrative rather than as "other costs."

As it continued to explain why administrative costs have risen while caseloads have decreased, the Department described in detail several programs in which state and federal requirements increased costs in spite of lower caseloads.

In service programs, foster care caseloads have been reduced, but, for a number of reasons, the costs of the program have risen. The 1977 Juvenile Code revision imposed permanency planning for children in foster care through the establishment of goals, the development of foster care plans, judicial review and annual reporting. Public Law 96-272, enacted by Congress in 1980, further emphasized administrative actions needed for permanency planning and required the implementation of a preplacement preventive service program designed to help children remain with their families. These new program requirements necessitated additional staff time. The administrative time expended in achieving the goal of a permanent placement for each child in foster care has resulted in approximately a 50% reduction in the number of children in foster care since 1976.

In benefit programs, federally imposed requirements have affected administrative costs. In an effort to balance the federal budget, Congress passed the Omnibus Budget Reconciliation Act in 1981 and required changes in eligibility determination for the Aid to Dependent Children (ADC) Program. These changes affected procedures related to the income limit, deeming of a stepparent's income, treatment of certain income as a lump sum, reduction of resources an individual may hold and remain eligible, Community Work Experience Program, Earned Income Credit, calculation of the grant, work expense disregard, child care and incapacitated adult disregards, retrospective budgeting, monthly reporting, deeming of an alien's sponsor's income, benefits to strikers, limit on eligibility to children under eighteen, and treatment of overpayments and underpayments

The ADC program was again affected in 1984 by the federal Deficit Reduction Act, which not only identified new areas of change but also modified many of the changes described above which were necessitated by the 1981 Omnibus Budget Reconciliation Act. The changes required by the 1984 Act affected procedures regarding information on fugitive felons, the ADC filing unit, disregard of child support payments, exclusion of certain property from the resource test, disregard of earned income of full-time students, 185% gross income limit, recalculation of ineligibility caused by lump-sum income, clarification of earned income provision, income of parents of minor parents, treatment of Earned Income Credit, work expense deduction, continuation of the \$30 disregard, waiver of overpayment recoupment, continuation of Medicaid when families lose benefits due to earned income, monthly reporting, retrospective budgeting, exceptions to protective payments, eligibility for aliens sponsored by a public or private organization and modification of the Work Supplementation Program.

The establishment of the Social Services Block Grant and accompanying service program funding reductions that occurred in 1981 and 1982 also affected administrative expenditures in the ADC program. Since then, local social service agencies have reduced service program costs by reallocating service positions to benefit programs. This action reduced administrative costs in services but increased administrative costs in benefit programs due to increased staff costs with no increase in case counts.

In addition to the ADC program, the Food Stamp program has also been affected by numerous federal regulations. In December of 1981, the Omnibus Farm Bill reauthorized the Food Stamp Program for one year instead of four as originally planned and instituted many program changes. The bill revised the time period for adjusting the value of food stamps, extended work requirements, required the state instead of the federal government to be accountable for any losses regarding handling of the food coupons, mandated states with error rates above 5% to submit corrective action plans, designated SSI recipients as potentially separate households, changed the way photo-identification cards are handled, required restoration of certain benefits, allowed the Comptroller General access to information, mandated inquiries to state unemployment compensation agencies, authorized access by law enforcement agencies to client records, required that the application inform clients of verification requirements and penalties, deemed an alien's sponsor's income, revised the method of determining the value of assets, required Social Security numbers of all households and included certain reimbursement items as income.

In 1982, additional changes resulted from amendments to the Food Stamp Act. These amendments revised the definition of household, revised income standards for benefit calculations, allowed a standard utility allowance as an option to actual expenses, exempted college students with children under six from work requirements and expedited service for certain low-income households.

The volume of changes described above and their frequency, coupled with stricter eligibility requirements, increased administrative costs of programs and reduced the numbers of people eligible for them. Particular expensive is the resulting information and training burden on agencies. To accommodate changes such as those listed above, state and local procedures include receipt of the federal policy statement and state policy interpretation, including review of new policy against existing policy. State policy is then developed and presented to the State Board of Social Services for implementation, in compliance with the Administrative Process Act. Procedural material is then drafted and sent to the 124 local and seven regional offices. Training modules are developed for central and regional office staff to train local staff.

In 1981, ADC changes required training of 338 staff and Food Stamp changes required training of 267 staff. Changes in 1982 required training of 1461 and 742 staff for ADC and Food Stamp changes, respectively. The 1984 ADC changes required training of 804 workers.

## II.

The state and local administrators specified other issues which have some affect on general costs of operating programs, although they may not directly relate to administrative costs of benefit programs. Recommendations on these issues are described below.

### Designation of Certain Title XX Direct Service Program Expenditures as Administrative Costs

Although service programs were not to be affected by the lower state reimbursement level, local administrators were concerned that ambiguity as to the definition of "administration" inflates administrative costs by characterizing as "administrative" certain costs which are actually service related. Personnel costs for social workers and eligibility workers, who provide direct service delivery, are identified as administrative costs. In contrast, local teacher personnel costs are characterized as instructional rather than administrative.

It is possible within the accounting and reporting systems of the Department of Social Services to provide limited information about direct service personnel versus administrative personnel. One of the Department's internal documents breaks out direct social worker salary expenditures separately but only for Service Programs (Title XX), not Benefit Programs. Also, the Department's Office of Personnel has information on the number of people employed in each class of position at the local level. By deciding which classes of positions are direct service personnel and which are administrative personnel, a count can then be made of the number of people in direct service as opposed to administration. A major difficulty in using position counts is characterization of positions such as trainers and supervisors, which include both direct service delivery and administrative functions.

In spite of the material in the Department's records, the information published currently in the state budget does not show direct service delivery personnel costs separate from administrative costs.

The Joint Subcommittee supports efforts by the Department of Planning and Budget to revise state budget material by adding language clarifying the definition of "administrative costs."

#### Use of Volunteers

The Virginia Department of Social Services and the local welfare agencies currently include volunteers as an important part of agency operations pursuant to the Virginia State Government Volunteers Act. There are currently eighteen Volunteer Service Coordinator positions in the local welfare agencies. In FY 83-84, the last year for which complete data is available, volunteers contributed a total of 206,887 hours of service. This is an increase of 9.7 percent in the number of hours contributed over the previous year. Using the nationally recognized estimated volunteer hourly wage of \$7.46, this contribution represents a dollar value of over \$1,543,399 in services provided to the citizens of Virginia. The Virginia Department of Social Services continues its state-level contract with the Virginia Division of Volunteerism. The Division provides training, program support and financial incentives to state and local offices to encourage the increased utilization and more efficient management of volunteers. Local welfare departments not only utilize volunteers working directly for the agency, but also assist independent community volunteer organizations.

State and local administrators believe that current law provides the incentive and flexibility required to make the volunteer program an integral part of agency operations.

No required legislative change has been identified. The Joint Subcommittee encourages the use of volunteers.

#### Performance-based Rather than Process-based Evaluation of Localities by Department of Social Services

Local departments of social services have requested increased flexibility provided through state supervision by means of performance standards rather than mandatory procedures. This program should determine those agencies with a below-average performance level and assist those agencies in improving their operations. Further, the program would identify agencies that provide the best quality of services and allow these agencies to experiment with innovative approaches to service delivery.

The Department has begun testing performance indicators for foster care, employment services and child protective services. Testing began on July 1, 1985, and will continue through December 31, 1985. Based on these test results, indicators for these services are scheduled for implementation on July 1, 1986. The Department has begun to develop indicators for adoption and adult services. These indicators are scheduled to be tested between January 1 and June 30, 1986. Indicators for the remaining services will be developed after January 1, 1986, with testing to start in July, 1986.

It should be noted that performance standards will not serve as a replacement or substitute for caseload standards. Performance standards are intended to emphasize service outcome measures while caseload standards are to assist in determining needed staff.

The Joint Subcommittee recommends that performance standards be developed and implemented.

#### Revision of Caseload Standards for Determination of Staffing Levels

The current system of establishing caseload standards to determine staffing needs deals only with the time it takes various categories of staff to perform different activities. These activities are grouped together to derive a standard that is applied against an agency's caseload to determine the number of staff that agency needs.

The Department of Social Services may not be strictly adhering to caseload standards in determining staffing levels. The current process for determining caseload standards has been questioned as an accurate measure of staff needed. A revision of the caseload standards may provide a more accurate measure of staff needed, therefore avoiding any inefficient and expensive overstaffing.

The Joint Subcommittee recommends that caseload standards be reviewed and revised to



more accurately indicate staffing needs.

#### Allocation of Funds to Localities by a "Block Grant" Method

The local social service administrators are concerned about burdensome reporting requirements of current allocation methods. They have suggested that funds for service programs be allocated to local agencies with fewer specific directions on how to administer and report on those funds. Provision of certain services could be mandated but more freedom given to local agencies in administration of the funds.

Federal requirements do not allow a "block grant" of funds for benefit programs. Service programs currently use a modified form of block grant system. Under current policies, some of the reporting requirements could be decreased. Information for the cost-allocation system to distribute costs between service and eligibility, a federal requirement, could be secured from a technique called random-moment sampling, which would save some local time.

The Joint Subcommittee recommends that the State Board of Social Services cooperate with the local boards and local departments to develop a funding-allocation system that provides certain funds to local departments by a "block grant" method. In benefit programs, this must be done, if at all, within federal requirements. In service programs, this method should be expanded beyond its current use to the extent that the system can be improved. No currently mandated core services should be eliminated, however.

#### Changes in Personnel Management Methods

The local administrators suggest job-sharing and use of part-time personnel to save personnel costs. Part-time employment is currently optional for local agencies. However, the local agencies object to the Department of Social Services' practice counting of part-time employees as full-time employees, thereby inflating staffing levels.

Department representatives explained that, in order to obtain federal reimbursement for administrative costs, the Department of Social Services must have a cost-allocation plan approved by the federal government to distinguish between costs of benefit and service programs. Under the present plan, the federal government requires counting the number of employees rather than positions. Thus, when several employees share one position, the total number of employees must be reported. This affects local agency budgeting and acts as a disincentive to employ part-time personnel.

Because of the concerns over the current cost-allocation plan, the Department has reviewed options for revision of the plan. Currently, a cost-allocation method known as random-moment sampling is being tested. If this is successful, implementation could begin in July, 1986.

The Joint Subcommittee recommends the testing and implementation, if feasible, of random-moment sampling for cost allocation purposes. This would eliminate the need for counting employees rather than positions and would provide an incentive for local agencies to employ part-time personnel and practice job-sharing.

#### Automation of and Access to Local Property Tax Records to Ascertain Assets

The "needs test" to determine eligibility for the ADC and Medicaid programs requires an assessment of the real and personal property available to a family and the value of such property. The State Board in its Study on Mandates and Regulations recommended that this process be expedited by the development and use of automated files within the Department of Taxation.

In considering this proposal, the Joint Subcommittee learned that every year each local commissioner of the revenue is required to send to the Department of Taxation a copy of the "land book." While this submission is required by state law, there is currently no state tax levied on local property and the Department of Taxation has no use for this information. Therefore, there are no plans at this time for the Department of Taxation to centrally automate local property records. However, a number of small rural localities have contracted with Business Data of Virginia, Inc., to enter their local property data for the purpose of generating tax bills and land books. The Department of Social Services is currently exploring the feasibility of discovering unreported property through the centralized records of this company for these localities.

The Joint Subcommittee does not recommend pursuing this proposal. To the extent that localities have such data available to them, the Department can develop a policy

administratively.

#### Verification of Recipient Income by Reporting All Hirings and Wage Level to Virginia Employment Commission; Authorization of Access to Data

Modeled after Tennessee's system, the proposed system would require employers throughout the state to submit, on a weekly basis, information on hirings. The Virginia Employment Commission (VEC) would add this data to its automated wage-reporting system, and the Department of Social Services, as it runs computer matches for ADC, would get the information on new hires. Currently, it takes several months to receive data on recent hires. The current system is based on quarterly reporting using the 941 form.

The Department of Social Services has met with the VEC to discuss this issue. The VEC was receptive to the idea, as it will potentially reduce its unemployment compensation payment errors. Both Departments are currently gathering statistics on types of unreported income. Test areas of the state will be selected. The VEC is applying for federal funding for the required forms and automation. Their participation may be dependent on receipt of these funds.

The Joint Subcommittee encourages the Department and VEC to explore this proposal and develop a reporting system, if feasible, which is consistent with the respective mission of each agency.

#### Simplified Process for Securing Birth Verification

A survey by the Department of local welfare departments showed that between January and June, 1985, this submitted 947 requests for birth verification to the Bureau of Vital Statistics. Most felt that this six-month period was a representative one. Ninety-two of the total 124 local agencies responded to the questionnaire. Most of those localities write a separate check for each request made to the Bureau of Vital Statistics. Usually, the agency writes the check, but in some agencies the check is issued from the treasurer's office or local finance office and in others the local worker writes the check and is reimbursed. Agencies find the present process time consuming and unnecessarily costly.

Because records are kept in the registrant's name, the Bureau of Vital Statistics is unable to report the number of requests for birth verification filled for local social services agencies or for the other public agencies it serves, including the Social Security Administration, Federal Bureau of Investigation, State Police and Veterans Administration. The Bureau did report, however, that it probably receives more requests from local social service agencies than from the other public agencies named. If the 947 requests sent between January and June, 1985, are representative, then about 1900 per year are processed, at \$5 per request, or \$9,500 per year. Other public agencies' requests account for lower total fees received.

The Joint Subcommittee recommends that local departments of social services be exempt from payment of a fee to the Bureau of Vital Statistics for birth verification (Appendix E).

#### Federal Regulations Regarding Determination of Eligibility and Grant Amount and Reporting Changes in Circumstances of ADC and Food Stamp Recipients

The federally prescribed methods for determination of ADC and food stamp eligibility and grant amount require initial prospective budget calculation followed by retrospective budget calculation. The system is complex, error-prone, and difficult for clients to understand. It has been suggested that, with federal approval, the State could develop a simpler, more accurate method for budget calculation.

The State currently has a waiver from the reportedly costly federal requirement that all ADC recipients report eligibility circumstances monthly. Therefore, only certain groups of clients are now required to report. The State Board, in its Study on Mandates and Regulations, has suggested that federal policy be changed to permit states to determine monthly reporting needs consistent with cost-effectiveness based on a state's quality-control findings and administrative-cost information.

The Joint Subcommittee recommends that the United States Congress be encouraged to allow states to develop a simpler, more accurate method of budget calculation and that Congress eliminate the current requirements for reporting changes in circumstances if they are not cost-effective, based on a state's quality control data (Appendix F).

#### Use of Foster Care Funds

Currently, the Department receives an allocation of state funds to be used for maintenance costs for foster care children. Under the present definitions of foster care found in the Code of Virginia, these funds cannot be used for any costs incurred to keep families together and thereby prevent children from entering foster care. The State Board recommends in its Study on Mandates and Regulations that the General Assembly allow the expenditure of state and local foster care maintenance funds for children at risk of placement, consistent with the treatment of federal funds. This can be accomplished by expanding the definition of "foster care" to include those children at risk of placement. The State Board further recommends that the General Assembly allow funds that are not used by the end of the fiscal year to be available for the next fiscal year.

Prevention programs in California and Colorado and pilot programs in fourteen Virginia localities have shown prevention services to be successful in cost savings and in preservation of families.

The Department of Social Services has requested funding for the 1986-88 biennium to prevent foster care placements by providing services to families with children at risk of foster care placement. The Joint Subcommittee endorses the Department's funding request. The Joint Subcommittee also recommends legislation redefining "foster care" to include prevention services, to provide authority for such expenditure of foster care maintenance funds (Appendix G).

#### Fee Structure for Court-ordered Investigations Performed by Local Departments

The local administrators requested authority to charge fees for certain services performed for the courts, specifically services rendered in adoption and custody cases.

Adoption services for children not in the custody of local departments of social services are rendered on behalf of the court and include investigations and adoptive home studies, supervision of placements, and preparation of reports to the court about the suitability of the adoption. These services are required in independent adoptions, relative adoptions, step-parent adoptions, placements made by licensed child-placing agencies and in intrastate, interstate, and intercountry adoptions. The local departments must also respond to adoption record requests. During the 1983-84 fiscal year there were 491 requests for non-identifying information which had to be gathered from closed adoption records. In the same period, thirty-four petitions were filed for the release of identifying information from closed files.

Services provided in custody cases include investigations and home studies, supervision of families, supervision of visitation, family therapy, and mediation. These services are provided at varying levels throughout the state, depending on local community resources.

A brief survey of selected local departments of social services was completed with the cooperation of the League of Social Service Executives. The survey included court services provided during the period January 1, 1985, through March 31, 1985. Forty-five agencies responded. A total of 2,935 service worker hours in the quarter were devoted to the provision of adoption services as a result of 337 petitions. Custody cases accounted for 13,103 hours of service worker time for 629 petitions.

The Department of Social Services worked with local social service personnel to develop a fee schedule for adoption and custody services. The proposal suggests that services provided in independent adoptions, adoption searches and custody investigations be subject to payment of a fee.

To determine a reasonable fee schedule, the Department and the local administrators determined the average number of hours required to perform each service. Ten local welfare agencies provided estimates of time spent on each type of independent adoption. Four local welfare agencies and the Children's Home Society provided estimates of time spent on adoption searches. Appendix H provides detailed information.

Local agency costs were computed, including administration, supervision, clerical support, average service worker salary and employer-paid fringe benefits. The result was an estimate of \$17.00 per hour for local welfare agency costs.

Cost of each service was finally determined by multiplying the hourly local agency cost. Results were as follows:

1. Independent adoptions

- a. Without interlocutory order - \$170.00
  - b. With interlocutory order - \$325.00
- 2. Adoption Searches - \$340.00
  - 3. Custody Investigations - \$340.00

A fee schedule was then established by using the Social Services Block Grant median income levels. There would be no charge for individuals falling below 50% of the median income level. More detailed information is provided in Appendix I.

The Department estimated revenue from implementation of this proposal for FY 84-85. Independent adoptions without interlocutory orders, estimated at 1508 in FY 1984-85, would have generated a maximum amount of \$256,360 if all families paid 100% of the fee of \$170. Independent adoptions with an interlocutory order, of which there were 562 in FY 1984-85, a maximum of \$182,650 would have been collected at 100% of the fee. Adoption searches were provided for twenty-nine individuals in calendar year 1984. These searches would have generated \$9,860 at 100% of the fee. Approximately 3000 custody investigations are estimated to have been conducted in FY 1984-85, for which \$1,020,000 would have been collected based on 100% of the fee.

Based on these statistics, the maximum amount that could have been collected in FY 84-85 by charging fees for these services was \$1,500,000. A more realistic estimate is that local departments of social services may collect between \$450,000 to \$875,000, 40% to 60% of the possible total, if a fee system were implemented.

The Joint Subcommittee recommends implementation of a fee schedule as described above. The court shall decide who would pay the fee in all cases. Fees should be assessed from a sliding scale based on family size and income. The scale should incorporate the average cost of performing these services among local agencies. The maximum fee charged should not exceed the actual cost of the service. The State Board of Social Services should develop and review the scale periodically. The fees will be assessed by the court and be payable to the local agency. Payment of the fees shall be a condition of entry of the final order by the court. Suggested legislation authorizing fee assessment is attached to this report as Appendix J.

### III.

Item 483 of the 1985 Appropriations Act requires the State Board of Social Services, in cooperation with the Joint Subcommittee, to implement a plan to generate cost savings through a reduction in state mandates and regulations. These savings and savings effected by localities' reduction in personal service costs will be allocated to localities for purchase of word processing and data processing equipment.

The Joint Subcommittee received the report of the State Board prepared in response to Item 483. The State Board reported that it, with the Department and Joint Subcommittee, had reviewed the findings of the State Board's Study on Mandates and Regulations. The report states that, while it appears that the appropriations act language assumes that the report is directed toward cost savings, this was not the Board's focus. Rather, it intended to minimize burdens and costs, emphasize results rather than process, and simplify access to services for clients. Most of the Board's recommendations would result in improvement of the system without significant cost savings. The recommendations which would result in cost savings that could be transferred as specified in the appropriations act would total about \$550,000.

The Board cited federal and state influences on rising administrative costs and noted cost control measures implemented. It also described significant efforts being taken now to expand data processing capacity.

The Board concluded that administrative costs, in addition to overhead, include salaries and support costs of local direct service-delivery staff. Cutting administrative costs could, therefore, decrease direct service to clients. The Department is moving forward with automation within the current budget. Automation may help reduce errors but will not necessarily save money. Therefore, reduction in state mandates and regulations and reductions in personal service costs should not be used to purchase word-processing and data-processing equipment.

The Joint Subcommittee encourages the General Assembly to provide the resources necessary for the Department of Social Services to implement its plan for automation.

## CONCLUSION

The Joint Subcommittee concludes from its study that increases in administrative costs of public assistance programs are justified by increased responsibility imposed in administering the programs. There does not appear to be significant waste and mismanagement. The Joint Subcommittee believes that implementation of the recommendations specified in this report will provide what efficiencies and cost-savings are possible at this time.

Respectfully submitted

Franklin M. Slayton, Chairman

Robert C. Scott, Vice Chairman

David G. Brickley

Dudley J. Emick, Jr.

Joseph V. Gartlan, Jr.

Arthur R. Giesen, Jr.

George H. Heilig, Jr.

S. Vance Wilkins, Jr.\*

\* The concurring opinion of Delegate Wilkins follows the report.



COMMONWEALTH OF VIRGINIA  
HOUSE OF DELEGATES  
RICHMOND

January 21, 1986

S. VANCE WILKINS, JR.  
ROUTE 1  
AMHERST, VIRGINIA 24521  
TWENTY-FOURTH DISTRICT

COMMITTEE ASSIGNMENT.  
GENERAL LAWS  
HEALTH, WELFARE AND INSTITUTIONS  
LABOR AND COMMERCE  
MINING AND MINERAL RESOURCES

TO: Joint Subcommittee Studying Costs to Localities  
for Public Assistance Programs (HJR-255)

FROM: Delegate S. Vance Wilkins, Jr.

I generally concur with the report of the subcommittee studying costs to localities for public assistance program (HJR-255) with the following exceptions:

Verification of Recipient Income by Reporting All Hirings and Wage Level to Virginia Employment Commission; Authorization of Access to Data.

It is not necessary for employers to be required to file another weekly form with the Virginia Employment Commission on new hires when weekly payroll reports are filed with the Virginia Department of Taxation showing the amount earned and name and social security number of the employee.

Simplified Process for Securing Birth Verification

To keep accurate costs of actual services rendered to the Department of Social Services, they should pay for vital statistic information. The real problem is in the billing system and the writing of individual checks by each local agency. The Bureau of Vital Statistics could keep accounts and bill the Department on a quarterly or annual basis, and save most of the cost associated with this problem.

SVW, Jr.:f

- Franklin M. Slayton, Chairman
- Robert C. Scott, Vice Chairman
- David G. Brickley
- Dudley J. Emick, Jr.
- Joseph V. Gartlan, Jr.
- Arthur R. Giesen, Jr.
- George H. Heilig, Jr.
- Susan C. Ward, Legislative Services

APPENDIX A

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**HOUSE JOINT RESOLUTION NO. 151**

*Requesting the House Committees on Appropriations and on Health, Welfare and Institutions, and the Senate Committees on Rehabilitation and Social Services and on Finance to study the costs to localities for public assistance programs.*

Agreed to by the House of Delegates, February 14, 1984  
Agreed to by the Senate, March 8, 1984

WHEREAS, the state and local administrative costs of public assistance programs have continued to rise in recent years despite stable or declining caseloads; and

WHEREAS, the Commonwealth of Virginia currently participates in funding of local administrative costs for public assistance programs; and

WHEREAS, there is concern that increasing administrative costs erode client services; and

WHEREAS, there is a recognized need to evaluate the flexibility and incentives which localities have in implementing reductions or in avoiding additional costs for such services; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the House Committees on Appropriations and on Health, Welfare and Institutions and the Senate Committees on Rehabilitation and Social Services and on Finance are requested to form a joint subcommittee to identify and study the various costs incurred by the Commonwealth of Virginia and localities in the provision of public assistance programs.

The joint subcommittee shall consist of eight members: three from the House Appropriations Committee and two from the House Health, Welfare and Institutions Committee, to be appointed by the Speaker of the House; and two from the Senate Finance Committee and one from the Senate Committee on Rehabilitation and Social Services, all to be appointed by the Senate Committee on Privileges and Elections.

The joint subcommittee shall complete its study and make any recommendations it deems advisable to the 1985 Session of the General Assembly.

The costs of this study, both direct and indirect, are estimated to be \$11,975.

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## HOUSE JOINT RESOLUTION NO. 255

*Continuing the Joint Subcommittee Studying Costs to Localities for Public Assistance Programs.*

Agreed to by the House of Delegates, February 4, 1985

Agreed to by the Senate, February 20, 1985

WHEREAS, the joint subcommittee met during 1984 to examine the reasons for continued increases in state and local administrative costs of public assistance programs; and

WHEREAS, the joint subcommittee conferred with state and local welfare administrators to develop methods of implementing administrative cost reductions to avoid increased state or local contributions to these costs and to avoid erosion of client services; and

WHEREAS, numerous issues were raised which affect administrative costs to the Commonwealth and to localities, including:

1. Large local direct service expenditures in Title XX programs being defined as administrative rather than program costs;

2. Need for a fee structure for payment of local departments of welfare or social services for investigatory services provided to the court system and for services provided in independent adoptions;

3. Authority for continued and increased use of volunteers;

4. Need for provision of incentives to localities in the form of performance-based rather than process-based evaluation by the State Development of Social Services;

5. Feasibility of change in fiscal accounting and appropriation methods between the state and localities to, for example, provide funds to localities in a block grant;

6. New methods of personnel management such as time-sharing and part-time employment, which would save fringe benefit expenses; and

WHEREAS, the State Board of Social Services completed in January, 1985, a study which inspired recommendations for reducing state mandates and regulatory requirements; and

WHEREAS, that study's recommendations have direct impact on the issues before the Joint Subcommittee and should be considered in detail by it; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Subcommittee Studying Costs to Localities for Public Assistance Programs is continued. The members appointed pursuant to House Joint Resolution No. 151 of 1984 shall continue to serve. Vacancies shall be filled in the same manner as original appointments were made pursuant to House Joint Resolution No. 151; and, be it

RESOLVED FURTHER, That the joint subcommittee will continue to confer with state and local welfare administrators to address issues raised with the benefit of information provided by the State Board of Social Services.

The joint subcommittee shall complete its work in time to submit any recommendations developed to the 1986 Session of the General Assembly.

All direct and indirect costs of this study are estimated to be \$12,595.

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APPENDIX C

Item 483 1985 Appropriations Act

*Within the limits of this appropriation, the State Board of Social Services shall reimburse localities for 80% of the cost of administering Food Stamps and other financial assistance programs. In addition, the State Board of Social Services in cooperation with the Joint Subcommittee Studying Costs to Localities for Public Assistance Programs (HJR 255 of 1985), shall implement a plan to generate costs savings in FY 1986 through a reduction of state mandates and regulations. Savings which are realized under this plan and through corresponding efforts made by localities to reduce personal services costs, shall be allocated to localities under this plan for the purchase of word processing and data processing equipment to modernize the administrative processes of local agencies. This plan shall be submitted to the Governor and to the Chairmen of the Senate Finance and House Appropriations Committees by June 15, 1985.*

COMPARISON OF LOCAL ADMINISTRATION COSTS BETWEEN 1980/81 AND 1984/85 BY TYPE OF EXPENDITURE

Reimbursable Costs	1980/81	1984/85	Difference	% Increase
Food Stamps Administration	13,407,010	23,809,726	10,402,716	77.59
Public Assistance Administration	33,987,219	50,300,060	16,312,841	48.00
Social Services Administration	<u>50,848,060</u>	<u>56,015,326</u>	<u>5,167,266</u>	<u>10.16</u>
<b>TOTAL</b>	<b>98,242,289</b>	<b>130,125,082</b>	<b>31,882,793</b>	<b>32.45</b>
Salaries	67,897,918	87,259,796	19,361,878	28.52
Fringe Benefits	10,880,663	19,949,565	9,068,902	83.35
Space	3,648,517	5,162,444	1,513,927	41.49
Local Cost Allocation Plans	1,268,593	4,805,738	3,537,145	278.82
Data Processing	1,104,540	1,662,316	557,776	50.50
Other Costs	<u>13,442,058</u>	<u>11,285,223</u>	<u>&lt;2,156,835&gt;</u>	<u>&lt;16.05&gt;</u>
<b>TOTAL</b>	<b>98,242,289</b>	<b>130,125,082</b>	<b>31,882,793</b>	<b>32.45</b>
Local Only Costs	3,880,674	5,478,497	1,597,823	41.17

APPENDIX D

APPENDIX E

SENATE BILL NO. .... HOUSE BILL NO. ....

A BILL to amend and reenact §§ 32.1-272 and 32.1-273 of the Code of Virginia, relating to certified copies of vital records.

Be it enacted by the General Assembly of Virginia:

1. That §§ 32.1-272 and 32.1-273 of the Code of Virginia are amended and reenacted as follows:

§ 32.1-272. Certified copies of vital records; other copies.—A. In accordance with § 32.1-271 and the regulations adopted pursuant thereto, the State Registrar shall, upon receipt of a written request, issue a certified copy of any vital record in his custody or of a part thereof. Such vital records in his custody may be in the form of originals, photoprocessed reproductions or data filed by electronic means. Each copy issued shall show the date of registration. Any copy issued from a record marked “delayed” or “amended,” except a record amended pursuant to subsection F of this section or subsection D of § 32.1-269, shall be similarly marked and show the effective date. Certified copies may be issued by county and city registrars only while the original record is in their possession, except that at the option of the county or city registrar true and complete copies of death certificates may be retained and certified copies of such records may be issued by the county or city registrar.

B. A certified copy of a vital record or any part thereof issued in accordance with subsection A shall be considered for all purposes the same as the original and shall be prima facie evidence of the facts therein stated, provided that the evidentiary value of a vital record filed more than one year after the event or a vital record which has been amended shall be determined by the judicial or administrative body or official before whom the certificate is offered as evidence.

C. The federal agency responsible for national vital statistics may be furnished such copies or other data from the system of vital records as it may require for national statistics if such federal agency shares in the cost of collecting, processing and transmitting such data. Such data may be used for research and medical investigations of public health importance. No other use of such data shall be made by the federal agency unless authorized by the State Registrar.

D. Other federal, state and local, public or private agencies in the conduct of their official duties may, upon request and payment of a reasonable fee *except as provided in paragraph D of § 32.1-273*, may be furnished copies or other data from the system of vital records for statistical or administrative purposes upon such terms or conditions as may be prescribed by the Board. Such copies or other data shall not be used for purposes other than those for which they were requested unless so authorized by the State Registrar.

E. No person shall prepare or issue any certificate which purports to be an original, certified copy, or copy of a vital record except as authorized in this chapter or regulations adopted hereunder.

F. Certified copies of birth records filed before July 1, 1960, containing statements of racial designation on the reverse thereof shall be issued without such statement as a part of the certification; nor for this purpose solely shall such certification be marked “amended.”

§ 32.1-273. Fees for certified copies, searches of files, etc.; disposition.—A. The Board shall prescribe the fee, not to exceed five dollars, for a certified copy of a vital record or for a search of the files or records when no copy is made and may establish a reasonable fee schedule related to its cost for information or other data provided for research, statistical or administrative purposes.

B. Fees collected under this section by the State Registrar shall be transmitted to the Comptroller for deposit. Two dollars of each fee collected by the State Registrar shall be deposited by the Comptroller into the Vital Statistics Automation Fund established pursuant to § 32.1-273.1 for so long as shall be authorized. The remainder shall be deposited into the general fund of the state treasury. When the Vital Statistics Automation System is completed, no further deposits into the fund shall be made and all fees collected under this section shall be deposited into the general fund of the state treasury.

C. Fees collected under this section by county and city registrars shall be deposited in the general fund of the county or city except that counties or cities operating health departments

pursuant to the provisions of § 32.1-31 shall forward all such fees to the Department for deposit in the cooperative local health services fund. —

*D. Local departments of public welfare shall be furnished copies of vital records without payment of a fee when requested by such departments pursuant to § 32.1-272, as needed to administer public assistance programs, as defined in § 63.1-87.*

**APPENDIX F**

**HOUSE JOINT RESOLUTION NO.....**

Memorializing Congress to allow the Commonwealth to develop a simpler, more accurate method for budget calculation for determination of food stamp eligibility and to determine the monthly reporting needs for this program.

WHEREAS, current federal regulations for food stamp programs require a combination of prospective and retrospective budgeting methods to determine eligibility and grant amount; and

WHEREAS, since irregular income is very common, the prospective method of anticipating income frequently results in an incorrect calculation of earnings that requires constant grant adjustments once income is known; and

WHEREAS, this system is complex, prone to error and very difficult for clients to understand in order to provide the information needed for proper calculation; and

WHEREAS, while budget calculation is a complex area of eligibility determination and no method is without problems, the operation could be simplified; and,

WHEREAS, federal regulations require that a food stamp recipient complete a monthly report of any changes in circumstances or be subject to loss of income disregards or program eligibility; and

WHEREAS, providing the forms to all recipients and processing such is an expensive endeavor, but the Department of Social Services has sought and received a waiver which requires that only certain recipients report; and

WHEREAS, this waiver was based on the states' quality control findings which substantiated that for certain recipients every ten cents saved cost ninety cents in administrative dollars; and

WHEREAS, because monthly reporting becomes a condition of eligibility for only specified cases, states are required to adhere to massive federal control and regulation which result in program complexity and an inaccurate reflection of a state's actual performance level; and

WHEREAS, in order to add or delete other groups from monthly reporting the states must seek additional waivers, which cost a great deal in terms of staff hours and money lost during the application process; and

WHEREAS, the requirement addressed here is the structured monthly report, and any change would in no way affect the requirement of reporting changes in circumstances by recipients; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the General Assembly of the Commonwealth of Virginia does hereby memorialize the Congress of the United States to take whatever steps necessary to enable Virginia to develop a simpler, more appropriate budgeting method for determining food stamp eligibility; and, be it

RESOLVED FURTHER, That the General Assembly of the Commonwealth of Virginia does also memorialize the United States Congress to take the necessary steps to remove monthly reporting as a condition of eligibility, thereby allowing states the administrative flexibility to use monthly reporting as a tool for error reduction based on its quality control findings or other data sources and administrative cost information with no intervention from the federal level; and, be it

RESOLVED FURTHER, That the Clerk of the House of Delegates prepare a copy of this resolution for presentation to the United States Department of Agriculture, the Speaker of the United States House of Representatives, the President of the United States Senate and to all members of the Virginia delegation to the United States Congress in order that they may be apprised of the sense of the General Assembly.

**HOUSE JOINT RESOLUTION NO.....**

**Memorializing Congress to allow the Commonwealth to develop a simpler, more accurate method for budget calculation for determination of Aid to Dependent Children eligibility and to permit the states to determine monthly reporting needs for this program.**

**WHEREAS, current federal regulations for Aid to Dependent Children (ADC) require a combination of prospective and retrospective budgeting methods to determine eligibility and grant amount; and**

**WHEREAS, since irregular income is very common, the prospective method of anticipating income frequently results in an incorrect calculation of earnings that requires constant grant adjustments once income is known; and**

**WHEREAS, this system is complex, prone to error and very difficult for clients to understand in order to provide the information needed for proper calculation; and**

**WHEREAS, while budget calculation is a complex area of eligibility determination and no method is without problems, the operation could be simplified and;**

**WHEREAS, federal regulations require that certain Aid to Dependent Children (ADC) recipients complete a monthly report of any changes in circumstances or be subject to loss of income disregards or program eligibility; and**

**WHEREAS, because monthly reporting becomes a condition of eligibility for only specified cases, states are required to adhere to massive federal control and regulation which result in program complexity and an inaccurate reflection of a state's actual performance level; and**

**WHEREAS, in order to add to or delete groups from the monthly reporting process the states must first amend the federally approved state plan which then subjects states to extensive federal oversight to assure compliance of a procedure which states should be allowed to use as a simple management tool; and**

**WHEREAS, the requirement addressed here is the structured monthly report, and any change would in no way affect the requirement of reporting changes in circumstances by recipients; now, therefore, be it**

**RESOLVED by the House of Delegates, the Senate concurring, That the General Assembly of the Commonwealth of Virginia does hereby memorialize the Congress of the United States to take whatever steps necessary to enable Virginia to develop a simpler, more appropriate budgeting method for determining ADC eligibility and grant amounts; and, be it**

**RESOLVED FURTHER, That the General Assembly of the Commonwealth of Virginia does also memorialize the United States Congress to take the necessary steps to remove monthly reporting as a condition of eligibility, thereby allowing states the administrative flexibility to use monthly reporting as a tool for error reduction based on its quality control findings or other data sources and administrative cost information with no intervention from the federal level; and, be it**

**RESOLVED FURTHER, That the Clerk of the House of Delegates prepare a copy of this resolution for presentation to the United States Department of Health and Human Services, the Speaker of the United States House of Representatives, the President of the United States Senate and to all members of the Virginia delegation to the United States Congress in order that they may be apprised of the sense of the General Assembly.**

APPENDIX G

SENATE BILL NO. .... HOUSE BILL NO. ....

A BILL to amend and reenact §§ 16.1-228, 63.1-55, 63.1-55.8, 63.1-56 and 63.1-195 of the Code of Virginia, relating to foster care.

Be it enacted by the General Assembly of Virginia:

1. That §§ 16.1-228, 63.1-55, 63.1-55.8, 63.1-56 and 63.1-195 of the Code of Virginia are amended and reenacted as follows:

§ 16.1-228. Definitions.—When used in this chapter, unless the context otherwise requires:

A. "Abused or neglected child" means any child whose parents or other person responsible for his care:

1. Creates or inflicts, threatens to create or inflict, or allows to be created or inflicted upon such child a physical or mental injury by other than accidental means, or creates a substantial risk of death, disfigurement or impairment of bodily or mental functions;

2. Neglects or refuses to provide care necessary for his health; provided, however, that no child who in good faith is under treatment solely by spiritual means through prayer in accordance with the tenets and practices of a recognized church or religious denomination shall for that reason alone be considered to be an abused or neglected child;

3. Abandons such child; or

4. Commits or allows to be committed any sexual act upon a child in violation of the law.

B. "Adoptive home" means the place of residence of any natural person in which a child resides as a member of the household and in which he or she has been placed for the purposes of adoption or in which he or she has been legally adopted by another member of the household.

C. "Adult" means a person eighteen years of age or older.

D. "Child," "juvenile" or "minor" means a person less than eighteen years of age.

E. "Child welfare agency" means a child-placing agency, child-caring institution or independent foster home as defined in § 63.1-195.

F. "Child in need of services" means:

1. A child who while subject to compulsory school attendance is habitually and without justification absent from school; or

2. A child who is habitually disobedient of the reasonable and lawful commands of his or her parent, guardian, legal custodian or other person standing in loco parentis; or

3. A child who remains away from or habitually deserts or abandons his or her family; or

4. A child who commits an act, which is otherwise lawful, but is designated a crime only if committed by a child.

Provided, however, to find that a child falls within any of classes 1, 2 or 3 above (i) the conduct complained of must present a clear and substantial danger to the child's life or health or (ii) the child or his or her family must be in need of treatment, rehabilitation or services not presently being received and (iii) the intervention of the court must be essential to provide the treatment, rehabilitation or services needed by the child or his or her family.

G. "The court" or the "juvenile court" or the "juvenile and domestic relations court" means the juvenile and domestic relations district court of each county or city.

H. "Delinquent act" means an act designated a crime under the law of this Commonwealth, or an ordinance of any city, county, town or service district, or under federal law, except an act, which is otherwise lawful, but is designated a crime only if committed by a child.



I. "Delinquent child" means a child who ~~has~~ committed a delinquent act or an adult who has committed a delinquent act prior to his or her eighteenth birthday.

J. "Department" means the Department of Corrections and "Director" means the administrative head in charge thereof or such of his assistants and subordinates as are designated by him to discharge the duties imposed upon him under this law.

K. "Foster care" or "temporary foster care" means the provision of *services* or substitute care and supervision, for a child *identified as needing services to prevent or eliminate the need for foster care placement or who has been committed or entrusted to a local board of public welfare or child welfare agency or for whom the board or child welfare agency has accepted supervision, in a temporary living situation until the child can return to his or her family or be placed in a permanent foster care placement or in an adoptive home.*

L. "Intake officer" means a juvenile probation officer appointed as such pursuant to the authority of this chapter.

M. "The judge" means the judge, or the substitute judge of the juvenile and domestic relations district court of each county or city.

N. "This law" or "the law" means the Juvenile and Domestic Relations District Court Law embraced in this chapter.

O. "Legal custody" means a legal status created by court order which vests in a custodian the right to have physical custody of the child, to determine where and with whom he shall live, the right and duty to protect, train and discipline him and to provide him with food, shelter, education and ordinary medical care, all subject to any residual parental rights and responsibilities.

P. "Permanent foster care placement" means the place of residence in which a child resides and in which he or she has been placed pursuant to the provisions of §§ 63.1-56 and 63.1-206.1 with the expectation and agreement between the placing agency and the place of permanent foster care that the child shall remain in the placement until he or she reaches the age of majority unless modified by court order or unless removed pursuant to § 16.1-251 or § 63.1-248.9. A permanent foster care placement may be a place of residence of any natural person or persons deemed appropriate to meet a child's needs on a long-term basis.

Q. "Shelter care" means the temporary care of children in physically unrestricting facilities.

Q1. "Spouse abuse" means any act of violence, including any forceful detention, which results in physical injury or places one in reasonable apprehension of serious bodily injury and which is committed by a person against such person's spouse, notwithstanding that such persons are separated and living apart.

R. "State Board" means the State Board of Corrections.

S. "Residual parental rights and responsibilities" means all rights and responsibilities remaining with the parent after the transfer of legal custody or guardianship of the person, including but not limited to the right of visitation, consent to adoption, the right to determine religious affiliation and the responsibility for support.

§ 63.1-55. Child welfare and other services.—Each local board shall provide, either directly or through the purchase of services subject to the supervision of the Commissioner and in accordance with rules prescribed by the State Board, any or all child welfare services herein described when such services are not available through other agencies serving residents in the locality. For purposes of this section, the term "child welfare services" means public social services which are directed toward:

1. Protecting the welfare of all children including handicapped, homeless, dependent, or neglected children;

2. Preventing or remedying, or assisting in the solution of problems which may result in the neglect, abuse, exploitation or delinquency of children;

3. Preventing the unnecessary separation of children from their families by identifying family problems, assisting families in resolving these problems and preventing the break up of the family where preventing the removal of a child is desirable and possible;

4. Restoring to their families children who have been removed by providing services to the families and children;

5. Placing children in suitable adoptive homes in cases where restoration to the biological family is not possible or appropriate; and

6. Assuring adequate care of children away from their homes in cases where they cannot be returned home or placed for adoption.

The General Assembly and the governing body of each county and city shall appropriate such sum or sums of money as shall be sufficient to provide basic foster care services for children who are identified as being at risk, as determined by policy developed by the Board of Social Services, or who are under the custody and control of the local board of public welfare. The local governing body of each county and city shall appropriate such sums of money as necessary for the purchase of such other essential social services to children and adults under such conditions as may be prescribed by the State Board in accordance with federally reimbursed public assistance and social service programs.

Each local board is also authorized and, as may be provided by rules and regulations of the State Board, shall provide rehabilitation and other services to help individuals attain or retain self-care or self-support and such services as are likely to prevent or reduce dependency and, in the case of dependent children, to maintain and strengthen family life.

§ 63.1-55.8. "Foster care services" defined.—For the purposes of this article "foster care services" means services which are provided for a planned period of time in order to prevent foster care placement and to provide on a twenty-four hours a day basis substitute family or group living and care for a planned period of time which are intended to maximize growth and development and which provide a full range of casework and other treatment and community services for a child entrusted or committed or for whom supervisory responsibility has been delegated pursuant to § 16.1-210 16.1-293 of the Code to a local board of public welfare or social services and for his family.

§ 63.1-56. Accepting children for placing in homes, institutions, etc.; care and control.—A local board shall have the right to accept for placement in suitable family homes, child-caring institutions, residential facilities, group homes or independent living arrangements, subject to the supervision of the Commissioner and in accordance with rules prescribed by the State Board, such persons under eighteen years of age as may be entrusted to it by the parent, parents or guardian, or committed by any court of competent jurisdiction. The State Board of Welfare shall prescribe standards, rules and regulations for the provision of foster care services by local boards which shall be directed toward the prevention of unnecessary foster care placements and toward the immediate care of and permanent planning for children in the custody of local boards and which shall achieve, as quickly as practicable, permanent placements for such children. Such local board shall, in accordance with the rules prescribed by the State Board and in accordance with the parental agreement or other order by which such person is entrusted or committed to its care, have custody and control of the person so entrusted or committed to it until he is lawfully discharged, has been adopted or has attained his majority. Such local board shall have authority to place for adoption, and to consent to the adoption of, any child properly committed or entrusted to its care when the order of commitment or entrustment agreement between the parent or parents and the agency provides for the termination of all parental rights and responsibilities with respect to the child for the purpose of placing and consenting to the adoption of the child. Such local board shall also have the right to accept temporary custody of any person under eighteen years of age taken into custody pursuant to § 16.1-246 B or § 63.1-248.9.

Whenever a local board accepts custody of a child pursuant to a temporary entrustment agreement entered into under the authority of this section, except when the entrustment agreement between the parent or parents and the local department provides for the termination of all parental rights and responsibilities with respect to the child, such local board shall petition the juvenile and domestic relations district court of the city or county for approval of such agreement within a reasonable time, not to exceed thirty days, after its execution; provided, however, that such petition shall not be required when the agreement stipulates in writing that the temporary entrustment shall be for less than ninety days and the child is returned to his or her home within that period.

Prior to placing any such child in any foster family home, child-caring institution, residential facility or group home the local board shall enter into a written agreement with the foster parents or other appropriate custodian setting forth therein the conditions under which the child is so placed. No child shall be placed in any foster care placement outside this Commonwealth

by a local board without first complying with the appropriate provisions of Chapter 10.1 (§ 63.1-219.1 et seq.) of this title or without first obtaining the consent of the Commissioner, given in accordance with regulations prescribed by the State Board. The local board shall also comply with all regulations of the State Board relating to resident children placed out of the Commonwealth. The State Board is authorized to prescribe such regulations for the placement of children out of the Commonwealth by local boards as are reasonably conducive to the welfare of such children and as comply with the Interstate Compact on the Placement of Children (§ 63.1-219.1 et seq.). ~~Provided, however, notwithstanding~~ *Notwithstanding* the provisions of Article II (d) of the compact which exclude from the definition of "placement" those institutions that care for the mentally ill, mentally defective or epileptic or any institution primarily educational in character and any hospital or other medical facility, the State Board shall prescribe procedures and regulations to govern such placements out of the Commonwealth by local boards. The placement of a child in a foster home, whether within or without the Commonwealth, shall not be for the purpose of adoption unless the placement agreement between the foster parents and the local board specifically so stipulates.

A parent who has not reached the age of eighteen shall have legal capacity to execute an entrustment agreement including an agreement which provides for the termination of all parental rights and responsibilities with respect to the child and shall be as fully bound thereby as if the parent had attained the age of eighteen years.

§ 63.1-195. Definitions.—As used in this chapter:

"Person" means any natural person, or any association, partnership or corporation;

"Child" means any natural person under eighteen years of age;

"Foster care" means the provision of *services or* substitute care and supervision ; for a child *(i) who has been identified as needing services to prevent or eliminate the need for foster care placement, (ii) who has been committed or entrusted to a local board of public welfare or child welfare agency , or (iii) for whom the board or child welfare agency has accepted supervision, in a temporary living situation until the child can return to his or her family or be placed in a permanent foster care placement or in an adoptive home;*

"Foster home" means the place of residence of any natural person in which any child, other than a child by birth or adoption of such person, resides as a member of the household;

"Child-placing agency" means any person licensed to place children in foster homes or adoptive homes or a local board of public welfare or social services authorized to place children in foster homes or adoptive homes pursuant to §§ 63.1-56 and 63.1-204;

"Child-caring institution" means any institution, other than an institution operated by the Commonwealth, a county or city, and maintained for the purpose of receiving children for full-time care, maintenance, protection and guidance separated from their parents or guardians, except:

(1) [Repealed.]

(2) A bona fide educational institution whose pupils, in the ordinary course of events, return annually to the homes of their parents or guardians for not less than two months of summer vacation;

(3) An establishment required to be licensed as a summer camp by § 35.1-1 et seq.; and

(4) A bona fide hospital legally maintained as such;

"Group home" means a child-caring institution operated by any person at any place other than in an individual's family home or residence, which does not care for more than twelve children;

"Independent foster home" means a private family home in which any child, other than a child by birth or adoption of such person, resides as a member of the household and has been placed therein independently of a child-placing agency except (1) a home in which are received only children related by birth or adoption of the person who maintains such home and legitimate children of personal friends of such person and (2) a home in which is received a child or children committed under the provisions of § 16.1-279, subsections A 3, C 5, or E 9;

"Permanent foster care placement" means the place of residence in which a child resides

and in which he or she has been placed pursuant to the provisions of §§ 63.1-56 and 63.1-206.1 with the expectation and agreement between the placing agency and the place of permanent foster care that the child shall remain in the placement until he or she reaches the age of majority unless modified by court order or unless removed pursuant to § 16.1-251 or § 63.1-248.9. A permanent foster care placement may be a place of residence of any natural person or persons deemed appropriate to meet a child's needs on a long-term basis;

"Child-care center" means any facility operated for the purpose of providing care, protection and guidance to a group of children separated from their parents or guardian during a part of the day only except (1) a facility required to be licensed as a summer camp under § 35.1-1 et seq.; (2) a public school or a private school unless the Commissioner determines that such private school is operating a child-care center outside the scope of regular classes; (3) a school operated primarily for the educational instruction of children from two to five years of age at which children two through four years of age do not attend in excess of four hours per day and children five years of age do not attend in excess of six and one-half hours per day; (4) a facility which provides child care on an hourly basis which is contracted for by a parent occasionally only; [Repealed.] (5) a facility operated by a hospital on the hospital's premises, which provides care to the children of the hospital's employees, while such employees are engaged in performing work for the hospital; and (6) a Sunday school conducted by a religious institution or a facility operated by a religious organization where children are cared for during short periods of time while persons responsible for such children are attending religious services;

"Family day-care system" means any person who approves family day-care homes as members of its system; who refers children to available day-care homes in that system; and who, through contractual arrangement, may provide central administrative functions including, but not limited to, training of operators of family day-care homes; technical assistance and consultation to operators of family day-care homes; inspection, supervision, monitoring, and evaluation of family day-care homes; and referral of children to available health and social services;

"Child-welfare agency" means a child-placing agency, child-caring institution, independent foster home, child-care center, family day-care system or family day-care home;

"Family day-care home" means any private family home in which more than five children are received for care, protection and guidance during only a part of the 24-hour day, except (1) children who are related by blood or marriage to the person who maintains the home or (2) homes which accept children exclusively from local departments of welfare or social services or (3) homes which have been approved by a licensed day-care system;

"Foster care placement" means placement of a child in the custody of a child-placing agency in family homes, child-caring institutions, residential facilities or group homes;

"Adoptive home" means any family home selected and approved by a parent, local board of public welfare or social services or a licensed child-placing agency for the placement of a child with the intent of adoption;

"Adoptive placement" means arranging for the care of a child who is in the custody of a child-placing agency in an approved home for the purpose of adoption;

"Direct placement" means locating or effecting the placement of a child or the placing of a child in a family home by the child's parent or legal guardian for the purpose of foster care or adoption when there has been no unauthorized placement activity;

"Unauthorized placement activity" means any assistance provided to a parent, legal guardian or prospective adoptive family in locating or effecting the placement of a child or placing a child, or performing any combination of these activities, in an adoptive home or foster home by any person other than a local board of public welfare or social services or duly authorized child-placing agency, or the advertisement or solicitation to perform any of the above activities by other than a local board of public welfare or social services or duly authorized child-placing agency. Unauthorized placement activity shall not include the counseling of any person with respect to the options available and the procedures that must be followed to place a child for adoption or to adopt a child;

"Interstate placement" includes the arrangement for the care of a child in an adoptive home, foster care placement or in the home of the child's parent or with a relative or nonagency guardian, into or out of the Commonwealth of Virginia, by a child-placing agency or court when the full legal right of the child's parent or nonagency guardian to plan for the child has been voluntarily terminated or limited or severed by the action of any court;

**“Intercountry placement” means the arrangement for the care of a child in an adoptive home or foster care placement into or out of the Commonwealth by a licensed child-placing agency, court, or other entity authorized to make such placements in accordance with the laws of the foreign country under which it operates.**

APPENDIX H

INDEPENDENT ADOPTIONS

Average Service Worker Time

Agency	Investi- gation Hours	Initial Report Hours	Totals Without I.O.	Visita- tion Hours	Final Report Hours	Totals With I.O.
Fairfax	8.75	6	14.75	6.50	2	23.25
Henrico	8	2	10	10	2	22
Richmond City	5	4	9	6	1	16
Petersburg	12	2	14	5	2	21
Lynchburg	6.50	6	12.50	6.25	5.75	24.50
Washington Co.	8	2	10	7	1.50	18.50
Charlottesville	4	4.50	8.50	4	2	14.50
Roanoke City	10.75	4.50	15.25	6.50	1.50	23.25
Portsmouth	5	2	7	3	20	12
Roanoke Co.	5	1.50	6.50	12	.50	19
Totals:	73	34.50	107.50	66.25	0	194
Averages	7	3	10	7	2	19

## Adoption Searches

### Average Service Worker Time

Agency	Inquiries	Report	Counseling	Total Hours
C.E.S.	7	2.50	2.50	12
Charlottesville	19	3	3	25
Richmond City	8	2	2	12
Henrico	20	2.50	3.50	26
Roanoke Co.	5	1	20	26
<b>Totals:</b>	<b>59</b>	<b>11</b>	<b>38</b>	<b>101</b>
<b>Averages:</b>	<b>12</b>	<b>2</b>	<b>6</b>	<b>20</b>

Custody Investigations  
Average Service Worker Time

Agency	Interviews		Report Preparation		Court Appearances	
Amelia Co.	AVERAGE HOURS:	5	4.50		6	
	Minimum Hours:	3		3		1
	Maximum Hours:	8		6		5
Chesapeake	AVERAGE HOURS:	20	8		8	
	Minimum Hours:	15		5		4
	Maximum Hours:	35		15		10
Farquier Co.	AVERAGE HOURS:	5.50	3		2	
	Minimum Hours:	2.50		1		1
	Maximum Hours:	7.25		5		4
Hanover Co.	AVERAGE HOURS:	5	4			too infre
	Minimum Hours:	3		3		quent to
	Maximum Hours:	7.50		6		calculate
Henrico Co.	AVERAGE HOURS:	8	5		2	
	Minimum Hours:	5		3		0
	Maximum Hours:	30		10		10
Lynchburg	AVERAGE HOURS:	3.50	7		2	
	Minimum Hours:	3		5		0
	Maximum Hours:	6		11		3
Portsmouth	AVERAGE HOURS:	1	2.50		2	
	Minimum Hours:	1		2		2.50
	Maximum Hours:	1.50		3		3
Roanoke	AVERAGE HOURS:	30	16		4	
	Minimum Hours:	20		12		0
	Maximum Hours:	48		22		14



Agency	Interviews		Report Preparation		Court Appearances		
Stafford Co.	AVERAGE HOURS:	12		7		6	
	Minimum Hours:	10		5		0	
	Maximum Hours:	15		8		12	
Washington Co.	AVERAGE HOURS:	10		4		4	
	Minimum Hours:	7		2		1	
	Maximum Hours:	15		6		8	
Wise Co.	AVERAGE HOURS:	12		4		4	
	Minimum Hours:	8		3		0	
	Maximum Hours:	20		6		8	
Totals: (Mean times in hours)	AVERAGE:	112	(10)	65	(6)	40	(4)
	Minimum:	77.5	(7)	44	(4)	9.5	(1)
	Maximum:	193.5	(17.5)	98	(9)	77	(8)
Averages:		10		6		4	

INCOME AND FEE SCHEDULE

Based on 1985 Virginia Median Annual Gross Income Levels

# In Family	50% of Median Income	60% of Median Income	70% of Median Income	80% of Median Income	90% of Median Income	100% of Median Income
1	0- 7,261	7,262- 8,714	8,715-10,166	10,167-11,618	11,619-13,070	13,071 and over
2	0- 9,495	9,496-11,395	11,396-12,294	13,295-15,193	15,194-17,092	17,093 "
3	0-11,730	11,731-14,076	14,077-16,422	16,423-18,767	18,768-21,113	21,114 "
4	0-13,964	13,965-16,757	16,758-19,550	19,551-22,342	22,343-25,135	25,136 "
5	0-16,198	16,199-19,438	19,439-22,677	22,678-25,917	25,918-29,157	29,158 "
6	0-18,432	18,433-22,119	22,120-25,805	25,806-29,491	29,492-33,178	33,179 "
7	0-18,851	18,852-22,622	22,623-26,392	26,393-30,162	30,163-33,932	33,933 "
8	0-19,270	19,271-23,124	23,125-26,978	26,979-30,832	30,833-34,686	34,687 "
Percentage of Charge:	No charge	10%	25%	50%	75%	100%
<b>Fees for Services:</b>						
Independent Adoption without Interlocutory Order	--	\$17.00	\$42.50	\$86.00	\$127.50	\$170.00
Independent Adoption with Interlocutory Order	--	32.50	81.25	162.50	243.75	325.00
Adoption Search	--	34.00	85.00	170.00	255.00	340.00
Custody Investigations	--	34.00	85.00	170.00	255.00	340.00

APPENDIX F

## APPENDIX J

### SENATE BILL NO. .... HOUSE BILL NO. ....

A BILL to amend and reenact §§ 14.1-114 and 16.1-274 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 63.1-236.1, relating to fees for services provided by departments of social services.

Be it enacted by the General Assembly of Virginia:

1. That §§ 14.1-114 and 16.1-274 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 63.1-236.1 as follows:

§ 14.1-114. Same; in adoption proceedings.—Notwithstanding any other provision of law to the contrary, only one a fee; which shall be in the amount of twenty dollars and the fee assessed pursuant to § 63.1-236.1; shall be required by the clerk to be paid by the petitioner or petitioners for all services rendered in an adoption proceeding.

§ 16.1-274. Time for filing of reports; copies furnished to attorneys; amended reports; fees.—  
A. Whenever any court directs an investigation pursuant to § 16.1-237 A or § 16.1-273, the probation officer or other agency conducting such investigation shall file such report with the clerk of the court directing the investigation. The clerk shall furnish a copy of such report to all attorneys representing parties in the matter before the court no later than seventy-two hours, and in cases of child custody, five days, prior to the time set by the court for hearing the matter. If such probation officer or other agency discovers additional information or a change in circumstance after the filing of the report, an amended report shall be filed forthwith and a copy sent to each person who received a copy of the original report. Whenever such a report is not filed or an amended report is filed, the court shall grant such continuance of the proceedings as justice requires. All attorneys receiving such report or amended report shall return such to the clerk upon the conclusion of the hearing and shall not make copies of such report or amended report or any portion thereof.

*B. Notwithstanding the provisions of §§ 14.1-112, 14.1-113 and 14.1-125, when the court directs the appropriate department of social services to conduct an investigation pursuant to § 16.1-273 in adjudicating matters involving a child's custody, visitation or support, the court shall assess a fee against the petitioner in accordance with regulations and fee schedules established by the State Board of Social Services. The State Board of Social Services shall establish regulations and fee schedules, which shall include (i) standards for determining the petitioner's or applicant's ability to pay and (ii) a scale of fees based on the petitioner's or applicant's income and family size and the actual statewide average cost of the services provided. The fee charged shall not exceed the actual cost of the service. The fee shall be collected by the court prior to the entry of any final order and shall be paid to the department of social services which performed the service.*

§ 63.1-236.1. Fees for adoption services.—Notwithstanding the provisions of § 14.1-114, the circuit court with jurisdiction over any adoption matter shall assess a fee against the petitioner, in accordance with regulations and fee schedules established by the State Board, for investigations, visits and reports provided by the appropriate department of social services pursuant to §§ 63.1-223, 63.1-228 or 63.1-236. The State Board shall establish regulations and fee schedules, which shall include (i) standards for determining the petitioner's or applicant's ability to pay and (ii) a scale of fees based on the petitioner's or applicant's income and family size and the actual statewide average cost of the services provided. The fee charged shall not exceed the actual cost of the service. The fee shall be collected by the court prior to the entry of any final order and shall be paid to the department of social services which performed the service.

