

**REPORT OF THE
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION**

**INTERIM REPORT:
REVIEW OF THE
FUNCTIONAL AREA OF HEALTH
AND HUMAN RESOURCES**

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



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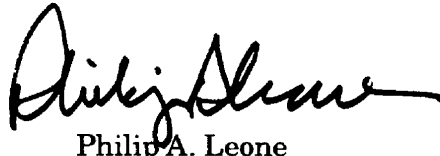
Philip A. Leone

Preface

House Joint Resolution 137 from the 1998 Session directs JLARC to study the functional area of Health and Human Resources. The resolution requires that an interim report be provided for the 1999 Session of the General Assembly.

This interim report is part of a series of JLARC reports pertaining to this functional area. The interim report for HJR 137 provides an overview of the secretariat, and describes trends in secretariat staffing and funding. Also, a brief discussion of potential issues for the full JLARC review of the functional area is contained at the end of the interim report. Other JLARC reports developed during 1998 in the health and human resources functional area include: a review of the Virginia Department for the Aging (VDA), a review of the non-disciplinary functions of the State's boards that regulate health professions, and a status report on the progress of welfare reform in Virginia.

While work to identify potential research issues in the functional area was initiated by JLARC staff in 1998, the majority of the research specifically for HJR 137 remains to be completed. Two project teams have been formed to review: (1) the organization, management, and performance of the Department of Health, and (2) cross-cutting or client-based issues within the Health and Human Resources Secretariat, including study resolutions directed to JLARC by the 1999 General Assembly.



Philip A. Leone
Director

January 22, 1999

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Interim Report: Review of the Functional Area of Health and Human Resources

House Joint Resolution 137, passed during the 1998 Session of the Virginia General Assembly, directs JLARC to “study the functional area of Health and Human Resources.” An interim report is required by the mandate prior to the 1999 Session, and a final report is required for the 2000 Session.

This 1998 report is an interim report that contains three main components. First, it provides an overview of the Health and Human Resources Secretariat and the agencies that are housed in that secretariat. Second, it describes some of the major trends in the funding and staffing levels of the secretariat. Finally, there is a brief discussion of potential issues for the full JLARC review.

OVERVIEW OF THE HEALTH AND HUMAN RESOURCES SECRETARIAT

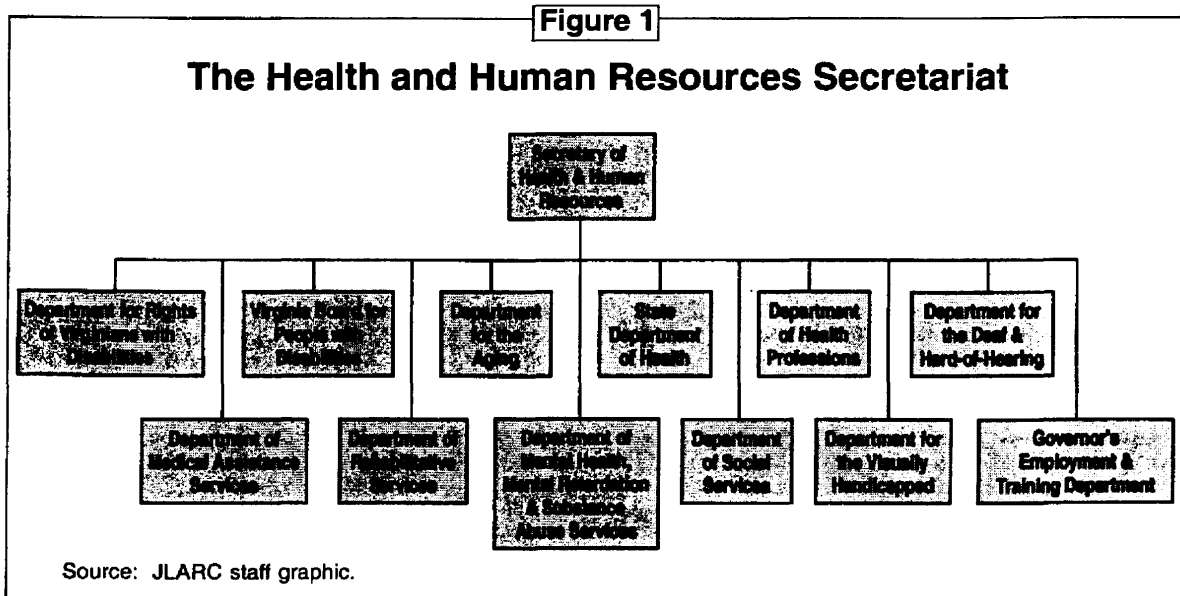
The Commonwealth’s 1995 Executive Budget contained a statement that illustrates the wide range of functions that are addressed by the activities of the agencies of the secretariat:

The agencies in the health and human resources secretariat provide services that promote self-sufficiency and independence for low-income families, the elderly, and for Virginians who are mentally or physically impaired. These agencies pay medical bills for low-income people, fund day care services for children, offer employment training for youths and unskilled adults, and provide medical care for low-income pregnant women and their children. They also treat, train, and care for Virginians who are mentally ill, mentally retarded, or who abuse drugs and alcohol. In addition, health and human resources agencies provide money to low-income families for clothing, shelter, and food. These agencies also ensure quality care and safety for citizens by inspecting hospitals and nursing homes and overseeing the practice of certain professions, including doctors, nurses, and counselors.

To achieve these purposes, in the 1998-2000 biennium, the secretariat is funded at \$4.82 billion in FY 1999 and at \$5.02 billion in FY 2000. This funding constitutes almost one-quarter (24.3 percent) of the Appropriation Act spending. The Maximum Employment Level (MEL) of the secretariat – that is, the maximum hiring level for full-time salaried positions allowed by the Appropriation Act – is 17,113.5 positions in FY 1999 and 17,114.5 in FY 2000.

There are 12 agencies or departments in the secretariat that receive positions and funding through the Act (in addition to a small number of positions and a small

amount of funding that is provided to the office of the cabinet secretary for the function). Figure 1 shows these departments.



Based on staffing, the largest agency in the secretariat is the Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS); but based on the size of appropriated funds administered, the largest agency is the Department of Medical Assistance Services (DMAS) (see Figure 2). These two agencies account for more than half of secretarial MEL and appropriated funds, respectively.

Most of the staff for DMHMRSAS are staff in the field who provide treatment and care to individuals at State mental health hospitals, other mental health facilities, and at training centers for the mentally retarded. In terms of staffing size, other large agencies in the secretariat after Mental Health include the Virginia Department of Health (VDH), the Department of Social Services (DSS), and the Department of Rehabilitative Services (DRS). The remaining agencies in the secretariat only account for about four percent of MEL.

In terms of appropriations, DMAS accounts for such a large portion of appropriations because it administers the Medicaid program. After DMAS, DSS and DMHMRSAS account for about one-third of secretarial appropriations, and the remaining agencies account for about 13 percent.

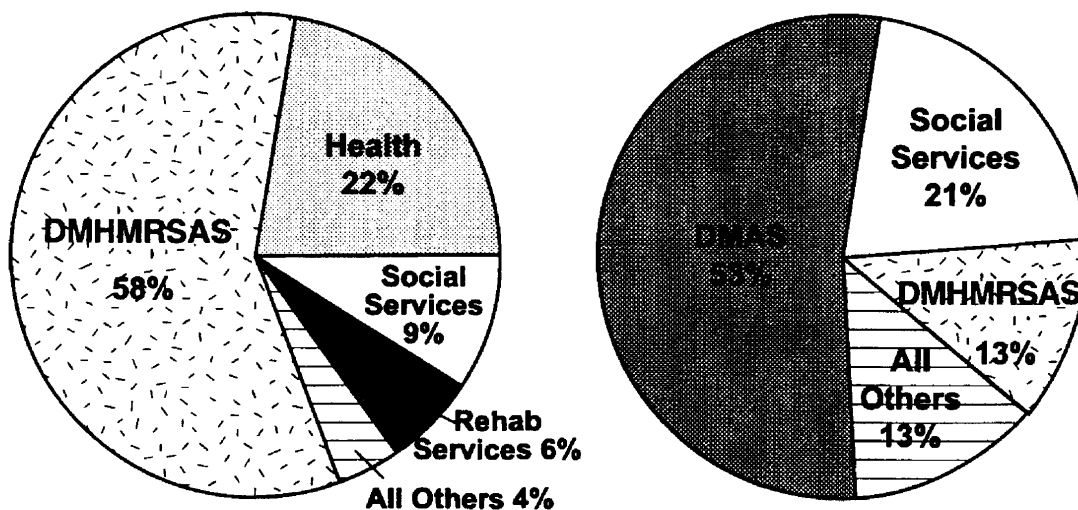
Table 1 shows the appropriation and MEL levels for the five largest agencies in the secretariat, as well as for the "other" agencies and the secretariat total. The table shows the amounts provided from general funds, from federal trust funds, and from other funds. Across the secretariat, general funds account for about 41 percent of

Figure 2

**Health and Human Resources:
Primary Location of Staffing and Appropriations**

STAFFING
FY 1999 Total Maximum Employment Level = 17,113.5

APPROPRIATIONS
FY 1999 Total Appropriations = \$4,824,592,909



Source: 1998 Appropriations Act. Operating budget only; data does not include central appropriations for compensation supplements, or capital outlay funding.

total appropriations; federal trust funds account for about 41 percent; and other funds account for about 15 percent.

Department of Mental Health, Mental Retardation, and Substance Abuse Services

The Department of Mental Health, Mental Retardation, and Substance Abuse Services (DMHMRSAS) is established in the *Code of Virginia* by § 37.1-39. The *Code* does not provide a statement of the department’s mission. The current mission as stated by the agency is to “improve the quality of life for people with mental disabilities and substance abuse problems and prevent the development of mental disabilities and substance abuse problems by providing the very best services possible, at the most reasonable cost to the taxpayer.”

Agency Operations and Primary Responsibilities. The department operates 15 facilities, including: nine mental health facilities; five mental retardation training centers (these are residential centers that handle the medical, program, and other needs of the residents); and the Hiram W. Davis Medical Center, which focuses on providing medical treatment to patients and residents of the State facilities. A num-

Table 1

**Funding and Staffing Levels in the
Health and Human Resources Secretariat,
FY 1999**

| Agency | Total Appropriation | General Funds | Federal Trust | Other Funds | MEL |
|-----------------|------------------------|------------------------|------------------------|----------------------|-----------------|
| DMAS | \$2,534,558,362 | \$1,217,448,871 | \$1,301,297,212 | \$15,812,279 | 324.0 |
| Social Services | \$1,029,041,795 | \$241,991,437 | \$472,841,039 | \$314,209,319 | 1,566.5 |
| Mental Health | \$629,106,709 | \$337,118,439 | \$59,732,985 | \$232,255,285 | 9,981.0 |
| Health | \$387,080,430 | \$124,283,913 | \$146,964,025 | \$115,832,492 | 3,754.0 |
| Rehab. Services | \$122,752,411 | \$26,341,159 | \$76,041,313 | \$20,369,939 | 1,072.0 |
| Other Agencies* | \$122,053,202 | \$21,719,957 | \$81,801,419 | \$18,531,826 | 416.0 |
| Totals | \$4,824,592,909 | \$1,968,903,776 | \$2,138,677,993 | \$717,011,140 | 17,113.5 |

*See Table 7 on page 14 for an individual listing of the names, staffing, and funding of the smaller agencies that are included in this table as "other agencies."

Source: 1998 Appropriation Act.

ber of the facilities falling under the department's jurisdiction have recently been the subject of criticism and are under federal scrutiny, and the Governor has established a commission to examine a number of the State's problems in the mental health arena.

It should be noted that the average daily census in the mental health facilities and the mental retardation centers has been declining. According to the department, between FY 1991 and FY 1997 the census fell by 23 percent at the mental health facilities and by 19 percent at the mental retardation centers. The department has an objective of continuing to reduce bed capacity, as part of a desire to increase community placements and to increase the staffing ratio for remaining patients to meet Department of Justice standards. The department's Comprehensive State Plan for 1998-2004 (from December 1997) states that "if the department successfully achieves its proposed state facility bed reductions, the projected 1998-2000 bed capacities" for the nine mental health facilities plus Hiram Davis would go from 2,443 in July 1998 to 2,176 by FY 2000.

Also included among the department's functions is the provision of guidance and direction, program monitoring, consultation, and State and federal funds to Community Services Boards (CSBs). CSBs are local government organizations that provide services for mental illness, mental retardation, and substance abuse. There are 40 CSBs throughout the State that serve either an individual locality or a group of

contiguous localities such that every county and city in the State is served. Each CSB receives funding from local, federal, and State sources, and State and federal funds are appropriated through DMHMRSAS.

Agency Funding and Staffing. Of the agency's FY 1999 appropriation of \$629.1 million, about two-thirds (\$416.6 million) is for the 15 facilities operated by the department. Grants to localities, a category that includes substantial State and federal funding for CSBs, accounts for over one-quarter of the appropriation (\$175.5 million, or 28 percent). Other expenses account for about six percent of the appropriation (about \$37 million, including \$13.9 million for "administrative and support services").

The first row of Table 2 shows the percentage of the agency's total appropriation (\$629.1 million) that comes from State general funds, federal trust funds, and other sources. As can be seen from the table, general funds account for over half of the funding, and "other funds" account for over one-third. "Other funds" includes fees that are paid by or on behalf of patients in the department's facilities.

Table 2

**FY 1999 DMHMRSAS Funding:
Percent Reliance of Agency Budget on Each Funding Source,
and Agency's Proportion of Secretariat Funding by Funding Source ***

| | General Funds | Federal Trust | Other Funds | All Funds |
|---|----------------------|----------------------|--------------------|------------------|
| Agency Funding, Percent Reliance on Each Funding Source | 53.6% | 9.5% | 36.9% | 100.0% |
| Agency's Percent of Secretariat's Funding, by Source of Funds | 17.1% | 2.8% | 32.4% | 13.0% |

*Operating budget only; does not include central appropriations for compensation supplements, or capital outlay funding. For this table, the "agency" budget refers to the total appropriation administered by the agency, including funding for State facilities, CSBs, and the central office.

Source: JLARC staff analysis based on 1998 Appropriation Act funding amounts for FY 1999.

Federal funding, however, accounts for a relatively small proportion of the total appropriation. This is because federal funding for the 15 facilities operated by the department is minimal (\$536,950). Almost all of the funding constituting the 9.5 percent federal portion of the mental health appropriation is for grants to localities. About \$50 million in federal funds is available for this purpose.

The second row of the table indicates the magnitude of DMHMRSAS's total appropriation compared to the entire secretariat's appropriation, with an identification by source of funding. For example, the table shows that about one-sixth (17.1 percent) of all general funds of the secretariat go to DMHMRSAS's budget. A small

amount of the secretariat's federal funding is in this budget, but almost one-third of special funds are a part of this budget. In aggregate, DMHMRSAS's funding accounts for 13 percent of secretarial operating appropriations in FY 1999.

Of the department's maximum employment level for FY 1999 of 9,981, most of the positions, or 9,703, are allocated to the 15 facilities operated by the department. In addition, 278 positions (about 2.8 percent) are identified as central office positions.

Virginia Department of Health

The Virginia Department of Health (VDH) is established in §32.1-16 of the *Code of Virginia*. Unlike several other major agencies in the secretariat, the *Code* sets forth a "finding and purpose" for public health that provides some broad guidance on the department's priorities. Specifically, §32.1-2 states that:

The General Assembly finds that the protection, improvement and preservation of the public health and of the environment are essential to the general welfare of the citizens of the Commonwealth. For this reason, the State Board of Health and the State Health Commissioner, assisted by the State Department of Health, shall administer and provide a comprehensive program of preventive, curative, restorative and environmental health services, educate the citizenry in health and environmental matters, develop and implement health resource plans, collect and preserve vital records and health statistics, assist in research, and abate hazards and nuisances to the health and the environment, both emergency and otherwise, thereby improving the quality of life in the Commonwealth.

This comprehensive program of preventive, curative, restorative, and environmental health services shall include prevention and education activities focused on women's health, including, but not limited to, osteoporosis, breast cancer, and other conditions unique to or more prevalent among women.

The agency's current statement of its mission is to "achieve and maintain optimum personal and community health by emphasizing health promotion, disease prevention, and environmental protection."

Agency Operations and Primary Responsibilities. A substantial portion of the work accomplished by the department is performed by 120 local health departments. Although these health departments are at the local level, with only a few exceptions, the departments are State-administered, and most of the staff are State employees and are part of VDH's maximum employment level. These local departments offer clinics on a variety of health issues, such as maternal health care and sexually transmitted diseases. The local departments also perform sanitary inspections of food establishment operations, and inspect on-site sewage disposal systems. The depart-

ments also work on prevention activities (for example, teen pregnancy issues, chronic diseases, and communicable disease issues), and respond to outbreaks of health problems, such as food poisoning.

In addition, the Department of Health addresses numerous other health-related functions and issues. Included among these other functions are the registration of births, deaths, adoptions, marriages, divorces, and other records. The department also regulates the purchase of expensive medical equipment and the building of medical facilities, and inspects many medical establishments.

Agency Funding and Staffing. Of the agency's FY 1999 appropriation of \$387.1 million, almost three-quarters (\$283.2 million) is budgeted in three functional areas: family health, environmental health hazards, and communicable diseases. Family health, budgeted at \$163.0 million, includes activities such as women and infants health, child and adolescent health, family stability (including teenage pregnancy), public health nutrition (the WIC program), and other programs. Environmental health hazards, budgeted at \$70.5 million, includes activities such as water supply and sewage disposal protection, food service protection (for example, restaurant inspections), shellfish sanitation, and other public health programs that involve protections from environmental hazards. Communicable disease control, budgeted at \$49.7 million, includes activities such as disease control, vaccine programs for disease control, sexually transmitted disease control, HIV/AIDS control, tuberculosis control, and rabies control.

The Department of Health has nine other functional activities plus leadership and operational support activities that account for the remaining portion of its budget. The other functional activities, budgeted at \$83.4 million, include: public health data, quality oversight and consumer protection, emergency medical services, medical examiner services, oral health, primary health care, laboratory services, pharmacy services, and long-term care. In addition, health leadership and operational support is budgeted at \$20.5 million for FY 1999.

The agency's funding is somewhat evenly divided between general, federal trust, and other funds, although federal trust funds are the largest source at 38 percent (see Table 3). The second row of the table indicates the magnitude of the agency's appropriation relative to the secretariat. Overall, the agency accounts for about eight percent of the secretariat's appropriation.

Of the department's maximum employment level of 3,754 for FY 1999, the majority of positions are considered non-general fund positions (about 54 percent, or 2,044 positions). About 46 percent (or 1,710 positions) are considered general fund positions.

Most of the department's staff are located in the local health departments. Almost three-quarters of agency staff positions are allocated to the three major functional areas: family health (1,466.35 positions, or 39 percent of the agency MEL), environmental health hazards (800.70 positions, or 21 percent of the agency MEL),

Table 3

**FY 1999 Health Department Funding:
Percent Reliance of Agency Budget on Each Funding Source,
and Agency's Proportion of Secretariat Funding by Funding Source ***

| | General Funds | Federal Trust | Other Funds | All Funds |
|---|---------------|---------------|-------------|-----------|
| Agency Funding, Percent Reliance on Each Funding Source | 32.1% | 38.0% | 30.0% | 100.0% |
| Agency's Percent of Secretariat's Funding, by Source of Funds | 6.3% | 6.9% | 16.2% | 8.0% |

*Operating budget only; does not include central appropriations for compensation supplements, or capital outlay funding.

Source: JLARC staff analysis based on 1998 Appropriation Act funding amounts for FY 1999.

and communicable disease prevention (448.00 positions, or 12 percent of the agency MEL). According to department data on MEL allocations, leadership and operational support activities account for 220.35 positions, or 5.9 percent of the agency MEL.

Department of Social Services

The Department of Social Services (DSS) is established in § 63.1-1 of the *Code of Virginia*. The *Code* does not contain a statement of agency mission. The current mission as stated by the agency is to "promote self-reliance, personal responsibility, and protection of Virginians through community-based services."

Agency Operations and Primary Responsibilities. DSS supervises a social services system that provides a number of public assistance benefits to lower-income Virginians, including welfare payments and food stamps. In that capacity, DSS recently served as the lead State agency in Virginia's welfare reform effort.

Virginia has a State-supervised but locally-administered social services system. To accomplish its supervisory role, DSS has a central office and five regional offices. DSS develops program policies, procedures, and administrative support systems. Most client contact, then, is handled by caseworkers in local social services agencies. The State, through DSS's budget, provides some funding in support of the case work that is done at the local level.

In addition to its role in overseeing the social services system that provides public assistance benefits, the department also is involved with child support enforcement, the regulation of child day care and adult care residences, child protective services, and other family services such as adult services, adoption, and foster care. Child support enforcement involves the collection of payments from non-custodial parents.

As part of this process, the non-custodial parents must be located, paternity must be established, an order to pay must be established, payments need to be collected, and the orders need to be enforced.

For child day care, DSS has licensing specialists who are required by statute to make at least two visits per year to the more than 4,500 licensed facilities in the State. The adult care residences (ACRs) that DSS licenses provide maintenance and care for four or more adults who may have limited functional capabilities, including the aged, infirm, or disabled. In addition to licensing these facilities, DSS monitors the facilities for compliance with standards, and funds the auxiliary grants program, which provides additional income for certain residents of ACRs to enable them to afford the cost of care. DSS also has responsibility for the administration of child protective services, which can involve the removal of children from their homes to protect them from abusive situations.

Agency Funding and Staffing. As indicated in Table 4, almost half of DSS's budget comes from federal trust funds. A substantial portion of the funding is from other funds, almost all of which are collections made through child support enforcement activities. General funds account for less than one-quarter of the budget amount. Consequently, while DSS's budget is more than one-fifth of the total secretariat budget (21.3 percent), it constitutes less than one-eighth of the secretariat's general fund amount (12.3 percent).

Across DSS's ten budgeted program areas, federal funding exceeds general funding in all but two programs. These programs are protective services, which includes foster care, and continuing income assistance services for residents of ACRs. In protective services, general funds provide almost \$30 million in FY 1999, compared to about \$21 million in federal funding. The continuing income assistance services funds

Table 4

**FY 1999 DSS Funding:
Percent Reliance of Agency Budget on Each Funding Source,
and Agency's Proportion of Secretariat Funding by Funding Source ***

| | General Funds | Federal Trust | Other Funds | All Funds |
|---|----------------------|----------------------|--------------------|------------------|
| Agency Funding, Percent Reliance on Each Funding Source | 23.5% | 45.9% | 30.5% | 100.0% |
| Agency's Percent of Secretariat's Funding, by Source of Funds | 12.3% | 22.1% | 43.8% | 21.3% |

*Operating budget only; does not include central appropriations for compensation supplements, or capital outlay funding.

Source: JLARC staff analysis based on 1998 Appropriation Act funding amounts for FY 1999.

provide additional income for residents of ACRs who are Supplemental Security Income (SSI) recipients or adults who would be eligible for SSI except for excess income, and DSS's budget for this purpose of about \$17 million is solely from general funds.

The single largest of DSS's ten budget program areas is child support enforcement. The total amount of this program in FY 1999 is about \$360 million, or about 35 percent of the budget. About \$70 million of this amount is for support enforcement and collection services. About \$279 million is represented by non-public assistance child support payments that are made to custodial parents through the program, and about \$11 million is represented by public assistance child support collections. Other budget program areas above \$100 million include: financial assistance for individuals and family services, which includes certain day care funding and Head Start, budgeted at \$178 million; temporary income assistance services, which is primarily Temporary Assistance for Needy Families (TANF) or welfare payments, budgeted at \$151 million; and financial assistance to local welfare and social service boards for the administration of various benefit programs, budgeted at \$125 million.

Of the department's FY 1999 maximum employment level of 1,566.5 positions, 1,300.59 positions (83 percent) are non-general fund positions. The number of general fund positions in the FY 1999 MEL is 265.91 (17 percent of the total). Most DSS staff are employed in various locations across the State to conduct child support enforcement activities.

DMAS and the Medicaid Program

The Department of Medical Assistance Services (DMAS) is established in § 32.1-323 of the *Code of Virginia*. The department's current statement of its mission is "to provide information, expertise, and policy recommendations that enable policy makers to plan for the provision of indigent health care services; and to administer the financing of health care services to ensure access to those resources for eligible persons within applicable laws and available resources."

Agency Operations and Primary Responsibility. DMAS' primary responsibility is to administer the State's Medicaid program. Medicaid pays for health and medical care for certain groups of low-income people (such as elderly, disabled, or medically needy individuals). DMAS develops regulations to implement federal and State laws governing Medicaid, and makes the Medicaid payments. DMAS relies upon local departments of social services to take Medicaid applications and make eligibility and re-eligibility determinations. In FY 1997, there were 598,807 Medicaid recipients in the State. Most of these recipients, or 306,855, were children under 21. However, the majority of costs are to provide services to the aged (65 and older) and the blind and disabled.

JLARC did a series of reports on the Medicaid program that were issued between February 1992 and February 1993. Primary findings of the reports indicated that at that time: Virginia's program was "not extravagant in the services provided";

eligibility for the program was strict; and the best prospects for long-term cost savings would likely come from reform that controlled health costs for all payors, as opposed to restrictions on the Medicaid program.

In addition to administering Medicaid, DMAS administers a number of other programs. These programs include: the Indigent Health Care Trust Fund; the State and Local Hospital Program; the Involuntary Commitment Program; Regular Assisted Living Payments for residents of ACRs; a Health Premium Assistance Program for HIV-Positive Individuals; and the Virginia Children's Medical Security Insurance Plan Trust Fund.

Agency Funding and Staffing. The vast majority of DMAS' appropriation is for Medicaid (about \$2.43 billion in FY 1999). In addition, over \$63 million was appropriated for administrative and support services, and over \$44 million was budgeted for the other programs administered by DMAS. As indicated in Table 5, general funds account for just under half of DMAS' funding, and federal trust funds account for just over half of the funding.

DMAS' budget accounts for 52.5 percent of the entire secretarial budget. However, due to the minimal contribution of special funds in this area, the DMAS budget actually accounts for more than six of every ten dollars budgeted in the secretariat from general and federal trust fund dollars.

For FY 1999, DMAS' MEL is 324.0 positions. Of these positions, 180.01 (about 56 percent) are nongeneral fund positions, and 143.99 (about 44 percent) are general fund positions.

Table 5

**DMAS Funding:
Percent Reliance of Agency Budget on Each Funding Source,
and Agency's Proportion of Secretariat Funding by Funding Source ***

| | General Funds | Federal Trust | Other Funds | All Funds |
|---|----------------------|----------------------|--------------------|------------------|
| Agency Funding, Percent Reliance on Each Funding Source | 48.0% | 51.3% | 0.6% | 100.0% |
| Agency's Percent of Secretariat's Funding, by Source of Funds | 61.8% | 60.8% | 2.2% | 52.5% |

*Operating budget only; does not include central appropriations for compensation supplements, or capital outlay funding. The "agency" budget refers to the total appropriation administered by the agency (for DMAS, the vast majority of the appropriation is for Medicaid).

Source: JLARC staff analysis based on 1998 Appropriation Act funding amounts for FY 1999.

Rehabilitative Services

The Department of Rehabilitative Services (DRS) is established in §51.5-8 of the *Code of Virginia*. In §51.55-9 of the *Code*, the agency is designated to serve as the state agency authorized to carry out the purposes and provisions of the federal Rehabilitation Act of 1973. In this role, the agency is empowered to “provide services as may be necessary for the rehabilitation of persons with disabilities, to provide for the supervision of such services, and to disburse and administer federal funds provided for the rehabilitation of such persons.”

The agency’s current statement of its mission is that “in partnership with people with disabilities, [the agency] provides and advocates for the highest quality services that empower individuals with disabilities to maximize their employment, independence and full inclusion into society.”

Agency Operations and Primary Responsibilities. DRS has regional and field offices to administer and provide the agency’s principal program, vocational rehabilitative services. Through this program, DRS provides a variety of services, including vocational evaluation, career counseling, vocational and academic training, rehabilitation technology, and other services, to enable people with disabilities to obtain or retain employment. DRS also sponsors specialized employment services for individuals with severe disabilities, through the work of 86 private, non-profit and public community rehabilitation programs. Further, the department provides funding to support Centers for Independent Living (CILs), or private, non-profit centers that provide peer counseling, independent living skills training, and advocacy services.

The department also operates the Woodrow Wilson Rehabilitation Center in Fishersville, Virginia. This center is for individuals with severe disabilities who need multiple services in order to help them obtain or retain a job. The center is a residential center, although it offers some outpatient programs.

In addition, DRS includes the offices, staffing, and funding for disability determination services in Virginia. These offices have the responsibility under the Social Security Administration to adjudicate claims for disability insurance benefits (SSDI), supplemental security income (SSI), and Medicaid.

Agency Funding and Staffing. Over 60 percent of DRS funding (61.9 percent) is from federal trust fund sources (see Table 6). The agency’s appropriation of about \$122.8 million is substantially less than the appropriations of the other four agencies that have just been discussed. Thus, the agency’s appropriation constitutes only about 2.5 percent of the total funding of the secretariat.

The Woodrow Wilson Rehabilitation Center accounts for \$23.2 million of the agency’s appropriation (about 19 percent), and for 365 of the agency’s 1,072 MEL positions (about 34 percent). The agency’s MEL consists of 239.92 general fund positions (22 percent) and 832.08 nongeneral fund positions (78 percent).

Table 6

**Rehabilitative Services Funding:
Percent Reliance of Agency Budget on Each Funding Source,
and Agency's Proportion of Secretariat Funding by Funding Source ***

| | General Funds | Federal Trust | Other Funds | All Funds |
|--|---------------|---------------|-------------|-----------|
| Agency Funding, Percent Reliance Per Funding Source | 21.5% | 61.9% | 16.6% | 100.0% |
| Agency's Percent of <u>Secretariat's</u> Funding, by Source of Funds | 1.3% | 3.6% | 2.8% | 2.5% |

*Operating budget only; does not include central appropriations for compensation supplements, or capital outlay funding.

Source: JLARC staff analysis based on 1998 Appropriation Act funding amounts for FY 1999.

Other Agencies in the Secretariat

In addition to the five largest agencies of the secretariat in terms of staffing, there are seven other agencies that receive positions and funding through the Appropriation Act. Table 7 shows these agencies, listed according to the size of their total FY 1999 appropriation.

Governor's Employment and Training Department (GETD). Statutory authority for GETD is provided in Title 2.1, Chapter 42 of the *Code of Virginia*. The *Code* enumerates certain duties and powers of the department, but does not provide a statement of agency mission. The agency states that its mission is to "lead the Commonwealth's efforts to establish and maintain a comprehensive and coherent work force development system."

Historically, the Governor's Employment and Training Department has responsibility for the duties that the Governor must fulfill for the federal Job Training Partnership Act (JTPA). The agency's purpose is to ensure that job training programs provided for by that Act are carried out efficiently and consistently with the provisions of the Act. Section 2.1-707 of the *Code* has charged the department to monitor the performance of "those entities... [which are] selected to administer the job training plans developed and approved by the Governor in accordance with the Act and monitor or require monitoring of contractors including those of the said entities." The term entities refers to private industry councils (known as PICs) and any other entities that perform "the functions of administrative entity and grant recipient" under the Act. Virginia has divided the State into 14 regions or service delivery areas (SDAs) based on the labor market, and each region has a board, known as a PIC. The PICs hire an administrative staff to perform necessary tasks. The State has contracted with each

Table 7

**Funding and Staffing Levels for the Smaller Agencies
in the Health and Human Resources Secretariat
FY 1999**

| Agency | Total Appropriation | General Funds | Federal Trust | Other Funds | MEL |
|--|--------------------------------|--------------------------|--------------------------|------------------------|--------------|
| Government Employment and Training Department (GETD) | \$56,020,523 | \$640,200 | \$55,380,323 | \$0 | 33.0 |
| Department for the Aging | \$30,564,157 | \$12,584,217 | \$17,938,748 | \$41,192 | 25.0 |
| Department for Visually the Handicapped | \$19,390,711 | \$6,293,009 | \$5,874,375 | \$7,223,327 | 192.0 |
| Health Professions | \$10,879,750 | \$0 | \$0 | \$10,879,750 | 119.0 |
| Rights of Virginians with Disabilities | \$1,760,428 | \$208,438 | \$1,301,990 | \$250,000 | 19.0 |
| Board for People with Disabilities | \$1,439,114 | \$133,131 | \$1,305,983 | \$0 | 6.0 |
| Department for Deaf and Hard-of-Hearing | \$1,287,803 | \$1,150,246 | \$0 | \$137,557 | 14.0 |
| Total | \$121,342,486 | \$21,009,241 | \$81,801,419 | \$18,531,826 | 408.0 |

*Operating budget only; does not include central appropriations for compensation supplements, or capital outlay funding. Table does not include MEL positions and appropriations for the Secretary's Office.

Source: 1998 Appropriation Act.

PIC, which in turn contract out the programs, or, if it is cost-effective, may run the program in-house.

Almost all of GETD's funding, most of which is allocated to the PICs, is from federal dollars. For example, in FY 1999, federal funding constitutes 98.9 percent of GETD's appropriation. In addition to JTPA funding, federal funding includes over \$2 million in Older Americans Act dollars.

However, it should be noted that Congress, through H.R. 1385, has recently passed the "Workforce Investment Act of 1998" that will replace the JTPA. It is antici-

pated that across the country, "early" states will begin implementation of the new Act around July 1, 1999, and all states are to implement the Act by July 1, 2000. The National Governor's Association has described the Act as a rewrite of "current federal statutes governing programs of job training, adult education and literacy, and vocational rehabilitation, replacing them with streamlined and more flexible components of workforce development systems." Under the 1998 Act, a State Workforce Board is to be formed to guide and coordinate the State's workforce investment system. The bill requires states to submit a plan outlining a five-year strategy for the system. Also, under the Act, local boards who are to set policies for a coordinated workforce investment system are called "Local Workforce Investment Boards." At the local level, one-stop systems are to be set up in which citizens may access a range of employment and career services at one-stop centers or related electronic systems.

Virginia Department for the Aging (VDA). Statutory authority for VDA is provided in Title 2.1, Chapter 24 of the *Code of Virginia*. In §2.1-373(a) of the *Code*, the mission of VDA is cited:

The mission of the Department for the Aging shall be to improve the quality of life for older Virginians. The Department's policies and programs shall be designed to enable older persons to be as independent and self-sufficient as possible. The Department shall promote local participation in programs for the aging, evaluate and monitor the services provided for older Virginians and provide information to the general public.

The agency has stated that its mission is to "assist Virginians to live as independently as possible as they age."

The department serves as the single State agency for administering the federal Older Americans Act (OAA) of 1965. In this capacity, the agency has the authority to prepare, submit, and carry out State plans to achieve the purposes of the Act, and has primary responsibility for coordinating programs and activities in the State that affect older Virginians. The actual provision of the services to the elderly under the Act is accomplished through 25 local area agencies on aging (AAAs). VDA administers funding and provides other support to the AAAs. JLARC staff completed a review of the organization and management of VDA during 1998.

In FY 1999, about 59 percent of the funding that is provided for VDA to administer comes from federal funds. About 41 percent of the funding is from general funds. Less than one percent of the agency budget is from other funds.

Department for the Visually Handicapped (DVH). The department was established by an act of the General Assembly in 1922. DVH has a seven-member board appointed by the Governor. The agency operates six regional offices, the Virginia Rehabilitation Center for the Blind, and two Virginia Industries for the Blind manufacturing sites. The mission of the department is "to enable blind or visually impaired individuals to achieve their maximum level of vocational, educational, and

personal independence through the provision of services.” According to the department, recent estimates indicate that there are almost 50,000 Virginians who are either blind or have severe visual impairments. About 30 percent of those included within the total estimated number are estimated to be in the category of “legally blind.”

Through the work of counselors and other staff in the six regional offices, DVH provides services such as vocational rehabilitation (the agency’s largest program, serving about 11,000 to 12,000 people a year), personal adjustment skills (these services are provided in the homes of about 2,200 to 2,400 persons a year), and special education coordination for visually handicapped students in the public schools.

Also, §63.1-73.1 of the *Code of Virginia* gives the department “the authority and responsibility for the operation and maintenance of the Virginia Rehabilitation Center for the Blind and Visually Impaired for the purpose of providing services to eligible blind and visually handicapped individuals.” The center seeks to provide students with skills that are needed for greater independence and enhanced performance of tasks on the job, at home, and socially. The center serves individuals from across the State who may stay from one month to a year depending on their needs.

As was the case with the Department of Health, DVH’s funding is more evenly split among all three funding categories (general, federal, and other funds) than most agencies of the secretariat. Other funds provide about 37 percent, general funds provide about 33 percent, and federal trust funds provide about 30 percent of DVH’s FY 1999 appropriation.

Department of Health Professions (DHP). The Department of Health Professions is established in §54.1-2501 of the *Code of Virginia*. The department has a Board of Health Professions, and also includes 12 health regulatory boards. The department and the health regulatory boards are responsible for licensing, disciplining, and promulgating the regulations that govern regulated health professionals. The department and the boards currently regulate more than 240,000 professionals. The boards that regulate the largest numbers of licensees are the Boards of Nursing, Medicine (doctors), and Pharmacy.

The agency states that its mission is to “assure the safe and competent delivery of health care to citizens of the Commonwealth by licensing and certifying health care professionals, enforcing compliance with legal requirements, and enforcing standards regarding the safety and integrity of drugs and medical devices.” To work with the boards in accomplishing this task, the agency’s MEL in FY 1999 is 119 positions. Funding for the department and the work of the boards is entirely provided by other funds – the fees that are paid by the licensees who are regulated.

Currently, JLARC staff are conducting a separate, in-depth review of the Department of Health Professions and its regulatory boards. An interim report for this review has been developed, and a final report is expected in mid-1999.

Department for the Rights of Virginians with Disabilities (DRVD). The Department for the Rights of Virginians with Disabilities is established in §51.5-36 of the *Code of Virginia*. The *Code* enumerates certain powers and duties of the department, but does not provide a mission statement. The agency has stated that its mission is to “protect and promote the legal and human rights of persons with disabilities through advocacy, education and information,” and that it seeks to provide “responsive, expert assistance and representation addressing disability-related abuse and neglect, discrimination, and inappropriate services and treatment.”

By statute, the director of the department has the authority to employ “such qualified staff, including legal counsel, as shall be necessary” for meeting its statutory charge. In addition to having a central office in Richmond, the agency has a Northern Virginia office and an office in Fishersville, Virginia. As a small agency, staff help many of the people who contact the agency by answering questions, providing information, or identifying resources. However, in its program priority areas, the agency may also investigate complaints, negotiate solutions to disputes, perform advocacy work, or provide legal representation.

The *Code* provides that DRVD is to “employ mediation procedures to the maximum extent possible to resolve complaints concerning violations of rights of individuals with disabilities,” but that when such procedures fail, “the Department shall have the authority to pursue legal, administrative, and other appropriate remedies to protect the rights of persons with disabilities, when those rights are related to such disabilities.” However, the statute also provides that “no counsel shall be hired by the Department under the provisions of this chapter without the express approval of the Attorney General.”

Almost three-quarters (74 percent) of the agency’s FY 1999 appropriation is from federal trust funds. General funds and other funds account for about 12 and 14 percent of the appropriation, respectively.

Virginia Board for People with Disabilities. Statutory authority for the Virginia Board for People with Disabilities is provided in Chapter 7 of Title 51.5 of the *Code of Virginia*. By statute, the board is to consist of 40 members, including the agency heads or their designees of six other agencies in the secretariat (VDA, Deaf and Hard-of-Hearing, DMAS, DMHMRSAS, DRS, and DVH). The *Code* requires that several of the members of the board shall have certain disabilities. The *Code* enumerates several powers and duties of the Board, but does not provide a mission statement. The Board’s own mission statement is to “promote and facilitate maximum independence, productivity, family support, and community participation of people with disabilities through advocacy, education, and prevention initiatives.”

The Board is required to advise the Secretary of Health and Human Resources on issues and problems that are of interest to disabled persons. The board also serves as the planning council to address the needs of disabled persons as those needs are recognized under the federal “Developmental Disabilities Assistance and Bill of Rights Act” and the State “Virginians with Disabilities Act.”

Also, in §51.5-2 of the first chapter of the “Virginians with Disabilities Act”, there is a requirement that the agencies of the secretariat that deal with disabilities issues, as well as the Department of Education, are to “formulate a plan of cooperation... to promote the fair and efficient provision of rehabilitative and other services to persons with disabilities and to protect the rights of persons with disabilities.” The plan’s provisions with regard to budgetary commitments are to be updated annually. The Board for People with Disabilities is required by statute to initiate the development of this plan.

The *Code* requires that the board meet and report at least quarterly to the Secretary of Health and Human Resources. Every two years, the board is to submit “an assessment of the needs of persons with disabilities in the Commonwealth, the success in the preceding biennium of the state agencies in meeting those needs,” as well as programmatic and fiscal recommendations for the improvement of the delivery of services and an assessment of the benefits and costs associated with the *Code*’s “Persons With Disabilities” title.

Agency staff to the Board consists of six MEL positions. Most of the agency’s FY 1999 funding is from federal sources. General funds account for the remaining 9 percent; none of the agency’s appropriation is from “other funds.”

Virginia Department for the Deaf and Hard-of-Hearing (VDDHH). Statutory authority for the Department for the Deaf and Hard-of-Hearing is provided in Title 63.1, Chapter 5.1. The chapter establishes the department and a nine-member advisory board appointed by the Governor. The statute enumerates certain powers and duties of the board, the director of the department, and the department, but does not provide a mission statement. The mission statement adopted by the agency in February 1998 states that the department:

operates with the full understanding that communication is the most critical issue facing persons who are deaf or hard of hearing. The foundation of all programs at VDDHH is communication – both as a service (through interpreters, technology and other modes) and as a means of sharing information for public awareness (through training and education). VDDHH works to reduce and, ultimately, eliminate the communication barriers between persons who are deaf or hard of hearing and those who are hearing.

Among the department’s duties are to oversee the Virginia Relay Center. This 24-hour per day service, which began in 1991 and is operated under contract, relays conversations between persons who use text or telebraille telephones and persons who use voice telephones. The department also manages a Technology Assistance Program (TAP), through which telephone equipment and other devices are distributed to eligible disabled persons. In addition, the agency administers a screening program to assess the abilities of interpreters for the deaf and hard-of-hearing, and assists individuals in locating a qualified interpreter. The agency also contracts with six regional outreach providers.

The agency's MEL in FY 1999 is 14 positions. Most of the agency's funding is from general funds (about 89 percent). There is no federal funding in the FY 1999 appropriation. Other funds account for the remaining 11 percent of the appropriation.

TRENDS IN FUNDING AND STAFFING IN THE SECRETARIAT

There are several key long-term and short-term trends that can be observed in reviewing funding and staffing levels within the secretariat. Total appropriations to the secretariat rose substantially between FY 1986 and FY 1999. Because the rate of growth for the Medicaid program exceeded the rate of growth for other secretarial activities, DMAS' budget went from a little over 50 percent of the appropriated amount for all other agencies in the secretariat combined, to a point where it has consistently exceeded 100 percent of the appropriation levels of the other agencies combined. The growth in both total appropriations and in the DMAS budget has slowed in recent years, however.

The general fund share of the secretariat's appropriation peaked in FY 1990, at 45 percent. Since that time, the general fund share has gradually fallen, and is budgeted at around 41 percent in FY 1999. The federal trust fund share was at a low of 39 percent in FY 1990. The percentage share of federal trust funds has gradually risen, and it is the largest source of funding in FY 1999 at 44 percent of the secretarial appropriation. Other funds constitute about 15 percent of FY 1999 funding.

The maximum employment level of the secretariat fell between FY 1984 and FY 1985, but there was a general increasing trend in the MEL from FY 1985 to a FY 1995 peak. The MEL dropped substantially from FY 1995 to FY 1996.

A review of actual filled position levels in the secretariat indicates that substantial reductions were achieved from December 1993 to December 1997, a period during which the State had an effort underway to control staffing levels. During that timeframe, there was a reduction in the secretariat of 2,458 of 18,256 FTE salaried positions, and a reduction of 2,893 of 19,921 FTE positions if wage FTEs are taken into account. Total FTE reductions (salaried plus wage position reductions) in the secretariat were almost evenly divided between general and nongeneral funds positions (51.7 and 48.3 percent, respectively).

Some agencies in the secretariat experienced greater staffing reductions than others. For example, across the secretariat, an average of one salaried FTE position was reduced per 7.4 salaried FTE positions in the baseline year. However, for several agencies, including the Department of Medical Assistance Services, the Virginia Department for the Aging, and the Department for the Deaf and Hard-of-Hearing, an average of about one per three salaried FTE positions in the baseline year was reduced.

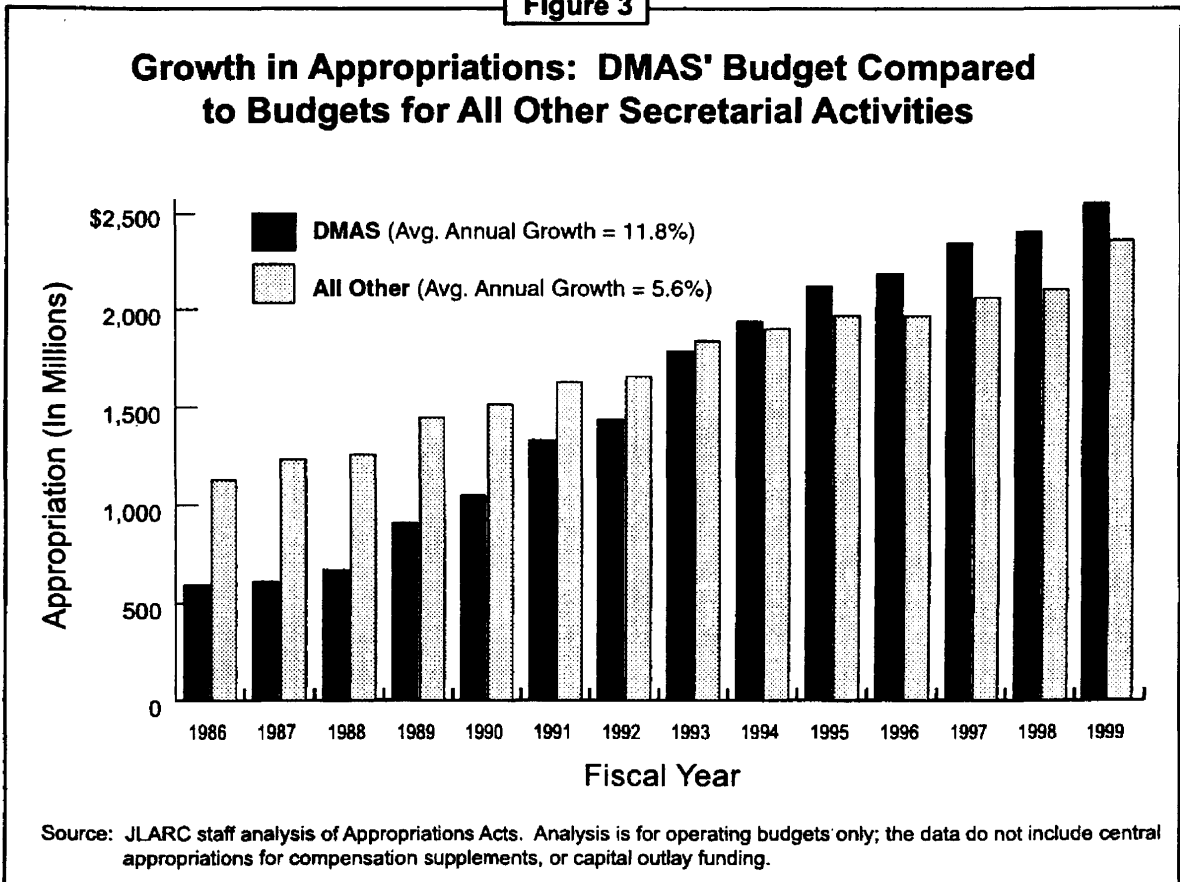
Changes in Secretariat Appropriation Amounts

Between FY 1986 and FY 1999, total secretariat appropriations (for operating costs, and excluding compensation supplements) increased from \$1.725 billion to \$4.824 billion. The average annual rate of growth over the period was about 8.2 percent. The rate of growth slowed between FY 1995 and FY 1998, as it averaged 3.3 percent during those years. In FY 1999, the funding level is 7.3 percent greater than the FY 1998 funding amount.

Growth trends were also reviewed by separately identifying DMAS appropriations (mostly Medicaid funding) from the appropriations of the other agencies. Figure 3 shows these trends. In FY 1986, DMAS' budget was approximately half the total amount of the appropriations for all of the other agencies of the secretariat. However, due to the fact that DMAS appropriations grew at a faster rate than the average appropriation increase across the other agencies, by FY 1994, DMAS' appropriation exceeded that of all the other agencies combined.

A point that should be noted is that for some State programs, there have been opportunities to shift more of the cost burden to federal trust funds by using Medicaid to meet those costs. To the extent that this has occurred, it would be a factor that

Figure 3



simultaneously would increase the rate of growth in Medicaid and decrease the rate of growth in appropriations for the rest of the secretariat.

The rate of growth in DMAS' appropriations and the appropriation amounts across the other agencies both slowed after FY 1993, when a major increase in the size of both appropriations was made. Between FY 1995 and FY 1998, the average annual growth in DMAS' appropriation was 4.2 percent, while the average annual increase in appropriations to the other agencies of the secretariat was 2.2 percent. In FY 1999, DMAS' appropriation is about 5.8 percent greater than the FY 1998 level, while the average increase across the other agencies of the secretariat is 9.0 percent.

Changes in Sources of Funding Support

Figure 4 illustrates the changes that have occurred over time in the sources of funding support for the secretariat. Across the time period shown, federal trust funds have on average provided 43.5 percent of secretarial appropriations. State general funds on average have provided 42.0 percent, while other funds have averaged 14.5 percent. It should be noted that a portion of the other funds category consists of Medicaid payments, made on behalf of clients of agencies such as DMHMRSAS, which are treated as revenues (counted as special funds) in the appropriations to those agencies.

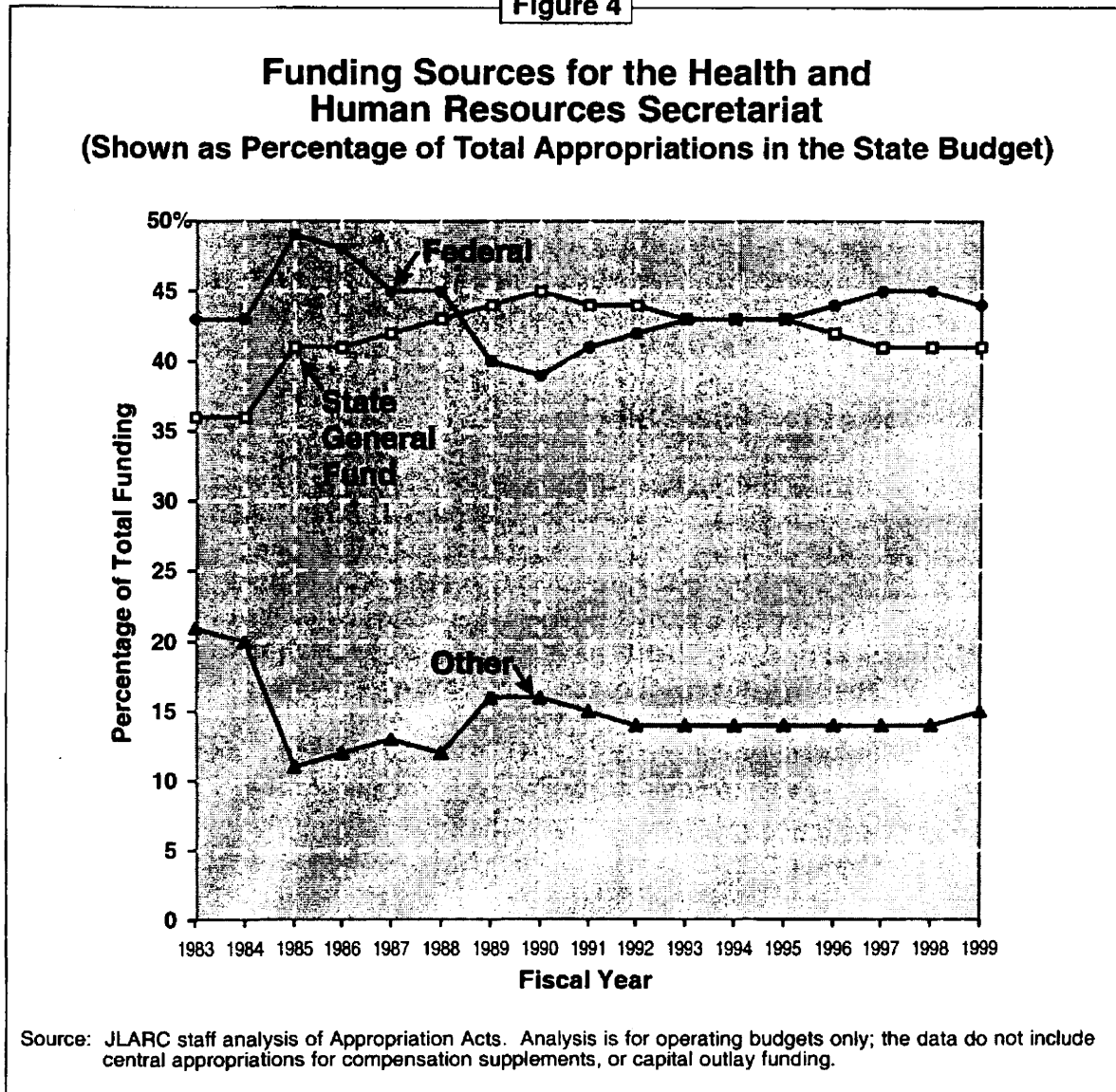
During the time period shown in the figure, State general funds ranged from a low of 36 percent to a high of 45 percent. In FY 1999, the proportion of general funds is 41 percent, while federal trust fund appropriations account for 44 percent of secretarial appropriations.

Changes in Secretariat-Wide Staffing Levels

After a period beginning in FY 1986, in which the maximum employment level across the secretariat gradually increased, there was a substantial drop from FY 1995 to FY 1997 in the secretariat's MEL. Similarly, a trend dating from at least June of 1985 in which FTE actual filled positions generally increased and then remained fairly level was followed by a substantial reduction that was achieved between December 1993 and December 1997. These secretariat staffing trends are discussed in more detail in this section.

Changes in Maximum Employment Levels. Figure 5 shows the trend in the maximum employment levels that have been set in the Appropriation Act during the period from FY 1983 to FY 1999. During this period, the highest level that was set was in FY 1983, at 19,759.25 positions. The MEL declined from FY 1983 through FY 1986, and then began to increase through FY 1991. From FY 1991 to FY 1995, the MEL initially decreased and then increased back to FY 1991 levels. However, the MEL did not reach the level that was set in FY 1983.

Figure 4



From FY 1995 to FY 1997, the MEL dropped to the lowest observed during this 17-year period. Since that time, the MEL has increased somewhat, from 16,840.0 positions in FY 1997 to 17,113.5 positions in FY 1999.

Changes in Actual Salaried FTE Employment. In reviewing staffing data for State employment, it is also important to examine the changes that have occurred in actual FTE employment. Depending on the prevalence of vacant or unfilled positions, the gap between the maximum ceiling set by the MEL figure and actual FTE employment can vary over time. Data on actual FTE employment are available for salaried staff only, as well as for wage FTE positions.

Figure 5

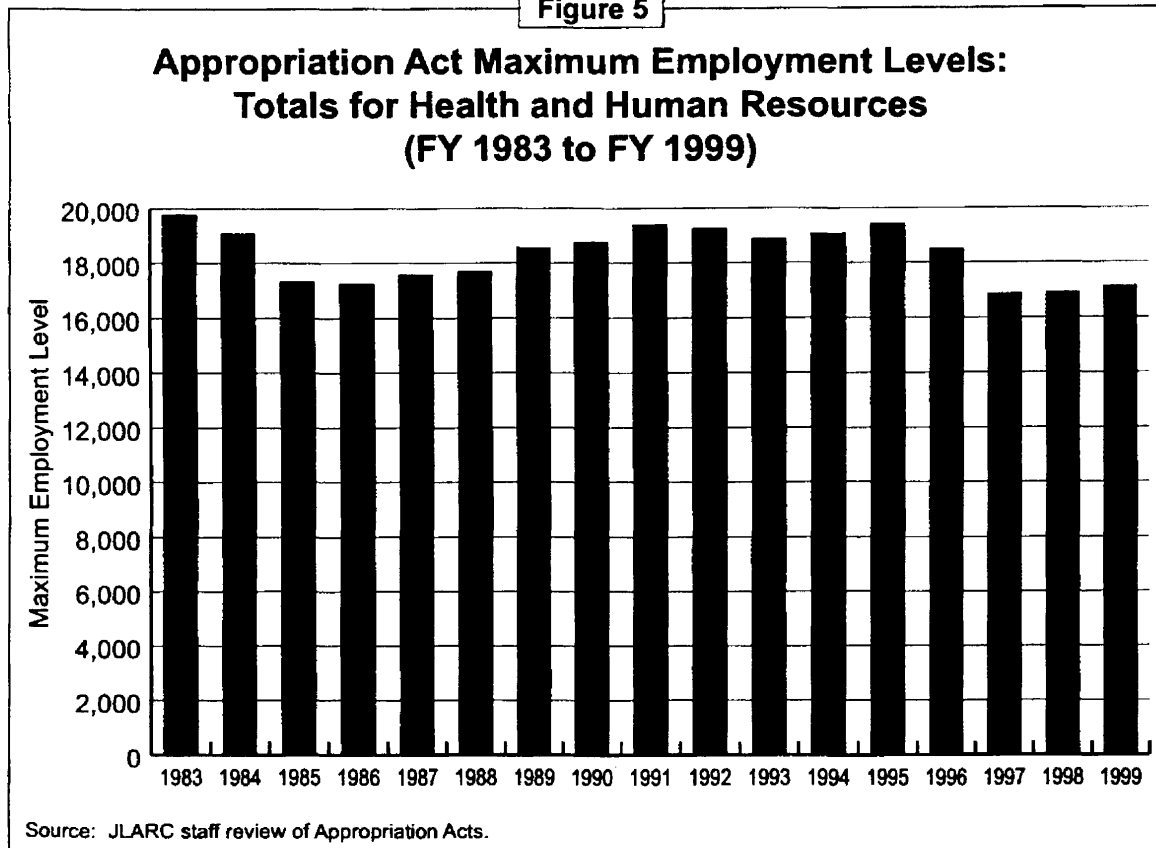


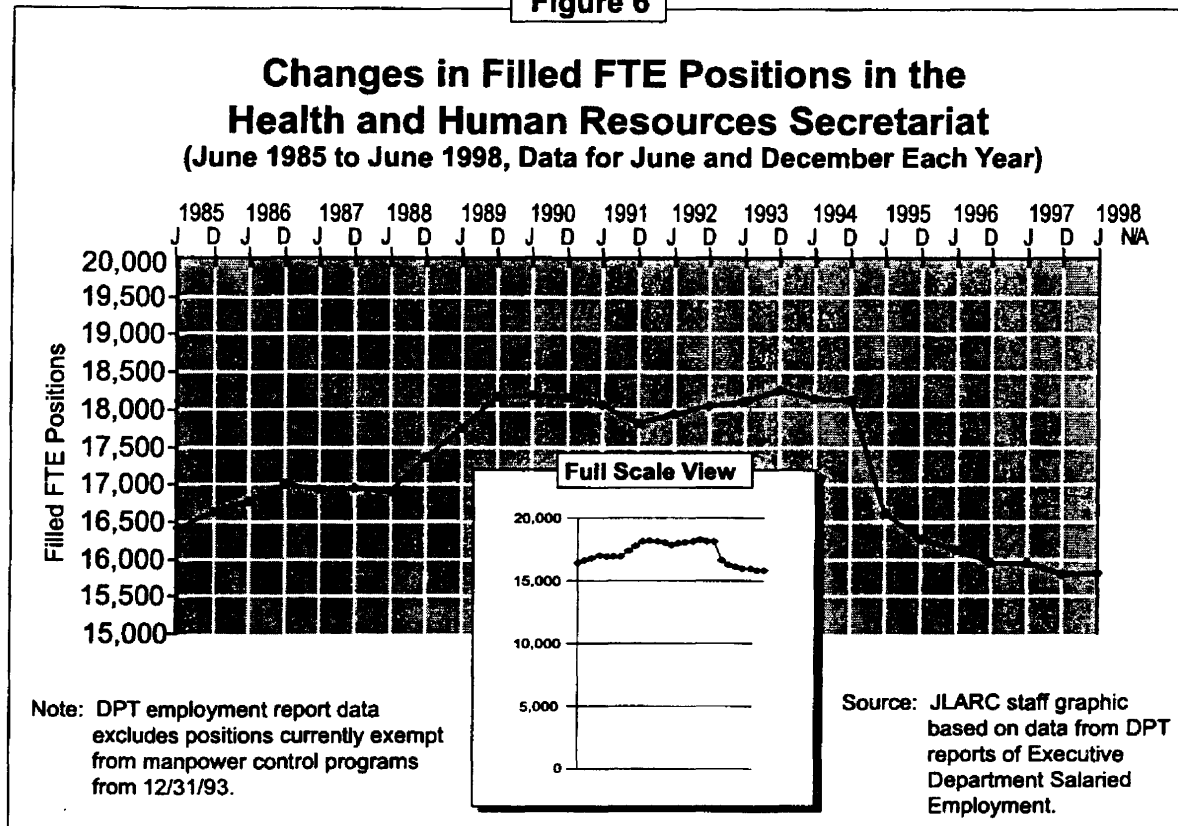
Figure 6 (next page) shows the trends in salaried FTE employment in the secretariat. From June 1985 to December 1989, there was a general trend of an increasing number of salaried FTE positions in the secretariat. From December 1989 to December 1994, there was a moderate decline in actual staffing within the period, but the staffing level at the end of 1994 was very similar to the level of five years earlier.

From December 1994 to June 1995, as the Workforce Transition Act (WTA) took effect, there was a substantial drop in the secretariat's filled salaried FTE positions. The WTA, passed by the General Assembly during the 1995 Session, put in place a program to encourage State employees to separate from employment in order to reduce the size of the State workforce.

The secretariat's actual filled staffing continued to decrease, albeit at a slower pace, from June 1995 to December 1997. The actual secretariat staffing level achieved in December 1997 was the lowest December count recorded during the period from 1985 to 1997. From December 1997 to June 1998, actual staffing in the secretariat was relatively level (15,799 FTE positions in December 1997 versus 15,808 FTE positions in June 1998).

Overall, there was a reduction in the secretariat of 2,458 FTE salaried positions from December 1993 to December 1997. Figure 7 (page 25) places those reductions within the context of the other major changes in staffing levels that were occurring in State government during that time.

Figure 6



The Health and Human Resources secretariat was the secretariat that experienced the greatest number of position reductions in actual salaried FTE employment, although its percentage reduction of 13.5 percent was not the largest. The greatest increase in staffing occurred in the Public Safety secretariat. This increase was partly attributable to the addition of several facilities to the corrections system. The increase in public safety positions and the decrease in health and human resource staffing basically were off-setting (2,441 positions added versus 2,458 positions reduced). Staffing reductions in the transportation secretariat more than offset staffing that was added in higher education. That difference, plus the reductions that were made in the remainder of State government, accounted for a net reduction of 1,663 positions. The net decrease for State government in filled, salaried FTE positions (that were under manpower controls) during this period was 2.1 percent.

Changes in the Use of FTE Wage Staffing. During the period from December 1993 to December 1997, the number of FTE wage staff employed also decreased. Table 8 (bottom of the next page) shows the change that occurred in wage staffing and the impact of that change in the total staffing reductions that were achieved. The aggregate reduction in the FTE staffing of the secretariat was about 14.4 percent.

Extent of General Fund Versus Nongeneral Fund Staffing, and Their Role in Recent Staff Reductions. DPT employment reports indicate that 55 percent

of the secretariat's FTE staff (salaried staff plus wage staff) in December 1993 were in nongeneral fund positions, while 45 percent were in general fund positions. It is not surprising, then, that nongeneral fund and general fund positions each formed a sub-

Figure 7

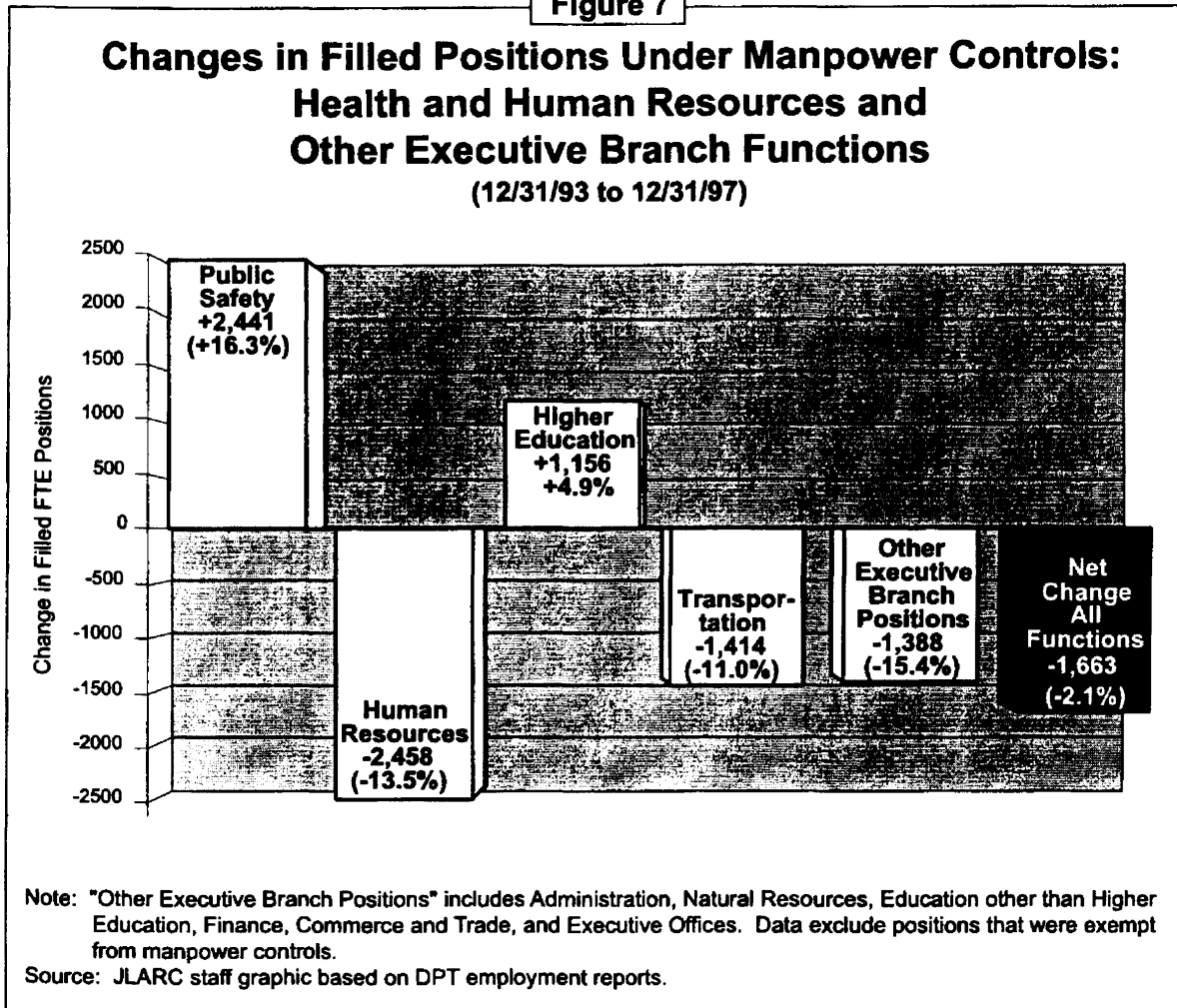


Table 8

Total Reductions in Secretariat Actual FTE Staffing (With the Inclusion of FTE Wage Staffing)

| Type of Positions | December 1993 | December 1997 | Net Reduction |
|-------------------|------------------|------------------|-----------------|
| Wage FTEs | 1,664.74 | 1,256.21 | 408.53 |
| Salaried FTEs | 18,256.27 | 15,798.51 | 2,457.76 |
| Total FTEs | 19,921.01 | 17,054.72 | 2,866.29 |

Source: JLARC staff analysis of DPT employment reports.

stantial portion of the total employment reductions that occurred from December 1993 to December 1997.

Table 9 shows the 1993 baseline position levels by nongeneral and general fund positions, and shows the reductions in positions that occurred by fund source. As indicated in the table, the majority of the reductions in salaried positions were from nongeneral funds. However, due to a larger base of general fund wage positions, plus a particularly large percentage reduction in general fund wage FTE usage, many more general fund than nongeneral fund wage positions were reduced. In aggregate, then, 48.3 percent of the FTE reductions in the secretariat were made from nongeneral funds, and 51.7 percent of the FTE reductions were from general fund positions.

Table 9

**Position Reductions from Nongeneral
and General Fund Sources,
December 1993 to December 1997**

| Source of Funds | Salaried FTEs, December 1993 | Reduction, Salaried FTEs | Wage FTEs, December 1993 | Reduction, Wage FTEs |
|-----------------|------------------------------|--------------------------|--------------------------|----------------------|
| Nongeneral | 10,189.48 | -1,288.53 (-12.6 %) | 708.48 | -108.23 (-15.3 %) |
| General | 8,066.79 | -1,169.23 (-14.5 %) | 956.26 | -300.30 (-31.4 %) |

Source: JLARC staff analysis of DPT employment reports.

Comparison of Recent Changes in Agency Staffing Levels

Table 10 compares the retention rates by agencies of FTE total positions (salaried plus wage), and just salaried FTE positions, during the staffing reduction period from December 1993 to December 1997. Three agencies — DSS, Health Professions, and DMHMRSAS — retained their FTE total positions at above the secretariat average rate of 85.4 percent. There also were four agencies that experienced reductions in total FTE staffing of about one-third or more, as indicated by retention rates of less than 66.6 percent, including: DMAS, DRVD, VDA, and DDHH.

In terms of the quantity of positions reduced, the two largest agencies of the secretariat experienced the largest quantity of reductions — DMHMRSAS and the Department of Health. However, because of its greater percentage reduction, the Department of Health nearly equaled the DMHMRSAS in its number of reductions. DMHMRSAS was reduced by 1,126.37 positions, while the Department of Health was reduced by 1,122.96 positions.

It should be noted that during this time period, the average daily census of DMHMRSAS's facilities was declining (it fell from 2,374 in FY 1994 to 1,890 in FY 1998). However, the department was also under pressure from the federal government

Table 10

FTE Staffing Retention Rates of the Agencies in the Secretariat (Percent of December 1993 FTEs Retained in December 1997)

| Agency | Percent of Total (Salary Plus Wage) FTEs Retained | Percent of Salaried FTEs Retained |
|---|---|--------------------------------------|
| Social Services | 90.4 % | 93.7 % |
| Health Professions | 89.8 | 96.6 |
| Mental Health | 89.6 | 88.9 |
| Rehabilitative Services | 83.9 | 83.6 |
| Visually Handicapped | 80.6 | 78.3 |
| Health | 77.6 | 82.3 |
| Governor's Employment and Training | 73.0 | 70.6 |
| Medical Assistance Services (DMAS) | 66.5 | 65.6 |
| Rights for Virginians with Disabilities | 61.6 | 72.7 |
| Virginia Department for the Aging | 55.8 | 66.7 |
| Deaf and Hard-of-Hearing | 49.2 | 64.7 |

*One agency, the Board for People with Disabilities, is not included in the table due to an apparent error in the employment report regarding FY 1993 FTE wage data for this small agency. The percent of salaried FTEs retained by this agency was 100 percent (based on the employment reports, six FTEs in 1993 and in 1997).

Source: JLARC staff analysis of DPT employment reports.

to increase its staffing ratios at several facilities. Based on data from DPT employment reports, total FTE staff (salaried plus wage) increased at some facilities, such as Central State (76.3 FTEs added) and the Northern Virginia Mental Health Institute (48.9 FTEs added). However, there also were some substantial decreases at a number of facilities, including: the Central Virginia Training Center, reduced by 473.3 FTEs; the Southside Virginia Training Center, reduced by 258.0 FTEs; Eastern State, reduced by 206.0 FTEs; and Western State, reduced by 118.1 FTEs.

POTENTIAL ISSUES FOR THE FULL JLARC REVIEW

House Joint Resolution 137 has a broad scope. Due to the size of the health and human resources functional area, it will be necessary to focus the full JLARC review effort on a manageable set of issues. During this interim report phase, JLARC staff conducted a number of activities to assist in considering which potential issues might be good areas to focus on during 1999. These activities included: interviews with the secretary, State agency heads and other staff in the secretariat, board chairs, local human services officials, agency client representatives, and others; site visits to selected State facilities, and regional or local offices; preliminary research about organization, management, and service delivery developments or reforms in selected other states; and review of selected documents and data on the missions, responsibilities, structures, staffing, and funding of agencies in the secretariat.

As a result of this effort, several potential issues were identified. Some of these issues were agency-based – that is, the issues are primarily identified with, or primarily relate to, one particular agency of the secretariat. These issues constitute areas of inquiry that are identified by considering the individual missions, roles, resources, strengths, and weaknesses of Virginia's Health and Human Resources agencies. Examples of agency-based issues identified for potential focus include: the Department of Health's organization, management, and performance; DSS's organization, management, and performance; the appropriateness and equity of State funding through DSS to local social services offices, taking into account the impact of welfare reform on these offices; and the impact of the Department of Rehabilitative Services in increasing the vocational employment prospects of clients.

Other issues that were identified were "cross-cutting" or "client-based." Cross-cutting issues are relevant to multiple agencies, but typically do not involve the direct provision of services to clients, like information management system issues. Client-based issues are related to the provision of services, especially the provision of services to clients who currently obtain services, or may need services, from more than one agency. Examples of cross-cutting and client-based issues include:

- the focus and priorities of the secretariat – the State's goals, priorities, plans, and exercise of its role in providing leadership and ensuring coordination across agency activities;
- service fragmentation – services that may be fragmented across agencies, like services for children and transportation;
- unnecessary expenditures – review of selected agency budget items to determine whether funds appear to be used appropriately and wisely;
- service limitations – assessment of gaps in services between agency programs, or service inadequacies; and
- status of welfare reform clients — continued follow-up of a JLARC sample of welfare recipients that have been part of the welfare reform effort, to assess the status of these clients under the reform.

Several factors to consider in narrowing the potential issues for JLARC review were also identified. These factors included: appropriateness of the topic for meeting the HJR 137 mandate; the feasibility of the topic for JLARC review; the potential impact or value that a study of the issue might have (for example, the potential that appears to exist to identify cost savings, improve service efficiency, or improve the availability or quality of services); and the opportunity for JLARC to make a meaningful legislative oversight contribution and not duplicate the work being performed by others.

At a December 1998 meeting of JLARC, the Commission concurred with a proposal to focus the review during 1999 on: (1) the organization, management, and

performance of the Department of Health, and (2) cross-cutting and client-based issues. The cross-cutting and client-based review will address study resolutions directed to JLARC by the 1999 General Assembly that relate to services provided by agencies of the Health and Human Resources Secretariat. As resources are available, the review will also address selected cross-cutting and client-based issues such as those identified by the set of bullets on the previous page.

Appendix:
Study Mandate

House Joint Resolution No. 137
1998 Session

Directing the Joint Legislative Audit and Review Commission to study the functional area of Health and Human Resources.

WHEREAS, the Joint Legislative Audit and Review Commission is empowered by Chapter 7 (§30-58.1 et seq.) of Title 30 of the *Code of Virginia* to study operations of state agencies to ascertain that such agencies are expending appropriated funds in an efficient, economical, and effective manner; and

WHEREAS, no comprehensive review of the functional area of Health and Human Resources has been undertaken by the Commission since its studies of the individual and family services budget function, pursuant to Senate Joint Resolution No. 133 (1979); and

WHEREAS, the Virginia Department of Health's Center for Quality Health Care Services and Consumer Protection is responsible for ensuring that federally certified health care providers comply with state and federal laws regarding quality of care; and

WHEREAS, the Commissioner of Health will conduct a study of the contractual obligations of the Virginia Department of Health with the federal Health Care Financing Administration (HFCA) for the implementation of Medicare/Medicaid certification activities, the state facility licensing program resources, and the quality assurance oversight responsibilities for managed care health insurance plans; and

WHEREAS, the area of Health and Human Resources encompasses over 17,000 employees and expenditures exceeding \$4.7 billion a year, and the magnitude of governmental services in this area makes it incumbent that the Commonwealth provide such services in the most efficient, economical, and effective manner possible; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Joint Legislative Audit and Review Commission be directed to study the functional area of Health and Human Resources; and be it

RESOLVED FURTHER, That the review and evaluation of this area include an operations and management study of the agencies of the Secretariat of Health and Human Resources, including, but not limited to, the Departments of Health, Medical Assistance Services, Social Services, Rehabilitative Services, and Mental Health, Mental Retardation and Substance Abuse Services. Such studies shall include reviews of the potential for overlap or duplication of services, unnecessary expenditures, and appropriate coordination with local agencies; and, be it

RESOLVED FURTHER, That the review of and the evaluation of this area include the study of the monitoring and oversight responsibilities of the Department of Health's Center for Quality Health Care Services and Consumer Protection in health care provided quality assurance; and, be it

RESOLVED FURTHER, That the review and evaluation of the functional area of Health and Human Resources be initiated by the Commission in 1998 and be conducted as sufficient Commission resources are designated for these studies. The Commission shall coordinate its review efforts with the House and Senate standing committees of purview and with existing legislative studies in the relevant areas. The Commission shall provide a copy of its interim and final reports to the Joint Commission on Health Care; and be it

RESOLVED FINALLY, That the Commission submit an interim report to the Governor and the 1999 Session of the General Assembly and submit its final report to the Governor and the 2000 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

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