

A report of the  
Department of Social Services  
Commonwealth of Virginia

**Consolidation of Local  
Departments of Social Services  
in Localities with a Population  
of 20,000 or Less**

to the Governor and the  
General Assembly of Virginia

December 2008



**COMMONWEALTH OF VIRGINIA**  
**DEPARTMENT OF SOCIAL SERVICES**  
*Office of the Commissioner*

Anthony Conyers, Jr.  
COMMISSIONER

December 1, 2008

**MEMORANDUM**

**TO:** The Honorable Timothy M. Kaine  
Governor of Virginia

The Honorable Lacey E. Putney  
Chairman, House Appropriations Committee

The Honorable Charles J. Colgan, Sr.  
Chairman, Senate Finance Committee

**FROM:** Anthony Conyers, Jr.

A handwritten signature in black ink, appearing to read "Anthony Conyers, Jr.", written over the printed name.

**SUBJECT:** Consolidation of Local Departments of Social Services in Localities with  
Populations of 20,000 or less

I am pleased to submit the Department of Social Services' report examining the potential efficiencies and cost savings that could result from the consolidation of local departments of social services in localities with populations of 20,000 or less, which has been prepared pursuant to Item 339(F) of the 2008 Appropriation Act. If you have questions or need additional information concerning this report, please contact me.

AC/lrm

## Preface

This report is submitted pursuant to Item 339(F) of the 2008 Appropriation Act (Act), which requires the Commissioner of the Department of Social Services (DSS) to work with certain governing bodies of localities to examine and identify potential efficiencies or general fund cost savings as a result of consolidating certain local departments of social services (LDSS):

Beginning July 1, 2008, the Commissioner of Social Services shall work with the governing bodies of localities operating a single jurisdiction local department of social services with 2007 provisional population estimates of 20,000 or less to examine and identify efficiencies or general fund cost savings as a result of consolidating those programs and/or administrative operations. The Commissioner of Social Services, in consultation with the identified local governing bodies, shall include a comparative evaluation of costs in localities operating a single jurisdiction local department of social services below and above populations of 20,000, conformity of staffing patterns with established workload measures in such smaller localities, and compliance with established performance measures in those small agencies. The Commissioner shall report on the potential savings accrued by this action to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2008.

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## Executive Summary

A review of data collected in accordance with the study resolution presents no compelling reason to mandate consolidation of LDSS in localities with populations of less than 20,000. However, a review of previous studies and reports, as well as the comments of directors of LDSS' that have recently consolidated, suggests anecdotally that localities that voluntarily consolidate with a common objective of reducing costs and improving services are likely to achieve those objectives over time. Neither the statistical data nor the anecdotal data suggest an immediate appreciable cost savings or service improvement.

The Executive Summary of "The Need for Restructuring the Commonwealth's Local Social Services Delivery System," a legislative subcommittee report completed in 1993 on the need for restructuring the Commonwealth's local social services delivery system, states:

Although the impetus for this study was a Wilder administration budget-reduction proposal to consolidate the management of the Commonwealth's 124 local social service agencies into 38 agencies, the scope of the study included an examination of administrative costs and automation needs of local agencies. The subcommittee concluded that consolidation proposals imposing financial penalties on local social services agencies that fail to consolidate should not be pursued and that incentives for cooperation and consolidation would be a more productive avenue to pursue.

It does not appear that the environment for consolidation has changed significantly in a manner that would render the current environment conducive to mandatory consolidation.

A 2003 report by the Commissioner of DSS entitled "Report on the Study of Consolidation of Local Departments of Social Services" examined the consolidation of LDSS and the criteria and models used by jurisdictions to consolidate. The report contained several recommendations for future studies, including:

Conduct a study of local departments in designated geographic areas to determine if a combination of incentives, State department support and regional cooperation would facilitate consolidation.

Examine the creation of departments of human services in localities across Virginia.

Examine models for consolidation to develop a comprehensive method for localities to use when considering consolidation...."

DSS continues to believe that these recommendations have merit.

In addition, the General Assembly may wish to consider alternative efficiencies through use of technology. Enterprise applications have shown the capability to demonstrate efficiencies in the administration of program functions. Exploring technological advancements, including the use of enterprise applications to enhance efficiencies, may be a more viable long term solution.

# Consolidation of Local Departments of Social Services in Localities with Populations of 20,000 or Less

## Introduction

Human services in Virginia are delivered through a state supervised locally administered network of governmental agencies. DSS provides policy guidance and funding to 120 LDSS, which, in turn, provide the predominance of human services delivery in the Commonwealth. The sources of the funding for these delivery activities are comprised of federal, state and local funds.

Since 2002, the Appropriation Act has contained language that requires the Commissioner of DSS to work with localities that seek to voluntarily merge and consolidate their respective LDSS. State funds cannot be used to require localities to merge or consolidate their LDSS.

Over the years several localities have consolidated their LDSS for various reasons. The localities that have consolidated include:

- Halifax County/Town of South Boston (formerly a city),
- Roanoke County/City of Salem,
- Augusta County/Cities of Staunton and Waynesboro,
- Chesterfield County/City of Colonial Heights,
- Bedford County/City of Bedford,
- Greensville County/City of Emporia,
- Fairfax County/Cities of Fairfax and Falls Church,
- Rockbridge County/Cities of Lexington and Buena Vista,
- York County/City of Poquoson,
- Rockingham County/City of Harrisonburg,
- Henry County/City of Martinsville, and
- Alleghany County/City of Covington/Town of Clifton Forge (formerly a city).

## Previous Consolidation Studies and Position Papers

In response to various initiatives, studies examining consolidation of LDSS have been conducted over the years. The following is a summary of recent studies and their conclusions and recommendations.

The 1991 Session of the General Assembly adopted Senate Joint Resolution 213 and House Joint Resolution 314, identical resolutions establishing a joint subcommittee to study the need for restructuring the Commonwealth's local social services delivery system. "The Need for Restructuring the Commonwealth's Local Social Services Delivery System," presented to the 1993 Session of the General Assembly, reported the results of the study. The Executive Summary stated:

Although the impetus for this study was a Wilder administration budget-reduction proposal to consolidate the management of the Commonwealth's 124 local social service agencies into 38 agencies, the scope of the study included an examination of administrative costs and automation needs of local agencies. The subcommittee concluded that consolidation proposals imposing financial penalties on local social services agencies that fail to consolidate should not be pursued and that incentives for cooperation and consolidation would be a more productive avenue to pursue. The subcommittee determined that it was not advisable to separate administrative costs from direct service costs in the appropriation act but that it would be beneficial to included language in the act stating that the appropriation for administrative costs includes eligibility and social worker salaries. The Department of Social Services Application Benefit Delivery Automation Project (ADAPT) was endorsed by the subcommittee with a reminder to continue to work closely with localities in the development and implementation of the project.

In October of 2002, the Virginia League of Social Services Executives (VLSSE), the organization that represents the majority of the LDSS throughout the Commonwealth, issued a position paper on consolidation of LDSS. That paper concludes with the following statement:

In summary, the League is supportive of those localities that wish to consider consolidation and voluntarily consolidate their local departments of social services. However, a state mandate to consolidate local social services against the wishes of localities is not justified by cost savings or service improvements and is opposed by the League.

In December of 2003, the Commissioner of DSS submitted a report to the Governor and General Assembly in compliance with Item 352(E) of the 2003 Appropriation Act. The "Report on the Study of Consolidation of Local Departments of Social Services" presented the results of a study to examine consolidation of LDSS and the criteria and models used by jurisdictions to consolidate. Study findings included in the report related to mandatory consolidation, voluntary cooperation and consolidation, proposed incentives, and further considerations and recommendations for future studies.

First, the study concluded that mandatory consolidation was not consistent with the Code of Virginia (Code) as it was written and contrary to the recommendations in the aforementioned 1993 Joint Subcommittee report. Second, the report stated that there was local support for the development of incentives to encourage or assist voluntary consolidation or other cooperative activities. The study enumerated several such incentives. Third, the study suggested areas of interest developed by both DSS and LDSS that DSS could explore. Finally, the report included recommendations for future studies. Those recommendations were:

Conduct a study of local departments in designated geographic areas to determine if a combination of incentives, State department support and regional cooperation would facilitate consolidation.

Examine the creation of departments of human services in localities across Virginia. Departments of human services can bring together local agencies with similar and overlapping missions or target populations under a single administrative umbrella. The types of related functions might include social services, health, employment and training, mental health, and school health. Departments of Human Services currently exist in large urban areas such as Fairfax, Arlington, Alexandria, Newport News and Richmond. This type of arrangement is able to capitalize on local cost allocation by drawing down federal funds to maximize the delivery of services.

Examine models for consolidation to develop a comprehensive method for localities to use when considering consolidation. Each model (district, contract for services and agency-specific) has its own features that may be attractive to localities. The district model is the only one that is specifically authorized in the Code of Virginia. The authorization of other models in the Code should be examined to determine if it would serve as a catalyst for additional voluntary efforts among local departments.

In November of 2007, the Director of the Washington County Department of Social Services issued a report entitled “Comments on Feasibility of Consolidating the Departments of Social Services in Washington County and the City of Bristol, Virginia.” This report is relevant because it references a 1999 study on consolidation completed by the consulting firm KPMG. According to the 2007 report, KPMG concluded that:

- There would be no cost savings in consolidating the two social services departments.
- Consolidation had the potential of significantly increasing the cost of social services.
- Consumers would not be better served by a consolidated agency.
- Services and consumer conveniences may decrease under a consolidated model.
- There would probably be an undesirable increase in administrative complexity.

It should be noted that a copy of the KPMG study could not be located to confirm these conclusions.

## **Survey of Local Departments of Social Services who recently Consolidated**

In the fall of 2008, DSS staff contacted the directors of the four LDSS that most recently went through consolidation and asked them a series of questions. The questions can be found in Appendix D. The result of the survey follows.

### **Staunton/Augusta/Waynesboro**

Governmental officials decided to consolidate the Waynesboro Department of Social Services with the Staunton/Augusta Department of Social Services to contain cost and to improve the service delivery. The local share of the Comprehensive Services Act (CSA) was much higher for Waynesboro Department of Social Services than it was for Staunton/Augusta Department of Social Services. Also, the Waynesboro Department of Social Services was a weaker performing agency than Staunton/Augusta Department of Social Services. The consolidation resulted in cost savings because the local share of CSA for the Waynesboro



Department of Social Services was lowered. Also, because of an increase in the efficiency in service delivery, the need for CSA services in Waynesboro was reduced. The Director and Assistant Director positions for the Waynesboro Department of Social Services were eliminated resulting in additional cost savings.

The Director indicated that the Waynesboro Department of Social Services was a weak agency. With the consolidation, the Waynesboro Department of Social Services received the needed guidance to become a strong agency. The delivery of services in Waynesboro has improved since the consolidation.

### **Rockingham/Harrisonburg**

In the 1980s and early 1990s, Rockingham and Harrisonburg officials started working together on a number of issues. They looked for opportunities to cooperate together on and decided that merging the Rockingham Department of Social Services and the Harrisonburg Department of Social Services was one of these items. The merger resulted in a cost savings of \$75,000 the first year. Most of this was in office operations. However, the real costs savings have occurred over time.

The Director indicated that the success or failure of consolidation depends on the localities and why they are consolidating. If two agencies are considering consolidation just to save money, then consolidation should not occur. If the agencies are considering consolidation to improve services, then it is something that should seriously be considered. It is critical that the supervisory bodies support the concept of consolidation.

### **Henry/Martinsville**

In contrast to the Rockingham/Harrisonburg consolidation, the decision to merge the Martinsville Department of Social Services and the Henry Department of Social Services was initiated by the local governments. Neither local board of social services was involved in the decision. The consolidation resulted in the need for more workers and supervisors, thus resulting in an increase in expenditures.

The Director indicated that the delivery of services has been hampered because the agency still separates its funding into two “pots” (one for Martinsville and one for Henry) and it is difficult to determine in which locality some clients live. This results in costs often being charged to the wrong locality and the agency receiving charge backs. The Director stated that the consolidation has been very hard on staff members and members of the local boards. Because the county currently has more board members than the city, the county can override the city. Some of the board members are discussing undoing the consolidation. The agency needs a new building. The county has a building they are willing to have the agency move into, but the city is not willing to go along with this plan.

## **Alleghany/Covington/Clifton Forge**

The Clifton Forge Department of Social Services was merged with the Alleghany/Covington Department of Social Services when Clifton Forge became a town. Clifton Forge asked to be changed from a city to a town because they could not afford to provide the needed services, especially within the school system. The merger resulted in a need for more supervisors since all of the workers from the two agencies maintained employment. This resulted in an increase in expenditures.

The Director indicated that there were no major positives to the merger. There were no cost savings and, at least in the beginning, there were additional expenditures. The Director stated that if you consolidated two counties, either the clients would have a longer distance to go or there would be a need for a satellite office which would not save any money.

The results of the DSS survey were mixed, with Staunton/Augusta/Waynesboro and Rockingham/Harrisonburg suggesting that their consolidations reduced costs and increased the efficiency of service delivery, while the Henry/Martinsville and Alleghany/Covington/Clifton Forge experiences did not appear to have the same results. An observation regarding the latter two consolidations was that the impetus for their consolidations was much different than for the former two consolidations.

## **Data Analysis**

For analysis purposes, data related to costs, staffing and workload were aggregated into two groups, small LDSS and large LDSS. Small LDSS were single jurisdiction LDSS in localities with a population of less than 20,000. Based on population estimates found on the website of the Weldon Cooper Center for Public Service of the University of Virginia, 44 LDSS fall within the small LDSS category. Appendix E contains a map with the localities that these LDSS represent highlighted. The average population of the small localities is 12,215 with 14.6% of the residents living below the poverty level and an unemployment rate of 5.2%. Alternatively, the average population of the larger localities is 94,403, with 12.3% living below the poverty level and an unemployment rate of 4.9%.

The study resolution required the Commissioner to perform a comparative evaluation of costs in small and larger localities, conformity of staffing patterns with established workload measures in such smaller localities, and compliance with established performance measures in those small agencies.

The complicated nature of the funding of human services programs must be recognized when reviewing cost data for small and larger LDSS. Funds are received from the federal, state, and local governments and often there are restrictions on how the funds can be used. For simplification and relevance to the Commonwealth's budget, DSS looked at state funds expended at the local level. In State Fiscal Year (SFY) 08, small LDSS, which make up approximately 37% of all LDSS, expended 10% of state funds allocated to LDSS for administrative line items and 6.0% of state funds allocated to LDSS for non administrative line items.

Using data from the Local Employee Tracking System (LETS) it was determined that small LDSS had 10.3% of all approved positions in the Commonwealth.

The table below presents the average monthly caseload by program for small and larger LDSS. The average was obtained by looking at monthly caseloads from January of 2007 through July of 2007. The last column of the table shows the proportion of the total caseload that is handled by the small LDSS. Compared to their share of staff (10.3%), the data suggest that small LDSS handle a disproportionate share of energy assistance and adult services cases, a roughly proportionate share of most benefit programs, and a slightly less than proportionate share of most other service programs, child care and fraud.

<b>Average Monthly Caseload by Program for Small LDSS and Larger LDSS</b>			
<b>Program</b>	<b>Small LDSS</b>	<b>Larger LDSS</b>	<b>% of Cases in Small LDSS</b>
<b>Benefit Programs</b>			
Medicaid	46,640	398,597	10%
Food Stamps	28,413	231,809	11%
Temporary Assistance for Needy Families (TANF)	2,927	33,330	8%
Energy Assistance	2,337	12,212	16%
Auxiliary Grants	554	4,914	10%
State/Local Hospitalization	483	4,768	9%
Title IV-E Eligibility Determination	274	4,081	6%
General Relief	123	4,359	3%
<b>Employment Services</b>			
Virginia Initiative for Employment not Welfare (VIEW)	1,222	12,090	9%
Food Stamp Employment and Training Program (FSET)	329	17,179	2%
VIEW Transitional Payment (VTP)	70	1,310	5%
<b>Service Programs</b>			
Information and Referral	802	11,233	7%
Child Protective Services (CPS)	1,335	16,643	7%
Foster Care	639	7,472	8%
Home Studies	135	1,516	8%
Post-Adoption Services	246	5,555	4%
Adult Protective Services (APS)	530	6,420	8%
Adult Services	957	5,995	14%
<b>Child Care</b>	969	14,975	6%
<b>Fraud</b>	124	1,939	6%

Source: Various VDSS information systems.

A review of the performance indicators for the various human services programs show no appreciable differences in performance between small and larger LDSS, especially when

demographics and staffing are taken into consideration. From a staffing standpoint, this report previously noted that 10.3% of approved positions resided in the 44 small LDSS, while the remaining 89.7% resided in the larger LDSS. Below are performance indicator comparisons of small and larger LDSS:

<b>Average Results of Benefit Programs Performance Indicators for Small LDSS and Larger LDSS</b>		
<b>Performance Indicator</b>	<b>Small LDSS</b>	<b>Larger LDSS</b>
Food Stamps, percent of applications processed timely	99.2%	99.0%
Food Stamp participation rate	59.4%	58.8%
Food Stamp Quality Assurance error rate, positive	2.0%	4.0%
Food Stamp Quality Assurance error rate, negative	1.3%	11.6%
Food Stamp denial rate	21.0%	22.7%
Job retention rate	67.6%	68.8%
VIEW average hourly wage	\$7.31	\$7.51
VIEW percent employed	56.6%	59.6%
TANF denial rate	20.8%	22.9%
TANF, percent of applications processed timely	99.6%	98.8%
TANF work participation rate	35.6%	45.2%
Medicaid, percent of applications processed timely	95.7%	93.6%
Medicaid, percent of reviews processed timely	97.9%	96.8%

Source: Performance Indicators Monthly Report for July 2008

<b>Average Results of Child Welfare Performance Indicators For Small LDSS and Larger LDSS</b>		
<b>Performance Indicator</b>	<b>Small LDSS</b>	<b>Larger LDSS</b>
Recurrence of maltreatment (Goal: <=6.1%)	0.7%	1.8%
Maltreatment in foster care (Goal: <=0.57%)	0.3%	0.2%
Reunification within 12 months (Goal: >=76.2%)	67.4%	65.9%
Adoption finalized within 24 months (Goal: >=32%)	35.9%	33.0%
No more than 2 placements in 12 months (Goal: >=86.7%)	90.5%	88.1%
Reentry into foster care within 12 months (Goal: <=8.6%)	5.3%	4.0%

Source: Division of Family Services' Progress to Excellence Report for July, 2007 – June, 2008

In reviewing the staffing patterns in small LDSS with established workload measures, DSS utilized caseload counts from various information systems and the recent Hornby Zeller workload study. The net case worker need for each LDSS can be calculated as the number of case workers needed to perform core case management functions, according to the recent workload study, minus the number of case worker positions approved. A positive number indicates a need for additional case workers and a negative number indicates more case workers are present than are needed. The table below suggests that small LDSS have more case workers relative to workload than larger LDSS. On average, small LDSS have 0.7 more case workers

than called for by the workload study and larger LDSS have 3.9 fewer case workers than needed. The small LDSS have about 6% more approved case worker positions than are needed according to the workload study and the larger LDSS have about 6% fewer approved positions than are needed.

<b>Average Number of Additional Case Workers Needed by Small LDSS and Larger LDSS by Program Category</b>				
<b>Program Category</b>	<b>Average Number Needed</b>		<b>Percentage of Approved Positions</b>	
	<b>Small LDSS</b>	<b>Larger LDSS</b>	<b>Small LDSS</b>	<b>Larger LDSS</b>
Benefit Programs	-0.6	2.7	-7.7%	7.6%
Service Programs	-0.1	1.2	-1.6%	4.2%
Total	-0.7	3.9	-5.5%	6.0%

Note: Benefit Programs includes Employment Services, Energy Assistance, and Fraud. Service Programs includes Child Care.

Sources: VDSS' Office of Research calculations based on LETS extract as of August 8, 2008 and workload study results.

## Conclusions and Recommendations

A review of data collected in accordance with the study resolution presents no compelling reason to mandate consolidation of LDSS in localities with populations of less than 20,000. However, a review of previous studies and reports as well as the comments of directors of LDSS' that have recently consolidated suggests anecdotally that localities that voluntarily consolidate with a common objective of reducing costs and improving services are likely to achieve those objectives over time. Neither the statistical data nor the anecdotal data suggest an immediate appreciable cost savings or service improvement.

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It does not appear that the environment for consolidation has changed significantly in a manner that would render the current environment conducive to mandatory consolidation.

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DSS continues to believe that these recommendations have merit.

In addition, the General Assembly may wish to consider alternative efficiencies through use of technology. Enterprise applications have shown the capability to demonstrate efficiencies in the administration of program functions. Exploring technological advancements, including the use of enterprise applications to enhance efficiencies, may be a more viable long term solution.

## Appendix A

### Item 339(F) of the 2008 Appropriation Act (Act)

Beginning July 1, 2008, the Commissioner of Social Services shall work with the governing bodies of localities operating a single jurisdiction local department of social services with 2007 provisional population estimates of 20,000 or less to examine and identify efficiencies or general fund cost savings as a result of consolidating those programs and/or administrative operations. The Commissioner of Social Services, in consultation with the identified local governing bodies, shall include a comparative evaluation of costs in localities operating a single jurisdiction local department of social services below and above populations of 20,000, conformity of staffing patterns with established workload measures in such smaller localities, and compliance with established performance measures in those small agencies. The Commissioner shall report on the potential savings accrued by this action to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2008.

## Appendix B

### Virginia League of Social Services Executives' Position Paper on Consolidation





# WASHINGTON COUNTY OFFICE ON YOUTH

234 WEST VALLEY STREET, SUITE A  
ABINGDON, VIRGINIA 24210

## MEMO

**Date:** Monday, 28 October 2002  
**To:** Doug Meade, Washington County DSS  
**From:** Ernie Braganza  
**Subject:** AD HOC CONSOLIDATION COMMITTEE SURVEY

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The 2002 survey of local DSS agencies identified 100 agencies that are involved with cross jurisdiction collaborations and partnerships. The 38 agencies that responded directly to the survey reported 217 collaborative projects across the state (an average of 5.9 projects per respondent).

The majority of interagency collaborations focused on employment opportunities for clients through VIEW, TANF, Welfare to Work; WIA, and Hard to Serve initiatives.

Other common collaborations focused on the following:

- Foster care, day care, and adoption recruitment and training
- CSA teams and coordinators
- Revenue maximization through IV-E
- Courtesy CPS/APS services in cases of conflict of interest
- Resource development through grants
- Parenting classes
- Healthy Families
- Monthly regional director meetings and frequent consultations with experts from other agencies
- Staff training
- Serving on hiring panels with other agencies
- Emergency services/ Disaster recovery/ FEMA funds

POSITION PAPER  
OF THE VIRGINIA LEAGUE OF SOCIAL SERVICE EXECUTIVES  
ON CONSOLIDATION OF LOCAL DEPARTMENTS OF SOCIAL SERVICES  
OCTOBER 4, 2002

The Virginia League of Social Service Executives (the League) is a professional organization of the directors and assistant directors of local departments of social services. The League focuses on professional staff development for the directors and employees of local departments of social services and seeks to educate elected officials, and community partners on the work of Social Services and the needs of our clients and employees.

**The League's members are Virginia's experts on the structure and administration of social services departments and programs. Our organization's knowledge of and experience with issues of social services consolidation are available to assist local government officials, planners and decision-makers interested in or considering this question.**

In the Commonwealth, social services are state supervised but administered locally by each separate jurisdiction, except where two or more local governmental jurisdictions have decided to create a consolidated social services department.

The Code of Virginia authorizes local jurisdictions to consolidate their social service agencies under one of three model choices, the district, contract for service or an

agency specific model. The district model is its own legal entity that can negotiate and enter into contracts. Under the contract model, one jurisdiction is selected to manage the various aspects of social service operations. The primary jurisdiction generally functions as the decision-making body and fiscal agent. The agency specific model generally employs a number of characteristics of the district or contract for service model with unique arrangements drafted and utilized to meet specific circumstances or needs of the jurisdictions involved.

Social services consolidation can and has been found to be desirable and workable for some localities, and the League is very supportive of localities that wish to voluntarily combine this local government function. Currently there are twenty-seven localities that have voluntarily consolidated into twelve agencies. Attached is a list of consolidated agencies.

Most of the twenty-seven agencies that have consolidated their social services departments did so long ago at the time the agencies were initially organized, during a period when the agencies were smaller and programs less complex.

During the past two decades, most social service consolidations have occurred as a result of the jurisdictions focused on addressing unique political or special circumstances existing in those localities.

The most recent of three consolidations to occur in the Commonwealth was when Clifton Forge in 2001 reverted from a city of the first class back to town status and its department of social services was merged into the Allegheny County/Covington agency.

In 1997 the City of Martinsville and Henry County consolidated their social service departments primarily to prevent an expensive capital outlay project and to address an over crowded office space need in Henry County. The two new consolidated agencies moved into a vacant commercial office building in downtown Martinsville which has brought increased traffic and provided a much needed economic stimulus to the city. By Martinsville being located in the center of Henry County client convenience and services have not been impeded. Both county and city officials verify that no cost savings were initially anticipated or subsequently realized from this consolidation.

In 1995 the City of Harrisonburg and Rockingham County consolidated their two departments of social services. This consolidation has been successful with a small savings estimated at \$75,000.00 per year from a combined budget of \$3,000,000.00. In this case, two small agencies combined into a larger one which could more readily implement better business practices resulting in some improved service delivery.

Cost savings have not typically been a reason for social services consolidation, and those localities that have consolidated their local departments have generally found no significant savings as a result.

In the early 1990's, as part of a budget reduction proposal, the Wilder administration proposed to consolidate the management of the Commonwealth's 124 local social service agencies into thirty-eight agencies. At that time, the General Assembly determined that consolidation would not produce the cost savings that were predicted and declined to approve the proposal.

Approximately fifteen other localities have considered consolidation and decided against it, finding no service improvements, cost savings or other advantages. In fact, it was found that consolidation could result in cost increases due to the creation of larger and more administratively complex organizations.

The City of Charlottesville/Albemarle County; Washington County/City of Bristol, and City of Danville/Pittsylvania County are three examples of jurisdictions which have studied consolidation and determined that it would not be advantageous.

Charlottesville and Albemarle County have twice studied the cost and benefits of consolidation of their social service departments, and both times they concluded there were no significant cost savings or service improvements to be achieved. They also found that there would be an undesirable increase in administrative complexity.

In October 1999, the Washington County Board of Supervisors and the City Council of Bristol, Virginia used KPMG, a national consultant firm, to conduct a social service consolidation feasibility study under a contract with the Virginia Department of

Social Services. The consultant report concluded the following: there would be no cost savings in consolidating the two social service departments; consolidation had the potential of significantly increasing the cost of social services; and consumers would not be better served by a consolidated agency; actually, services and consumer convenience may decrease under a consolidated model. Based on these findings, the localities of Bristol and Washington County decided to drop the idea of consolidation.

The Danville/Pittsylvania consolidation study concluded that it would not be feasible to consolidate the two departments. The large physical size of Pittsylvania county coupled with the fact that Danville City is located at the lower edge of the county would make it necessary to open several satellite offices. Any administrative savings achieved through eliminating duplicate positions would be erased by costs of additional facilities. There were many other potentially costly complications such as having to deal with two different personnel, compensation/classification and retirement systems.

In times of funding shortfalls and economic downturns, oftentimes local and state governments consider consolidation of various government functions as a way of saving money. In the particular case of social services, some local governments do find reasons that consolidation would be desirable, based on local issues and conditions that are not generally applicable statewide. But experience and research have shown that consolidation of local departments of social services usually will not save money or better serve the citizens.

Most all of the programs administered by local departments of social services are legally mandated. For many decades, local departments of social services have administered these programs and served the public well. These local departments are visible, accountable and responsive to the unique communities they serve. Moving to a district, consolidated and long-distance delivery system may diminish the effectiveness of a system that has and is working well in serving the citizens of this Commonwealth.

**In summary, the League is supportive of those localities that wish to consider consolidation and voluntarily consolidate their local departments of social services. However, a state mandate to consolidate local social services against the wishes of localities is not justified by cost savings or service improvements and is opposed by the League.**

Consolidated Social Services Agencies in Virginia  
And Dates of Those Consolidations

Halifax Co./South Boston (reported under Halifax Co.)	-	1930's
Roanoke Co./Salem (reported under Roanoke Co.)	-	1930's
Augusta Co./Staunton (reported under Augusta Co.)	-	1933
Chesterfield Co./Colonial Heights (reported under Chesterfield Co.)	-	Always been one agency since 1930's and continued to do so in 1948 when Colonial Heights became a city.
Bedford Co./Bedford City (reported under Bedford Co.)	-	Always been one agency since 1930's and continued to do so in 1968 when Bedford became a city.
Greensville Co./Emporia (reported under Greensville Co.)	-	Always been one agency since 1930's. In 1967 Emporia became a city and entered into a contract for service with Greensville County. In 1970 the two jurisdictions elected to become a district agency.
Fairfax Co./Fairfax City/Falls Church (reported under Fairfax Co.)	-	Under a contract for service Fairfax has administered social services in Fairfax City since 1978 and in Falls Church since 1970's.
Rockbridge Co./Lexington/Buena-Vista (reported under Rockbridge Co.)	-	Early 1970's
York Co./Poquoson (reported under York)	-	Always been one agency since 1930's and



continued to do so in 1975 when Poquoson became a city.

Rockingham Co./Harrisonburg  
(reported under Rockingham Co.) - 1995

Henry Co./Martinsville  
(reported under Henry Co.) - 1997

Alleghany Co./Covington/Clifton Forge  
(reported under Alleghany Co.) - Alleghany/Covington has been one agency since initial organization in 1930's. In 2001 Clifton Forge reverted from city to town status and joined Alleghany/Covington agency.

The following Virginia League of Social Services Executives members are the primary contacts for additional information or resource assistance on consolidation of local Departments of Social Service agencies in the Commonwealth of Virginia:

VIRGINIA LEAGUE OF SOCIAL SERVICES EXECUTIVES  
ADHOC CONSOLIDATION COMMITTEE

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## Appendix C

### Comments on Feasibility of Consolidating the Departments of Social Services in Washington County and the City of Bristol



Washington County and Bristol, Virginia  
Departments of Social Services



*Working With Local Partners To Serve The Community*

## COMMENTS ON

# FEASIBILITY OF CONSOLIDATING THE DEPARTMENTS OF SOCIAL SERVICES IN WASHINGTON COUNTY AND THE CITY OF BRISTOL, VIRGINIA

Prepared and submitted by:

Gary Douglas Meade, Director  
Washington County, Virginia  
Department of Social Services

November 2007

I, Gary Douglas Meade, Director of Social Services in Washington County gave notice of my retirement on October 22, 2007 to be effective March 1, 2007. Mr. Kenneth Reynolds, Chairman of the Washington County Board of Supervisors, advised me on November 13, 2007 that the Bristol City Council and the Washington County Board of Supervisors wanted to revisit the feasibility of consolidating the County and City Departments of Social Services. On November 19, 2007, Mr. Reynolds called to invite me to a meeting scheduled on November 26, 2007 at Bristol Virginia Utilities. Mr. Reynolds advised that the purpose of the November 26, 2007 meeting was to provide an opportunity for a committee composed of Board of Supervisors members and City Council members to hear comments on consolidation from Mr. Tony Fritz, Regional Director, and the Directors of Social Services in Bristol and Washington County.

I would recommend that the reader turn to the Appendix #1 located on page 14 of this report and review the Fact Sheet on Consolidation and Cooperation. This 2002 fact sheet was prepared by the Virginia League of Social Service Executives (VLSSE), the professional association of the local directors of social services in the Commonwealth of Virginia.

I now offer the following thoughts and comments on the possible consolidation of the two Departments of Social Services:

## INTRODUCTION

During recent years, questions have been raised by legislators, legislative staff, local governing bodies and staff in the executive branch of several governors about the feasibility and desirability of merging local departments of social services (local departments). There are currently 120 local departments ranging in size from seven or eight employees to several hundred employees. Questions raised have generally been related to cost savings and the potential for improved services or improved administration.

## BACKGROUND

Since the passage of the Social Security Act in 1935, the Virginia Department of Social Services (VDSS) has shared responsibility with local departments of social services for providing services to those individuals and families in Virginia who are in need. Services that are provided have their roots in Federal and State law. They fall into two general areas:

- Services to eligible families in their efforts toward self-sufficiency; and
- Services to families, children, and adults in need of protection and other services associated with personal safety and care.

The Virginia social services system is state supervised and locally administered. Local departments are charged with the responsibility for the determination of eligibility and delivery of benefits and services to eligible individuals and families. The State Department is responsible for the proper operation of the overall system. Virginia is one of 13 states that use this type of system. Programs are state administered in the remaining 37 states.

The *Code of Virginia* authorizes the establishment of local boards and departments of social services in each county and city in Virginia. It also makes provision for two or more

counties and cities to voluntarily establish a single department to provide services in all of the local jurisdictions that are part of the merged or “consolidated” agency area.

Local departments have local boards of social services that are accountable to local governing bodies and the Commissioner of Social Services for proper administration of programs in their localities. In addition to determining eligibility for services, the local boards are responsible for personnel administration, local policies and budget. Local directors of social services are accountable to their boards as provided by state law.

The State Board of Social Services plays a key role in the Virginia System. The Board develops and adopts regulations which serve as the legal base for provision of services and programs. This Board is also responsible for approving voluntary consolidation of local departments seeking to establish districts of two or more counties and/or cities.

### **HISTORY OF VOLUNTARY CONSOLIDATION**

Voluntary consolidation of local departments of social services is the merging of two or more county and/or city departments providing benefits and social services into one agency to provide coordinated delivery of services and benefits for multiple jurisdictions.

Voluntary consolidation first occurred after the passage of the Social Security Act in 1935 and the Virginia Public Assistance Act of 1938 which required all cities and counties to operate a social services program. These events contributed to the early consolidations of local departments. The Social Security Act mandated that States provide services and programs to individuals needing public assistance with the provision that service delivery could be administered by States and/or localities. The Commonwealth of Virginia implemented a State supervised and locally administered system in each jurisdiction.

Following the creation of VDSS, several localities merged their service delivery



systems. There are three models used for voluntary consolidation: district model, contract for services model and agency specific model.

The majority of consolidations occurred in the 1930's when several towns became cities and merged their social services functions with an adjoining county. Since 1995, consolidations have been effected between (i) the City of Martinsville and Henry County; (ii) the City of Harrisonburg and Rockingham County; and (iii) the City of Covington and Allegheny County. On July 1, 2003 the City of Waynesboro was added to the already existing voluntary consolidation of the County of Augusta and the City of Staunton. In sum, the localities that have voluntarily consolidated are:

- Roanoke County/City of Salem;
- Augusta County/City of Staunton/City of Waynesboro;
- Chesterfield County/City of Colonial Height;
- Bedford County/City of Bedford;
- Greensville County/City of Emporia;
- Fairfax County/City of Fairfax/City of Falls Church;
- Rockbridge County/City of Lexington/City of Buena-Vista;
- York County/City of Poquoson;
- Rockingham County/City of Harrisonburg;
- Henry County/City of Martinsville;
- Alleghany County/City of Covington (also provides service to Clifton Forge which has reverted to Town status).

Social services consolidation can and has been found to be desirable and workable for some localities. Currently, there are twenty-six localities that have voluntarily consolidated into eleven agencies.

Most of the twenty-six agencies that have consolidated their social services departments did so long ago at the time the agencies were initially organized, during a period when the agencies were smaller and programs less complex.

During the past two decades, most social service consolidations have occurred as a result of the jurisdictions focused on addressing unique political or special circumstances existing in those localities.

The most recent of three consolidations in the Commonwealth occurred in 2001. Clifton Forge reverted from a city of the first class back to town status and its department of social services was merged into the Allegheny County/Covington agency.

In 1997, the City of Martinsville and Henry County consolidated their social service departments primarily to prevent an expensive capital outlay project and to address an over crowded office space need in Henry County. The two new consolidated agencies moved into a vacant commercial office building in downtown Martinsville which has brought increased traffic and proved a much needed economic stimulus to the city. As Martinsville is located in the center of Henry County, client convenience and services have not been impeded. Both county and city officials verify that no cost savings were initially anticipated or subsequently realized from this consolidation.

In 1995, the City of Harrisonburg and Rockingham County consolidated their two departments of social services. This consolidation has been successful with a small savings estimated at \$75,000.00 per year from a combined budget of \$3,000,000.00. In this case, two small agencies combined into a larger one which could more readily implement better business practices resulting in some improved service delivery.

**PRIMARY PURPOSE TO CONSOLIDATE WASHINGTON COUNTY AND BRISTOL CITY DEPARTMENTS OF SOCIAL SERVICES**

While there are many issues to consider in determining the feasibility of consolidation, the primary considerations from my vantage point are:

- Will consolidation save money?
- Will consolidation improve the quality of services?
- Will consolidation increase productivity?

**COST SAVINGS**

Research by the Virginia League of Social Service Executives (VLSSE) indicates that cost savings have not typically been a reason for social services consolidation, and those localities that have consolidated their local departments have generally found no significant savings as a result.

In the early 1990's, as part of a budget reduction proposal, the Wilder administration proposed to consolidate the management of the Commonwealth's 124 local social service agencies into thirty-eight agencies. At that time, the General Assembly determined that consolidation would not produce the cost savings that were predicted and declined to approve the proposal.

Approximately twenty other Virginia localities have considered consolidation and decided against it, finding no service improvements, cost savings or other advantages. In fact, it was found that consolidation could result in cost increases due to the creation of larger and more administratively complex organizations.

In the recent past, the City of Charlottesville/Albemarle County; City of Danville/Pittsylvania County; and Washington County/City of Bristol, are three examples of

jurisdictions that have studied consolidation and determined that it would not be advantageous.

Charlottesville and Albemarle have twice studied the cost and benefits of consolidation of their social service departments, and both times they concluded there were no significant cost savings or service improvements to be achieved. They also found that there would be an undesirable increase in administrative complexity.

The Danville/Pittsylvania consolidation study concluded that it would not be feasible to consolidate the two departments. The large physical size of Pittsylvania County coupled with the fact that Danville City is located at the lower edge of the county would make it necessary to open several satellite offices. Any administrative savings achieved through eliminating duplicate positions would be erased by costs of additional facilities. There were many other potentially costly complications such as having to deal with two different personnel, compensation/classification and retirement systems.

This will be the third time Washington County and the City of Bristol have considered the feasibility of consolidating their two Departments of Social Services. The first time occurred in 1995 and the second time occurred in 1999.

In October 1999, based on a joint request by the County of Washington and the City of Bristol, to the Commonwealth of Virginia Department of Social Services, KPMG, a national consultant firm, was tasked to do a study on the feasibility of consolidating the county and city departments of social services. The KPMG study concluded that there would be no cost savings in consolidating the two social service departments. In fact, the study indicated that consolidation had the potential of significantly increasing the cost of social services.

The budget of a local department of social services is composed of two parts –

administration and benefit/social service programs:

Local departments of social services determine consumer eligibility and administer over two dozen benefit and social service programs – Food Stamps, Medicaid, TANF, etc. – for the state and federal governments. Other than a relatively small amount of local match required in a few of the programs, essentially all of the programs are totally funded and mandated by the federal and state government. Caseloads and expenditures of these programs are dictated by consumer demand and consumer eligibility qualification. Therefore, consolidating social services in Washington County and the City of Bristol would have little or no impact on reduction of caseloads or expenditures. Social service consumers in Washington County during fiscal year 2006-2007 received \$38,049,935.00 in benefits and services. Figures were unavailable for Bristol City for this time period.

In fiscal year 1998-99, Washington County and Bristol, Virginia Departments of Social Services' administrative costs were \$1,937,837.00 and \$1,359,011.00 respectively.

The bulk of these two administrative budgets, approximately 88% in Washington County and approximately the same amount in Bristol, were spent on salaries/fringe benefits and office space cost. Consequently, any real cost savings to be realized by consolidation would require a reduction of payroll and a reduction of office space cost.

Currently, Washington County has 50 staff and Bristol City reportedly has 39 staff, a total of 89 staff. Other than eliminating one director's position and perhaps one office manager position, I don't believe any staff reduction under consolidation would be possible. Both local agencies are currently understaffed. KPMG indicated that additional staff not fewer staff, may be required to man a consolidated agency. KPMG pointed out that both agencies are operating at a staffing level below the staffing level recommended by the state.

Combining Washington County and Bristol Virginia social service staff into one merged agency would change the size from a Class III, the current size of both agencies, to a Class IV single agency. Most all Class IV agencies with eighty-plus staff have added another layer of management, a chief of service, a chief of benefit programs and a chief of administration, who monitor the unit supervisors and report back to the director. This same management concept probably would be required in Bristol and Washington County under a single merged agency and one director concept.

My thoughts are that consolidation would not reduce any office space cost. This conclusion was also reached by the KPMG study. Should consolidation occur, due to cost, client convenience/accessibility issues and political reasons, I do not recommend that the two social service departments be combined and moved into a single office building. I would recommend that the two agencies remain and operate out of the same office buildings as they now occupy. A physical presence in both the county and city would be necessary. As the feasibility of consolidation is discussed in the board and council chambers, I believe office space is a critical issue that needs to be "thought out" and "left alone".

### **QUALITY OF SERVICES**

The experience of those agencies that have consolidated, and the localities that have studied the feasibility of consolidating, have shown that consolidation of local departments of social services usually will not better serve the citizens.

The 1999 KPMG study concluded that the consumers in Washington County and the City of Bristol would not be better served by a consolidated agency. Instead, the quality of services and consumer convenience may decrease under a consolidated model. KPMG pointed out that programs and services appeared to vary in the two localities and a

potentially significant cost increase could be associated with offering the same programs and services to customers of a consolidated agency.

### **PRODUCTIVITY**

A major concern of mine is what would happen and what would the impact of consolidation have on staff.

I can not speak for Bristol; however, the Washington County Department of Social Services has excellent staff, who are compassionate, productive and get the job done. I can produce several state reports which document the productivity of the staff. The managers and I have been very selective in employing staff based on what they know and what they can do, selected not on whom they know.

The 1999 KPMG study pointed out that differences in philosophy and personnel practices exist between the two social service agencies and that a potential for high turnover exists due to employee resistance to consolidation.

### **CONCLUSION**

This will be the third time officials in Washington County and the City of Bristol have considered consolidating social service functions. Based on a wealth of information and research from all over the Commonwealth that I have condensed and shared with you, my advice and recommendation is that social services is not broken and needs to be left alone, as is, to serve citizens of the two localities.

As stated earlier, the 1999 KPMG study concluded that a consolidation model of social services in Washington County/City of Bristol was not feasible based on the following findings:

- There would be no cost savings in consolidating the two social service departments;
- Consolidation had the potential of significantly increasing the cost of social services;
- Consumers would not be better served by a consolidated agency;
- Services and consumer convenience may decrease under a consolidated model, and;
- There would probably be an undesirable increase in administrative complexity.

I end my comments on the fact that today most localities in the Commonwealth are focused not on consolidation of social service functions, but are instead involved and focused on cross jurisdiction collaborations, partnerships and seeking regional solutions to human service issues. A survey conducted in 2002 of the 120 local departments of social services identified that most of the local agencies are involved in cross jurisdictional collaborative projects.

The Washington County and Bristol City Departments of Social Services have always worked closely together, collaborated and participated in joint projects. Current examples of this interagency collaboration and the administration of joint projects are as follows:

- Foster care, day care and adoption recruitment and training;
- Courtesy CPS/APS services in cases of conflict of interest;
- Resource development through grants;
- Development of regional child residential care facilities;
- Staff training;
- Serving on hiring panels;
- Emergency services/disaster recovery;
- Share same CSA coordinator;



- Partner a lot on developing employment opportunities for consumers through VIEW, TANF, Welfare to Work, WIA, and Hard to Serve Initiatives;
- Both Bristol and Washington County Directors serve on the board of directors of Occupational Enterprises, a non profit organization that provides wrap around services to social service consumers as they move from a welfare check to work and self-sufficiency. OEI serves twelve southwest localities.

Again, I thank you for the opportunity to share my personal thoughts on the subject of consolidation.

Respectfully submitted:

G. D. Meade, Director  
Washington County  
Department of Social Services  
November 26, 2007

Virginia's Local Social Services Delivery System  
**FACTS ON CONSOLIDATION AND COOPERATION**

**Benefits of Current Structure**

- Local identity of Social Services brings local ownership, funding and support.
- Locality-based offices provide good public accessibility.
- Local presence and ownership makes programs more responsive to local needs.
- Local directors provide human services leadership for their communities.
- Local management provides optimum accountability.

**Consolidation Issues**

- There are presently 11 voluntarily consolidated departments including 26 localities.
- Of the 3 consolidations since 1995, neither significant cost-savings nor improved client services was the motivation or the outcome.
- Proposals for cost reduction through consolidation are based on assumptions; studies consistently find no significant cost savings.
- Approximately 15 localities have studied consolidation and decided against it due to no cost savings, service improvements, or other advantages.
- Some studies have found consolidation could increase costs.
- 1991 General Assembly rejected forced consolidation and directed a legislative study.
- Findings and recommendations of the 1993 joint subcommittee study (SD 45) included:
  - local governments did not believe saving money through consolidation was realistic.
  - community ownership, funding support, and human services leadership could be lost by forced consolidation.
  - efforts to force consolidation could potentially damage service effectiveness.
  - voluntary consolidation would be more effective than mandatory.
  - forcing consolidation with financial penalties should not be considered.
  - claims that local Social Services' administrative costs were excessive were due to misunderstanding how costs were classified.
- A 1986 General Assembly study found that local Social Services administrative costs were not excessive.

**Interagency Cooperation for Efficiency and Effectiveness**

- A 2002 survey found that 100 Social Services departments (82%) are involved in 217 different cross-jurisdictional collaboratives and partnerships statewide.
- Cooperative programs produce efficiencies and service improvements that fit unique local needs and opportunities.
- Findings of the 1993 joint subcommittee study report included:
  - cooperative programming among local Social Services departments was extensive but not widely known.
  - there are many opportunities for incentives to support expanded cooperative programming for better effectiveness and efficiency.
  - incentives for cooperation should be pursued instead of forced consolidation.
- The subcommittee of the Governor's Commission on Efficiency and Effectiveness recommends evaluating cross-jurisdictional cooperation as a way to reduce costs.

# Appendix D

## Survey Questions to LDSS that recently consolidated

1. Why did government officials decide to consolidate the local departments of social services?
2. Did the consolidation result in any cost savings?
3. Did the consolidation increase the cost for either locality? If yes, how much and in what areas?
4. Did the consolidation lead to increased efficiencies in the delivery of any services? If yes, which services and how did they become more efficient?
5. Would you recommend consolidation to other local departments of social services? Why or why not?

# Appendix E

Map showing Small Localities

