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REPORT OF THE SOCIAL SERVICES STUDY COMMISSION



REPORT TO THE 1991 GENERAL ASSEMBLY OF NORTH CAROLINA 1991 SESSION

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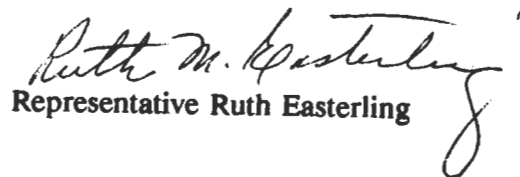
January of 1991

TO THE MEMBERS OF THE 1991 GENERAL ASSEMBLY:

By this document the Social Services Study Commission reports to the 1991 General Assembly under authority of Chapter 802 of the 1989 Session Laws (Senate Bill 231).

Respectfully submitted,


Senator Russell Walker


Representative Ruth Easterling

Cochair

Social Services Study Commission

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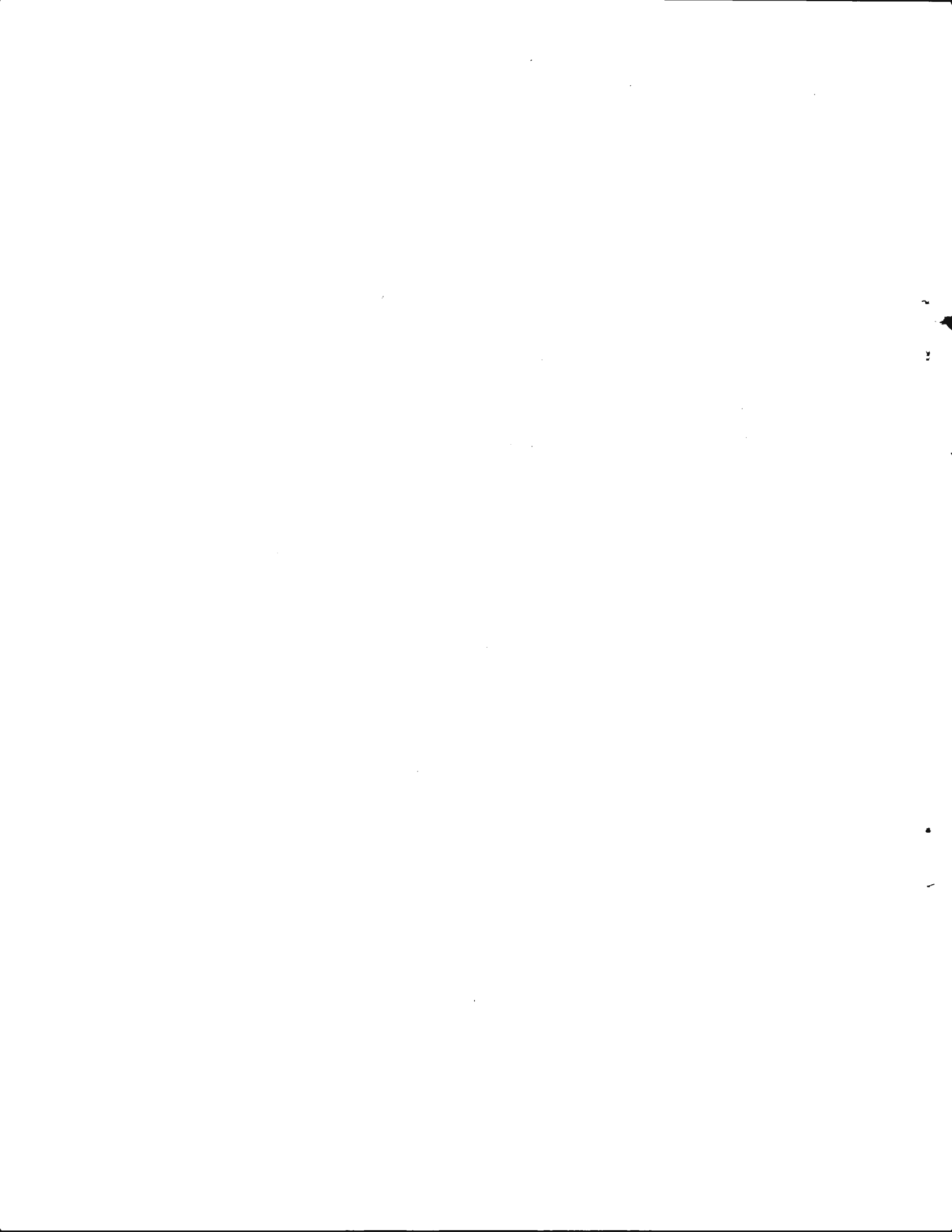


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COMMISSION PROCEEDINGS

The Social Services Study Commission met eight times. All meetings were held in Raleigh. The following is a short synopsis of each meeting. The more detailed minutes of each meeting are available in the Legislative Library of the Legislative Building.

Meeting on December 14, 1989

The first meeting of the Social Services Study Commission was held on December 14, 1989. The agenda for the first meeting included a review of the legislation from the 1989 Session of the General Assembly related to public assistance and social services, a report on federal welfare reform, and a report on the implementation of House Bill 141 to develop a Social Services Plan.

Ms. Nina Yeager of the Fiscal Research Division was recognized as the first speaker. She reviewed the recommendations from the 1987 Social Services Study Commission to the 1989 General Assembly. A list of the action taken by the General Assembly on the various recommendations was distributed to the members. (See Appendix C.) Senator Walker noted that the highest priority of the previous Commission was the development of a Social Services Plan to ensure the uniform availability of core social services and public assistance programs, and it was enacted during 1989.

Ms. Joan Holland, Assistant Director for Program Administration for the Division of Social Services, spoke next on federal welfare reform and the Family Support Act. She focused on the Welfare Reform Task Force, a departmental initiative, and the guidance it provided in establishing budget requests which were ultimately sent by the Governor to the General Assembly for appropriations. The Welfare Reform Task Force included fifty-four people; committees were formed to cover the major areas of the federal legislation - Aid to Families with Dependent Children, child support, and JOBS. Local departments of social services are to develop a local JOBS plan through their local planning process. Secretary Flaherty established a JOBS Oversight Committee which included the Departments of Economic and Community Development, Public Education,

1989 which requires that (1) applications be taken the day the client appears at the county department of social services, (2) more assistance be given applicants in filling out applications, (3) penalties will be assessed for discouraging clients, (4) monitoring of counties will occur with a scoring system, and (5) without meeting certain thresholds, counties will have to pay sanctions. Implementation is to begin in April of 1990. (See Appendix G.)

Representative Easterling recognized Ms. Fran Tomlin, Chief of the Day Care Section of the Department of Human Resources. She reviewed the written material presented to the Commission on the subsidized day care program, federal and State expenditures, child abuse and neglect statistics, the impact of the federal Family Support Act on day care, and a summary of recent legislation on day care. Ms. Silberman asked about the number of children under age six requiring day care and the number of slots available. Ms. Tomlin stated that the total licensed capacity was 174,715; 292,000 children in the State have working mothers. Dr. Reid questioned whether there is a problem with unregulated day care in the State. Ms. Tomlin responded that there was unmonitored, unregulated day care, but no one knew the number of children involved. Representative Colton wanted to know the status of the statewide referral system. She was told that work was being done to develop a statewide network of referral agencies, with eleven funded last year. Senator Marvin was concerned that technical assistance in day care had been reduced. Senator Allran expressed interest in tax incentives for businesses that provide day care. There was general discussion related to church-sponsored day care and the statutory formula to allocate day care funds to the counties from the State. It was requested that more information be given at a later meeting.

Meeting on February 8, 1990

The third meeting of the Social Services Commission was held on February 8, 1990.

Senator Walker recognized the first speaker, Secretary David Flaherty, Department of Human Resources. Secretary Flaherty requested that the Commission endorse and recommend a statutory provision that would allow the Department, when

receiving federal money in excess of appropriations by the General Assembly, to distribute the money on a preset formula rather than having to hold the money in reserve until the General Assembly comes back in session. He stated that the most pressing areas of need were day care, protective services, and in-home services. He informed the Commission that funds totalling \$1.6 million were now being held in reserve that needed to be released to the counties to address some significant needs. Commission members commented on particular needs that should be addressed with this money, including day care, child welfare, services for adults, protective services for children, and elderly assistance.

Ms. Barbara Matula, Director, Division of Medical Assistance, was the next speaker. She addressed the Commission on increased Medicaid coverage for pregnant teenagers. She stated that it was reported unofficially in October that North Carolina had the highest infant mortality rate in the nation with the exception of the District of Columbia. The Division of Medical Assistance was reviewing a gap in Medicaid coverage for the pregnant teen living at home. In determining eligibility, the income of the parents had to be counted. Fortunately, the federal government had reinterpreted the law to say that states could make maternity services available to pregnant teens living at home. She said that pregnant teens were the largest contributor to the high infant mortality rate. Ms. Matula stated that they were seeing an increasing number of physicians willing to see Medicaid patients. Broad distribution of caseload and paperwork among physicians is viewed as a clear incentive for increased physician participation.

Senator Walker recognized Mr. John Tanner, Chief, Family Services Section, Division of Social Services, to discuss protective services for children. He began by stating that the 1989 Session of the General Assembly, with the Commission's support, appropriated funds to strengthen the Child Protective Services Program. (See Appendix H.) Mr. Tanner stated that it was crucial that county departments have adequate staff to conduct their investigations. A handout was distributed that listed the allocations by county and what was received in 1985 and 1989 by each county from State appropriations. (See Appendix I.) Senator Richardson raised questions regarding employing a clinical social worker in a county department of social services. Senator Walker discussed with Mr. Tanner the lack of trainers in child protective services. Suggestions were made to use the university system or volunteers for those positions. Mr.

Boyd said there is a crisis in employing qualified social workers; a serious look might be needed at a grant or scholarship or stipend model similar to what had been done in the teaching field.

Meeting on March 8, 1990

The Social Services Study Commission met on March 8, 1990, for its fourth meeting.

Representative Easterling recognized the first speaker. Commission member and Representative Paul Stam. Representative Stam presented members with copies of his legislative proposal, "A Bill to be Entitled an Act to Increase the Rates for Independent Child Care Arrangements." He explained that his proposal would increase the rate from one hundred dollars a month per child to one hundred twenty-five dollars a month per child. The proposal also calls for funds to implement the act. (See Appendix J.)

Ms. Kay Fields spoke next on Alexander v. Flaherty, updating the information from a previous meeting. (See Appendix K.) She described the plan for compliance and the activities necessary for corrective action. Senator Richardson asked if there was any State money available to help counties that were too poor to hire staff to comply with the lawsuit. Ms. Fields answered that there were not any funds available. Senator Walker asked if the heaviest caseloads were in the poorest counties. He was told that the problem was often not due to lack of money but working "smarter and better." Many poor counties have high compliance rates. Mr. Boyd asked for the projected costs for implementation of the mandates of the lawsuit. He was told that cost assessments would be difficult if not impossible. Several Commission members spoke of the voluminous caseloads that have increased by thirty and forty percent in some counties and the reasons for the increases. There was discussion regarding whether or not the State should assist with the counties' administrative costs. Mr. Liverman emphasized that the counties are in desperate straits and needed help.

Ms. Fields next reported on Energy Assistance and the Crisis Intervention Program. Through this Program an allocation is given each year to the counties at the beginning of the fiscal year in order to provide heating and cooling assistance to families

that are facing crisis situations. (See Appendix L.) In fiscal year 1989-90, the General Assembly appropriated about \$4.3 million to be distributed to the one hundred counties.

Representative Easterling recognized Mr. John Tanner, Chief, Family Services Section, Division of Social Services, to report on Chore and Personal Care Services. (See Appendix M.) The Program, he explained, was designed to provide services to people who are not able to carry out the necessary activities of daily living and who do not have families or others to help them. The goal is to assist people in remaining independent as long as possible and delay or prevent institutional care. Mr. Tanner discussed the ruling of the Administrative Law judge and, subsequently, the State Personnel Commission that chore workers are local government employees and subject to the State Personnel Act. Previously, chore workers were considered temporary employees. The increased wages and benefits and other indirect costs would significantly increase the overall cost of providing chore services. An effort was being made to maintain some level of service in all of the existing cases.

Senator Walker stated that the Commission would make recommendations to the 1990 "Short" Session. Mentioned as issues for recommendation were Block Grant appropriations, AFDC increases, Food Stamps, Day Care, Protective Services, JOBS, and Medicaid expansion.

Meeting on April 12, 1990

The fifth meeting of the Social Services Study Commission was held April 12, 1990.

Senator Walker recognized the first speaker, Dr. Janice Dodds, Associate Professor of Nutrition, School of Public Health, UNC, who reported on children and hunger. A study was conducted on food programs in North Carolina which are intended to alleviate the problems of hunger in children. There is hunger in North Carolina; some counties are more at risk than others. One in four children in North Carolina live in poverty. Dr. Dodds stated that Food Stamps are not sufficient to meet a family's food needs. More needs to be done with the school food programs.

Gary Stubenvall, Consultant for Family Service America, spoke next on the private sector involvement in social services. Mr. Stubenvall said that the issue is not whether the government should provide the services but rather the issue is whether there is quality, innovation, and effective service delivery to the people who need services. Dr. Reid questioned whether North Carolina is behind in private sector involvement. Mr. Stubenvall stated that North Carolina is behind many states; some states have as much as sixty percent of their budgets going toward contract services.

Ms. Florrie Glasser, Project Director of Child Care, NC Equity, was recognized and distributed material on rural child care in the State. (See Appendix N.) NC Equity and the Rural Economic Center joined together to study child care. North Carolina has the largest rural population and the largest number of working mothers. The recommendations that came out of the study are (1) to strengthen the infrastructure of child care and develop a plan for child care in the State, (2) to improve coordination and establish a coordinating body, (3) to develop resource and referral agencies, (4) to continue school child care, and (5) to make use of the Family Support Act. According to Ms. Glasser there are over 14,000 children who qualify for subsidized care that are not getting served.

Senator Walker recognized Ms. Kay Fields to speak on the Report on Food Stamps Participation in North Carolina. The report was in response to House Bill 1123 which required a study of the declining participation in the Food Stamp Program in the State. Since 1980 food stamp participation in North Carolina has been decreasing. Ms. Fields outlined several probable reasons for the decline, stating the major factor was that federal law in 1982 made food stamp eligibility more restrictive. Several strategies were discussed to address the problem, with both administrative and legislative recommendations. (See Appendix O.)

Gary Fuquay, Assistant Director of Budget and Management, Division of Social Services, reported on the Public Assistance Equalizing Fund Formula Committee and the recommendation of that group to the Study Commission. (See Appendix P.)

The last item for discussion concerned possible recommendations to the 1990 Session of the General Assembly. After review and motions by the members, recommendations were made to allocate the federal Block Grant funds, allocate funds from the Worker Training Trust Fund for JOBS, delay the filing of the Social Services

Plan, expand Medicaid coverage for pregnant women and children, appropriate funds for Food Stamp outreach, appropriate funds for an AFDC increase, appropriate funds for specialized foster care, appropriate funds for day care and request a day care plan for the State, and maintain the existing formula for distribution of the Public Assistance Equalizing Funds but include all programs of public assistance and update the information annually. (See Appendix Q.)

Meeting on October 11, 1990

The sixth meeting of the Social Services Study Commission was held on October 11, 1990.

Representative Easterling first recognized Representative James Green, Sr., to explain House Bill 2149 which he had introduced during the 1990 Session. The bill was not enacted. The bill would have established a drug assistance program in the Division of Adult Health under the Department of Environment, Health, and Natural Resources to enable needy individuals to purchase certain prescription drugs at reduced cost. Representative Green stated that only essential medications for arthritis, diabetes, epilepsy, and heart disease would be covered. Several persons from North Carolina Fair Share spoke in favor of the bill. Mr. Charles Reed, Adult Health Services, spoke later in the meeting in support of Representative Green's legislation. He said that 729,000 people in North Carolina are estimated to have the illnesses covered by the legislation and cannot afford their costly, but life-sustaining, medications.

Next on the agenda was a long presentation involving numerous speakers on Resource Management. Dr. Phil Cooke, Professor of Social Work at UNC-Chapel Hill, began by stating that Resource Management is a kind of grassroots movement that gives counties better perspective on how to perform human services and how to improve expectations and capabilities. Mr. Bill Upchurch from Division II of the Division of Social Services followed with an overview of Resource Management. He said it was a concept that had been drawn from thirty different disciplines as an approach for managing human services. The ultimate goals are to be efficient and compassionate. According to Mr. Upchurch, social services has never defined and designed the job. It is most important to

have measurable standards of quantity, quality, and timeliness. Several charts and graphs were used to show how Resource Management is applied to social services at the county level. Several speakers representing various county departments were recognized and related their positive experiences with this approach. Much of the primary interest in Resource Management is in terms of evaluation and monitoring of worker productivity. Some concern was expressed about how to measure compassion, "good social work," and client satisfaction.

Representative Easterling next recognized Ms. Joan Holland, Assistant Director for Program Administration, Division of Social Services, to give an interim report on the Social Services Plan. Ms. Holland focused on the two areas that had been the most complex and troublesome - the core of social services to be provided in every county and the financing of the social services programs. She reviewed the seven core services: Protective Services for Children, Foster Care, Family Services, Adoption Services, Adult Protective Services, In Home and Community Based Services, Adult Group Care and Placement. The Plan, she said, would identify and define the service elements integral to each core service. It is hoped that the Social Services Plan would be piloted in five to ten counties.

The last speaker was Jeffress Duarte, a registered nurse with Southside Obstetrical Home Care in Charlotte. She narrated a slide show on in-home infusion therapy for high-risk pregnant women. The goal is to prolong pregnancy in women who are likely to have preterm deliveries. Ms. Duarte stated that Blue Cross/Blue Shield and Medicaid do not cover these procedures. It was decided by the Commission that a letter would be sent to Blue Cross/Blue Shield and the State officials asking why this program could not be covered.

Meeting on November 15, 1990

The seventh meeting of the Social Services Study Commission was held on November 15, 1990.

The first speaker was Ms. Susan Creech, Deputy Chief, Child Day Care Section, who was substituting for Dr. Nancy Sampson. Ms. Creech discussed the concerns

and issues of the Day Care Section regarding coordination of activities and resources of public and private agencies. She also discussed the topics of alternative funding sources for subsidized programs, abuse and neglect in child care, and parental education. The necessity of a plan to improve the quality, availability, and affordability was stressed. New federal legislation will provide approximately \$22 million for North Carolina. Several Commission members raised questions relating to corporal punishment, staff/child ratios, and the federal legislation. It was requested that staff from the Day Care Section return to the December meeting.

Senator Walker next recognized Ms. Joan Holland, Program Administration, Division of Social Services, for an update on the Social Services Plan and the impact of JOBS on day care. Ms. Holland stated that day care was absolutely critical to JOBS. There is, however, a problem with coordinating funding, especially when clients move from one program to another. Transportation for child care is another problem. If a county has a coordinator, a better job is being done. Regarding the Social Services Plan, the Department will present the draft plan at the December meeting. In defining the core services, family preservation will be emphasized.

Ms. Patrice Roesler, Director, Intergovernmental Programs, County Commissioners Association, was recognized to continue the discussion on financing and the Social Services Plan. She reiterated information presented at an earlier meeting which, in general, found that counties with poor economic conditions had higher caseloads, yet had less ability to meet and provide human services. She said a committee is working on a concept for financing human services at the county level and also provide State assistance where counties could not meet the basic requirements. The committee will be working on the proposal though the beginning of next year.

Meeting on December 13, 1990

The eighth and final meeting of the Social Services Study Commission was held on December 13, 1990.

Representative Easterling recognized the first speaker, Ms. Joan Holland, Assistant Director for Program Administration, Division of Social Services, to present the

draft report on the Social Services Plan. (See Appendix R for an Executive Summary.) Ms. Holland explained that the draft report establishes the system goals and purposes and sets out the minimum core of services to be provided. The core of services is to be oriented toward prevention and includes seven areas: child protective services, foster care services, family centered services, adoption services, adult protective services, in-home and community based services for adults, and adult group care and placement. It is proposed that the core services be piloted with Resource Management methodology applied in the pilot counties. The final report on the Social Services Plan is to be filed with the General Assembly by the convening of the 1991 Session.

Michele Rivest of the Child Advocacy Institute and Rufus Stark of the Methodist Home both spoke briefly in support of the Social services Plan and all it intends to accomplish for families.

The next item on the agenda concerned follow-up information from the last meeting on Day Care. Representatives from the Attorney General's Office and from the Child Day Care Section distributed material and spoke on issues regarding corporal punishment, purchase of care, federal legislation, and staff/child ratios. (See Appendix S.) Shelia Hoyle, Southwestern Child Development Commission, followed next and related the problems that rural child care centers are having with funding. She stated that the county market rate system for rural counties is not working and needs to be revised.

The Commission spent the rest of the meeting on the recommendations and proposed legislation to be contained in the Commission's final report.

COMMISSION RECOMMENDATIONS

The Social Services Study Commission makes the following recommendations to the 1991 Session of the General Assembly:

1. The Commission accepts, endorses, and recommends the Social Services Plan proposed and under refinement by the Department of Human Resources. To begin the implementation, an appropriation of \$333,191 is recommended during the first year of the biennium to start the preparation and planning process. During the second year of the biennium, enabling legislation is recommended to allow DHR to pilot the Social Services Plan in five to ten counties. (See Appendix T for proposed legislation.)

2. The Commission recommends repeal of North Carolina's status as a 209-B Medicaid state. (See Appendix U for proposed legislation.)

3. The Commission endorses and recommends House Bill 2149 from the 1989 Session to establish a program to assist low-income individuals in obtaining certain prescription drugs at a reduced cost. (See Appendix V for proposed legislation.)

4. The Commission recommends that legislation be enacted that would automatically adjust AFDC benefit levels annually to reflect any change in the cost of living. (See Appendix W for proposed legislation.)

5. The Commission recommends legislation that would appropriate funds to create a "children with special needs" category to provide a \$500/month payment to foster parents who will provide custody for these children and include in this recommendation an appropriation that would provide foster care services training. (See Appendix X for proposed legislation.)

6. The Commission recommends that in-home infusion therapy be studied as an option to address the infant mortality problem in North Carolina and refers this issue to the Infant Mortality Task Force.

7. The Commission makes the following recommendations regarding day care: (1) That the highest priority in expenditures (from federal sources or otherwise) be expansion of purchase of care, with emphasis on serving children on county waiting lists and developing day care resources in unserved and underserved areas of the State; (2) That quality of care be addressed, including the reduction of staff/child ratios for infant care; and (3) That the county market rate as it affects rural counties be revised.

8. The Commission endorses the recommendation of the Worker Training Trust Fund Study Committee to allocate \$1.96 million for the 1991-92 fiscal year and \$2 million for the 1992-93 fiscal year from the Worker Training Trust Fund for implementation of JOBS in the State.

9. The Commission recognizes the increasing problem with abuse and neglect and recommends an appropriation of \$2 million each year of the biennium for additional child protective services. (See Appendix Y for proposed legislation.)

10. The Commission supports the work of the Study Commissions on the Homeless, Aging, Family, and others and acknowledges that the Social Services Study Commission could not address all the critical issues. The Commission endorses the efforts of these Commissions to resolve issues that impact human services.

11. The Commission recommends that the Social Services Study Commission be continued. (See Appendix Z for proposed legislation.)

Subject: SOCIAL SERVICES STUDY COMMISSION
Authority: 1989 Session Laws, Chapter 802, Part XIII, SB 231
 (HB 400-Colton; SB 326-Walker)
Report by: Social Services Study Commission
Report to: Governor; Speaker; Lt. Governor
Date: Before or upon the convening of the 1991 Session.

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-continued-

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SUMMARY OF
1989 GENERAL ASSEMBLY ACTION
ON
SOCIAL SERVICES STUDY COMMISSION RECOMMENDATIONS
(IN MILLIONS OF DOLLARS)

Expansion Budget Availability for DHR	\$33.3	\$51.9
Mandatory Funding	\$ 8.9	\$17.6
Balance	\$24.4	\$34.3
Funds appropriated to implement recommendations of the Social Services Study Commission	\$10.4	\$17.1
% of Discretionary Expansion Funds	42%	50%

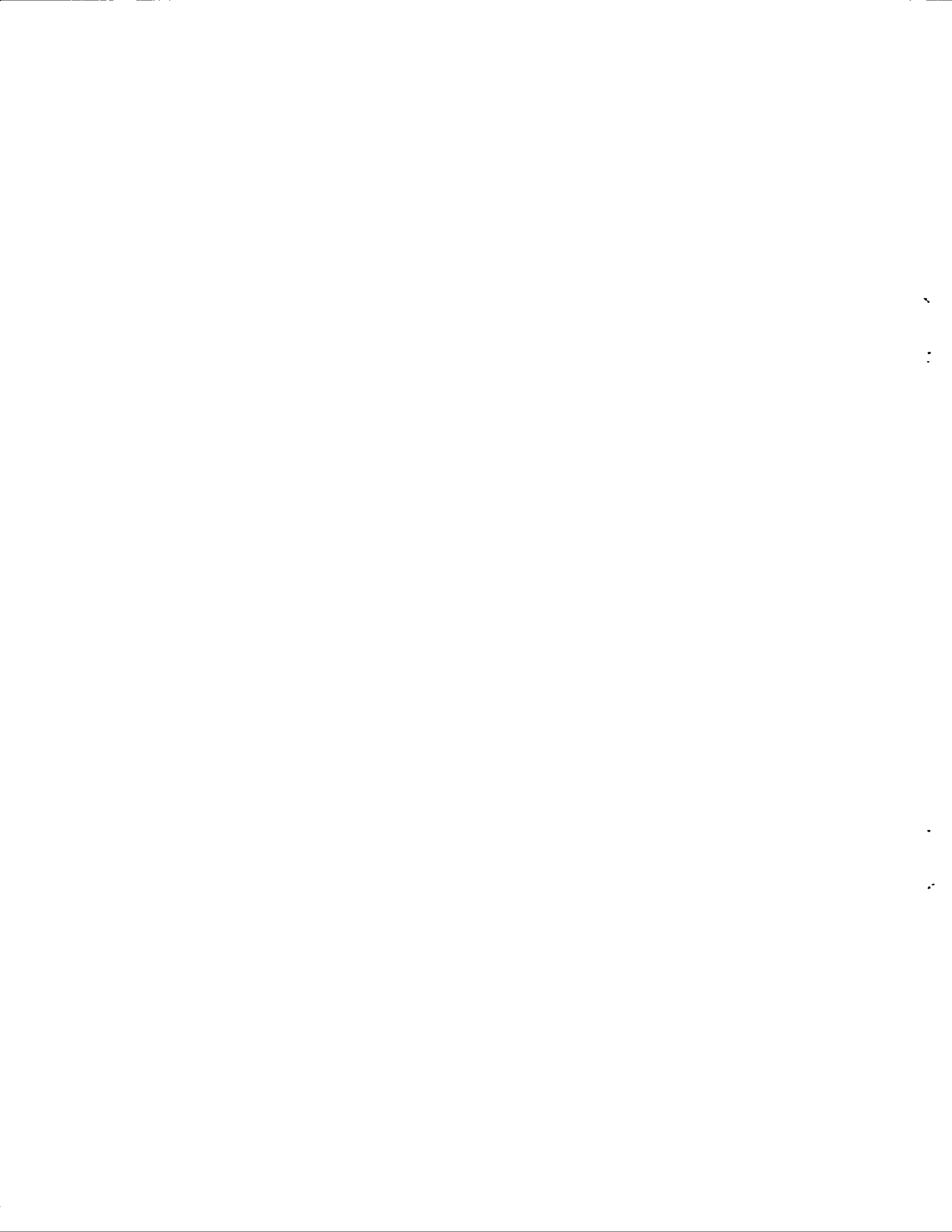
1989 GENERAL ASSEMBLY ACTION
ON
SOCIAL SERVICES STUDY COMMISSION RECOMMENDATIONS

<u>ITEM</u>	<u>ISSUE</u>	<u>COMMISSION RECOMMENDATION</u>	<u>GENERAL ASSEMBLY ACTION</u>
1.	Child Protective Services	\$11,755,400 for county staffing improvements statewide.	\$3,000,000 in FY 89-90 and \$3,943,783 in FY 90-91 for improvements to county programs and for improvements to the Divisions training and consultation activities.
2.	Adult Protective Services	\$2,263,300 to provide adequate staff for Adult Protective Services Programs.	\$15,583 in FY 89-90 and 38,573 in FY 90-91 for 1 position to provide consultation and technical assistance to local departments of Social Services.
3.	State Training Plan	\$1,150,493 in FY 89-90 and \$1,124,149 in FY 90-91 to fund state training plan for County Staff.	No action. Funds for Child Protective Services Worker Training funded under item #1.
4.	AFDC/Medically Needy Benefit Level	\$4,016,998 in each year for a 10% increase in benefit levels.	\$1,021,863 in FY 89-90 and \$1,624,970 in FY 90-91 to raise benefit levels by 2% effective 1/1/90.
5.	Public Information Program	\$116,184 in FY 89-90 \$106,091 in FY 90-91	No Action.
6.	Foster Care Reimbursement	\$2,600,000 to increase foster care rate from \$200/mo. to \$250/mo.; and to establish a new category of "children with special needs" whose foster parents will qualify for \$500/mo.	\$400,000 in FY 89-90 and \$800,000 in FY 90-91 to raise foster care rate from \$200 to \$250/mo. effective 1/1/90.

<u>ITEM</u>	<u>ISSUE</u>	<u>COMMISSION RECOMMENDATION</u>	<u>GENERAL ASSEMBLY ACTION</u>
7.	Repeal "209B" status	Appropriate funds to eliminate the state's status as a "209B" state \$18.7 million in FY 89-90; \$16.4 million in FY 90-91.	No action.
8.	Medicaid Coverage for Children up to Age 8	Cover children ages 4 to 8 effective 10/1/89: \$1,269,965 \$1,645,908.	\$499,354 in FY 89-90 to cover children to age 6 effective 10/1/89; \$289,086 to cover children to age 7 effective 10/1/90. (Funds also transferred from the Division of Health Services). Coverage for 17,500 new children in FY 89-90; 8,500 new children in FY 90-91.
9.	Medicaid Coverage for Pregnant Women and for Infants	Raise coverage from families under 100% of poverty level to families under 185% of FPL \$6,376,155 in FY 89-90 \$12,752,311 in FY 90-91.	Coverage raised from 100% to 150% of FPL effective 1/1/90. \$4,539,504 in FY 89-90; 9,079,008 in FY 90-91 Coverage for 6,700 new women and 7,200 new infants.
10.	Maternity Care Rates	Increase reimbursement rate for maternity care by 50%.	Increased rates by 50%; \$950,820 in FY 89-90; \$1,333,212 in FY 90-91.
11.	Rural Obstetrical Care Fund	Expand fund to cover more more physicians.	No action.

**ANNUAL FEDERAL REVENUES
SOCIAL SERVICES STUDY COMMISSION**

	<u>Total</u>	<u>Federal Revenue</u>	<u>State Share</u>	<u>County Share</u>
Pregnant Women & Infants to 150% of FPL	16.4	11.1	4.5	.8
Children age 4 to 6 in year 1 and age 7 in year 2	4.4	3.0	1.2	.2
Maternity Care Rate Increase	3.5	2.4	.9	.2
AFDC/Med Needy Increase (2%)	8.3	5.6	1.6	1.1
GRAND TOTAL	32.6	22.1	8.2	2.3



GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION
RATIFIED BILL

CHAPTER 448
HOUSE BILL 141

AN ACT TO REQUIRE THE DEPARTMENT OF HUMAN RESOURCES TO DEVELOP A SOCIAL SERVICES PLAN TO ENSURE THE UNIFORM AVAILABILITY OF CORE SOCIAL SERVICES AND PUBLIC ASSISTANCE PROGRAMS TO THE CITIZENS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

Section 1. It is the policy of the State of North Carolina to provide a statewide system of social services and public assistance programs to meet the basic needs of citizens who cannot meet those needs themselves. The goals and purposes of that system include:

- (1) To ensure that children and adults are protected from abuse, neglect, and exploitation;
- (2) To enable citizens to maintain or achieve maximum self-sufficiency and personal independence through employment, if possible;
- (3) To strengthen family life in order to nurture our children so that they may become productive, healthy, responsible adults;
- (4) To assist disabled and dependent adults, while ensuring that they live in the most independent setting feasible with the least possible intrusion from public agencies;
- (5) To ensure that every family and individual has sufficient economic resources to obtain the basic necessities of life.

It is the policy of this State to operate its social services system through a cooperative partnership between the State and the counties, primarily through programs that are administered by the counties and supervised by the State, and with both State and county financial participation.

Sec. 2. In order to promote a quality core of social services to be available to citizens of the State who need them, it is the policy of the State to define a minimum core of social services and to provide from federal funds and State revenues available for those purposes the expenses of providing those core services across the State.

Sec. 3. The Department of Human Resources, in consultation and cooperation with other appropriate agencies and groups, shall develop a Social Services Plan consistent with the policies stated in Sections 1 and 2 of this act. Sections 1 and 2 of this act are only for the purpose of providing policy guidance to the Department of Human Resources for the development of the Plan. The Plan shall include at least the following:

- (1) A definition of a core of social services that shall be provided in every county;
- (2) Cost estimates and a plan and timetable for assuring the availability of the core of services in each county;

- (3) Minimum standards for the provision of core services and public assistance programs, including staffing standards, caseload standards, training standards, and facilities standards;
- (4) State and county responsibilities for the financing of social services not included in Section 2 of this act, public assistance benefits, program administration costs, physical facilities, and staff training; and
- (5) Strengthened mechanisms for State supervision and enforcement of program standards.

Sec. 4. The Department of Human Resources shall present a Plan for ensuring that the State Public Assistance Equalization Program is presented annually to the Social Services Commission for review. The Department shall provide current data and information to assist the Commission to make such amendments to the formula for distribution of the funds as will ensure the equalization of the burden of taxation in the counties as required in G.S. 108A-92.

Sec. 5. In carrying out its responsibilities under this act, the Department of Human Resources shall consult, on a systematic basis through a process designed by the Department, with local and State governmental agencies and boards and with public and private agencies and organizations.

Sec. 6. The Department of Human Resources shall report periodically on the Plan required by Section 3 of this act to the Social Services Study Commission, if that Commission is reauthorized. The Department shall submit the final Plan to the General Assembly by the convening of the 1990 Regular Session of the General Assembly.

Sec. 7. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 26th day of June, 1989.

JAMES C. GARDNER

James C. Gardner
President of the Senate

J. L. MAVRETIC

J. L. Mavretic
Speaker of the House of Representatives

Status of Back-to-Basics Recommendations

Of the original recommendations, the following have been implemented:

- Eliminate use of the landlord as primary source of Food Stamp verification for household composition
- Establish and use a "proactive" approach with Corrective Action Committees
- Automate validation of Social Security Numbers in the Food Stamp program
- Develop a glossary of terms and definitions used in the public assistance programs and publish them as addenda to the various program manuals
- Provide counties with basic case identifying information on gummed labels
(Embossed cards were originally proposed but labels were adopted instead)
- Reduce the number of required collateral contacts
- Adopt a Contribution Letter for use in all programs
- Make standard eligibility case management reports available to county departments
- Delete Department of Transportation matches for persons under age 16 and reduce the frequency of these checks
- Exclude Interest as Income in the Food Stamp program

In the initial analysis of the Back-to-Basics recommendations, several were evaluated and deemed unworkable under current circumstances. These include the following items:

- Incorporate DSS-8571 and DSS-8593 into review and application forms
- Eliminate the second Food Stamp monthly report
- Automate matches at application and review
- Raise the Medicaid income level to the SSI level
- Obtain waiver to use a standard child care expense

After careful review of the potential negative impact this proposal would have, staff in the Food Stamp Branch recommended to the Division's management that we should not seek a waiver. The policy for use of the waiver would have been very error prone

- Automate notices to other programs

Several items were tabled because they would require systems support that will not be potentially available until after the current EIS redesign project is completed. These include:

- Print full name on case management report
- Use a single DMA-8124 form for families in the MAF, MIC, and MPA aid categories

Other recommendations were tabled because they are part of the EIS redesign that is scheduled to be completed by March of 1990.

- Automation of client notices
- Immediate on-line EIS update (will be in operation for application processing only)

This means that a number of the initial recommendations are still pending in one form or other:

- Standard rounding procedures

A good deal of county and state staff time was invested in working through the separate approaches to rounding used in the AFDC, Medicaid, and Food Stamp programs. After several tries at reconciling the different approaches it was concluded that the various Federal laws and regulations that apply are sufficiently at odds with one another such that they can't be adopted to a single satisfactory approach; this type of change requires reform

at the Federal level. The Department of Human Resources believes that this and several other issues requiring Federal reform should be subject matter for a National Commission on Public Assistance Administration and has proposed such a Commission to the North Carolina congressional delegation. One version of the current Federal Welfare Reform law provided for such a Commission. The law would be amended to add the Commission back to the Federal Family Support Act.

- Single application form

The idea of a single application form was the original stimulus that led to the Back-to-Basics recommendations. Staff and the Simplification Committee looked at several examples from other states, in particular, from South Carolina and Michigan. In South Carolina it was found that they were experimenting with a pilot system but had, as of that time, not been able to verify the workability of their approach. Further, divided opinions were found among South Carolina agency staff over the ultimate workability of that state's approach.

The Michigan application was evaluated by State and county Simplification Committee members and was found to be both cumbersome and very "unfriendly" to the public assistance applicant/recipient. The Committee concluded that there are no really satisfactory models currently in use in other states. The crux of the matter is that the AFDC, Medicaid, and Food Stamp programs are based on Federal laws and regulations that are incompatible enough such that a reasonably straightforward application procedure for all three (including system support) probably can't be developed. A system that reconciled the current differences among these programs would, itself be prohibitively expensive both to construct and to maintain and would be complex beyond reason. As with the example of standard rounding procedures, a pre-condition to a workable single application process is Federal-level reform in program and administrative requirements.

- Implement a standard Food Stamp Medical deduction

The Hunger Prevention Act of 1988 contains a proposal to change the way medical expenses are handled in the Food Stamp program. It was decided to delay proceeding with a waiver request until additional information or regulations were published.

- Automation of AFDC monthly reporting

- Standard reserve policies

- Matches

All program areas have received revised regulations which allow for targeting matches to be more cost effective. The Department's IEVS Task Force is moving toward implementation of these regulations.

- Consistent client responsibility in providing verifications

The Committee has not at this point in time given this issue the consideration that it needs. It will be considered prior to the end of the fiscal year.

- Revised 1660/1661 and 5007/5008

The revised DSS-1660 for Medicaid has been pilot tested and is presently going through its final redesign. It will then go through the State forms approval and procurement process for printing. The Division of Medical Assistance has an implementation target of August 1989 contingent upon the forms approval and procurement process.

The DMA-5008, currently used as a data entry form and verification documentation workbook, will be eliminated effective March 1990. Counties will use the DSS-8124 for applications in all programs. The Division of Medical Assistance and the Division of Social Services are concurrently designing separate verification/documentation workbooks for adult Medicaid programs and the Special Assistance program. The Divisions have stated to the Income Maintenance Committee that the earliest effective date possible for the verification/documentation workbooks is October 1989. This will mean that from October 1989 - March 1990, counties must continue to use the DMA-5008 as an application/data entry document.

- Exclude interest as income
- Consider annual reviews for monthly reporting cases and abbreviated annual reviews in AFDC and Medical Assistance

The Division of Medical Assistance currently has a relatively new form (DMA-5007) for annual review purposes. Further modification to the current process requires evaluation of the process and a recommendation by the county Back-to-Basics Committee.

The Simplified Application/Standardized Benefit Project is designed to enable selected Aid to Families with Dependent Children (AFDC) and Medicaid households to participate in the Food Stamp Program without requiring an independent application and eligibility determination. Plans are to pilot the Project in six county departments of social services.

Households to be included in the Project are as follows:

1. Food Stamp households in which all members are recipients of a single Aid to Families with Dependent Children (AFDC) payment.
2. Food Stamp households in which all members receive Medicaid in the following categories:
 - a. Medicaid to the Disabled (M-AD); and
 - b. Medicaid to the Blind (M-AB).
3. Multiple benefit households in which all members receive either AFDC or Medicaid benefits.

Project households will also be presumed eligible for the Low Income Energy Program (LIEAP), provided they are vulnerable to heating bills. This will eliminate the need for project households to file a separate application for LIEAP benefits.

The following effects are expected from operation of the project:

1. Increased accessibility to AFDC, Medicaid and LIEAP through use of telephone contacts, mail-in reports, publicity, and reduction in the number of required eligibility contacts and through reduction in the number and complexity of program rules and verification requirements.

The rate of participation in the programs by especially vulnerable groups (the elderly, children under age 6, and the disabled) will increase or will not decrease as rapidly as would have been the case otherwise.

The degree of understanding of and satisfaction with public assistance programs will increase among the affected groups.

2. Improvement in administrative efficiency and effectiveness through program simplification, reduction in paperwork and processing steps, and fewer workers handling the same case.
3. Improvement in timeliness of case actions through fewer procedural steps, fewer regulatory differences among programs, reduction of eligibility personnel and office locations involved in the same case, and consolidation of program benefit issuances under fewer case processing sequences.
4. Accuracy improvement and error reduction through reduction of procedural steps and calculations, reduction in the number of caseworkers handling each case, and improved client understanding.

A proposal for simplification was submitted to the United States Department of Agriculture (USDA) on March 24, 1986. USDA responded May 6, 1986 that they were not at that time accepting proposals of this nature. However, they indicated that regulations were scheduled to be published in late 1986, which would solicit such projects.

Final regulations were published in early 1988 and our proposal was resubmitted on March 24, 1988. USDA met with Division staff in April 1988 to discuss the proposal. On July 25, 1988, USDA responded that the proposal did not meet selection criteria.

Additional regulations were published July 12, 1988, to which we responded with our latest proposal on November 7, 1988. On June 1, 1989, USDA notified the Division that the proposal did not meet the selection criteria. They agreed to reevaluate the proposal provided we submit the required revisions.

On August 29, 1989, a revised proposal was submitted for reevaluation. Division and Department staff met with USDA in Washington, D.C. on November 17, 1989, to review the revised proposal. Several questions were raised during and subsequent to the meeting, which we responded to on December 11 and 13, 1989. To date, USDA has not notified us of approval or denial of the proposal.

STATUS OF ALEXANDER V. HILL

In August 1974, Legal Services filed a federal class action against Renee P. Hill, then director of the Division of Social Services, and other named defendants, including Mecklenburg County's Department of Social Services director, for the alleged failure of the county departments of social services to process timely applications for Aid to Families with Dependent Children (AFDC) and Medicaid. Federal law now requires the states to process such applications within 45 days and, when disability is involved, as of yesterday, 90 days. Since 1974, the federal court for the Western District of North Carolina has entered a number of orders granting various forms of relief, including the requirements that certain actions involved in processing applications be taken within designated time periods and that counties failing to process applications for AFDC and Medicaid in a timely manner pay to the affected applicant a penalty of \$50 for each week or part of a week of delay. As of 3 January 1990, the counties and the state had paid \$902,600 in penalties, not counting loss of federal financial participation estimated to be \$100,987.

In November 1988, plaintiffs filed a Motion for Further Relief alleging, among other things, the continued failure of the county departments to process AFDC and Medicaid applications in a timely manner; failure of the state to take meaningful corrective measures against counties that consistently fail to process applications timely; discouragement of prospective applicants from filing applications; and inflexible and excessive verification requirements in violation of the due process clause of the Fourteenth Amendment and of federal regulations. The State filed an answer, for the most part denying plaintiffs' allegations.

In the fall of 1989, after extensive discovery, the parties negotiated a settlement of most of the issues in dispute. A consent order has been filed and approved by Judge McMillan. The order and a separate settlement agreement constitute the documents of settlement and make certain changes in previous orders. Among the provisions of the settlement are the following:

- A. County departments will be required to take AFDC and Medicaid applications on the day the client or his representative appears at the agency and to assume more responsibility for assisting the client in obtaining verification of eligibility. Alternative sources of verifications will be accepted when the primary source is not received by the processing deadline.
- B. Discouragement from applying for AFDC and Medicaid will be assumed in certain situations, such as when a county fails to take applications on the day requested or when

it gives incorrect or incomplete information about application processing. A client will be permitted to make an appeal alleging discouragement and to receive benefits retroactive to the date of application. In addition, he will be awarded a penalty payment (at the same \$50 rate) up to a maximum of \$650 if his application is improperly delayed beyond the relevant time standard.

- C. The State's supervisory role will be changed through implementation of a more comprehensive system of monitoring, technical assistance, and consultation. Every county department of social services will be monitored annually and assigned an index score (with a maximum of 500 points) based on the extent of the agency's compliance with policy and with the court order. Fiscal penalties will be assessed as follows:

Any county that scores fewer than 355 points will be required to pay a fiscal sanction of 7.5% of its federal and State share of AFDC and Medicaid administrative costs. The penalty for each successive year of noncompliance increases 5% of the federal/State share of administrative costs.

A county that scores fewer than 455 points must complete a corrective action plan and improve its score by 10% or to 455, whichever is less, or become subject to a fiscal sanction of one-half the amount already described.

Sanctions will not be assessed until calendar year 1991. The first payment of sanctions will be due January 10, 1992, unless the county did not have notice of the sanction prior to 30 days before final adoption of the county budget. The sanction cannot be paid from the county's social services budget. If any county fails to pay the sanction when due, it will be withheld from the county's reimbursement for that particular January and for any subsequent months if necessary.

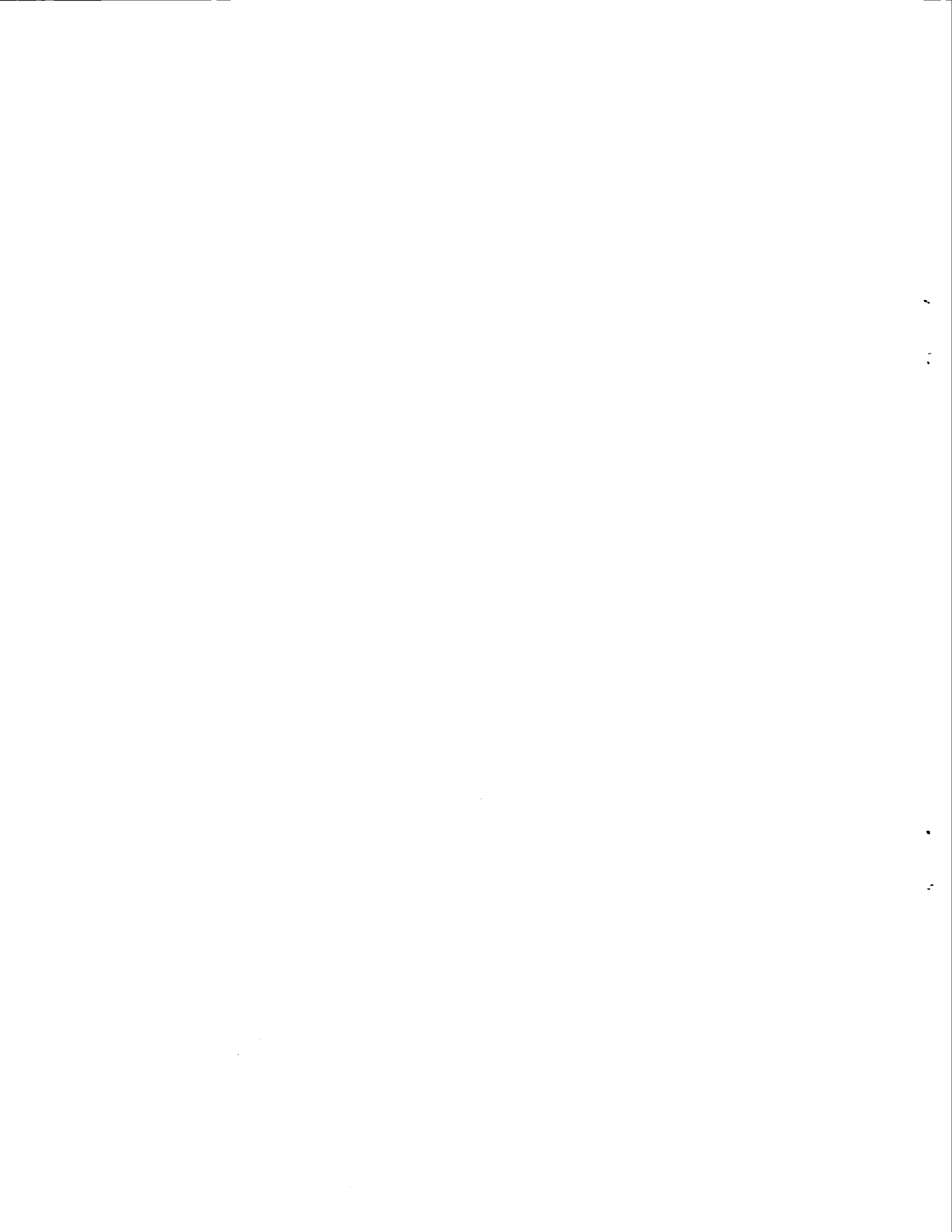
Any sanction collected will be reallocated to all 100 county departments of social services to provide emergency financial and medical assistance.

- D. County departments of social services will become exempt from paying penalty payments to those applicants whose applications are delayed without good cause when:
1. The county's index score is 455 or better; and
 2. The county has not incurred a penalty in two successive years.

One outstanding issue remains in the current litigation and that is whether the State must hire additional employees to conduct the monitoring required by the settlement or whether it will use current staff. That issue has been briefed and is before Judge McMillan.

In the meantime an Implementation Team composed of state and county staff is developing implementation details. 1 April, 1990 is the effective date of implementation.

11 January 1990



During the last session, the General Assembly appropriated funds in SB-44 to strengthen the State's Child Protective Services program. Appropriations were made for 3 purposes:

1. To strengthen the county DSS's capacity to investigate reports of abuse and neglect and to provide protection to these children when they have been abused or neglected and to work with their families to prevent further abuse or neglect.

The General Assembly appropriated \$2,650,000 for FY 89-90 (and \$3,593,783 for FY 90-91) for the county DSS's to hire additional staff to conduct investigations and to provide protective services and preventive services in confirmed cases. SB-44 spells out how this money was to be allocated:

- (1) each of the 100 county DSS's received \$10,000;
- (2) 15 county DSS's that did not receive an allocation in 1985 received \$10,000;
- (3) The remainder (\$1,500,000) was allocated to each of the 100 county departments based on a formula; it is based on the number of reports of abuse and neglect each county received for investigations in relation to the total number received by all county departments.

The Appropriations bill spells out what this money can be used for:

- (1) staff to carry out investigations;
- (2) staff to provide on-going protective services and preventive services in confirmed cases;
- (3) if a county department demonstrates that it has adequate staff in both of these areas, the money can be used to purchase or provide (1) treatment and (2) other supportive services to the children and their families in confirmed cases.

The majority of the counties have used the money for staff to carry out investigations or to provide on-going protective services in confirmed cases; 14 of them have made written requests to the Division to use the money in other ways. They demonstrated that they do have adequate staff and we have given them approval to use the funds to (1) purchase or provide treatment for confirmed cases and (2) purchase or provide other support services for confirmed cases. Approval has been given for a range of things:

- employing a part-time Social Work Clinical Specialist; to provide treatment in confirmed cases;
- employing a homemaker to work with families in confirmed cases to teach basic parenting skills, etc., deal with discipline, managing on a limited budget, (they help reduce the need to remove children from their homes;

- eight counties have said they do not have adequate staff and their allocation was not sufficient to get staff; asked for approval to use funds for things that would strengthen the current staff they do have;
- 2. \$175,090 was appropriated for the Division of Social Services to use to improve its capacity to provide consultation and technical assistance to the county DSS's as a means of helping them strengthen their child protective services programs.

We have used the funds to establish four Child Protection Consultants and one Child Protective Services Trainer. The four consultants have been hired; the trainer has not.

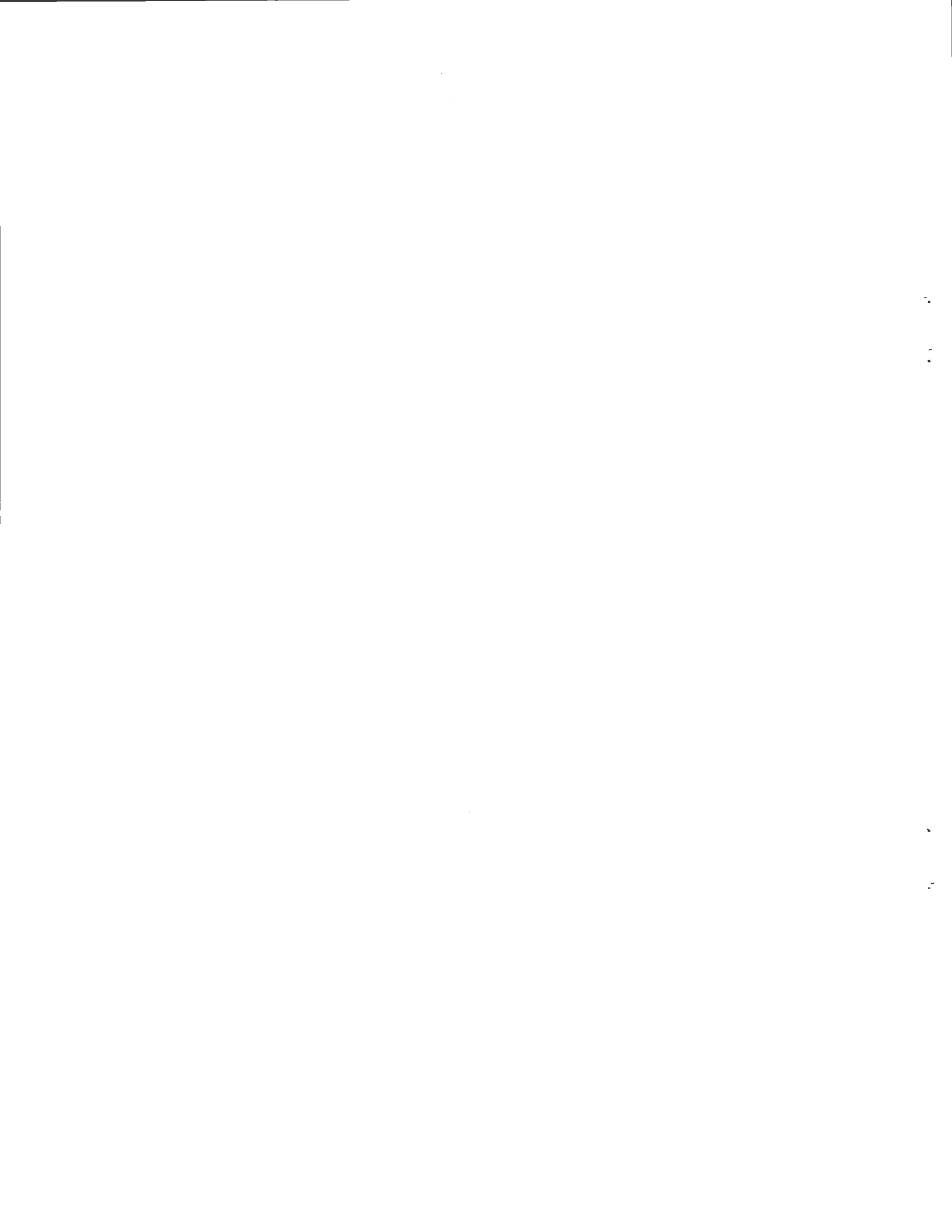
- 3. \$174,910 was appropriated for child protective services training; efforts have been hampered by not having the trainer position filled;
 - 1. We have worked with the Child Medical Examiner's program at UNC School of Medicine to conduct eight training sessions focused on interviewing techniques and tools for social workers to use in child sex abuse cases.
 - 2. Are working on providing scholarships for workers and supervisors to attend a state conference sponsored by the National Committee for the Prevention of Child Abuse; to be held in North Carolina this spring.
 - 3. Are working to develop a certification program for DSS CPS social workers; this would give the workers a core knowledge base about family dynamics (healthy and unhealthy); indicators of abuse and neglect; how to intervene and interact with the family.
 - 4. Are working to develop a curriculum for Substance Abuse-training for social workers and supervisors; how families with substance abuse problems need to be interviewed; what approaches can be taken to keep the family together; the types of services (medical and social) that will need to be put together to keep the family functioning in tact.

ALLOCATION FOR CHILD PROTECTIVE SERVICES

NO.	COUNTY	CPS 1985	CPS 1989	TOTAL ALLOCATION
1	ALAMANCE	13,166.00	30,212.00	43,378.00
2	ALEXANDER	11,112.00	13,460.00	24,572.00
3	ALLEGHANY	10,647.00	11,098.00	21,745.00
4	ANSON	10,939.00	13,131.00	24,070.00
5	ASHE	11,080.00	14,284.00	25,364.00
6	AVERY		22,224.00	22,224.00
7	BEAUFORT	12,053.00	19,804.00	31,857.00
8	BERTIE	11,144.00	12,252.00	23,396.00
9	BLADEN		22,499.00	22,499.00
10	BRUNSWICK	11,889.00	17,525.00	29,414.00
11	BUNCOMBE	15,738.00	45,262.00	61,000.00
12	BURKE	13,230.00	26,999.00	40,229.00
13	CABARRUS	12,604.00	23,127.00	35,731.00
14	CALDWELL	14,225.00	36,721.00	50,946.00
15	CAMDEN	10,626.00	11,153.00	21,779.00
16	CARTERET	12,787.00	26,532.00	39,319.00
17	CASWELL	11,631.00	16,481.00	28,112.00
18	CATAWBA	15,977.00	45,317.00	61,294.00
19	CHATHAM	11,565.00	14,010.00	25,575.00
20	CHEROKEE	11,188.00	13,735.00	24,923.00
21	CHOWAN	10,983.00	10,796.00	21,779.00
22	CLAY		21,346.00	21,346.00
23	CLEVELAND	11,631.00	32,602.00	44,233.00
24	COLUMBUS		27,909.00	27,909.00
25	CRAVEN	13,555.00	31,311.00	44,866.00
26	CUMBERLAND	21,457.00	94,777.00	116,234.00
27	CURRITUCK	11,458.00	14,916.00	26,374.00
28	DARE	11,122.00	15,657.00	26,779.00
29	DAVIDSON	17,144.00	44,575.00	61,719.00
30	DAVIE	11,469.00	16,261.00	27,730.00
31	DUPLIN	11,619.00	17,937.00	29,556.00
32	DURHAM	14,938.00	43,999.00	58,937.00
33	EDGECOMBE	12,765.00	28,125.00	40,890.00
34	FORSYTH		51,966.00	51,966.00
35	FRANKLIN	11,058.00	17,827.00	28,885.00
36	GASTON		63,281.00	63,281.00
37	GATES	10,897.00	12,197.00	23,094.00
38	GRAHAM	10,702.00	11,181.00	21,883.00
39	GRANVILLE	11,458.00	16,454.00	27,912.00
40	GREENE	11,080.00	14,504.00	25,584.00
41	GUILFORD	20,158.00	82,803.00	102,961.00
42	HALIFAX	13,781.00	24,747.00	38,528.00
43	HARNETT	12,517.00	25,049.00	37,566.00
44	HAYWOOD	12,732.00	32,409.00	45,141.00
45	HENDERSON	11,889.00	26,011.00	37,900.00
46	HERTFORD	11,555.00	13,598.00	25,153.00
47	HOKE		25,492.00	25,492.00
48	HYDE	10,690.00	11,098.00	21,788.00
49	IREDELL	12,864.00	25,983.00	38,847.00
50	JACKSON	11,565.00	18,211.00	29,776.00
51	JOHNSTON		34,418.00	34,418.00
52	JONES	10,734.00	12,142.00	22,876.00

ALLOCATION FOR CHILD PROTECTIVE SERVICES

NO.	COUNTY	CPS 1985	CPS 1989	TOTAL ALLOCATION
53	LEE	12,226.00	23,704.00	35,930.00
54	LENOIR	11,717.00	23,402.00	35,119.00
55	LINCOLN	12,409.00	20,738.00	33,147.00
56	MACON	11,275.00	14,641.00	25,916.00
57	MADISON	10,971.00	13,433.00	24,404.00
58	MARTIN		24,559.00	24,559.00
59	MCDOWELL	12,409.00	19,914.00	32,323.00
60	MECKLENBURG		95,906.00	95,906.00
61	MITCHELL	11,144.00	14,724.00	25,868.00
62	MONTGOMERY	11,264.00	16,234.00	27,498.00
63	MOORE	11,609.00	19,722.00	31,331.00
64	NASH	14,658.00	31,997.00	46,655.00
65	NEW HANOVER	13,695.00	61,986.00	75,681.00
66	NORTHAMPTON	11,144.00	15,602.00	26,746.00
67	ONSLow	16,311.00	56,302.00	72,613.00
68	ORANGE	12,149.00	27,988.00	40,137.00
69	PAMLICO	10,939.00	11,922.00	22,861.00
70	PASQUOTANK	11,706.00	17,223.00	28,929.00
71	PENDER	10,637.00	14,312.00	24,949.00
72	PERQUIMANS	10,907.00	12,664.00	23,571.00
73	PERSON	11,317.00	13,927.00	25,244.00
74	PITT	12,289.00	39,495.00	51,784.00
75	POLK	10,755.00	11,950.00	22,705.00
76	RANDOLPH	14,895.00	40,016.00	54,911.00
77	RICHMOND	11,058.00	20,875.00	31,933.00
78	ROBESON	15,144.00	33,535.00	48,679.00
79	ROCKINGHAM	13,262.00	27,549.00	40,811.00
80	ROWAN	14,840.00	34,194.00	49,034.00
81	RUTHERFORD	11,869.00	33,014.00	44,883.00
82	SAMPSON	12,289.00	20,298.00	32,587.00
83	SCOTLAND	12,094.00	21,562.00	33,656.00
84	STANLY	12,365.00	21,342.00	33,707.00
85	STOKES	11,760.00	17,827.00	29,587.00
86	SURRY	12,841.00	26,560.00	39,401.00
87	SWAIN		22,224.00	22,224.00
88	TRANSYLVANIA	11,709.00	17,223.00	28,932.00
89	TYRRELL		20,357.00	20,357.00
90	UNION	14,311.00	32,876.00	47,187.00
91	VANCE		32,193.00	32,193.00
92	WAKE	18,116.00	79,041.00	97,157.00
93	WARREN	10,765.00	11,044.00	21,809.00
94	WASHINGTON	11,220.00	13,268.00	24,488.00
95	WATAUGA	11,025.00	13,543.00	24,568.00
96	WAYNE		61,880.00	61,880.00
97	WILKES	12,289.00	26,752.00	39,041.00
98	WILSON		35,050.00	35,050.00
99	YADKIN	11,565.00	17,607.00	29,172.00
100	YANCEY	10,930.00	12,417.00	23,347.00
	TOTAL	1,059,300.00	2,650,000.00	3,709,300.00



INDIVIDUAL CHILD CARE ARRANGEMENTS

Individual child care arrangements (or ICCA's) are day care arrangements established only for the purpose of providing care to children whose day care is subsidized through North Carolina's Purchase of Care (POC) publicly subsidized child care program. The POC program pays for child day care with Social Services Block Grant and state day care funds. An ICCA is allowed to provide care to only the children of one family or one household, and, therefore, is exempt from some requirements placed on other provider recipients of public funds, such as compliance with civil rights provisions.

An ICCA is approved for receipt of public day care funds and monitored for compliance with the ICCA requirements by the county department of social services. The requirements for ICCA approval are established by the Social Services Commission. In 1988, the Social Services Commission adopted ICCA approval requirements which are essentially the same as the requirements adopted by the Child Day Care Commission for state regulation of small day care homes (3 to 5 preschool-age children).

An ICCA's particular circumstances determine whether or not the ICCA must also be regulated by the State. If an ICCA falls within the statutory definition of "child day care", the arrangement must be either registered or licensed by the Child Day Care Section, depending on the number of children in care. State regulation does not, however, replace the county department's role in approving and monitoring the arrangement for public subsidy.

The current rate for full-time care provided by an ICCA is \$100.00 per month per child. This rate was initially established by the Social Services Commission in January, 1985 and incorporated into session law in August, 1986. On those same dates, the rate for full-time care provided by a small day care home was set at \$150.00 per month per child.

In April, 1990, child care authorized by the Federal Family Support Act (FSA) will be implemented in North Carolina. FSA rates for child care in a day care home will be limited to local market rates established according to federal FSA regulations. The state average market rate for day care homes will be approximately \$216 per month.

OPTIONS FOR ICCA RATES

The current rate for full-time care provided by an ICCA is \$100 per month. However, the average monthly state payment to an ICCA is \$61 per month, which is a 39% decrease from the full-time rate. The average state payment is the actual amount reimbursed to the provider after a parent's copayment has been subtracted from the total charge for the service. The state average payment also reflects lower payments for children enrolled in part-time care.

The three options for ICCA rates described below show estimated costs at both the rate for full-time care (\$100) and for the state average payment amount (\$61). In December, 1989, there were 640 children in care in ICCA's. All three options assume that 640 children are in care for 12 months. The cost of care in ICCA's reimbursed with FSA funds can be estimated by using the state average FSA market rate for day care homes (\$216) for full-time care and by reducing that amount by 39% (to \$132) for the state average FSA payment amount.

OPTION 1 -- No Change in Current POC Rate for ICCA's:
Annual costs at current POC rate:

Full-Time Rate:
 640 X \$100 X 12 = \$768,000

State Average Payment:
 640 X \$61 X 12 = \$468,480

If one-half of the children became eligible for FSA child care assistance, the annual cost of care provided by ICCA's would be:

Full-Time Rates:
 POC 320 X \$100 X 12 = \$384,000
 FSA 320 X \$216 X 12 = 829,440
 Annual Cost \$1,213,440

State Average Payments:
 320 X \$61 X 12 = \$234,240
 320 X \$132 X 12 = 506,880
 \$741,120

OPTION 2 -- Increase in POC Flat Rate for ICCA's:

If all children were enrolled full time and the POC rate were increased by \$5.00 increments, the annual costs to the POC program would be:

Full-Time Rate:
 640 X \$115 X 12 = \$883,200
 640 X \$120 X 12 = \$921,600
 640 X \$125 X 12 = \$960,000
 640 X \$130 X 12 = \$998,400

State Average Payment:
 640 X \$70.15 X 12 = \$538,752
 640 X \$73.20 X 12 = \$562,176
 640 X \$76.25 X 12 = \$585,600
 640 X \$79.30 X 12 = \$609,024

OPTION 3 -- Change from Flat Rate to FSA Market Rate for All Day Care Homes:

If the rates for all day care homes, including ICCA's, were based on the FSA local market rate rather than a flat rate, the estimated annual costs would be:

Full-time Market Rate:
 640 X \$216 X 12 = \$1,658,880

State Average Payment:
 640 X \$132 X 12 = \$1,013,760

The estimates given for this option do not reflect any rate negotiation by the county department of social services. Using the current flat rates for homes, county departments are not allowed to negotiate for lower rates with home-based providers. If market rates were established for homes, including ICCA's, county departments could negotiate the rate, just as they now do with day care centers.

BACKGROUND INFORMATION ABOUT ICCA's

In 1985, when the current rates were originally implemented, state regulation of home-based day care was essentially a paper registration process except for those homes providing care to children subsidized with public day care funds. At that time, small homes receiving subsidy (then called family day care homes) were "certified" by the Department of Human Resources and were required to meet standards that included health and safety requirements, staff qualifications and staff training standards, and a program of age-appropriate activities for the children. ICCA standards, on the other hand, consisted primarily of basic health and safety requirements. The basic ICCA standards were upgraded to some extent in January, 1985 when the rate increased from \$78 per month to \$100 per month.

The following data show the number of ICCA's and the number of children in care in ICCA's just before and since the ICCA standards were upgraded and the rate increased on January 1, 1985:

July, 1984	1200 ICCA's	2372 children
July, 1985	511	1090
Dec., 1985	618	1188
July, 1986	638	1329
July, 1987	460	954
Dec., 1989	319	640

Speculation about the cause of the large drop in the number of ICCA's immediately after the changes occurred includes the probability that the \$22 increase was not enough to offset the cost and inconvenience of meeting the additional standards for the short period of time that most ICCA's are in use (3 to 6 months). The continuing steady decline in ICCA's has probably been further influenced by the fact that the disparity between requirements for ICCA's and small homes ended in 1988 when the Social Services Commission adopted the small home standards for all ICCA's. Caregivers who would formerly have chosen to be approved as an ICCA now have to do only a little more to be approved as a small day care home and be eligible for the higher rate of \$150 per month. Over this same period of time, the number of small homes approved for subsidized care has climbed from 125 to 566 homes.

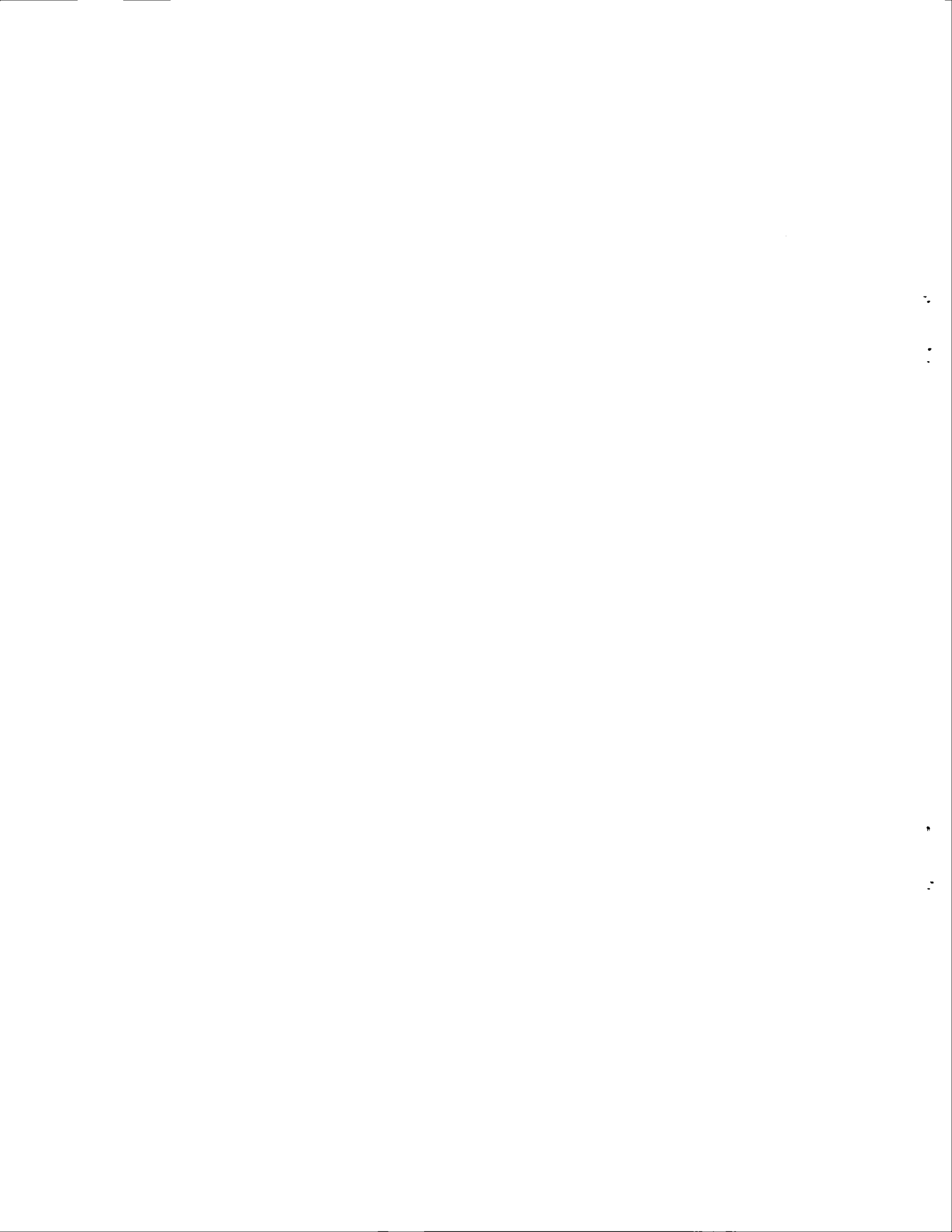
IMPACT OF FEDERAL FAMILY SUPPORT ACT ON DAY CARE HOMES

In 1990, North Carolina will implement the Federal Family Support Act (FSA) which guarantees child care assistance to certain AFDC applicants, recipients and former recipients when that individual needs child care in order to work or participate in the FSA employment program, called the JOBS program. Since many JOBS program activities will require less than full-time participation, and may include education or training during evening hours, it is anticipated that home-based child care will be a more viable option than center-based care for many FSA recipients.

The FSA also requires that local market rates be established for center-based and home-based care and offers two options for establishing the state's maximum payment rates for FSA child care assistance: local market rates or AFDC child care disregard amounts. North Carolina has chosen the option of paying the provider's actual charge up to the local market rate for centers or homes. Consequently, beginning in April, 1990, North Carolina will have two separate rates for publicly subsidized day care. Payment to a day care home for a child who is being assisted under the POC subsidized day care program will be limited to the current rate of \$150 per month (or \$100 per month, if in an ICCA). Payment rates for a child being assisted with FSA funds, and who may possibly be enrolled in the same home with the POC-assisted child, can be any amount up to the FSA market rate for homes.

The FSA federal regulations specify the procedure which states must use to establish local market rates for this program. Local market rates must be established for several types of child care providers, including day care homes, for various age groups and must be equal to the 75th percentile of the rates being paid by families for similar child care in that political subdivision (or county).

The state average FSA market rate for day care homes will be approximately \$216 per month, with the range being from about \$152 to \$350.





North Carolina Department of Human Resources
101 Blair Drive • Raleigh, North Carolina 27603

James G. Martin, Governor

March 7, 1990

David T. Flaherty, Secretary

MEMORANDUM

TO : Nina Yeager
Fiscal Research Division
General Assembly

FROM: Frances Dreps *Dreps*
Division of Budget and Analysis

RE : Update on Alexander v. Hill (now Alexander v. Flaherty)

As we discussed, the information stated below updates the February 12, 1990 "Report to Subcommittee on Human Resources, Legislative Commission on Governmental Operations" submitted to you by the Department and the Division of Social Services. Since Judge McMillan has signed an Amended Order, the following information updates the information contained in item 1 in the "Report."

1. Details about the role and activities of the court ordered monitoring staff including anticipated costs and financing sources for FY 89-90 and FY 90-91.

See attachment for a description of the Plan for Compliance and the roles and activities required of staff to monitor and do work with counties on corrective action.

The Court ordered the Department to establish positions to conduct the monitoring function, either by reassigning existing staff or by hiring additional staff. The Department is in the process of looking within the agency to identify existing positions that may be reallocated to the monitoring function.

Regarding the cost of the monitoring function, there must be a cost realignment of State funds and identification of additional State dollars. The Department is working with State Budget to identify these funds within the Department.

The rest of the Report of February 12, 1990, remains accurate.

cc: Janet Pittard, OSBM
John Syria
Jim Edgerton, DB&A
Mary Deyampert, DSS

REPORT TO SUBCOMMITTEE ON HUMAN RESOURCES
LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS
ALEXANDER V. HILL LAWSUIT
DEPARTMENT OF HUMAN RESOURCES
DIVISION OF SOCIAL SERVICES
FEBRUARY 12, 1990

1. Details about the role and activities of the court ordered monitoring staff including anticipated costs and financing sources for FY 89-90 and FY 90-91.

See attachment for a description of the Plan for Compliance and the roles and activities required of staff to monitor and do work with counties on corrective action. The monitoring function is mandated, but the issue of whether the Department is ordered to hire independent monitors is still an issue before the court. If the court orders the State to create additional positions as independent monitors, the estimated total cost would be \$768,639. The State share would be \$384,319 and the federal share would be \$384,319.

2. In what ways will the settlement and court order affect the Division's supervision of county programs?

The court order and settlement agreement mandate the State to complete intensive independent monitoring of all counties for compliance with the provisions of those documents. They further order the State to impose fiscal sanctions for non-compliance. Furthermore, supervision will be strengthened by required defined activities for assisting counties with corrective action measures. The ultimate objective is to bring all counties into compliance with application processing. There are two important reasons for having the independent monitoring function. These are:

1. It removes Legal Services from monitoring activities.
2. It allows State program staff time to work with counties more intensively on programmatic and administrative issues and problems.

How does the Division plan to implement the terms of the settlement.

The Department has formed an Implementation Team composed of both State and county staff and given this team oversight responsibilities for statewide implementation of the order and settlement agreement on April 1, 1990. The Implementation Team has been subdivided into various workgroups as defined below:

1. Workgroup for the development of Compliance Plan and Monitoring Instrument to be used by independent monitors in monitoring county departments of social services.
2. Workgroups for development of policies and procedures to be used by county staff.
3. Workgroup for the development of training for receptionist in county departments of social services. Receptionists are given defined responsibilities in the order to protect the clients' right to apply without delay.

- 4. Workgroup for the development of county caseworker training on all provisions of application processing.

Training will be conducted in March 1990 for receptionists and caseworkers. During February and early March, two hour presentations will be made to county directors and their administrative/supervisory staff. The purpose of these sessions is to provide a forum for discussion on how the provision of the order and settlement agreement will administratively and fiscally impact counties.

- 3. How will the state obtain relief from the terms of the settlement and the court order.

The settlement agreement and consent order executed in Alexander v. Hill (now Alexander v. Flaherty) are legally binding documents requiring the state and the counties to take certain actions in processing AFDC and Medicaid applications. In many instances, the requirements simply reflect mandates to conform to federal regulations to which the state and the counties would be bound absent this lawsuit. For example, the past orders of the court which are incorporated in the current order mandate the counties to process AFDC and Medicaid cases within 45 days, absent disability, and this is consistent with federal regulations. 45 C.F.R. §206.10(a)(3)(1); 42 C.F.R. §435.911(a)(2). In other instances, the order requires the counties to cease certain activities which they should not be conducting in the first place. For example, the order requires the state to ensure that counties do not refuse to take applications or discourage potential applicants from applying.

Because of the history of this case, specifically what the court has found to be "protracted noncompliance with previous court orders" and to ensure future compliance, the state and the counties have been subjected to other requirements. For example, the state or the counties must pay to each applicant a remedial fine of \$50 for each week or fraction of a week that his application is delayed beyond the relevant time period without "good cause," as defined in the order. Additionally, counties must follow certain time frames imposed by the court in an attempt to ensure prompt processing of applications. The most recent settlement with the plaintiffs requires the state to institute independent monitoring of county actions with regard to AFDC/Medicaid application processing. Failure to perform within certain numerical standards results in a sanction against the offending county.

It should be clear from the foregoing that, absent a change in federal law, the state and the counties cannot obtain relief from certain portions of the settlement, i.e., from those requirements which are already mandated by federal law or regulations or which are illegal. To obtain relief from other terms of the settlement, e.g., the \$50 penalty or the county sanctions, will require stellar performances by the state in supervising the AFDC/Medicaid programs, as related to processing of applications, and by the counties in processing applications, refraining from discouragement of persons from applying or encouragement of withdrawal of applications. It should be noted that under the terms of the settlement, counties may obtain relief from the penalties by showing improvement in their processing records and may avoid sanctions by

complying with requirements of the order. Relief from some of the managerial mandates might be possible upon a strong showing of more effective methods to process applications timely.

In the past the state has sought relief from the court in the form of a motion to dismiss. That motion was denied after a hearing at which plaintiffs convincingly refuted the state's case by demonstrating that county reports on which the state relied were erroneous. Any attempt by the state to obtain relief must avoid the errors of the earlier effort.

How and on what schedule is the Division to report to the court regarding the performance of the state and county?

The settlement does not require the Division to report to the court. The consent order requires the state to send monthly reports to plaintiffs' counsel (1) showing all AFDC and Medicaid applications disposed of during the last calendar month and (2) showing the total number of cases received and decided by the Disability Determination Section (DDS) each month. In addition, the state must send to plaintiffs' counsel on a quarterly basis copies of all DSS and DDS monitoring reports, corrective action plans, follow-up monitoring reports, statistical information used by monitors, and reports of fiscal sanctions and remedial fines due and paid. The consent order also gives plaintiffs' counsel access to public assistance case files and Alexander logs at DSS's where plaintiffs' counsel have reason to suspect noncompliance with the order.

For how long are the monitors to be employed?

The structure for the monitoring function is expected to be permanent as long as there are any compliance issues. Therefore, it is anticipated the monitors will be permanent staff whether they come from existing positions within the Department or whether the court orders the Department to hire new staff. If the counties succeed in implementing the terms of the order and settlement agreement, it is possible to seek relief from the court, as noted under a. above. Part of the relief could be a modification of the monitoring aspects of the settlement, including reduction in the number of monitors.

HANDOUT 2

**APPLICATIONS MONITORING PROCESS IN AFDC AND
MEDICAL ASSISTANCE PROGRAMS**

I. PURPOSE

The purpose of this Plan for Compliance is to provide incentives for all counties in the State to undertake measures necessary to process Aid to Families with Dependent Children (AFDC) and Medicaid applications within the time prescribed by federal laws and regulations. (AFDC: 42 U.S.C. 602(a)(10)(A); 45 C.F.R. 206.10(a)(3); Medicaid: 42 U.S.C. 1396 a(a)(8); 42 C.F.R. 435.911)

II. BACKGROUND

Federal regulations require that AFDC and Medicaid applications be processed within forty-five (45) days of filing, except for those applications based upon disability which must be processed within sixty (60) days. (45 C.F.R. 206.10(a)(3); 42 C.F.R. 435.911) The regulations require the state to supervise the administration of the two programs and to ensure that the counties process applications in a timely fashion. (45 C.F.R. 205.120 and 206.10(a)(12); 42 C.F.R. 435.904)

On 28 August 1974, plaintiffs filed the Alexander v. Hill lawsuit alleging that defendants and their local agencies were not processing AFDC and Medicaid applications in a timely fashion. Over the history of the lawsuit, the federal court with jurisdiction over this case has entered numerous orders requiring, among other things, that counties:

- * Process applications within the federally prescribed time standards;
- * Allow applicants to apply for assistance on the same day they appear at the agency;
- * Notify applicants within 20 days of the date of application of all information needed to determine eligibility for assistance;
- * Hold applications pending up to six months due to applicant or collateral delay;
- * Notify applicants on the 45th or 60th day as to why their applications are pending;
- * Classify applications not dispositioned by the 45th/60th day as being with or without good cause;
- * Pay to a recipient a remedial fine of \$50.00 for each week or fraction thereof that an application is delayed without good cause beyond the application processing standards.

The court also ordered the State to take immediate corrective action in counties which do not comply with the court's orders. The State was

ordered to consider imposing fiscal sanctions on county departments not in compliance with the court's order.

Between 4 November 1982, the date of the order imposing penalties, and 8 February 1989, the counties and the State had paid penalties totaling \$576,650, not including loss in federal financial participation.

On 14 November 1988, plaintiffs filed a Motion for Further Relief in which they alleged continuing violations of the Alexander v. Hill orders. One allegation was that the State had failed to take corrective action against counties that consistently delay applications, thereby violating federal regulations. (45 C.F.R. 206.10(a)(12); 42 C.F.R. 435.904)

On December 15, 1989, Judge James B. McMillan of the Western District Federal Court, signed a Consent Order and Settlement Agreement which further addressed State supervision of counties' timely processing of applications. The following compliance plan was designed to initiate additional steps in the State's efforts to exact compliance from the counties that fail to comply with federal regulations and court order requirements in processing applications for AFDC and Medicaid.

III. PLAN FOR COMPLIANCE

Each county will be monitored once per calendar year by a team of independent monitors employed by the State Division of Social Services. The monitors determine the monitoring schedule for a 12 month period.

The monitoring schedule will vary from one year to the next and will be known only to the monitoring team in advance. Each county and its IMR will be notified of the dates for the monitoring no earlier than 30 days before the on-site visit begins.

After notification to the county and IMR of the on-site visit, the monitoring team will request from appropriate central office staff the following information for the specific county to be monitored:

- A. The case file sample as shown in V. below.
- B. The average processing time for AFDC applications for the specific county.
- C. The average processing time for Medicaid applications with a 45 day standard and the average processing time for Medicaid applications with a 60 day standard for the specific county.
- D. The total number of applications denied, withdrawn, and approved for the county.
- E. The percentage of applications withdrawn for the specific county and for the State.
- F. The rate of overdue Medicaid reviews for a 12 month period.

G. A copy of the DSS-2242 showing all applications disposed from the same months as the case sample was drawn.

Information requested in B. through F. will be based on a 12 month period ending the month preceding the month of county notification of on-site monitoring.

Though the actual monitoring will be done by the independent monitoring team, each IMR will be involved in the exit conference because the IMR carries the primary responsibility for follow-up of the county's corrective action plan.

IV. PERFORMANCE INDEX

Since the major goal of both the AFDC and Medicaid Programs is to provide benefits to eligible clients accurately and within the 45/60 day timeframes, a county's performance in these programs is evaluated against this criteria with major emphasis on timeliness.

The monitors will use the cases selected, review of the DSS-1322 (Application Log), and review of statistics gathered concerning the county's performance to measure the county's compliance with Alexander v. Hill.

A. Performance Index

	<u>Possible Points</u>
1. Processing AFDC applications	<u>70</u>
For a county to earn the 70 points, use the chart below to determine the number of cases in the case sample reviewed which can pend beyond 45 days without good cause.	
County Level: <u>I & II</u>	<u>III, IV, or V</u>
1 or less	2 or less
2. Processing MAD applications	<u>30</u>
For a county to earn the 30 points, use the chart below to determine the number of cases in the case sample reviewed which can pend beyond 60 days without good cause.	
County Level: <u>I, II, III,</u>	<u>IV, or V</u>
0	1 or less
3. Processing other Medicaid applications	<u>50</u>
For a county to earn the 50 points, use the chart below to determine the number of cases in the case sample reviewed which can pend beyond 45 days without good cause.	
County Level: <u>I & II</u>	<u>III, IV, or V</u>
1 or less	2 or less

4. Average annual overdue review rate in Medicaid is less than 3% 30

The review rate is determined from the Eligibility Information System (EIS) for the 12 months ending two months before the month of monitoring.

The overdue review rate in Medicaid was included in the application processing monitoring since Medicaid benefits are stopped until the review is completed which makes the review the same as a reapplication.

5. All clients given opportunity to apply/applications taken on same day 20

The log from the month prior to the month of monitoring will be checked and used to select two clients to ensure the county takes all applications on the same day the person appears to apply and that the county follows the reception area requirements.

6. Necessary verifications requested timely 20

The monitor will review all applications in the sample to determine if all necessary information was requested timely. This includes the twenty day and five workday requirement, and follow-up efforts. In addition, the county must have responded timely to requests for assistance and reopened any applications within the time standards.

7. Forms completed and keyed timely/all applications processed within time standard or within 5 workdays of receiving all information and within three (or six months of application as required by AFDC or Medicaid policy) 20

The monitor will review all cases in the sample to determine timeframes were met including the good cause for pending applications. To determine the forms were completed and keyed timely, the monitor will review all cases in the sample to determine checks or notices of approval were completed timely and also denial notices.

8. Correct procedure for inquiries, no discouragement 60

The monitor will review all inquiries in the sample and contact a sample of clients to determine compliance. This includes taking applications without delay, determining if the county is conducting second party reviews if required, and determining if the county has discouraged anyone from applying.

9. Penalty cases identified & authorized timely and correctly 50

A penalty will be considered unpaid unless it was paid within two weeks of approval of the application. The monitor will review all approved applications to determine penalty cases were identified and the payments authorized timely and correctly.

10. The county's DSS-2242 is correct 30

The DSS-2242 is reviewed for accuracy of coding of application dispositions against the applications monitored.

11. Denied cases handled properly 40

The monitor will review all denied applications in the sample to ensure it was denied according to policy requirements at 45/60 days or at the end of three months or later.

12. Withdrawn cases handled properly 40

The monitor will review all withdrawn applications in the sample to ensure it was withdrawn according to policy requirements. This includes if it was withdrawn improperly, if appeal rights were followed, and if the county is completing second party reviews,

13. No unnecessary information requested 20

The monitor will check all applications in the sample to verify compliance in requesting alternative verifications and in ensuring, for disability applications, that an applicant without a current treating source is not being required to furnish a medical report.

14. Complete documentation on log 20

The monitor will review the log from the month prior to the month of county notification of monitoring to ensure it is completed accurately and in full. This includes comparison of the applications and inquiries reviewed in the sample.

TOTAL POINTS: 500

B. Scoring

1. The county will receive no points for 1. through 4. unless the county is in full compliance.
2. For items 5. through 14., the monitor will determine the number of applications, inquiries or log entries that are in compliance as a percentage of the number of applications, inquiries, or log entries reviewed.

The county may receive the following points in each of the items for 5. through 14:

- a. 100% of the possible points if all cases reviewed are in compliance,
- b. 80% of the points if 95% of the cases are in compliance,
- c. 60% of points if 90% of the cases are in compliance,
- d. 40% of points if 85% of the cases are in compliance, or
- e. 20% of points if 80% of the cases are in compliance.
- f. If less than 80% of the cases comply, no points will be awarded.

V. MONITORING SAMPLE

A. Selection

Selection of all cases will be done randomly either through the Eligibility Information System (EIS) or through on-site monitoring. The county will not select any of the cases. Of the Medicaid cases sampled, 25% will be disability cases. The sample will consist of:

1. Applications denied

Of the total sample, 25% will be applications denied in AFDC, 25% in M-AD, and 25% in other Medicaid applications. If possible, one-half of the denied applications will be applications that pended beyond the relevant processing standard.

2. Applications withdrawn

Of the total sample, 15% will be applications withdrawn in AFDC, 15% in M-AD and 15% in other Medicaid applications.

3. Applications approved

Of the total sample, 60% will be applications approved in AFDC, 60% in M-AD, and 60% in other Medicaid applications. If possible, all of these will be applications that pended beyond the relevant processing standard.

4. Of the AFDC and Medicaid inquiries shown on the DSS-1322 for the month preceding the notice of monitoring, 25% (and no less than 5) will be selected. Of those selected, two will be selected as a sub-sample for contact by the monitor.

5. There is an on-site sample of applications to determine if taken on same day. Two cases will be selected from the DSS-1322 for the month prior to the on-site monitoring. One case will be an application and one will be an inquiry.

6. There is a subsample of cases that pended beyond the processing standard which were selected in the case sample. One-half

of the applications that pended for applicant responsible information and all applications in the sample denied for failure of the applicant to return requested information will be in this subsample.

B. Sample Size

Sample size is based on county level.

County Level	Total Sample	Denied		Withdrawn		Approved	
		AFDC	MA	AFDC	MA	AFDC	MA
I & II	AFDC-20 MA-25 (45)	5	1 MAD 5 Other MA	3	1 MAD 3 Other MA	12	4 MAD 11 Other MA
III	AFDC-30 MA-40 (70)	8	2 MAD 8 Other	5	2 MAD 5 Other	17	6 MAD 17 Other
IV & V	AFDC-40 MA-55 (95)	10	4 MAD 10 Other	6	2 MAD 6 Other	24	8 MAD 25 Other

C. How the Sample is Selected

1. Denied applications selected will be those disposed in the month preceding the month of county notification of on-site monitoring. If the required number is not obtained, cases will be selected from the month prior to the month preceding the month of county notification. If the sample size is still not reached, the sample size will be reduced to those cases found in this two month period. If possible, one-half of the denied sample will be cases which were denied after the 45/60 day time standard.
2. The withdrawn applications selected will be those disposed in the month preceding the month of county notification of on-site monitoring. If the required number is not obtained, cases will be selected from the month prior to the month preceding the month of county notification. If the sample size is still not reached, the sample size will be reduced to those cases found in this two month period.
3. The approved applications selected will be those disposed in the month preceding the month of county notification of on-site monitoring. If the required number is not obtained, cases will be selected from the month prior to the month preceding the month of county notification. If possible, all of the approved applications will be those approved after the 45/60 day time standard. If the denied/withdrawn cases in the sample do not reach full sample size, more approved applications will be selected to meet the sample size for the county level.

4. Inquiries will be drawn from the total list of AFDC and Medicaid inquiries on the DSS-1322 from the month preceding the month of county notification. If less than five are shown for that month, select from the month prior to the month preceding the month of county notification. If still fewer than five, the inquiries will be limited to those found in the two month period.
5. From the approved and denied case file samples, the monitor will select one-half of the applications that pended beyond the processing standard for applicant responsible information and all applications in the sample denied for failure of the applicant to return the necessary information. The monitor will attempt to contact the applicant to verify assistance was offered as required, whether the applicant requested assistance, and if requested, whether it was provided.

VI. MONITORING PROCEDURES

Once the sample of cases is selected, the monitoring consists of three distinct parts. These are: data collection through an on-site visit; organization and assessment of data collected; and, summary of the data in a format for evaluating county compliance with required processing procedures.

A. Data Collection

1. Case File Review

Complete the Application Monitoring Case File Review Document for each case record and inquiry selected for review. (See Attachment I.)

Attachment II provides a statement of the processing requirement, the aid program/category to which it applies, the program policy citation which mandates the procedure, and the suggested review method. This serves as the monitor's instructions for reviewing the case record and completing the review documents.

2. Validation of Application Log Entries

See Attachment III, 1 through 4, for the form to be completed to validate the log entries. Instructions are shown at Attachment III.

For each case and inquiry selected in the sample, the independent monitor must determine if this person appears on the log and whether any subsequent visits by this person are documented on the log.

3. Client Contact Document

See Attachment VII for the form to be completed when clients are contacted to assess:

- a. Discouragement from taking an application for inquiries;
- b. All clients given opportunity to apply and applications taken on same day;
- c. Agencies offered assistance in obtaining applicant responsible information;
- d. Agencies offered assistance when applicants failed to return requested information.

For each client contact or attempted contact, the monitor will complete the Client Contact Document to record the information.

B. Organization and Assessment of Data Collected

To evaluate county compliance, the monitors will complete Attachment IV, Tally Sheet. One sheet is completed for all AFDC cases and inquiries read. One sheet is completed for all MAD cases and inquiries read, and one sheet is completed for all other Medicaid cases and inquiries read.

VII. MONITORING RESULTS

A. Exit Conference

During the on-site monitoring, the monitors and director will schedule the date of the exit conference. The exit conference will be held within 15 calendar days of the last day of on-site monitoring. The monitor will notify the county director and IMR by letter of the date and attach a preliminary Performance Index Summary. At the exit conference, the IMR, independent monitor, and regional director, if appropriate, meet with the county director and/or his designated staff to discuss the findings of the monitoring.

Monitors must be prepared to discuss any area in which the county failed to achieve full points on the Performance Index. This explanation would include the case file review document completed for that case.

B. Rebuttal

If the county disagrees with the points assigned by the monitor in any areas, the county is allowed ten calendar days from the exit conference to rebut the findings with the monitor's supervisor. If possible, resolve any disagreements by phone. If it is determined that the number of points was incorrect, the number of points and any sanction due will be corrected immediately.

C. Summary of Monitoring

No later than the 15th day following the exit conference, the county director will be notified by letter of the results of the annual

monitoring. The letter will be signed by the monitor's supervisor and mailed to the county director. Copies of the letter will be immediately sent to the Public Assistance Section of the State Division of Social Services, the regional director, income maintenance representative, the chairman of the board of social services, the chairman of the board of county commissioners, the county manager, and Legal Services.

The letter to the county director will summarize the monitoring activity and results. This will include:

1. Dates of monitoring
2. Date of exit conference and who attended
3. Statement of performance based on Performance Index Summary
4. Requirements for corrective action - due date and submittal procedures.
5. Explanation of points earned which were less than the points available
6. Penalties which are required to be paid to clients
7. Sanctions which will or may be imposed

The following attachments will accompany the results of monitoring:

1. Completed Performance Index Summary (Attachment V)
2. Case file review findings
3. Application Log Review worksheets
4. Results of client contacts

A complete copy of the attachments will also accompany the copy of the letter to the Public Assistance Section and Legal Services. Only the completed Performance Index Summary will be distributed to everyone.

D. Performance Level

A county can earn up to 500 points if the county fully complies with all aspects of the court order. There are three categories of performance. These are:

Category I	455 - 500 points
Category II	355 - 454 points
Category III	0 - 354 points

VIII. CORRECTIVE ACTION

A. For All Monitoring

1. Each county must develop, obtain approval, and implement a corrective action plan for any material violations found by the monitors.
2. Each county will also be required to develop a corrective action plan where the average processing times in denied, approved, and withdrawn applications exceeded the 45/60 day standard for processing applications.
3. The corrective action must address the violations discovered, i.e., reopening applications and inquiries reviewed which are in error, payment of penalties and benefits due, identification and reopening of affected cases outside of the monitoring sample where systemic violations are found, training for county staff, and taking all other steps which are necessary to correct the violations. This may include but is not limited to hiring additional staff, purchasing equipment, or changing procedures.

Also requests for further study of application processing procedures from the regional office can be requested in the corrective action.

4. The corrective action will also include required second party reviews of 25% of all inquiries, approved applications, or withdrawals when:
 - a. Inquiries as percentage of inquiries plus applications for the same 12 month period covered by the monitoring exceed 15%, or
 - b. Two or more unpaid penalties are found in the monitoring, or
 - c. Withdrawals in the same 12 month period covered by the monitoring is greater than the State average for the same period. These second party reviews are required until the next annual monitoring.

B. Correction Action Plan Approval Process

1. Any county which fails to achieve 100% compliance in all areas must develop a corrective action plan. The county is expected to begin developing the corrective action plan immediately after the exit conference.
2. After the exit conference, the monitoring report will be sent to appropriate persons within 15 calendar days.
3. Upon receipt of the report in the county, the county must submit its corrective action plan in letter format to the regional

director within 15 calendar days. This letter must identify problem areas, actions to be taken, by whom, and the date when taken. Documentation that these actions were implemented as scheduled in the corrective action plan must be retained in the county.

4. No later than 15 calendar days from receipt of the county's report, the regional director will approve the county plan as submitted or indicate how the county can amend the plan to obtain approval. The regional office will send a copy of this letter and the county's corrective action plan to the Public Assistance Section and Legal Services at the same time the letter is sent to the county.

IX. FOLLOW-UP ASSESSMENT

For Category I counties, no follow-up assessment will be required. For Category II counties and Category III counties, a follow-up assessment of the corrective action plan must be conducted.

- A. The follow-up assessment is conducted to ensure the county's corrective action plan was implemented and completed.
- B. The assessment must be held within three months of the county's receipt of the monitoring results.
- C. The IMR completes the follow-up assessment and within 30 calendar days of the follow-up assessment visit, the regional director must issue a report to the county, Public Assistance Section, and Legal Services.

X. FISCAL SANCTION

A county found out of compliance based on the Performance Index Summary may be subject to a fiscal sanction. The amount will be as described below for the appropriate category.

A. Requirements for Counties Required to Pay a Fiscal Sanction

1. All sanctions due will be required to be paid no later than the January 10 following the end of the fiscal year in which the sanction is assessed, except that payment may be delayed one year beyond that if the county did not have notice of the sanctions prior to 30 days before final adoption of its county budget for the following fiscal year. If a county does not pay sanctions when due, the State will withhold the entire sanction amount when the January reimbursement is processed and from subsequent months if necessary.
2. No county may pay any sanction from its social services budget.

All sanctions paid to the Division of Social Services will be used to provide emergency and medical assistance to supplement

(and not to replace) assistance available from other programs or for individuals not eligible for other programs, such as Medicaid and Emergency Assistance.

3. No county will be assessed fiscal sanctions during calendar year 1990. If it is determined that the number of points awarded by monitors was incorrect, the number of points and any sanction due will be corrected immediately.
4. Each county will be monitored during 1990 so the county director will know how his county complies with application processing requirements. This will allow the county director time to develop actions to bring his county into compliance.

B. Category I County

No fiscal sanctions will be assessed.

C. Category II County

A Category II county is not subject to a sanction unless it fails in 1 of 2 areas:

1. Corrective Action - A sanction will be assessed if a Category II county fails to develop and implement its approved corrective action plan within three months of receipt of monitoring results.
2. Subsequent increase in its Performance Index - A sanction will be assessed when a Category II county fails to increase its Performance Index score in the second year by at least 10% (or to Category I status, whichever is less).

When either of the above situations occurs, the sanction will be due and payable at the end of that monitoring year. See Attachment VI for a chart which illustrates two counties' corrective action and improvement process relative to fiscal sanction.

Successful completion of a corrective action plan in the first year at Category II status will avoid a sanction for that year. However, subsequent successive years at Category II status subjects a county to sanction which can only be avoided by successful completion of a plan and successful improvement. The sanctions in a Category II county increase by 2.5% for each successive year that a sanction is assessed.

At anytime that a county falls from Category II to Category III status, a sanction is assessed for failing to increase by 10% over the previous year. An additional Category III sanction is assessed for the current year.

At anytime a county improves from a Category II to a Category I status, no further sanctions are assessed until a subsequent monitoring indicates the county has again returned to Category II or III status.

D. Category III counties

Fiscal sanctions will be assessed at the rate of 7.5% of the federal/state share of administrative costs for AFDC plus Medicaid in that county per year. All sanctions will be due regardless of any subsequent improvement or corrective action. For each successive year that the monitoring determines that the county remains Category III, the amount of the fiscal sanction will increase by an additional 5%.

XI. PLAN FOR REMOVAL FROM ALEXANDER V. HILL PENALTIES

A. Performance Required

A county will be removed from payment of penalties imposed by Alexander v. Hill when:

1. The performance index shows a score of 455 or more for two consecutive monitoring periods beginning with the initial monitoring under this plan, and
2. The county has not been subject to any Alexander v. Hill penalties during the two consecutive years.

B. Loss of Exemption from Paying Penalties

1. A county that loses Category I status must begin to pay penalties immediately.
2. If it is discovered that a county was exempted in error, the county must begin to pay penalties immediately.

Example: If an unpaid penalty is discovered through monitoring or other means, the county must begin paying penalties.

ATTACHMENT 1

County _____
Date _____

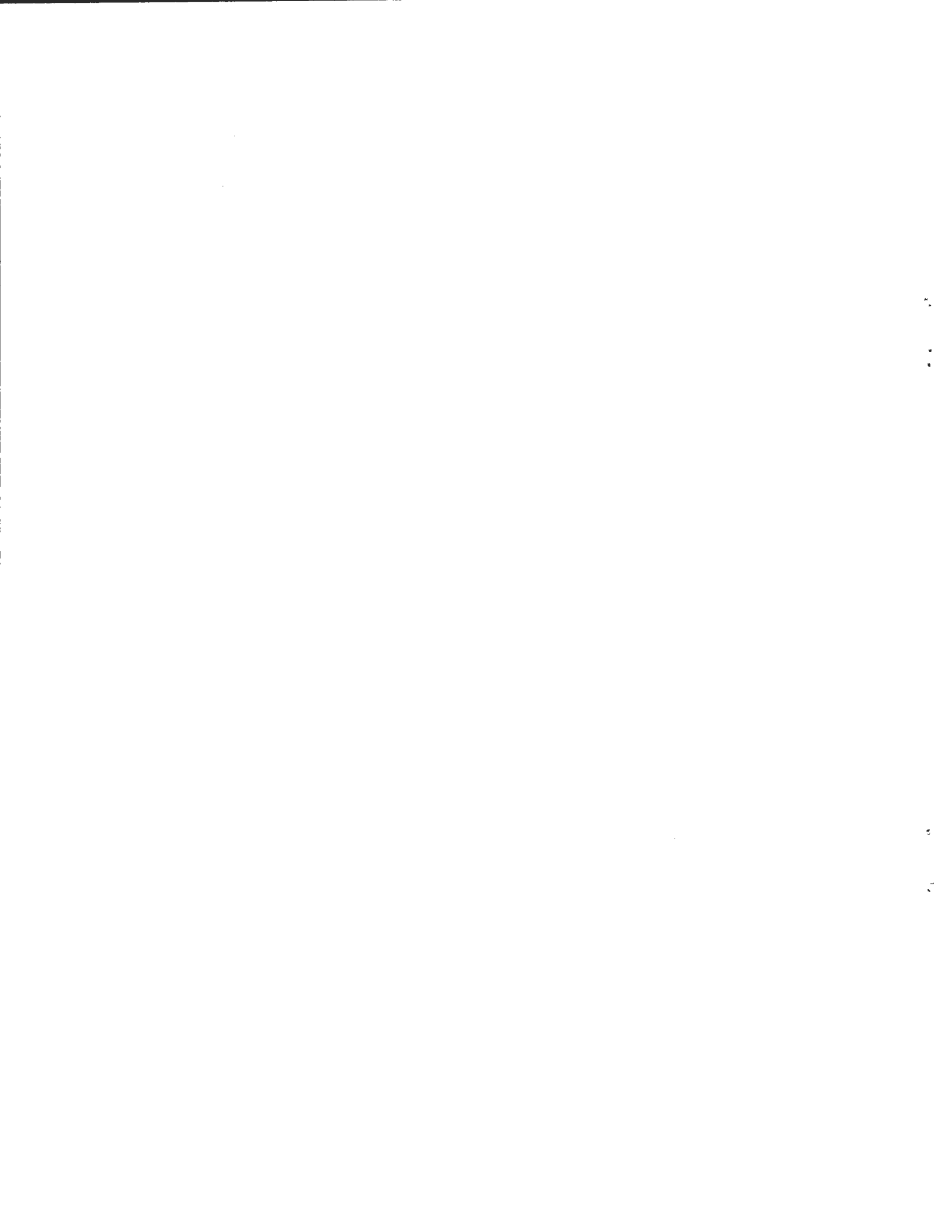
PERFORMANCE INDEX SUMMARY

	Possible Points	Actual Points Earned
1. Processing of AFDC applications	70	
2. Processing of MAD applications	30	
3. Processing of all other Medicaid applications	50	
4. Average annual overdue review rate in Medicaid less than 3%	30	
5. Applications taken on same day/all clients given opportunity to apply	20	
6. Necessary verifications requested timely	20	
7. Forms completed and keyed timely/all applications processed within appropriate time standard	20	
8. Correct procedure for inquiries, no discouragement	60	
9. Penalty cases identified and authorized timely and correctly	50	
10. DSS-2242 is correct	30	
11. Denied cases handled properly	40	
12. Withdrawn cases handled properly	40	
13. No unnecessary information requested	20	
14. Complete documentation on log (DSS-1322)	20	
GRAND TOTAL	500	

SCORING SCALE

One through 4. get either full points earned or 0 points if criteria not met.

Items 5. through 14. get credit for more than 80% compliance.



DEPARTMENT OF HUMAN RESOURCES
DIVISION OF SOCIAL SERVICES
REPORT TO THE SOCIAL SERVICES STUDY COMMISSION
ON CIP FUNDING LEVELS
MARCH 8, 1990

The Crisis Intervention Program (CIP) is funded 100% by federal funds through the Low Income Home Energy Assistance Block Grant. In fiscal year 1989-90, the General Assembly appropriated \$4,362,032 to be allocated to the 100 counties for this program.

For December 1989, services paid in January 1990 (the latest data available), the unexpended statewide balance was \$2,065,424. The attached chart reflects spending levels by county. Please note that Camden, Dare, and Transylvania are the only three counties with less than \$100 unexpended at this time.

Historically, CIP funds have been reallocated at the end of the fiscal year to counties that have overspent. Because the weather in December was considerably more severe than usual, the Division became concerned that many counties would exhaust their funds early. All 100 counties were surveyed in December 1989. The survey asked those counties which in the past have had funds remaining at the end of the fiscal year to release funds voluntarily for reallocation. Of the eighty-eight counties that responded, only \$21,000 could be allocated now. Because the amount was so low, the Division decided to reallocate the funds at the end of the fiscal year as has been done in the past.

Attachment

DEPARTMENT OF SOCIAL SERVICES
 DIVISION OF SOCIAL SERVICES
 CRISIS INTERVENTION PROGRAM
 ALLOCATION EXPENDITURES
 (DECEMBER 1989 SERVICES PAID IN JANUARY 1990)
 MARCH 8, 1990

COUNTIES	ALLOCATION	UNEXPENDED	COUNTIES	ALLOCATION	UNEXPENDED
1. Alamance	\$ 52,694	\$ 27,461	51. Johnston	\$ 69,661	\$ 40,484
2. Alexander	10,600	4,784	52. Jones	12,694	10,103
3. Alleghany	9,116	3,817	53. Lee	32,105	13,308
4. Anson	26,827	17,239	54. Lenoir	65,212	55,281
5. Ashe	20,197	18,470	55. Lincoln	19,803	13,888
6. Avery	11,037	6,725	56. Macon	15,005	9,459
7. Beaufort	39,520	34,678	57. Madison	22,814	9,487
8. Bertie	34,460	17,497	58. Martin	30,098	22,080
9. Bladen	42,007	17,631	59. McDowell	20,677	16,788
10. Brunswick	33,456	31,503	60. Mecklenburg	222,987	20,146
11. Buncombe	109,749	65,811	61. Mitchell	15,267	6,676
12. Burke	38,560	20,563	62. Montgomery	19,498	6,409
13. Cabarrus	39,651	26,449	63. Moore	32,410	4,298
14. Caldwell	28,701	15,243	64. Nash	71,538	40,943
15. Camden	5,540	89	65. New Hanover	87,938	27,095
16. Carteret	22,769	15,257	66. Northampton	39,826	10,105
17. Caswell	23,336	15,865	67. Onslow	46,761	22,343
18. Catawba	38,909	7,864	68. Orange	28,048	15,576
19. Chatham	19,847	14,865	69. Pamlico	11,908	5,448
20. Cherokee	20,022	8,622	70. Pasquotank	23,467	13,669
21. Chowan	12,781	8,963	71. Pender	25,256	11,994
22. Clay	7,329	3,944	72. Perquimans	11,254	10,129
23. Cleveland	69,530	20,582	73. Person	29,530	15,545
24. Columbus	62,901	32,262	74. Pitt	98,450	56,348
25. Craven	59,978	13,809	75. Polk	6,804	2,712
26. Cumberland	153,631	57,143	76. Randolph	30,010	12,190
27. Currituck	6,282	1,680	77. Richmond	42,661	12,200
28. Dare	4,798	39	78. Robeson	153,238	91,705
29. Davidson	52,649	46,261	79. Rockingham	58,277	9,564
30. Davie	11,080	6,360	80. Rowan	43,621	23,111
31. Duplin	46,412	34,039	81. Rutherford	39,477	23,968
32. Durham	118,342	3,571	82. Sampson	55,965	44,867
33. Edgecombe	66,739	54,090	83. Scotland	45,975	33,327
34. Forsyth	142,508	13,743	84. Stanly	22,769	6,289
35. Franklin	35,158	15,432	85. Stokes	17,797	4,391
36. Gaston	88,026	37,866	86. Surry	45,453	17,616
37. Gates	10,077	4,666	87. Swain	14,133	7,026
38. Graham	7,764	5,855	88. Transylvania	12,737	28
39. Granville	34,068	31,035	89. Tyrrell	7,154	4,438
40. Greene	20,719	4,865	90. Union	32,105	26,233
41. Guilford	183,948	157,013	91. Vance	52,301	34,620
42. Halifax	101,199	8,137	92. Wake	151,973	38,352
43. Harnett	55,397	31,017	93. Warren	27,743	7,921
44. Haywood	31,189	24,171	94. Washington	18,103	8,089
45. Henderson	28,353	13,339	95. Watauga	19,891	14,889
46. Hertford	33,108	12,883	96. Wayne	97,100	67,461
47. Hoke	25,997	5,913	97. Wilkes	43,795	18,313
48. Hyde	9,073	5,688	98. Wilson	74,503	33,270
49. Iredell	38,255	14,231	99. Yadkin	17,361	8,344
50. Jackson	17,928	7,728	100. Yancey	16,662	10,140
Sub-Totals	\$2,162,217	\$1,046,758	Sub-Totals	\$2,199,815	\$1,018,666
TOTALS:				\$4,362,032	\$2,065,424

Division of Social Services
Report on Chore and Personal Care Services
to Social Services Study Commission on March 8, 1990

This report provides background information about the ruling of an Administrative Law Judge and the subsequent ruling by the State Personnel Commission which significantly affects Chore Services and Personal Care Services. The Department of Human Resources and the Division of Social Services have responded by taking steps, which are described in the report, to comply with these rulings. In addition, the effect of these rulings upon the client population and the fiscal impact that is anticipated are outlined in the report.

Background

In a case involving a former department of social services chore provider in Johnston County, an Administrative Law Judge in the Office of Administrative Hearings recommended a decision in the matter to the State Personnel Commission which the State Personnel Commission accepted. On April 24, 1989, that Commission issued an order which substantially affects the manner in which Chore Services and Personal Care Services are provided. In adopting the findings of the Administrative Law Judge, the Commission ruled that the petitioner was an employee of the local government and was subject to the State Personnel Act. Prior to this ruling, most Chore Providers were considered temporary county employees who were exempt from the State Personnel Act.

Actions Taken

Secretary Flaherty subsequently appointed a DHR Task Force to assess the impact of the ruling on departmental programs. It was co-chaired by John Syria, Assistant Secretary for Budget and Management, and Susan Hutchins, Director of Personnel Management Services. Representatives from the Divisions of Social Services, Aging, Vocational Rehabilitation and the Division of Services for the Blind participated in the meetings to evaluate the program impact and develop strategies for implementing the ruling.

The following steps have been taken by the Department in response to the Commission's ruling:

1. conferred with the N.C. Association of County Commissioners and other affiliated agencies;
2. advised local government officials of the ruling;
3. classification and salary grade were developed and subsequently approved by the Office of State Personnel;
4. affected employees were identified and notified of their change in status; and
5. the fiscal impact was studied and efforts made to contain cost increases.

At its September 19, 1989 meeting, the Social Services Commission took action to amend the APA rules governing Chore Services to make the necessary conforming changes required by the State Personnel Commission ruling. These changes were effective December 1, 1989. The rules were amended to show that Chore providers are subject to the provisions of the State Personnel Act and to applicable personnel policies of the county in which they are employed when they are employees of the county DSS. The rules were also amended to require

that Chore Services be provided by individuals who meet the qualifications established by the Office of State Personnel, regardless of which method of provision the county DSS uses (county employees, contract, or cash payment). The rules were amended to show that the cash payment method can be used only when the levels of tasks performed by the Chore providers do not require supervision by a registered nurse.

Fiscal Impact

The Social Services Block Grant Plan mandates each county department of social services to provide either Chore Services or Homemaker Services utilizing Social Services Block Grant and/or State In-Home Services funds. (Some county departments provide both services). If a county DSS decides not to provide Chore Services, it must provide Homemaker Services. In the sixty-five counties with Homemakers, all have been subject to the State Personnel Act from inception and are not affected by the recent ruling.

The three factors listed below have significantly increased the cost of providing Chore Services through DSS agencies.

1. Increase in wages for Chore Providers - With the newly established position classification for Chore Providers, the impact of wage increases is not fully known at this time. County agencies have the flexibility to pay below scale and this may have some bearing on the level of wage increases.
2. Increase in benefits for Chore Providers - The significance and dollar amount of this factor varies considerably from county to county, depending on whether the county offers a benefit program for employees working less than full-time and the scope of its benefit program.

3. Indirect Cost - This is the cost county DSS directors have been most concerned about. In the formula used to allocate indirect costs to permanent employees who provide Chore Services there has been concern that an excessive amount of administrative costs would be placed on the capped Social Services Block Grant and State In-Home Services funds available for Chore Services (and all other social services for children and adults), thereby reducing the funds available for direct services to clients.

In view of the potential cost impact of this factor, the Division of Social Services and the Department of Human Resources worked with the Department of Health and Human Services in Atlanta to establish an indirect cost rate lower than the rate used for other service programs. The plan for calculating these indirect costs was approved by the Department of Health and Human Services effective October 1, 1989 and is being used by the county DSS agencies now.

Impact on Clients

The Division of Social Services conducted a survey of the county departments of social services in January, 1990 to take a comparative look at service provision and costs for Chore Services and Personal Care Services during the months of December, 1988 and December, 1989. This was done to compare the level of Chore Services and Personal Care Services being provided prior to the ruling by the State Personnel Commission and after the ruling was made. County DSS agencies were asked to report all expenditures for Chore Services and Personal Care Services, regardless of funding source, so the survey includes information about Social Services Block Grant, State In-Home

funds, Older Americans Act funds, Senate Bill 1559 funds, and county funds used by county departments of social services for Chore Services and Medicaid funds used by county departments of social services for Chore Services and Personal Care Services.

To date, 59 of the 90 county departments that provide Chore Services have returned surveys to the Division of Social Services. Survey results will continue to be updated as information is received. Based on survey information to date, on the average the unit cost for an hour of service in December 1988 was \$4.50 and in December 1989 it was \$6.59, a 46% increase.

Due to the increased costs for providing Chore Services and Personal Care Services, counties have been forced to make adjustments in the number of clients they serve and in the number of hours of service they provide. In December 1988 these 59 counties served 4,353 clients and in December 1989 they served 3,736 clients, which is 617 fewer clients being served (a 14% decrease). In December 1988, 241,342 hours of service were provided and in December 1989 183,676 hours of service were provided, a reduction of 57,666 hours (a 24% decrease). In the meantime, monthly expenditures rose from \$1,084,914 in December 1988 to \$1,211,306 in December 1989 which is a monthly increase of \$126,392 (a 12% increase).

Changes In Methods of Provision

County DSS agencies are addressing compliance in one of three ways:

1. making affected service providers employees of the county;
2. contracting with outside agencies to provide the service; or
3. discontinuing Chore Services and instead providing Homemaker Services.

One of the major changes in Chore Services, has been the shift from direct provision by the county departments of social services to contracting

with another community agency. Prior to the State Personnel Commission ruling only 4 county departments were regularly contracting for Chore Services. Now 23 additional counties are contracting for all or part of the service, or plan to in the near future.

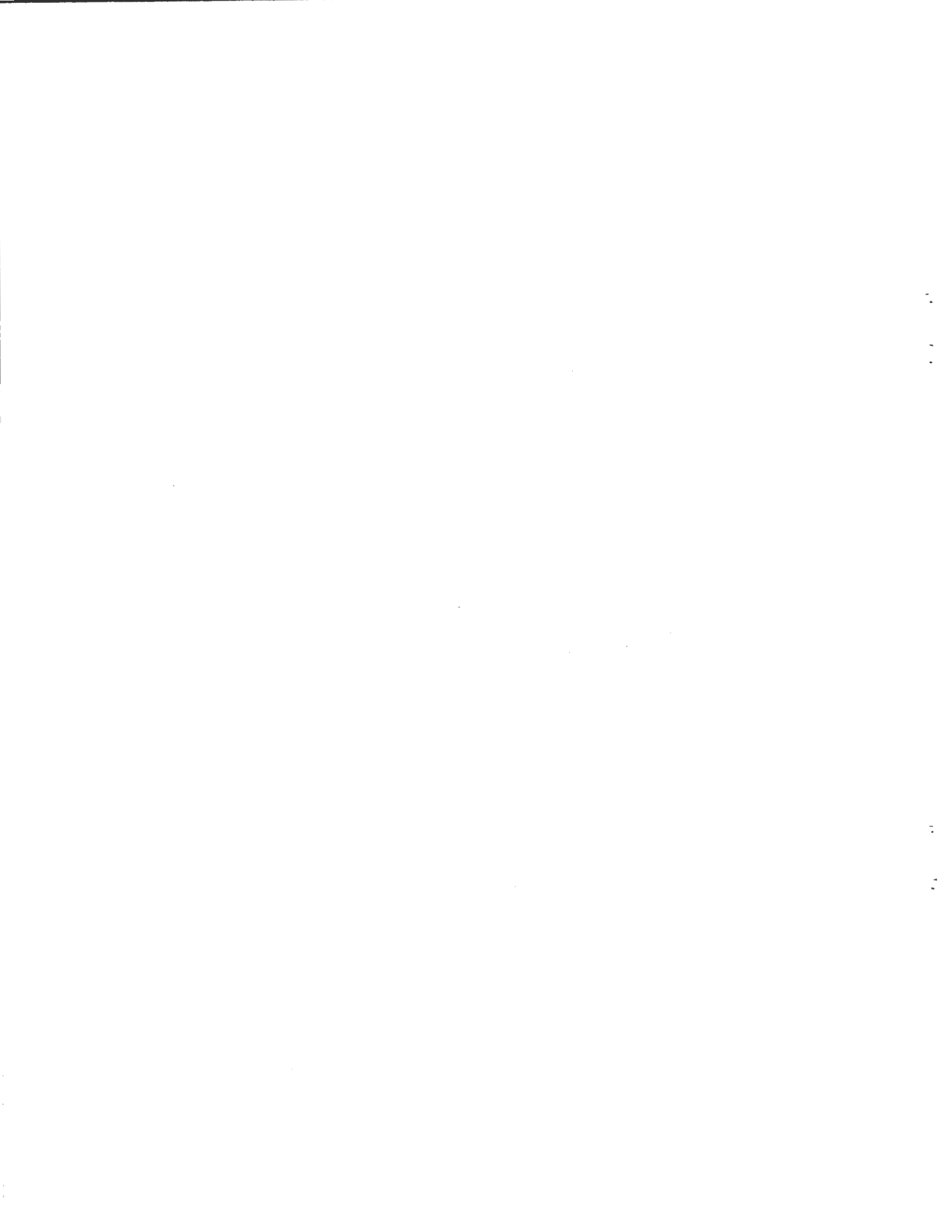
With the increased cost of providing Chore services during FY89-90, county departments of social services have considered the options for how to continue providing the service at the lowest cost possible. Prior to the State Personnel Commission ruling 90 DSS agencies provided Chore Services. Since the Commission's ruling at least four county departments have discontinued the provision of Chore Services and another plans to discontinue the service in June 1990. These five counties will provide Homemaker Services instead of Chore Services (two will provide Homemaker Services for the first time and three will continue the Homemaker Services programs they have been operating).

Further Report

At the request of the Governmental Operations Commission, the Department of Human Resources will be presenting a report on the effect of the State Personnel Commission's ruling on the Chore Services programs in the Divisions of Social Services, Services to the Blind, and Aging on March 20, 1990. The DHR will be glad to furnish this report to the Social Services Study Commission after that date.

Division of Social Services
 Home and Personal Care Services Survey Summary

	<u>Dec.</u> <u>1988</u>	<u>Dec.</u> <u>1989</u>	<u>Net</u> <u>Gain/Loss</u>	<u>% Change</u>
Counties Reporting as of 2-15-90: 59				
Number of				
1. clients served	4353	3736	(617)	(14%)
Number of				
2. hours provided per month	241,342	183,676	(57,666)	(24%)
3. Dollars spent per month	\$1,084,914	\$1,211,306	\$126,392	12%
4. Unit cost	\$4.50	\$6.59	\$2.09	46%



TESTIMONY BEFORE THE LEGISLATIVE STUDY COMMISSION
ON SOCIAL SERVICES

"RURAL CHILD CARE PROJECT"

FLORENCE C. GLASSER

N.C. EQUITY

APRIL 12, 1990

OPENING REMARKS

GOOD MORNING

MY REMARKS TODAY WILL DESCRIBE THE RURAL CHILD CARE PROJECT, SUMMARIZE THE FINDINGS AND FACTS UNCOVERED BY THE PROJECT, AND RECOMMEND POLICY CHANGES THAT WOULD INCREASE THE SUPPLY OF SAFE, AFFORDABLE, QUALITY CHILDCARE, ESPECIALLY FOR CHILDREN OF AFDC CLIENTS AND JOBS CLIENTS.

THE PROJECT

IN MARCH 1989, N.C. EQUITY AND THE NORTH CAROLINA RURAL ECONOMIC DEVELOPMENT CENTER FORGED A PARTNERSHIP TO CREATE THE RURAL CHILD CARE PROJECT. N.C. EQUITY RECEIVED A \$68,000 GRANT FROM THE RURAL CENTER TO DEVELOP PUBLIC POLICIES AND WORKABLE STRATEGIES TO ADDRESS CHILD CARE NEEDS IN RURAL NORTH CAROLINA.

THE ALLIANCE BETWEEN THE TWO ORGANIZATIONS IS A NATURAL ONE BECAUSE OF THEIR SHARED GOALS AND MISSIONS. BOTH ORGANIZATIONS ARE COMMITTED TO IMPROVING THE QUALITY OF LIFE FOR THE PEOPLE OF NORTH CAROLINA BY HELPING LOW-INCOME FAMILIES BECOME ECONOMICALLY SELF-SUFFICIENT. BOTH ORGANIZATIONS RECOGNIZE THAT NORTH CAROLINA HAS THE LARGEST RURAL POPULATION OF ANY STATE, AND THAT RURAL PEOPLE

ARE OVERREPRESENTED AMONG THE POOR, THE UNEMPLOYED, THE UNDEREMPLOYED, THE POORLY HOUSED AND THE POORLY EDUCATED.

BOTH N.C. EQUITY AND THE RURAL CENTER RECOGNIZED THE FACT THAT NORTH CAROLINA HAS THE LARGEST PERCENTAGE OF WORKING MOTHERS OF ANY STATE, THAT WOMEN WORKERS NOW REPRESENT ALMOST HALF OF THE NORTH CAROLINA WORKFORCE, AND THAT WOMEN AND THEIR FAMILIES ARE OVERREPRESENTED AMONG THE POOR. BOTH ORGANIZATIONS SHARE THE STRONG BELIEF THAT INVESTMENT IN CHILD CARE IS A WISE ECONOMIC DEVELOPMENT STRATEGY.

BETWEEN APRIL AND DECEMBER OF 1989, N.C. EQUITY ORGANIZED 10 REGIONAL CONFERENCES ACROSS THE STATE IN AN EFFORT TO:

- (1) COMPARE THE AVAILABILITY, QUALITY AND COST OF CHILD CARE IN RURAL COUNTIES TO URBAN COUNTIES;
- (2) IDENTIFY, SHOWCASE AND RECOGNIZE MODEL PROJECTS AND SUCCESS STORIES IN RURAL COMMUNITIES;
- (3) LEARN MORE ABOUT PUBLIC/PRIVATE PARTNERSHIPS AND OTHER LOCAL INITIATIVES THAT RESPOND TO RURAL CHILD CARE NEEDS;
- (4) MOBILIZE COMMUNITIES TO RESPOND TO THE NEEDS OF WORKING PARENTS AND THEIR CHILDREN AND
- (5) IDENTIFY PUBLIC POLICIES THAT HURT RURAL COMMUNITIES AND ARE

INEQUITABLE.

MORE THAN 700 PEOPLE AND 100 SPEAKERS WERE INVOLVED IN THE REGIONAL CONFERENCES. ON MARCH 16, 1990, RURAL PEOPLE FROM ACROSS THE STATE CAME TOGETHER IN RALEIGH TO SHARE THEIR COMMON CONCERNS AND TO FINALIZE POLICY RECOMMENDATIONS. I APPRECIATE THE OPPORTUNITY TO SHARE THOSE FINDINGS WITH YOU TODAY.

FINDINGS AND CONCLUSIONS

1. THERE IS A CRITICAL NEED FOR MORE CHILD CARE IN EVERY RURAL AREA OF THIS STATE.

IN EVERY RURAL COMMUNITY, FROM THE MOUNTAINS TO THE PIEDMONT, IN THE COASTAL PLAIN AND THE TIDEWATER, WE HEARD THE CRITICAL NEED FOR SAFE, RELIABLE, AFFORDABLE QUALITY CHILD CARE.

2. RURAL MOTHERS HAVE JOINED THE LABOR FORCE IN GREAT NUMBERS.

WOMEN MAKE UP 47% OF NORTH CAROLINA'S WORK FORCE. CHILD CARE IS NECESSARY IF WE ARE TO CONTINUE TO DRAW UPON THAT CRITICAL SOURCE OF LABOR THAT PERMITTED MUCH OF THE ECONOMIC GROWTH OF THE LAST SEVERAL DECADES. IN 1980, 57% OF SCHOOL AGE CHILDREN WORKED IN NORTH CAROLINA. A LARGER PERCENTAGE OF MOTHERS WORK IN THE 91 RURAL COUNTIES THAN IN THE 9 URBAN COUNTIES.

3. THERE IS A LACK OF CHILD CARE IN RURAL AREAS.

FEWER CHILD CARE SPACES ARE AVAILABLE IN THE 91 RURAL COUNTIES THAN IN THE 9 URBAN COUNTIES. IN URBAN COUNTIES THERE IS AN AVERAGE OF 38 LICENSED SLOTS PER 100 CHILDREN AND ONLY 23.23 LICENSED SLOTS PER 100 CHILDREN IN RURAL COUNTIES. THERE IS A CONSIDERABLE VARIATION IN THE AVAILABILITY OF CHILD CARE IN THE FOUR REGIONS OF THE STATE. THE TIDEWATER , COASTAL PLAINS AND THE MOUNTAIN REGIONS OF THE STATE HAVE FEWER LICENSED CHILD CARE SLOTS THAN THE PIEDMONT REGION.

4. THERE IS A LACK OF DAY CARE TEACHERS IN RURAL AREAS.

STAFF TURNOVER AT CHILD CARE CENTERS ACROSS THE NATION HAS NEARLY TRIPLED OVER THE PAST DECADE BECAUSE OF POOR WAGES AND BENEFITS. IN N.C., ANNUAL STAFF TURNOVER IN RURAL CHILD CARE CENTERS IS AS HIGH AS TURNOVER IN URBAN CHILD CARE CENTERS - 38 PERCENT.

5. RURAL PARENTS CANNOT AFFORD THE CHILD CARE THAT IS AVAILABLE.

RURAL PARENTS ARE MORE LIKELY TO BE POOR THAN URBAN PARENTS. IN 1987 PER CAPITA INCOME IN RURAL N.C. WAS 76% OF PER CAPITA INCOME IN URBAN N.C. IN 1986, WAGE AND SALARY EARNINGS PER JOB WERE 20% LESS IN RURAL THAN IN URBAN AREAS OF THE STATE. THE AVERAGE COST OF CHILD CARE TO IN N.C. IS \$2200 A YEAR PER CHILD REPRESENTING THE FOURTH LARGEST ITEM IN THE FAMILY BUDGET, FOLLOWING HOUSING, FOOD AND TAXES. A FAMILY OF THREE

EARNING \$8800 WOULD HAVE TO PAY 25 PERCENT OF ITS INCOME FOR CHILD CARE FOR ONE OF ITS CHILDREN; A FAMILY OF FOUR EARNING \$16,000 WOULD HAVE TO PAY \$4400 OR MORE THAN 25% OF ITS INCOME FOR 2 CHILDREN IN CHILD CARE.

6. STATE AND FEDERAL PROGRAM DOLLARS TO HELP LOW INCOME PEOPLE ARE NOT REACHING MANY ELIGIBLE FAMILIES.

-THE HEADSTART PROGRAM IN 93 COUNTIES SERVES 11,034 CHILDREN. IN SEVEN RURAL COUNTIES NO HEADSTART PROGRAM IS AVAILABLE.

-ALMOST ONE THIRD OF NORTH CAROLINA COUNTIES, ALL RURAL REVERTED THEIR DAYCARE SUBSIDY MONEY FOR LOW INCOME FAMILIES TO THE DAYCARE SECTION FOR REALLOCATION.

-UNTIL THIS YEAR, 1990, ONLY ONE RESOURCE AND REFERRAL AGENCY EXISTED EAST OF RALEIGH AND THAT WAS IN NEW HANOVER - AN URBAN COUNTY. RESOURCE AND REFERRAL AGENCIES DEVELOP AN INCREASED SUPPLY OF HOMES AND CENTERS AND GIVE PARENTS INFORMATION ABOUT CHILD CARE OPTIONS.

-THE CHILD CARE FEEDING PROGRAM DOLLARS ADMINISTERED BY THE N.C. DEPARTMENT OF PUBLIC INSTRUCTION ARE NOT REACHING RURAL CHILD CAREGIVERS AND RURAL CHILDREN, ESPECIALLY THOSE IN FAMILY DAY CARE HOMES.

RECOMMENDATIONS FOR CHILD CARE POLICIES AND PROGRAMS

POLICY RECOMMENDATIONS FROM CONFERENCE PARTICIPANTS AT THE TEN REGIONAL CONFERENCES AND THE STATE CONFERENCE ARE HEREBY SUBMITTED FOR YOUR CONSIDERATION.

1. STRENGTHEN THE INFRASTRUCTURE OF THE CHILD CARE SYSTEM IN NORTH CAROLINA IN THE FOLLOWING WAYS:
 - A. IMPROVE DATA COLLECTION AND PLANNING AT STATE AND COUNTY LEVELS. DEVELOP STATE AND COUNTY PLANS FOR ADDRESSING CHILD CARE/EARLY EDUCATION NEEDS.
 - B. IMPROVE COORDINATION OF CHILD CARE SERVICES AT STATE AND LOCAL LEVELS BY MANDATING A TASK FORCE THAT WOULD INCLUDE REPRESENTATIVES FROM HUMAN RESOURCES, PUBLIC INSTRUCTION, HEADSTART, COMMUNITY COLLEGES, AGENCY EXTENSION SERVICES, COMMERCE AND OTHER RELEVANT AGENCIES.
 - C. EXPAND RESOURCE AND REFERRAL SERVICES OR REGIONAL BROKERING AGENCIES IN ORDER TO INCREASE THE SUPPLY OF CHILD CARE ACROSS THE STATE.

- D. ESTABLISH A MINIMUM STATE MARKET RATE FOR REIMBURSEMENT OF CHILD CARE PROVIDERS IN THE PURCHASE OF CARE PROGRAM.
 - E. ESTABLISH A REVOLVING LOAN PROGRAM FOR START-UP COSTS OR OPERATING LOAN GUARANTEES TO PROMOTE THE SUPPLY OF FAMILY DAY CARE AND CENTER BASED CARE.
 - F. CONTINUE AND EXPAND SCHOOL-AGE CHILD CARE PROGRAMS WITH STATE FUNDING.
2. MAKE FULL USE OF THE FEDERAL FAMILY SUPPORT ACT IN THE FOLLOWING WAYS:
- A. PROVIDE THE NECESSARY STATE MATCH TO SUBSIDIZE NEWLY ELIGIBLE CHILDREN AND CHILDREN NOW ON THE WAITING LIST. ENSURE THAT SERVICES FOR CURRENTLY ELIGIBLE CHILDREN ARE NOT REDUCED IN AN EFFORT TO PROVIDE STATE MATCH FOR THE JOBS PROGRAM.
 - B. PROVIDE TRANSPORTATION TO CHILD CARE LEVERAGING THE 50 PERCENT FEDERAL SHARE OF MONEY AVAILABLE FOR JOBS CLIENTS. REIMBURSE ACTUAL COSTS OF TRANSPORTATION FOR PROVIDERS.

- C. PROVIDE ADMINISTRATIVE DOLLARS TO POOR RURAL COUNTIES TO HELP THEM IMPLEMENT THE FAMILY SUPPORT ACT.

- D. CONTRACT WITH RESOURCE AND REFERRAL CHILD CARE AGENCIES TO GIVE PARENTS A CHOICE OF ARRANGEMENTS THAT BEST MEET THEIR NEEDS. USE FAMILY SUPPORT ACT DOLLARS TO PAY FOR THE SERVICE.

EXECUTIVE SUMMARY

FOOD STAMP PROGRAM PARTICIPATION TASK
FORCE STUDY AND RECOMMENDATIONS

DESCRIPTION OF THE FOOD STAMP PROGRAM

The Food Stamp Program is a Federal program designed to help low income families buy the food they need for good health. The United States Department of Agriculture funds 100 percent of the dollar value of coupons issued to food stamp recipients and 50 percent of the administrative costs to the program.

In North Carolina, the program currently serves approximately 161,520 households containing approximately 409,546 persons. This represents a significant decline in participation since Federal Fiscal Year 1981 when the caseload peaked at 211,959 households.

LEGISLATIVE MANDATE

House Bill 1123, ratified in the 1989 Session of the General Assembly, mandates that the Department undertake a study of the reasons for the declining participation in the Food Stamp Program since 1980. The bill further mandates that the Department conduct the study in conjunction with other public and private agencies who work with low-income persons with hunger problems. The purpose of the study is to determine barriers to participation and to develop recommendations and estimated costs to eliminate barriers.

In response to this mandate, the Division of Social Services formed a Task Force. The Task Force met several times to identify barriers to program participation and to develop recommendations for consideration by the Department and by the General Assembly.

SIGNIFICANT BARRIERS TO PARTICIPATION IDENTIFIED BY THE TASK FORCE

1. Federal Food Stamp Program rules passed by Congress in the 1981 and 1982 Omnibus Budget Reconciliation Acts designed to restrict eligibility.
2. Lack of knowledge/information about the program and transportation problems.
3. Public attitudes toward the poor.

TASK FORCE RECOMMENDATIONS AND ESTIMATED COSTS

The Task Force developed recommendations in two tracks-administrative and legislative. The administrative recommendations reflect policy or procedural changes which the Task Force believes are within the purview of the Department to implement. The legislative recommendations, on the other hand, require state authorizing legislation and new funding.

ADMINISTRATIVE RECOMMENDATIONS

1. Issue a periodic notice informing food stamp recipients of program information, especially of the waiver of the face-to-face interview.

2. Evaluate making the verification requirements the same as in AFDC and provide training to food stamp caseworkers in application processing.
3. Ensure that Social Security Administration (SSA) staff understand their responsibility to take food stamp applications for Supplemental Security Income (SSI) applicants.
4. Continue to monitor application processing procedures and timeliness requirements in county departments of social services.
5. On an ongoing basis, invite Community Action Agencies and other agencies to attend and/or participate in the quarterly meetings of the county directors in order to improve service delivery to low-income families.
6. Require county departments of social services to distribute informational material about the Food Stamp Program to clients visiting the agency and other community agencies and organizations serving low-income families.
7. Ensure that every county department of social services complies with 7 CFR 272.4 which requires it to have access to bilingual staff for non-English speaking applicants and recipients.
8. Promote mail issuance of food stamps to households with special circumstances.
9. Utilize Resource Management techniques to assess changing workloads for more effective management and simplification purposes.
10. Provide to county food stamp staff the training module "Achieving Public Service Excellence."
11. Seek USDA approval to allow North Carolina to issue supplemental allotments to households which experience a reduction in earned income.

LEGISLATIVE RECOMMENDATIONS

1. Secure two State level coordinators who would have oversight responsibility for implementation of any approved legislative or administrative recommendations.

Estimated Cost:	\$93,986
State Requirement:	46,993
Federal Requirement:	46,993
2. Develop informational pamphlets for community distribution aimed at reaching targeted groups.

Estimated Cost:	\$1,650
State Requirement:	825
Federal Requirement:	825
3. Develop a Food Stamp Program video.

Estimated Cost:	\$20,000
State Requirement:	10,000
Federal Requirement:	10,000

4. Develop a media campaign.

Estimated Cost: \$30,000
State Requirement: 15,000
Federal Requirement: 15,000

5. Set up optional demonstration projects designed to remove barriers to participation.

Estimated Cost: \$500,000
State Requirement: 250,000
Federal Requirement: 250,000

6. Conduct evaluation of the effectiveness of any of the implemented administrative or legislative recommendations. Also, the evaluation would include an examination of why potentially eligible groups fail to utilize the program.

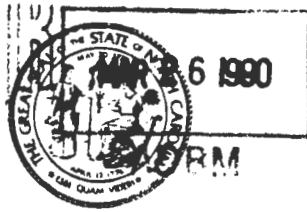
Estimated Cost: \$50,000
State Requirement: 25,000
Federal Requirement: 25,000

TOTAL ESTIMATED COSTS: \$695,636

Total State Requirements: \$347,818

Total Federal Requirements: \$347,818





North Carolina Department of Human Resources
101 Blair Drive • Raleigh, North Carolina 27603

James G. Martin, Governor

David T. Flaherty, Secretary

March 15, 1990

Senator Russell Walker
1004 Westmont Drive
Asheboro, North Carolina 27203

Senator Ruth M. Easterling
Post Office Box 34689
Charlotte, North Carolina 28234

Dear Senators Walker and Easterling:

The Department of Human Resources appointed a committee to study the Public Assistance Equalizing Fund Formula. The Equalizing Fund Formula Committee consisted of the following members:

Senator Russell Walker
Senator Austin Allran
Representative Charles Cromer
Representative Theresa Esposito
J. Thomas Lundy, County Manager; Catawba County
Claude Odom, County Commissioner; Hertford County
Jacqueline Manzi, County Commissioner; Guilford County
Mary K. Deyampert, Director; Division of Social Services
J. Robert Stevens, Director; Forsyth County Department of Social Services
Jerry Smith, Director; Wilson County Department of Social Services
Roy Young, Director; Stokes County Department of Social Services

The committee met on January 9, 1990 and again on February 13, 1990 to review and discuss the current formula and the intent of the General Statute 108A-92. Discussions were held at length discussing funding alternatives with a decision to review in detail the following four methods of distribution.

Senator Russell Walker
Senator Ruth M. Easterling
Page 2
March 15, 1990

1. Distribute the Funds utilizing the existing formula with the most current fiscal year information and include all programs of public assistance in the formula. Determine the amount of money needed to hold harmless the counties which stand to lose money under this option.
2. Distribute the funds to the counties on each county's percentage of AFDC caseload to the State total.
3. Distribute the Equalizing Funds in direct proportion to each county's AFDC program cost as it compares to the State total.
4. Distribute the Public Assistance Equalizing Funds in the same manner as State Aid to County Administration is distributed.

Of the four methodologies for distribution of the Public Assistance Equalizing Funds, the committee recommended item #1 with no hold harmless clause as follows:

"The existing formula be maintained, but updated with the most current fiscal year information available for per capita sales and use tax and per capita property tax. All components of the AFDC program, (including AFDC-Regular, AFDC-Unemployed Parent, and AFDC-Emergency Assistance) plus Medicaid and State County Special Assistance are to be incorporated. The formula is to be updated annually based upon the most current completed fiscal year information available."

"Recommend implementation of the revised formula to be effective on July 1, 1991 for the state fiscal year 1991-92."

The Department of Human Resources in accordance with House Bill 141; Section 4 respectfully submit the Public Assistance Equalizing Fund Formula Committee's report to the Social Services Study Commission.

Sincerely,


David T. Flaherty

DTF/mwb

cc: Committee Members
John Syria
Nina Yeager
Janet Pittard

OPTION 1

NET CHANGE IN ALLOCATIONS DUE TO UPDATE OF DATA BASE

COUNTY	DISTRIBUTION UNDER OLD FORMULA	DISTRIBUTION UNDER UPDATED FORMULA	NET * CHANGE
Alamance	0	0	0
Alexander	3,176	0	(3,176)
Alleghany	3,427	2,854	(573)
Anson	12,671	56,751	44,080
Ashe	5,474	28,838	23,363
Avery	0	0	0
Beaufort	40,040	78,715	38,675
Bertie	43,160	71,987	28,827
Bladen	87,505	103,829	16,323
Brunswick	10,832	6,301	(4,530)
Buncombe	0	0	0
Burke	0	0	0
Cabarrus	21,673	0	(21,673)
Caldwell	0	12,210	12,210
Camden	6,967	992	(5,976)
Carteret	17,714	0	(17,714)
Caswell	48,520	42,801	(5,719)
Catawba	0	0	0
Chatham	0	0	0
Cherokee	5,212	10,665	5,453
Chowan	9,365	31,037	21,672
Clay	1,592	4,801	3,209
Cleveland	81,963	39,267	(42,695)
Columbus	53,518	146,447	92,929
Craven	109,142	61,156	(47,985)
Cumberland	510,262	54,004	(456,259)
Currituck	0	0	0
Dare	0	0	0
Davidson	33,208	0	(33,208)
Davie	1,659	0	(1,659)
Duplin	62,386	109,080	46,694
Durham	164,861	0	(164,861)
Edgecombe	142,226	199,282	57,056
Forsyth	143,774	0	(143,774)
Franklin	41,857	74,145	32,288
Gaston	42,042	17,514	(24,529)
Gates	5,754	13,731	7,977
Graham	575	15,959	15,383
Granville	19,214	19,192	(21)
Greene	51,404	29,811	(21,594)
Guilford	261,484	0	(261,484)
Halifax	213,073	234,004	20,932
Harnett	82,188	156,384	74,195
Haywood	0	25,318	25,318
Henderson	0	0	0
Hertford	7,700	91,437	83,737
Hoke	29,862	59,689	29,827
Hyde	5,144	12,663	7,524

*THE AMOUNT OF FUNDS THAT
WOULD BE REQUIRED TO HOLD HARMLESS
THE COUNTIES WHICH ARE HAVING
FUNDING REDUCED IS \$1,550,342*

Iredell	30,030	0	(30,030)
Jackson	895	9,930	9,035
Johnston	41,220	114,395	73,175
Jones	34,762	28,684	(6,078)
Lee	0	0	0
Lenoir	68,884	128,936	60,052
Lincoln	0	0	0
Macon	0	0	0
Madison	16,818	34,088	17,270
Martin	0	22,747	22,747
McDowell	9,655	29,649	19,994
Mecklenburg	137,284	0	(137,284)
Mitchell	1,725	16,161	14,436
Montgomery	1,985	29,980	27,995
Moore	6,144	0	(6,144)
Nash	118,202	100,420	(17,782)
New Hanover	17,587	45,508	27,921
Northampton	110,127	106,701	(3,426)
Onslow	25,759	0	(25,759)
Orange	0	0	0
Pamlico	11,924	25,735	13,811
Pasquotank	20,909	54,217	33,308
Pender	27,411	49,193	21,782
Perquimans	7,402	22,812	15,409
Person	24,881	32,009	7,128
Pitt	87,037	75,047	8,010
Polk	2,273	1,317	(956)
Randolph	0	0	0
Richmond	21,596	45,672	24,076
Robeson	302,152	349,751	47,599
Rockingham	12,983	32,914	19,931
Rowan	25,441	0	(25,441)
Rutherford	14,697	73,227	58,530
Sampson	56,119	108,333	52,214
Scotland	71,591	98,760	27,168
Stanly	0	0	0
Stokes	0	0	0
Surry	0	10,721	10,721
Swain	5,914	21,556	15,642
Transylvania	0	0	0
Tyrrell	7,462	11,189	3,726
Union	20,214	0	(20,214)
Vance	59,334	103,224	43,890
Wake	0	0	0
Warren	68,927	63,392	(5,536)
Washington	22,715	29,517	6,803
Watauga	0	0	0
Wayne	152,319	138,063	(14,257)
Wilkes	0	14,991	14,991
Wilson	20,495	175,702	155,206
Yadkin	6,202	9,905	3,703
Yancey	1,843	8,241	6,398
TOTAL	\$4,053,550	\$4,053,550	(0)

SOCIAL SERVICES STUDY COMMISSION

RECOMMENDATIONS TO THE 1990 SESSION OF THE GENERAL ASSEMBLY

The Social Services Study Commission makes the following nonprioritized recommendations to the 1990 Session of the General Assembly:

1. The Commission recommends the allocation of the federal Block Grant funds (approximate total of \$2.9) as follows: \$1 million to chore services to maintain services at the level before the Johnston County personnel ruling with the remainder to other mandated services. If the Johnston County lawsuit is overturned, it is recommended that there be no earmarking for chore services.
2. The Commission recommends an allocation of \$2 million from the Worker Training Trust Fund and an additional \$700,000 from the General Fund to begin implementation of JOBS in North Carolina.
3. The Commission recommends an amendment to House Bill 141 to change the reporting date from 1990 to 1991 for filing with the General Assembly of a Social Services Plan for the State of North Carolina by the Department of Human Resources.
4. The Commission recommends that Medicaid be expanded to cover pregnant women and children with incomes equal to or less than 185% of the federal poverty guidelines.
5. The Commission recommends an appropriation of \$350,000 for Food Stamp outreach.
6. The Commission recommends an appropriation to increase AFDC benefit levels 10%.
7. The Commission recommends an appropriation of approximately \$4 million for foster care to create a "children with special needs" category (\$500/month payment to foster parents who will provide custody for these children).
8. The Commission makes the following recommendations relating to Day Care: (1) That the Day Care Section be requested to develop, in consultation with private and public agencies and advocacy organizations, a Day Care Plan for the State of North Carolina that will address affordability, availability, and quality in day care services and

that the Plan be filed with the Social Services Commission within six months; and (2) That approximately \$3.3 million be appropriated from the General Fund to the State Day Care Fund as the State match needed to cover child care under the federal Family Support Act, thereby assuring that no child will be denied day care due to the implementation of the Family Support Act.

9. The Commission supports the recommendation and report of the Equalizing Fund Formula Committee to maintain the existing formula for distribution of the Public Assistance Equalizing Funds but include all programs of public assistance and to update the formula annually with the most current fiscal information available.

EXECUTIVE SUMMARY

Introduction

The Department of Human Resources recently adopted a new mission statement indicative of the way it will advance its purpose to serve the citizens of North Carolina in the decade of the 1990's. The mission statement reads as follows:

The Department of Human Resources provides services that benefit all North Carolina citizens as individuals, families, and communities in their efforts to achieve and maintain health, social and economic well-being, and self-respect. This is done by communication to develop understanding, coordination of effort, and cooperation with private and public entities to identify opportunities and focus resources. Strategies emphasize prevention and preparedness, strengthening families, welfare of children and older adults, consideration of individual differences, and encouragement of independence and self-reliance.

This is consistent with and supports the Division's mission which is articulated as being "dedicated to assisting and providing opportunities for individuals and families in need of basic economic support and services to become self-supporting and self-reliant."

As part of the Department's and Division's preparation for our mission, we worked with the legislature and numerous state and county agencies, to secure the passage of House Bill 141, ratified on June 26, 1989. The opening sentence of the mission statement calls for the provision of "services that benefit" and to support that provision, House Bill 141 requires the Department to develop a plan "to ensure the uniform availability of core social services and public assistance programs to the citizens of North Carolina."

The Department's mission and the legislature's intent are clear. The Social Services Plan is offered as the "road map" for arriving at that mission and intent so that they may both deliver to the citizens of North Carolina those services which aid in the achievement and maintenance of health, social and economic well-being, and self-respect.

System Goals and Purposes

The process to achieve this end described in the mission statement entails "communication to develop understanding, coordination of effort, and cooperation with public and private entities to identify opportunities and focus resources." The identification of opportunities and focusing of resources, for the purposes of House Bill 141, is directed at the goals and purposes of the statewide system of social services and public assistance programs. These include:

- 1) To ensure that children and adults are protected from abuse, neglect, and exploitation;
- 2) To enable citizens to maintain or achieve maximum self-sufficiency and personal independence through employment, if possible;
- 3) To strengthen family life in order to nurture our children so that they may become productive, healthy, and responsible adults;
- 4) To assist disabled and dependent adults, while ensuring that they live in the most independent setting feasible with the least possible intrusion from public agencies;
- 5) To ensure that every family and individual has sufficient economic resources to obtain the basic necessities of life.

The Social Services Plan recognizes that the attainment of these goals is constrained by a constantly changing environment. It calls for acknowledgment of the fact that the social services system and the economic system are intertwined. The social services system of the nineties must adopt a more inclusive view of the environment within which it operates. This will require that programmatic and service delivery strategies be continually refined and reconsidered with respect to possible redistribution of scarce resources.

Further, these strategies must also take into account the needs of North Carolina citizens which the social services system is called upon daily to address. Among the most critical are:

--- There are 1.6 million children in North Carolina. Nearly 300,000 or 22 percent of all these children live in poverty; 41 percent of all black children live in poverty.

--- The divorce rate in North Carolina is 62 percent. Nearly one out of every four families is headed by a single parent. An estimated 60 percent of all children will live in a single parent household for a period of their childhood.

--- Divorce is not the only cause of single parent families. Last calendar year, there were 23,846 teenage children in North Carolina who became pregnant. Among teenagers who become pregnant, approximately half drop out of school and do not return, leading to limited job opportunities and severe financial pressures.

--- In 1989-90, there were 36,217 reports of abuse or neglect, involving over 50,000 children, received by county departments of social services, showing an increase of 55 percent over 1982.

--- Underlying many of the difficulties that today's families face is the problem of substance abuse. The frequency of alcohol and/or drug abuse among both parents and children has increased within the past decade. Alcohol and drug abuse are often associated with domestic violence. Last year, more than 16,000 families experienced domestic violence in North Carolina.

--- There are 821,000 adults 65 years and older in North Carolina. Nearly 200,000 or 24 percent of these older adults live in poverty.

--- In 1989-90, nearly 6,000 elderly and disabled adults were reported to county departments of social services as neglected, abused, or exploited.

--- An estimated 120,000 adults 65 years and older have functional impairments which prevent them from carrying out activities of daily living; and, to whom assistance is provided by family, friends, or service agencies so they can continue to live at home.

In recognition of the fact that economic circumstances have caused the purse strings to be drawn tighter at all levels of government, House Bill 141 emphasizes the importance of more clearly defining the nature of work under the social services umbrella. Services need to be examined in terms of administrative structure and service delivery operations in order to make them more responsive to individual, family, and community needs. There is an urgent need to define a core of social services at this point in time for two major reasons:

- 1) to better utilize scarce resources through more effective targeting of our services and the development of more streamlined administrative processes; and,
- 2) to assure that the services the system is required to provide are delivered in an equitable and uniform fashion across all one hundred counties.

The Social Services Plan is offered, not as a finished document but rather as a "road map for change." The proposals it contains are predicated on the fact that the social services system must take a hard look at itself and begin to define more clearly for both itself and those outside the system exactly what it does. A guiding premise in the development of these recommendations is that we must establish ways and means to quantify the system's work and measure the effects of that work.

Principles

Understanding, coordination of effort, and cooperation need to be grounded in principles. The collaborative effort, called for in House Bill 141, involving local and state government, universities, and community advocates and agencies, has identified principles that assign responsibility for financing, administration, and decision making. This identification process was carried out with the underlying assumption that although the State has a distinct supervisory role to play, uniform delivery of social services and public assistance programs must be accomplished within the context of maximum local flexibility. The task of endeavoring to be equitable, while at the same time attending to diverse local needs, requires a balance between local autonomy and central guidance in the administrative structure.

The Department acknowledges the benefits derived from administration closest to the source of service/benefit provision, while recognizing that there is the need to establish clearer standards and to strengthen State supervision of program operations.

The Department understands that both the State and the counties ability to raise revenues is finite. Shared responsibility for financing must be established in such a manner as to distribute the burden as equally as possible based on ability to contribute.

The Department recognizes that the appropriate balance of shared decision-making responsibility will be constrained, in part, by federal and state statutes and regulations. Within these constraints or limitations, the plan envisions a sharing of decision-making responsibilities that maximizes the capabilities of counties to respond efficiently to local needs.

Remedies of this magnitude cannot and should not be accomplished within short range perspectives. Shifts of any kind, be they administrative, financial and/or decision-making in nature, require careful planning and analysis before they can be readily and effectively applied. The

long-range planning and implementation process discussed throughout the Plan allow for an opportunity to coordinate the demands on the social services system with the pace of economic progress in the State as a whole.

The ultimate aim will be to create a proactive planning environment which allows for constant evaluation of the system's response to a changing environment of needs and constraints. The Department believes that the establishment of such principles will set the social services system on a clear and concrete course for the coming decade and will allow for whatever changes in direction that may be needed in the years beyond.

A Core of Social Services

The mission statement calls for strategies "which emphasize prevention and preparedness, strengthening families, welfare of older adults, consideration of individual differences, and encouragement of independence and self-reliance." With that in mind, the seven core services which have been developed, together with certain supportive services which may be provided in conjunction with them, comprise the newly titled Family Services Program.

In keeping with the mission to "emphasize prevention and preparedness," it is the Departments' intent that the new Family Services Program should more clearly and strongly communicate an orientation toward prevention than has been true of services programs in the past. This concern for prevention is reflected in the recommended core services as well as in the target populations to whom the services are directed.

Four of the core services are directed to children and their families:

- 1) Childrens' Protective Services
- 2) Foster Care Services for Children
- 3) Family Centered Services
- 4) Adoption Services

and, three of the core services are directed to adults:

- 1) Adult Protective Services
- 2) In-Home and Community Based Services for Adults
- 3) Adult Group Care and Placement

Each core service is rooted in existing statutory authority. Thus, the need for uniform delivery in all one hundred counties is inherently a high priority for the Social Services Plan.

The core creates no new entitlements or programs. Its intent is to simplify and bring into clearer focus the mandates for service that already exist, to strengthen the process through which services are delivered, and to provide a structure and mechanisms by which the service delivery system can be evaluated and improved on an ongoing basis.

Since it is the stated intent of the legislation that the expenses of providing this core shall be derived from state and federal revenues available for those purposes, cost is a primary consideration. For this reason, the discrete targeting of services was as important as selecting and defining them. This targeting is intended to facilitate a clearer understanding of the purpose and function of the social services system and recognizes the fact that other services systems, public and private, also play a role in achieving these goals.

The core services are presented in a series of matrixes which indicate the specific service elements involved in the carrying out of these core services. It is important to note that it is not necessarily the case that all service elements are required in each case.

The itemization of service elements within a given core service are a prerequisite to the establishment of service and workload standards, and such standards are in their turn, a basic requirement for establishing valid estimates of the cost of providing a consistent level of services in every county. Current service definitions, reporting requirements, and reimbursement policies and methods do not provide the data needed to establish service or workload standards and to ascribe valid costs to discrete service activities.

The Core Services Pilot

It is proposed that the new Family Services Program be tested and developed through the formal piloting process. The pilot phase has four broad objectives which include:

- 1) Reassessment of the need/demand for a service as defined through the core;
- 2) Establishment of service levels;
- 3) Application of Resource Management methodology to develop various standards; and
- 4) Measuring effectiveness.

It is intended that new reporting procedures will be developed during the pilot, through which social services managers and administrators will more readily be able to ascertain those service elements which are most utilized to deliver adequate core services. The pilot will illustrate

areas in which more concentration of available funding should occur and concurrently, may illustrate areas from which funding can be shifted to more vital areas based on low utilization.

The purpose of the pilot is to refine core service and element definitions, and examine changes, operational and fiscal, to county departments of social services that would occur as a result of implementing this part of the Social Services Plan. The approach is systems oriented in that the pilot will examine resource availability in terms of people, money, and equipment, as well as opportunities (used or neglected) to increase the scope of those resources.

The costs reflected for the pilot include staffing and operational costs. The 1992-93 year operational costs include the original purchase of equipment and will not be replicated in future years. The prediction for a three year pilot may be extended, depending on the intensity of automated and accounting system modifications, but this cannot be predicted effectively at the outset.

Employment and Training Programs

The greatest challenge for the Department in relation to the employment and training programs is to ensure that the newly implemented JOBS program has the optimum opportunity to provide clients with the tools and encouragement necessary to strive for independence and self-reliance. Although funding for the JOBS program was recently reduced from 100 to 75 counties, the Department is committed to promoting and supporting the best program possible in those 75 counties.

The JOBS program, mandated under the federal Family Support Act of 1988, places a strong new emphasis on AFDC recipients securing the appropriate educational level and/or skills training needed to be competitive in the job market. This is a significant change from prior federal employment programs for welfare recipients. It enables us and our clients to begin to work on the causes of dependency as opposed to simply treating symptoms, and looking for short-term reduction in the welfare roles. The Department used this program as a vital part of the State's Workforce Preparedness efforts --- an opportunity to bring some of our most disadvantaged people into the mainstream of the workforce of the future. We have had, and continue to have, the strongest commitment to statewide expansion whenever funding permits.

From an administrative perspective, the JOBS program provides an excellent opportunity to develop statewide standards for service delivery, workload, and staffing, as well as to implement program effectiveness measures at the beginning point of a new and markedly different program. If the

results anticipated from the JOBS program, namely, maximum self-sufficiency and independence for AFDC families, are attained, it will be an excellent example of how the Department's mission for citizens to achieve and maintain economic well-being and self-respect becomes a quantifiable reality.

Child Support Enforcement

One of the most vital services that falls under the auspices of the Department's Division of Social Services is the Child Support Enforcement Program. The program is charged under state and federal law with ensuring that any individual who has physical custody of a minor dependent child and is in need of child support enforcement services can obtain those services in the most expeditious manner possible. The program is one of the more critical functions in the range of services and benefits that the social services system offers to promote and sustain the well-being of children.

The Child Support Enforcement Program, under the goals of the Social Services Plan, must also endeavor to establish uniform standards for delivery of the essential services offered. These include intake, location, paternity establishment, establishment of support, enforcement, collection and distribution, and outreach/information/referral.

The program is currently faced with a number of provisions in the Family Support Act that are impacting heavily on existing methods for collection of child support and on operational practices in all aspects of the program. The act calls for enhanced mechanisms to set adequate payment levels in establishing new support orders, strengthened mechanisms for establishing paternity, the regular modification of established support orders to more clearly reflect suitable standards of living, and the timely enforcement of delinquent orders.

In addition, child support enforcement in North Carolina is currently operated under a dual system for IV-D and non-IV-D cases that involves the services of both the Administrative Office of the Courts and the State Office of Child Support Enforcement.

In response to the General Assembly's mandate under Senate Bill 1124 from the 1989 Session, the State Office of Child Support Enforcement and the Administrative Office of the Courts are currently involved in a comprehensive study of child support enforcement in the state --- both IV-D and non-IV-D. The study is seeking to offer recommendations to streamline that duality to more effectively and uniformly serve all clients in need of child support enforcement services throughout the state. The committee which met and

gave detailed study to the IV-D program, as a part of the Social Services Plan process, made substantive recommendations for addressing program needs and deficiencies. These recommendations have been forwarded to the joint DHR-AOC Legislative Study Committee with the request that they be considered in their deliberations and recommendations for comprehensive child support enforcement program improvements.

Public Assistance

The Public Assistance programs are encountering increased numbers of citizens needing and eligible for public assistance. There is at the same time, an insufficient number of public assistance caseworkers to meet the growing demand, producing unrealistic expectations of existing staff. The result is a system that is becoming increasingly unable to provide financial assistance to children and their families, the elderly, and disabled adults in an accurate, timely, and compassionate fashion. This makes attainment of the Department's mission more difficult.

Eligibility processes must change so that what the caseworker emphasis can be in tune with the overall mission to provide families with the economic resources to obtain the basic necessities of life until independence can be attained. At present, the caseworker is not able to meet the series of demands required to determine eligibility, and, at the same time, attend to the range of human needs presented by clients. To remedy this problem, children and their families, the elderly, disabled adults, and the caseworker, must dominate the discussion of what public assistance programs should be now and in the future.

To focus on our mission to meet basic human need and promote independence requires that the time frames in which assistance is offered be addressed. Too often assistance is not rendered within an acceptable period of time and often beyond the legally established time limits. Tests and pilots of different application processes are necessary to identify alternatives to enable provision of timely assistance to meet basic needs appropriately.

Resource Management

One of the main strategies for developing standards in the four program areas (Family Services, Employment and Training, Child Support Enforcement, and Public Assistance) is utilization of resource management methodology. Although many counties have been using these procedures on an individual county basis, the purpose of resource management as part of this Plan is to develop a common set of standards based on uniformly defined, quality units of service in any given program area. These will be applied across the state to ensure that clients receive the same standard of service delivery regardless of their place of residence.

Through Resource Management, the Social Services Plan will endeavor to accomplish the following:

- 1) Develop model job designs which incorporate both task and/or function analysis as the basis for developing timeliness, quality, and quantity standards for service provision.
- 2) Based on the model job design, develop and implement model timeliness, quality, and quantity standards for each service that shall be measurable in numerical terms.
- 3) These measurable standards shall apply to all county departments of social services. Consideration will be given to an individualized local range for each county that is approved by the State Division of Social Services. Deviation from this local range may occur after a review in which a county can demonstrate that it has measurable standards that can be reasonably compared to other counties' standards for the same services.
- 4) The model job designs shall serve as a partial basis upon which curricula for skills-based, competency-tested training shall be designed, updated, and/or modified.
- 5) The model job designs shall serve as the basis for work simplification tasks which involve the identification of critical tasks and/or functions that either require elimination or modification.
- 6) The model job designs shall serve as the basis from which to analyze program changes that may result from the implementation of the Social Services Plan.
- 7) The model job designs shall be the basis for development of caseload/workload standards. These standards shall take into account such factors as current work units, backlog, learning curves for new workers, turnover rates, and costs.

8) Develop an evaluation tool to measure the impact of proposed changes brought about as a result of the Social Services Plan from which a report shall be submitted to all parties concerned at the end of the pilot period.

Automation

Automation needs are integral to almost all phases of the proposed alterations to the social services and public assistance arena. Automation concerns relate to efficient, effective, and quality service delivery to clients. Perhaps equally important is the effect that improved automation can have on management's ability to insure that all facets of the organization work in cooperation with each other.

The systematic changes suggested in all four major program areas which the Division of Social Services operates provide an opportunity to begin development of an effective management information system. All future developments in program automation should keep in mind that enhancements should not only make delivery of services better for clients and workers, they should also enhance the ability of managers to use automation as the tool to be better able to orchestrate the mission to "develop understanding and coordination of effort" by way of reliance on practical and effective management information.

Successful growth in the area of automated systems has been as pressing an issue during Plan deliberations as that of financing the system. To clarify those concerns, the Department has identified four issues that must be addressed to develop a coherent approach to county social services automation. These issues concern: the questions of statewideness and the funding responsibility which that entails, organizational capability to handle change, flexibility and control, and future direction and priorities.

The Department of Human Resources is prepared to renew its commitment to State funding (with maximum FFP) for social services automation, but only if a means agreeable to counties and the Department can be devised to ensure county commitment to a statewide approach that maximizes FFP.

Organizational capability to develop major new systems that attain more satisfactory performance and acceptance than current systems will require increased state/local cooperation, communication, and coordination. Well designed systems afford many new capabilities to those who use them, especially to those who are flexible in adapting them. At the same time, as part of the infrastructure, these systems enforce a form of control on the organization.

Thus, expanding statewide system functions will result in less flexibility for counties since the systems will, in effect, increase standardization across the various counties. This will require greater consensus among counties and greater responsiveness between counties and the State to ensure effective implementation of systems. Organizational arrangements to accomplish this will have to be found.

Future direction is also based on three broad objectives. They surround the development of an integrated system that:

1) Entails enhancement of client-centered services delivery, through individualized attention, and which in turn serves as a basis upon which future decisions are based.

2) Involves the development of a system that meets management and staff needs at the county level taking into consideration local differences in agency function, product, and location.

3) Provides enhanced communication between the State and the counties by developing a system which provides a reciprocal information flow, as opposed to traditional top-down flow, and it will address ways to better link the automated system and the joint responsibility to meet and monitor state and federal regulatory requirements as well as program policies.

These changes are broad and will require a long range effort. In the interim, the Department feels that several short range and intermediate goals are required toward that end which include:

- 1) Inventory of current systems capabilities at the state and county level;
- 2) Uniform worker access to equipment;
- 3) Forecasting of developments affecting automation plans;
- 4) Development of a data model which will achieve consistency in both definitions and applications utilized throughout the social services system; and,
- 5) Utilization of existing capacity to:
 - create automated policy manuals
 - create on-line training tutorials
 - provide for interactive communication (electronic mail leading to on-line).

Training

House Bill 141 pays particular attention to the fact that training is a critical issue by calling for a plan that includes training standards as part of the "minimum standards for the provision of core services and public assistance programs" which must be available throughout the State. This is due to the fact that in addition to having sufficient numbers of staff, the ability of county departments of social services to intervene effectively with individuals and families facing difficult and complex problems is based, in large part, on the knowledge and skills the staff possesses. This is true for professional and paraprofessional staff alike. There are many issues related to attracting, maintaining, and rewarding qualified staff. Some of the problems that were identified as being particularly troublesome in the social services system include cross-county pay disparities, variance in the availability of qualified individuals in the local labor market, and in workload expectations.

As a means to address staffing standards and the related training standards called for in the development of the Social Services Plan, the Division has formed a Training Consortium as a forum for professional experts in the field of social work education, in partnership with service delivery professionals to engage in strategic planning towards the goal of comprehensive skills-based, competency-tested training leading to certification of all county social services employees.

The Social Services Plan provides the best opportunity for full implementation of the existing training plan. It does, however, need to be further developed and adequate funding is required for full implementation. The plan is designed to provide a continuum of learning opportunities for all classifications of staff and is divided into four phases. Committee proposals for strengthening the plan are indicated by an asterisk in the phase to which they apply.

Supervision and Enforcement

In North Carolina's state-supervised, county-administered social services system, the Division of Social Services has statutory authority to supervise the county departments' administration of programs. The general purpose of state supervision of social service programs is to ensure that the policies are carried out, to promote statewide equity of services, and to ensure quality of services.

Ever increasing regulatory burdens, both federal and State, demand that there be in place a system that requires counties to meet their compliance requirements. Some of the critical questions that need to be addressed relate to the following:

- 1) How does one enforce minimum standards to achieve equity (e.g. what happens when consultation efforts are not effective)?
- 2) How can supervision respond to differences in the programs?

- 3) What should be the consequences of not meeting performance standards?
- 4) How can one avoid supervision becoming an issue of "local control"?
- 5) Does withholding funds motivate the county or hurt the clients?

Enhanced supervision of county departments of social services should integrate a principle wherein the State is accountable for outcomes at the county level in addition to current supervision practices related to promulgating policy and consulting around policy. An outline is included in Chapter XI containing suggested improvements to the current system.

In addition, there needs to be a system of positive rewards and incentives for meeting program standards. Program accreditation and enhanced program funding are examples of incentives that should be closely examined.

FINANCING

The problems of adequately financing social services programs, and how the costs of the programs are to be shared, have long perplexed and frustrated state and county officials alike. All the issues and complexities surrounding the problem were brought to the deliberations on the Social Services Plan. A central issue is the tension that is generated by state and federal mandates for uniform provision of services and benefits that must be at least partially funded from county revenues.

House Bill 141 speaks to the existence of "both state and county financial participation" in achieving the goals and purposes of the social services system. The financing dilemma is somewhat moderated by the fact that the Bill specifies that upon defining a "minimum core of social services," the expenses of providing those services across the state shall be paid for "from Federal funds and State revenues available for those purposes." This leaves, however, a considerable amount of financial responsibility still to be assigned. Moreover, the legislation recognizes that there must be "a timetable," developed in relation to cost estimates, for assuring the availability of even the core of services in every county. The resolution of issues related to the funding of services programs is expected to come out of our experience with the core services pilot as discussed in Chapter IV.

In order to achieve equity across the state for clients as to the availability of services and benefits, and tax equity for the counties, there must be a re-evaluation of the shared responsibility for funding public assistance programs. A course of action must be devised that will lessen the chances of inequities for recipients. A family in the poorest county should receive the same quality and quantity of public assistance services as a family in the largest county. Equity should be the focus of any changes in financial responsibility... for the State and counties and especially for the clients.

There is an almost infinite number of ways in which the current system of state/county cost sharing could be changed to address the growing problem of county ability to pay. Many have been suggested and reviewed during the work on this Plan. They range from the most radical, that all social services programs be State operated (and funded), to the somewhat less radical proposal that the State provide all of the non-federal share of the cost of both benefits and administration in the Public Assistance Programs, to more moderate proposals that involve single state match rates for Public Assistance costs at various percentages of less than 100, or that the State move to a phased-in participation rate of 50% of the non-federal share of the cost of Public Assistance administration. For purposes of illustration, charts and tables have been developed to depict the fiscal impact on the State and the counties of these alternatives.

In the view of the Department, none of the alternatives or any of the numerous variations that could be made on each, offers a satisfactory solution to the financing dilemma. The representatives of county government with whom we have consulted (county commissioners and county managers through their State Associations) have indicated that they do not support the concept of State

administration of the social services programs, as they view education and human services as being issues of local as well as State concern, and ones in which county government should maintain a vested interest. All other alternatives put forth thus far offer across the board relief to all counties from the current burden of funding some or all of the costs of the programs, but they do not address the issue of the difference among counties in their ability to meet such costs.

Inasmuch as County Commissioners must ultimately implement a part of any funding proposal that is adopted, the Department has asked for the particular assistance of the County Commissioners Association in developing a proposal for more rational and equitable assignment of responsibility for state/county cost sharing. The Association's Human Resources Steering Committee and Taxation and Finance Committee, meeting in joint session, have reported general concensus that the question of funding human services programs is not so much one of willingness to pay but that of ability to pay. Their preliminary deliberations have produced a state/county fiscal relationship proposal that has been endorsed and referred to a working subgroup for refinement.

Refinement of the proposal and work to develop more details is ongoing. There are a number of issues that must be resolved. It is anticipated that the County Commissioners Association will be ready to report their proposal in January 1991. At that time, the Department will be prepared to work further with them and others to reach concensus on a proposal for assigning state/county responsibility for financing social services programs.



State of North Carolina

Department of Justice

LACY H. THORNBURG
ATTORNEY GENERAL

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RALEIGH
27602-0629

--MEMORANDUM--

TO: Members of Social Services Study Commission

FROM: Ann Reed
Senior Deputy Attorney General

Jennie Jarrell Hayman *JJH*
Assistant Attorney General

DATE: December 13, 1990

SUBJECT: Calvary Baptist Church, et al. v. North Carolina Child Day Care Commission, et al., Case No. 89 CvS 728

Calvary Baptist Church, et al. v. North Carolina Child Day Care Commission, et al., Case No. 89 CvS 3089

The purpose of this memorandum is to provide the information you requested about the status of the above-referenced lawsuits. The following is a brief outline of both cases.

Case number 89 CvS 728 is a petition for review of the Child Day-Care Commission's Final Agency Decision dated January 3, 1989. In that decision, the Commission determined that it had statutory authority to enact a rule banning corporal punishment in all day-care facilities (10 N.C.A.C. 3U .1801) and that petitioners were in violation of that rule. The Commission ordered petitioners to cease operating as long as they are in violation of the rule. The case is pending in the Superior Court of Mecklenburg County and is scheduled for hearing on January 31, 1991. Petitioners in the case are 13 churches, church-operated day-care facilities and parents of children enrolled in the centers. Respondents are the Child Day-Care Commission and the Attorney General's Office, who has intervened on behalf of the State. The Commission has retained outside counsel to represent them. In reviewing the Final Agency Decision on January 31, 1991, the Court will review the written record and hear argument of counsel. The Court has the authority to reverse the Final Agency Decision if it finds violations of constitutional provisions, excess of statutory authority, unlawful procedure, errors of law, unsupported evidence or that the decision was arbitrary or capricious.

Memo
December 13, 1990
Page Two

Case number 89 CvS 3089 is a civil action brought pursuant to 42 U.S.C. §1983, alleging, inter alia, that in enacting 10 N.C.A.C. 3U .1801 and in voting in the contested case hearing defendants violated plaintiffs' rights under the first and fourteenth amendments to the Constitution of the United States. Plaintiffs seek a declaratory judgment, injunctive relief, and attorneys' fees. Defendants are David T. Flaherty, who is sued in his official capacity as Secretary of the Department of Human Resources, the Commission itself, which is sued in its official capacity, and eight members of the Commission as it was constituted until September 7, 1989, who are sued in their official and individual capacities. The present Commission is again represented by outside counsel and the Attorney General's Office represents Secretary Flaherty and the former Commission members. This case is abated (suspended) until a decision in the judicial review action is made. If any issues remain undecided after judicial review, then case number 89 CvS 3089 will be revived.

JJH/cs



North Carolina Department of Human Resources
Division of Facility Services

701 Barbour Drive • Raleigh, N. C. 27603-2008

Courier Number 56-20-05

James G. Martin, Governor
David T. Flaherty, Secretary

John M. Syria, Director
Telephone 919/733-2342

M E M O R A N D U M

TO: Senator Russell Walker, Co-Chairman
Representative Ruth Easterling, Co-Chairman
Legislative Study Commission on Social Services

FROM: John M. Syria, Director
Division of Facility Services

RE: Child Day Care

DATE: December 12, 1990

In your meeting of November 15, 1990, you requested the Child Day Care Section to prepare and present information to the Study Commission on several child day care issues and events. We are prepared to present information in your December 13 meeting on the following: (1) 1990 Purchase of Care Child Day Care waiting list survey (see Attachment 1); (2) summary of 1990 federal child day care legislation (Attachment 2) and; (3) cost estimates associated with changes in staff/child ratios. You also requested a report on the status of the case involving spanking in church-sponsored day care. Ms. Ann Reed, Senior Deputy Attorney General, and Ms. Jennie Hayman, Assistant Attorney General, will attend your meeting and brief the Committee regarding the case.

We would like to make a clarification about one of the documents presented to you by the Child Day Care Section in your November 15 meeting. Attachment E, entitled "Re: Overview of Forum Discussion", which was attached to Dr. Sampson's memorandum to you, is only a very preliminary rough draft. It does not yet include the numerous written comments received by the Child Day Care Section. On several issues where there was a divergence of opinion among forum participants, the overview, at this stage, only reflects one viewpoint. When completed, the report of the forums will analyze all viewpoints on such issues. In addition, several of the recommendations made by the forum participants involve changes in federal law or regulation which would be beyond the jurisdiction of state government.

We appreciate the opportunity to present information to the Committee. If you have any questions, please call Dr. Nancy Sampson, Chief of the Child Day Care Section at 733-4801.

Attachments

cc: Nancy M. Sampson, Child Day Care Section Chief
Ms. Anne Reed, Senior Deputy Attorney General
Ms. Jennie Hayman, Assistant Attorney General
David T. Flaherty, Secretary, Department of Human Resources



PURCHASE OF CARE PROGRAM

CHILD DAY CARE WAITING LIST SURVEY SUMMARY

NOVEMBER 1990

1. With 100% of the counties responding, there were 14,449 children on day care waiting lists for Purchase of Care (POC) slots on November 1, 1990.
2. 86 counties reported that they maintained a waiting list and 14 counties reported that they did not.

Of the 86 counties which had a waiting list, 73 counties, or 85%, stated that the lack of funds was the main reason that day care services could not be provided. 14,267, or 99%, of all the children on waiting lists were in counties where lack of funding is the main reason care could not be provided. The other 13 counties cited the lack of POC spaces and providers, insufficient DSS social worker staff time and too little second and third shift care as reasons care could not be provided.

Of the 14 counties that did not maintain a waiting list, the reasons cited were: counties were able to serve all applicants in a timely manner; counties lacked POC providers so there was no need to keep a waiting list.

3. 18 counties reported county dollars spent on the Purchase of Care services in FY 89-90. The total dollars reported were \$2,384,845.
4. 85 counties estimated that 1710 children will have been switched from POC to Family Support Act child care by end of December 1990.

The waiting list survey is conducted annually by the Child Day Care Section for the Child Day Care Committee of the North Carolina Association of County Directors of Social Services.

12/11/90

COUNTY	DEC '87 WAITING LIST	NOV '88 WAITING LIST	OCT '89 WAITING LIST	NOV '90 WAITING LIST	LACK OF FUNDS? 1990-91	LACK OF SPACES? 1990-91	OTHER 1990-91
ALAMANCE	509	323	379	391	YES	-	-
ALEXANDER	41	28	18	0	-	-	-
ALLEGHANY	0	15	8	18	-	YES	-
ANSON	0	3	24	23	YES	-	-
ASHE	0	no list		12	-	YES	-
AVERY		0	10	2	-	YES	-
BEAUFORT	29	103	250	274	YES	-	-
BERTIE	0		0	0	-	-	-
BLADEN			96	157	YES	-	-
BRUNSWICK	50		141	146	YES	-	-
BUNCOMBE	324	530	607	395	YES	-	-
BURKE	0	51	60	43	YES	-	-
CABARRUS	11	55	232	154	YES	-	-
CALDWELL	155	0	101	120	YES	-	-
CAMDEN	0	0	0	3	-	-	YES
CARTERET	76	0	no list	0	-	-	-
CASWELL	9	no list		90	YES	-	-
CATAWBA	25	11	65	175	YES	-	-
CHATHAM	15	57	48	30	YES	-	-
CHEROKEE	32	0	0	7	-	-	YES
CHOWAN	5	12	27	22	YES	-	-
CLAY	0	5	0	0	-	-	-
CLEVELAND	128	75	29	0	-	-	YES
COLUMBUS	0		0	181	YES	-	-
CRAVEN	63	120	248	228	YES	-	-
CUMBERLAN	898	618	1,762	890	YES	-	-
CURRITUCK	0	0	5	15	YES	-	-
DARE	51	8	0	108	YES	-	-
DAVIDSON	194	201	253	177	YES	-	-
DAVIE		no list		0	-	-	YES
DUPLIN	109	100	125	110	YES	-	-
DURHAM	412	158	267	286	YES	-	-
EDGECOMBE	171	181	170	179	YES	-	-
FORSYTH	199	141	122	51	YES	-	-
FRANKLIN	0	0	13	72	YES	-	YES
GASTON	100	63	22	425	YES	-	-
GATES		14	0	0	-	-	-
GRAHAM			28	44	YES	-	-
GRANVILLE	4	2	0	28	-	YES	-
GREENE	14	15	47	41	YES	YES	DSS STAFF
GUILFORD	1,300	1,119	1,212	1,500	YES	-	-
HALIFAX	0	0	0	87	YES	-	-
HARNETT	118	54	180	219	YES	-	-
HAYWOOD		83	121	167	YES	-	-
HENDERSON	54	62	121	61	YES	-	-
HERTFORD	0	53	50	6	YES	-	-
Hoke	0	76	200	204	YES	-	-
HYDE		0	8	7	-	YES	YES
IREDELL	66	63	1	67	YES	-	-
JACKSON	60	160	187	162	YES	YES	-
JOHNSTON		63	46	65	YES	-	-
JONES	0		0	4	-	YES	-
LEE		23	16	50	YES	-	-

1990 WAITING LIST INFORMATION

DECEMBER 11, 1990

COUNTY	DEC '87	NOV '88	OCT '89	NOV '90	LACK OF	LACK OF	OTHER
	WAITING LIST	WAITING LIST	WAITING LIST	WAITING LIST	FUNDS? 1990-91	SPACES? 1990-91	1990-91
LENOIR	78	100	86	165	YES	-	-
LINCOLN	12	9	70	115	YES	-	-
MACON		15	5	25	YES	-	-
MADISON	57	32	49	29	-	YES	-
MARTIN		0	0	0	-	-	-
MCDOWELL	0	0	0	15	YES	-	-
MECKLENBU	1,200	847	805	1,217	YES	-	-
MITCHELL	0	0	5	0	-	-	-
MONTGOMER	30	50	20	50	YES	-	-
MOORE	28	25	48	259	YES	-	-
NASH	75	104	127	198	YES	-	-
NEW HANOV	430	770	966	851	YES	-	-
NORTHAMPT	0	0	0	0	-	-	-
ONslow	133	303	324	441	YES	-	-
ORANGE	400	396	575	622	YES	-	-
PAMLICQ		0	0	0	-	-	-
PASQUOTAN	0	21	110	119	YES	-	-
PENDER	17	0	28	95	YES	-	-
PERQUIMAN	0	0	16	0	-	YES	YES
PERSON		52	22	41	YES	YES	-
PITT	295	374	260	180	YES	-	-
POLK	0	0	4	1	YES	-	-
RANDOLPH	0	0	220	183	YES	-	-
RICHMOND	55	50	90	75	YES	-	YES
ROBESON	89	74	147	38	YES	-	-
ROCKINGHA	0	0	0	60	YES	-	-
ROWAN	70	68	105	200	YES	-	-
RUTHERFOR	6		60	143	YES	-	-
SAMPSON	41	45	0	10	YES	-	-
SCOTLAND	156	77	75	75	YES	-	-
STANLY		3	31	84	YES	-	-
STOKES	19	26	17	13	YES	-	-
SURRY	0	10	5	5	-	YES	-
SWAIN	0	6	19	24	YES	-	-
TRANSLYVA	76	35	40	60	-	YES	-
TYRRELL		0	0	0	-	-	YES
UNION	128	36	74	111	YES	-	-
VANCE	0	80	131	112	YES	-	-
WAKE	414	597	1,190	400	YES	-	-
WARREN	0		18	0	-	-	YES
WASHINGTON	20	19	19	5	-	-	DSS STAFF
WATAUGA	65	50	116	65	YES	-	-
WAYNE	335	95	268	486	YES	-	-
WILKES	75	120	125	68	YES	-	-
WILSON	214	416	600	300	YES	-	-
YADKIN	0	29	0	11	YES	-	-
YANCEY	5	0	3	2	-	YES	-
TOTAL	9,745	9,639	14,172	14,449			
% CHANGE		[1%]	47.0%	2.0%			

1990 FEDERAL CHILD CARE LEGISLATION

I. CHILD CARE AND DEVELOPMENT BLOCK GRANT

Purpose: Provides funding for child care services for low-income families and for activities to improve the availability and quality of child care.

Child Care Services: Available to children under age 13 whose family income is less than 75 percent of state median income, when parents are working or in education or training program, or when the child needs protective services.

--**Payment Rates:** Comparable to rates paid by non-subsidized families for comparable services. Parents will share cost according to sliding fee scale established by the state.

--**Payment Methods:** Grants or contracts with providers; or certificates to parents.

--**Eligible Providers:** Any child care provider meeting state and local requirements for the operation of child day care may participate. Programs which are exempt from state licensure may participate if they are registered with the State and comply with basic health and safety standards. States may impose additional requirements on providers receiving child care block grant funds.

Availability and Quality: State must reserve 25 percent of block grant each year for activities to improve quality of child care and to provide before and after school care and early childhood education programs.

--**Improve Quality:** Not less than 20 percent of the reserved funds must be used for one or more of the following activities to improve the quality of child care: child care resource and referral programs, grants or loans to providers to enable them to comply with standards, improve monitoring and enforcement of child care requirements, provide child care-related training, or improve salaries or benefits to staff in child care programs funded by this block grant.

--**Increase Availability:** Not less than 75 percent of the reserved funds must be used to establish or operate child development programs and before and after-school care programs in underdeveloped areas of the State.

Funding: Anticipated allocation for North Carolina in FFY 1991 is \$22.4 Million. No state match requirement.

II. TITLE IV-A CHILD CARE FUNDS

Purpose: Provides additional funds under Title IV-A of the Social Security Act to provide child care services for a new group of families. Eligible families include low income families who are not receiving AFDC, who need child care in order to work, and who are at risk of becoming eligible for AFDC without child care assistance.

Service Provisions: Rates, methods of payment and provider eligibility are essentially the same as those currently available to current and former AFDC recipients under the Family Support Act.

Funding: Anticipated state allotment for 1991 is \$8.7 Million. State match requirement will equal the federal medical assistance rate (which, for North Carolina, is currently 33.4% of total expenditures).

III. HEADSTART

Purpose: Provides additional Head Start funds to ensure services to all eligible three, four and five year olds by 1994, and provides funding for special initiatives.

Special Initiatives: Some funds may be used for Parent-Child centers serving children under age three, Head Start transition projects for children entering elementary school, extension of Head Start services to include child care, and for quality improvements in existing services.

Funding: Anticipated allocation of new Head Start funds in FY 1991 for North Carolina is approximately \$3.5 Million. Current Head Start funding for North Carolina's 43 programs is approximately \$29.7 Million.

IV. CHILD CARE IMPROVEMENT GRANT

Purpose: Provides special grant funds to states to improve state day care regulatory requirements and procedures, to enforce standards in child care funded by the Family Support Act, and to provide training of child care providers. At least 50 percent of the state's grant must be used to train child care providers.

Funding: Anticipated state grant amount for FY 1991 is \$220,000. This amount will increase significantly in FY 1992 when the total federal grant amount increases from \$13 Million to \$50 Million.

V. DEPENDENT CARE GRANT

Purpose: Provides special grant funds to states to be used for the improvement, expansion, or development of child care services for school-age children and for child care resource and referral programs.

General Provisions: Sixty percent of the grant funds may be used for school-aged child care; 40 percent must be used for resource and referral activities.

Funding: The federal grant amount for FY 1991 is expected to remain the same as for FY 1990--\$340,030. State match requirement is 25 percent of total grant amount.

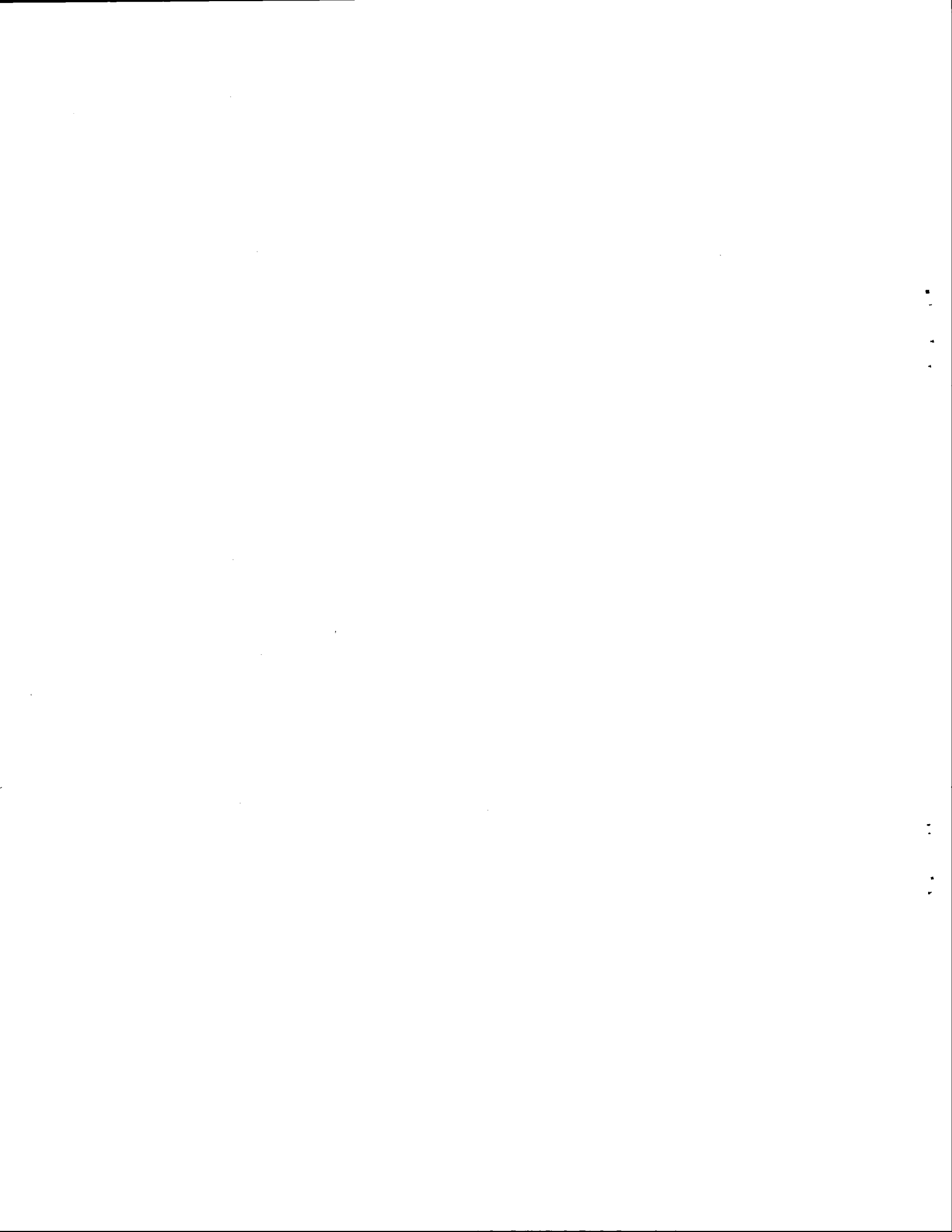


**THE POTENTIAL IMPACT OF CHANGES IN STAFF/CHILD RATIOS ON THE
STATE SUBSIDIZED DAY CARE PROGRAM**

Estimating the cost of new ratios is problematic because the estimates must be based on statewide averages and totals. The real impact, however, will fall on individual centers. Because centers vary so widely, there is no way to predict, at the state level, what the impact will be on a particular center.

A fairly simple approach was used to create this estimate. We began by treating each age group separately. This is necessary not only because the ratios differ across age groups but because children are not distributed equally across age groups. We assumed that a given reduction (expressed as a percent) in the ratio would result in the same reduction in the total number of children which could be cared for in that age group. In order to continue providing care for the displaced children, it was assumed that it would cost the same amount for a displaced child as it does for a subsidized child currently in care. (A second cost estimate approach is also discussed.) Other assumptions are presented below:

1. The children in subsidized care are distributed by age groupings in the same pattern as all children in day care centers in the State.
2. All centers are operating now at minimum staff/child ratios. To the extent that a center has more staff than is required, the impact of the changes will be smaller.
3. Impact is assessed based on current staff/child ratios.
4. We will maintain the same number of subsidized children in care after staff/child ratio changes are made, i.e., more funds are put into the program.
5. A small inflation rate has been applied to the average cost of subsidized day care in order to calculate the estimates. The current average payment is \$2148 per year per child, so \$2200 per child was used for these estimates.
6. The cost of care figure is the average monthly payment made by the State Child Day Care Section for subsidized children in day care centers. The figure is not the same as the actual cost of care, the average cost of full-time care or the average cost of care for unsubsidized children.



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

D

91RM-1

THIS IS A DRAFT AND NOT READY FOR INTRODUCTION

Short Title: Develop Social Services Plan.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REQUIRE THE DEPARTMENT OF HUMAN RESOURCES TO
3 FURTHER DEVELOP THE SOCIAL SERVICES PLAN AND TO
4 APPROPRIATE FUNDS TO PILOT THE CORE OF SOCIAL SERVICES.
5 The General Assembly of North Carolina enacts:
6 Section 1. The Department of Human Resources shall continue to
7 further develop the Social Services Plan, in consultation and cooperation with
8 other appropriate agencies and organizations and consistent with the policies as
9 provided by Chapter 448 of the 1989 Session Laws.
10 As part of the further development of the Social Services Plan, the
11 Department of Human Resources shall pilot in five to ten counties the core
12 services as described in its report on the Social Services Plan to the General
13 Assembly. The piloting shall include the establishment of minimum standards
14 for the provision of the core services, including staffing standards, caseload
15 standards, training standards, and facilities standards. The General Assembly
16 also authorizes the Department of Human Resources to establish standards for
17 the public assistance programs in the areas of staffing, caseload, training, and
18 facilities.

The table below shows the number of children for whom care could no longer be provided if the total number of caregivers in day care did not increase. For the sake of discussion, each age group was reduced by one child. The methodology works for any reduction one wishes to analyze. The numbers of children displayed in Column 5 represent the number of subsidized children enrolled in day care centers, not those in home-based day care.

(1) AGE GROUP	(2) CURRENT RATIO	(3) REDUCED RATIO	(4) PERCENT CHANGE	(5) CURRENT # OF CHILDREN IN SUBSIDIZED CARE BY AGE	(6) REDUCTION IN NUMBER OF CHILDREN BY AGE
Infants	7	6	14.3%	729	104
Ones	7	6	14.3%	1,131	162
Twos	12	11	8.3%	1,659	138
Threes	15	14	6.7%	2,299	154
Fours	20	19	5.0%	2,903	145
Fives & Older	25	24	4.0%	3,845	154
TOTAL	---	---	-----	12,566	857

To determine the cost impact of a change in the ratios, the total number of displaced children from column 6 was multiplied by the average annual cost to the State (\$2,200) of keeping a child in day care.

Number of Displaced Children	Average Annual Cost Per Child	Total Cost
857	\$2,200	\$1,885,400

The average annual cost figure used for this estimate assumes that the cost of serving a displaced child will be the same as serving one who is not displaced. There is another point of view. Using the full amount of the average cost assumes that all costs will have to be borne in order to serve the displaced child. Such costs include space, equipment, food, utilities, etc. It can be argued, however, that the only cost variable affected by staff/child ratios is staff. In other words, centers could simply hire more staff and serve the displaced children. Some large centers could avail themselves of this approach. Most other centers could not. Smaller centers cannot hire an additional staff member because they don't have enough space to put in more children. Without additional children, the centers can't generate enough new income to pay the new salary. As an estimating tool, however, the second approach could be used to establish a minimum cost estimate for the ratio changes. If it is assumed that half the cost of day care is staff-related, then the cost estimate could be cut in half.

This analysis addresses only the cost impact on subsidized care. It does not attempt to address cost increases to parents who pay day care costs themselves, impact on day care availability in rural areas, or affordability issues which may cause some parents to seek care other than regulated day care.

1 Sec. 2. The Department of Human Resources shall report
2 periodically on the further development of the Social Services Plan to the
3 Social Services Study Commission, if that Commission is reauthorized.

4 Sec. 3. There is appropriated from the General Fund to the
5 Department of Human Resources, Division of Social Services, the sum of
6 \$333,191 for the 1991-92 fiscal year and the sum of for the 1992-93
7 fiscal year to implement the provisions of this act.

8 Sec. 4. This act becomes effective July 1, 1991.



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

D

THIS IS A DRAFT AND NOT READY FOR INTRODUCTION
383

Short Title: Medicaid Eligibility/Disabled, Aged.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE FUNDS TO PROVIDE MEDICAID
3 COVERAGE TO ELDERLY, BLIND, AND DISABLED INDIVIDUALS
4 RECEIVING ASSISTANCE UNDER THE SUPPLEMENTAL SECURITY
5 INCOME PROGRAM.

6 The General Assembly of North Carolina enacts:

7 Section 1. Effective April 1, 1992, the Department of Human
8 Resources shall provide Medicaid coverage to all elderly, blind, and disabled
9 individuals receiving assistance under the Supplemental Security Income
10 Program.

11 Sec. 2. There is appropriated from the General Fund to the
12 Division of Medical Assistance, Department of Human Resources, the sum of
13 for the 1991-92 fiscal year and the sum of for the 1992-93 fiscal year to
14 provide for the expanded coverage authorized by this act.

15 Sec. 3. This act becomes effective July 1, 1991.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1989

D

THIS IS A DRAFT AND NOT READY FOR INTRODUCTION
2149

Short Title: Prescription Drug Assistance Act.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO AUTHORIZE THE DEPARTMENT OF ENVIRONMENT,
3 HEALTH, AND NATURAL RESOURCES TO ESTABLISH AND
4 IMPLEMENT A PROGRAM TO ASSIST LOW-INCOME INDIVIDUALS
5 TO OBTAIN PRESCRIPTION DRUGS AT REDUCED COST.
6 The General Assembly of North Carolina enacts:
7 Section 1. (a) Short title. This act shall be known as the
8 Prescription Drug Assistance Act.
9 (b) Purpose. The General Assembly recognizes that many of North
10 Carolina's low-income citizens are unable to afford the cost of prescription
11 drugs for treatment of certain life-threatening illnesses. The General Assembly
12 further recognizes that cooperative efforts between State and local government
13 agencies and the private sector are often successful in providing important
14 services to local communities, which services would not otherwise be available
15 because of limited government resources. The purpose of this act is to
16 authorize the Department of Environment, Health, and Natural Resources to
17 facilitate local public and private sector cooperative efforts to identify and
18 assist low-income individuals in obtaining certain prescription drugs at reduced
19 cost.
20 Sec. 2. Prescription Drug Assistance Program. (a) There is
21 established in the Department of Environment, Health, and Natural Resources,
22 Division of Adult Health, a Prescription Drug Assistance Program. The

1 purpose of the program is to assist local communities in identifying and
2 securing the commitment of private sector resources or services and the
3 cooperation of State and local agencies that provide health and social services,
4 to enable eligible individuals to purchase prescription drugs for the treatment
5 of arthritis, diabetes, epilepsy, and cardiovascular disease at reduced cost. The
6 cost for prescription drugs covered by the Prescription Drug Assistance
7 Program shall be established by the Commission for Health Services, provided
8 that such cost shall not exceed the maximum charges for prescription drugs
9 reimbursable under the Medicaid Program.

10 (b) In administering the Prescription Drug Assistance Program the
11 Department of Environment, Health, and Natural Resources, Division of Adult
12 Health, shall:

- 13 (1) Identify and study issues relating to the medication
14 needs of low-income persons throughout the State;
- 15 (2) Promote and coordinate voluntary efforts to assist
16 eligible individuals in obtaining prescription drugs
17 available under the Program at reduced cost to the
18 individual or, if resources are available, at no cost to
19 the individual;
- 20 (3) Provide materials or other outreach efforts that inform
21 potentially eligible persons of the Program's existence
22 and how they may obtain additional information about
23 the Program; and
- 24 (4) Collect, analyze, and report data to assist the
25 Commission for Health Services in evaluating the
26 implementation and effectiveness of the Prescription
27 Drug Assistance Program.

28 (c) In addition to the responsibilities described in subsection (b) of
29 this section, the Department may:

- 30 (1) Solicit funds, goods, or services to be designated and
31 administered for the benefit of individuals eligible for
32 assistance under the Program; and
- 33 (2) Engage in any other activities or efforts determined by
34 the Commission for Health Services to be necessary and
35 appropriate to implement this act.

36 (d) Pursuant to its responsibilities under this act and subject to funds
37 available, the Department of Environment, Health, and Natural Resources,
38 Division of Adult Health, may provide medications, services, or other related
39 benefits directly to individuals eligible for Program services. Further pursuant
40 to its responsibilities under this act, the Department may enter into informal
41 agreements or written contracts with public or private entities for the purposes
42 of obtaining or providing prescription drugs available under the Program for
43 eligible individuals; provided, however, that any agreement or contract that
44 contains a financial commitment or otherwise imposes a financial obligation on

1 the State shall be in writing and shall not be binding upon the State unless the
2 agreement or contract has the written approval of the Secretary of
3 Environment, Health, and Natural Resources.

4 (e) Assistance in obtaining prescription drugs at reduced cost under
5 the Prescription Drug Assistance Program shall be granted to any person who:

6 (1) Has insufficient income to pay for prescribed
7 medication of the kind available under the Prescription
8 Drug Assistance Program, provided that no person
9 whose income exceeds two hundred percent (200%) of
10 the poverty level shall be eligible for assistance under
11 the Program; and

12 (2) Is not receiving assistance that pays the cost of
13 prescribed medication of the kind covered by the
14 Prescription Drug Assistance Program, under the
15 program of medical assistance established under G.S.
16 108A-54.

17 (f) Assistance received by an individual under the Prescription Drug
18 Assistance Program shall not be considered in determining the amount of
19 assistance to be paid to the individual under Chapters 108A and 111 of the
20 General Statutes, except where such assistance is required to be considered by
21 federal law or regulations.

22 (g) An application processing fee not to exceed five dollars (\$5.00)
23 per initial application and each renewal thereafter may be collected from each
24 individual applying for assistance under the Prescription Drug Assistance
25 Program. Individuals deemed eligible for assistance shall be issued a card
26 identifying the individual as eligible for assistance. Identification cards shall be
27 valid for a period not exceeding two years and may be renewed upon
28 application by the individual and determination that the individual is eligible
29 for assistance.

30 Sec. 3. The Commission for Health Services shall adopt rules
31 necessary to implement this act.

32 Sec. 4. There is appropriated from the General Fund to the
33 Department of Environment, Health, and Natural Resources the sum of
34 for the 1991-92 fiscal year to be used for administrative costs to implement the
35 Prescription Drug Assistance Act.

36 Sec. 5. Sections 1 and 3 of this act are effective upon ratification.
37 Section 4 of this act becomes effective July 1, 1991. Section 2 of this act
38 becomes effective October 1, 1991.



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

D

91RM-2

THIS IS A DRAFT AND NOT READY FOR INTRODUCTION

Short Title: AFDC Increase/Cost of Living.

(public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO ANNUALLY ADJUST THE AID TO FAMILIES WITH
3 DEPENDENT CHILDREN TO REFLECT ANY CHANGE IN THE COST
4 OF LIVING.
5 The General Assembly of North Carolina enacts:
6 Section 1. Chapter 108A of the General Statutes is amended by
7 adding a new section to read:
8 "§ 108A-36.1. Annual adjustment in standard of need.
9 (a) The standard of need for the Aid to Families with Dependent Children
10 Program shall be adjusted annually to reflect any increase or decrease in the
11 cost of living. The first adjustment shall become effective October 1, 1991, and
12 subsequent adjustments shall become effective each October 1 thereafter. The
13 cost of living adjustment shall be based on the Consumer Price Index, as
14 calculated and published by the United States Department of Labor, Bureau of
15 Labor Statistics. The percentage change shall be determined for the twelve
16 month period ending with the December preceding the year for which the cost-
17 of-living adjustment will take effect.
18 (b) The increase in public assistance payments provided by this section shall
19 be in addition to any other increase in public assistance payments otherwise
20 provided by law."

1 Sec. 2. There is appropriated from the General Fund to the
2 Department of Human Resources, Division of Social Services, the sum of
3 for the 1991-92 fiscal year and the sum of for the 1992-93 fiscal year to
4 implement the provisions of this act.

5 Sec. 3. This act becomes effective July 1, 1991.

1/10



North Carolina Department of Human Resources
Division of Social Services

325 North Salisbury Street • Raleigh, North Carolina 27611

James G. Martin, Governor
David T. Flaherty, Secretary

Mary K. Deyampert, Director
(919) 733-3055

December 12, 1990

MEMORANDUM

TO: Senator Russell Walker
Representative Ruth Easterling
Co-chairs, Social Services Study Commission

THROUGH: Jim Edgerton

FROM: Mary K. Deyampert

A handwritten signature in cursive script that reads "Mary K. Deyampert".

SUBJECT: Foster Care Board Rate

Attached is the information you requested on estimated costs of 1) establishing a foster care board rate of \$500.00 per month per child for children with special needs, and 2) projected costs of providing foster care services training.

These estimates may need some further refinement, e.g., if there is a way to do so, we should determine whether to anticipate an increase in numbers of special needs children in the second year of the biennium. For now, we believe these to be good estimates.

lp
Attachments

Allowance for Children with Special Needs in Foster Care

Children are placed in the legal custody of county departments of social services by the Juvenile Court with the expectation that the agency will provide a coordinated continuum of professional services which will not only respond to their basic care and protection needs but that will also meet their particular needs for specialized care and services. Many youngsters with special needs, who were in the past placed in state mental health and juvenile correction facilities, are now being ordered into the custody of DSS by court. County departments that can find resource and pay for the special care needs of these children are doing so with 100% county funds to supplement the state's foster care assistance payment. A recent survey of county departments has identified 2,150 children that have special care needs. Most of these children are not receiving the services they need and their conditions are continuing to worsen.

The proposal by the Social Services Study Commission is to increase the foster care board rate from \$250 a month up to \$500 per month for children who have special needs, including a chronic illness/handicap, developmental disability/retardation, and children with serious emotional disorders. Increased available funding should also stimulate the development of placement resources for these children. Without these additional funds counties will have to continue to try to assume the cost of meeting these children's needs, a burden most county departments of social services cannot afford. Therefore, children will not receive the appropriate care they need.

Increasing the foster care board rate by \$250 per month for the 2,150 children estimated to have special needs will require an additional \$6,450,000 each year of the biennium. This is calculated as follows:

$$2,150 \times \$3,000 (\$250 \times 12 \text{ months}) = \$6,450,000$$

	<u>1991-92</u>	<u>1992-93</u>
Total Requirements	\$6,450,000	\$6,450,000
Total Receipts	2,151,075	2,151,075
Total Appropriation	4,298,925*	4,298,925*

*Because the state has reached its hypothetical ceiling for Title IV-E Foster Care Assistance, \$2,147,850 of IV-E eligible receipts would have to be paid each year by the state until federal reimbursement becomes available in 18-24 months following the year in which the expenditures occur.



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Division of Social Services

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Training Foster Parents Model Approach To Partnerships In Parenting

Foster family care as defined in G.S. 131D-10.2 means the continuing provision of the essentials of daily living on a 24-hour basis in a private residence for dependent, neglected, abused, abandoned, destitute, orphaned, undisciplined or delinquent children or other children who due to similar problems of behavior or family conditions, are living apart from their parents, relatives or guardians. On October 3, 1990, there were 2,372 licensed foster family homes in North Carolina. 28% were families experiencing their first year of foster parenting. 25% had been licensed 1-2 years; 20% had served 3-5 years; and 27% had been licensed 6 or more years. In terms of age, 68% were 50 years of age or younger; 32% were older than 50 years.

Agencies are authorized to provide foster family care either by North Carolina statute or by license through the Department of Human Resources in accordance with licensing rules adopted by the Social Services Commission. All rules and regulations adopted by the Social Services Commission are to be enforced by the Department of Human Resources.

While a number of private, non-profit agencies apply and are licensed to provide foster family care, the public official charged with the legal mandate to receive children for foster care is the county director of social services in each county (G.S. 108A-14(12)). In a 1978 case entitled Vaughn v. North Carolina Department of Human Resources, it was established that the DHR would be liable for the negligent acts of its agents -- the county directors of social services and their subordinates -- as the county directors execute their obligation to place children in foster homes.

According to a 10-3-90 report from the Child Placement Information Tracking System, county departments of social services were responsible for 3,490 children who were living in foster family homes. 73% of these children were twelve years of age or younger. About 25% of the youngsters in care have special needs, including many medically frail youngsters. A significant number have been in one or more placements. Many come into care as sexually active youngsters, chronic runaways and truants. Several hundred are being seen by either public or private mental health professionals and may have experienced care in a psychiatric hospital. A significant number abuse alcohol and other drugs. Foster parents, when given an opportunity, express critical concerns about the complex problems children bring into foster family homes, about the lack of resources for foster children; about their own lack of child management skills in caring for emotionally disturbed youngsters; and, about the minimal level of support they experience from the supervising agency.

Both agency staff and foster families are concerned about the gap between client needs and foster family capacity to meet those needs. Additionally, agencies efforts to protect and nurture children are hindered by the inability to recruit and retain an adequate number of foster families.

For a number of years, the Division of Social Services and county departments of social services have viewed training as a critical ingredient to capacity building for foster parents. Training is needed and wanted by foster parents and they deserve this level of support. As important -- and perhaps more -- is the level of potential liability for counties and the State when

foster parents fail to properly carry out the duties for which they are licensed. Training, and especially pre-service training, is an effective strategy in helping foster parents affirm their decision about foster parenting; and, in some cases, training helps foster families reevaluate the decision and look for other ways to serve their community.

The State agency has never had state funds budgeted for foster parent training. Training has been purchased with Federal grants or regular agency funds which could be transferred from another program on a one-time basis. There has been no systematized, planned approach to the training of foster parents. Over time, availability of funding has been so unreliable that no requirement for training has been feasible. While a very few county departments attempt to maintain a plan for training foster parents, the DSS/DHR's last training event was in the Spring of 1988.

The State agency has identified the attached continuum of training content to benefit foster parents and annual training goals. The approach is to train and certify local staff to train the agency's foster parents. The training would include foster care staff in private foster care service agencies. This continuum is designed to help foster parents be prepared for and carry out their roles, be effective partners with the supervising agency and be effective as team members in preparing children for family reunification, adoption or independent living.

If funded, this training plan will be systematized and institutionalized including the establishment of training requirements for local agency staff and foster parents. The staff support is one professional position which would manage the foster care training system. This includes oversight, management and monitoring of contracted training to assure that the program receives the quality product that it contracts for, support in planning and delivery of additional training provided by Division staff, monitoring and supporting compliance by local agencies with training requirements and ensuring that training content and methods are revised and updated as needed to meet changing needs.

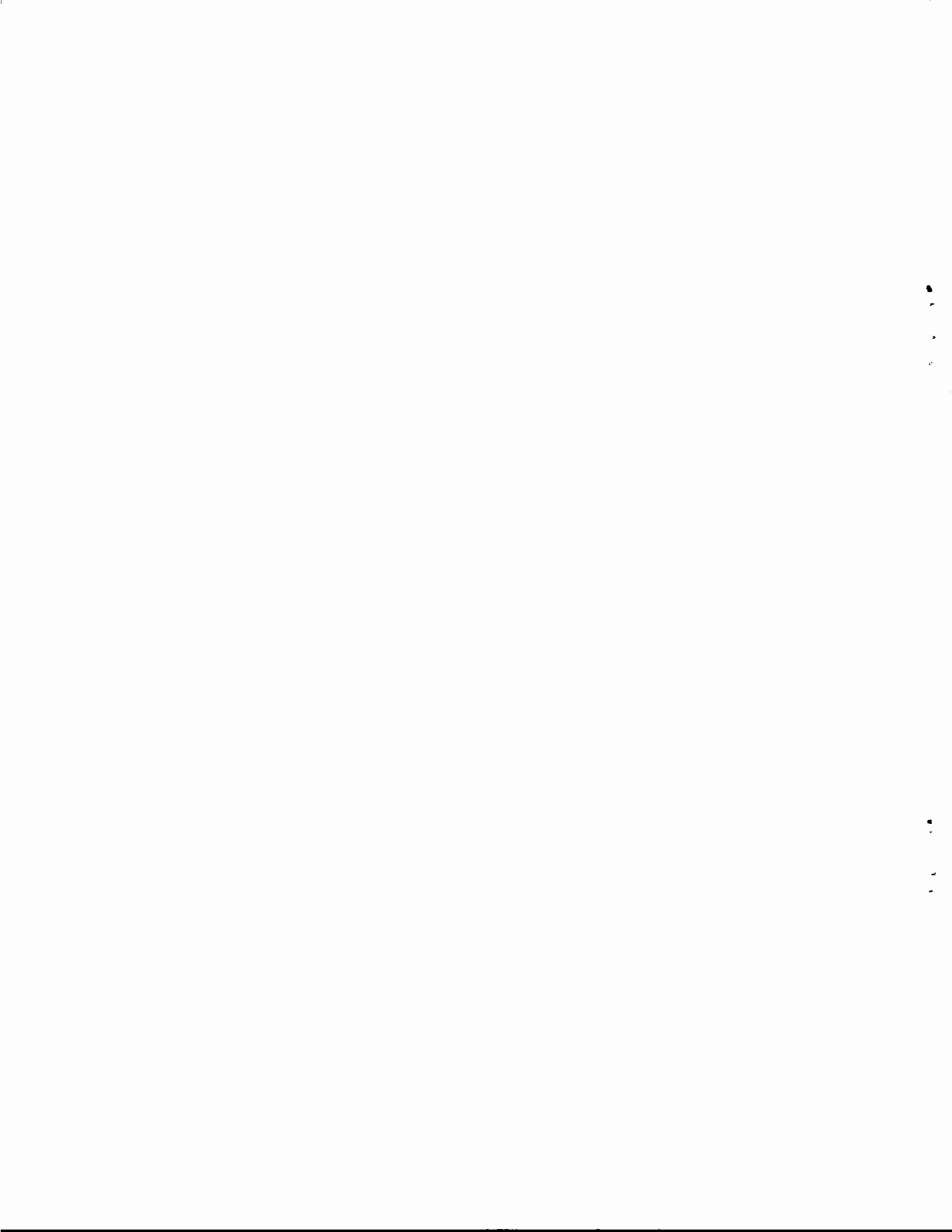
The costs, totaling \$209,658, are reflected on the attachment. It is anticipated that these costs will be eligible for federal reimbursement under Title IV-E. The rate of federal participation for IV-E training is 75%. It is anticipated that, at least, one-half of these total costs would be eligible for 75% federal reimbursement. However, it will be necessary to "front-end" with State funding since there is a delay in federal reimbursement of 18-24 months.

12/11/90
DSS/Family Services Section

Foster Parent Training Content, Target Population and Cost

1.	<u>New MAPP* Conversion</u>	
	On and off for several years prior to the Spring of 1988, local agency staff supervising foster parents were certified as trainers in a pre-service curriculum geared to foster parent selection and role preparation. This curriculum has been improved/ revised in areas of sexual abuse, criteria for foster parent selection and family dynamics. Previously certified trainers need training in this new model. This is a 4-day course which costs \$695 per participant. Target: 25 previously certified local staff	\$17,375
2.	<u>New MAPP* Certification</u>	
	The revised/improved pre-service training on preparation and selection of foster parents. This is an 8-day course which costs \$1420 per participant. Target: 50 local staff supervising foster parents	\$71,000
3.	<u>MAPP* One-On-One</u>	
	In response to the expressed needs of small agencies where the number of recruited foster families is too small to get up training groups, a course has been designed for certified MAPP trainers geared to the selection and preparation of a single foster family. This is a 5-day course which costs \$900 per participant. Target: 20 local staff who supervise foster parents in small agencies	\$18,000
4.	<u>Fostering Permanency</u>	
	This is a course for local staff who place and supervise children in foster family homes. The content has been recently strengthened in family reunification content. This is an 8-day course which costs \$1370 per participant. Target: 50 child placement services staff	\$68,500
	Estimated annual costs of training events	<u>\$174,875</u>
5.	<u>Staff Support</u>	
	In addition to a need for funds to systematize and institutionalize a foster family training plan, there is a need for staff support to manage a training system which would institute training requirements for agency staff and foster parents, document compliance and ensure the continuous revision/improvement of training content and methods.	<u>\$34,783</u>
	Total	<u>\$209,658</u>

* Model Approach to Partnerships in Parenting



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

THIS IS A DRAFT AND NOT READY FOR INTRODUCTION
401

D

Short Title: Child Protective Services Funds.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE FUNDS TO PROVIDE ADDITIONAL CHILD
3 PROTECTIVE SERVICES.
4 The General Assembly of North Carolina enacts:
5 Section 1. There is appropriated from the General Fund to the
6 Department of Human Resources, Division of Social Services, the sum of
7 \$2,000,000 for the 1991-92 fiscal year and the sum of \$2,000,000 for the
8 1992-93 fiscal year to further support the delivery by county departments of
9 social services of timely, professional child protective services. The funds shall
10 be allocated to county departments of social services in accordance with
11 procedures and under criteria and conditions as provided by Section 130 of
12 Chapter 752 of the 1989 Session Laws.
13 Sec. 2. This act becomes effective July 1, 1991.

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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1991

D

THIS IS A DRAFT AND NOT READY FOR INTRODUCTION
400

Short Title: Social Services Study Commission.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO REESTABLISH AND CONTINUE THE STUDY
3 COMMISSION ON SOCIAL SERVICES.
4 The General Assembly of North Carolina enacts:
5 Section 1. There is reestablished and continued the Social Services
6 Study Commission, an independent commission, to study public social services
7 and public assistance in North Carolina and to recommend improvements that
8 will assure that North Carolina has cost-effective, consistently administered
9 public social services and public assistance programs.
10 Sec. 2. The Commission shall consist of 17 voting and four
11 nonvoting members. The Speaker of the House of Representatives shall appoint
12 seven voting members, five of whom shall be House members, one of whom
13 shall be a county commissioner, and one of whom shall be a low-income
14 recipient of social services or public assistance benefits. The President Pro
15 Tempore of the Senate shall appoint seven voting members, five of whom shall
16 be Senators, one of whom shall be a county social services director, and one of
17 whom shall be an advocate for low-income people who is familiar with social
18 services and public assistance programs. The Governor shall appoint three

voting members, one of whom shall be the Secretary of Human Resources or a designee, one of whom shall be an officer or director of a private social services agency, and one of whom shall be a business representative who is involved in a local Private Industry Council. The Speaker of the House of Representatives and the President Pro Tempore of the Senate shall each appoint two nonvoting members who shall be involved in the administration or funding of social services and public assistance programs. Initial appointments shall be made within 30 days following adjournment of the 1991 Session of the General Assembly. Vacancies shall be filled by the official who made the initial appointment using the same criteria as provided by this section.

Sec. 3. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint a cochair of the Commission from their appointees. The cochairs shall call the first meeting and preside at alternate meetings.

Sec. 4. The Social Services Study Commission shall continue to examine the need for improvements in the State's social services system and develop legislation to address those needs. The Commission shall also provide oversight and review the further development and implementation of the Social Services Plan. The Commission shall also monitor and review efforts within the Department of Human Resources to plan for the efficient and timely implementation of federal welfare reform provisions.

Sec. 5. The Commission members shall receive no salary for their services but shall receive subsistence and travel expenses in accordance with the provisions of G.S. 120-3.1, 138-5, and 138-6, as applicable.

Sec. 6. The Commission may solicit, employ, or contract for professional, technical, or clerical assistance, and may purchase or contract for the materials or services it needs. Subject to the approval of the Legislative Services Commission, the professional and clerical staff of the Legislative Services Office shall be available to the Commission, and the Commission may meet in the Legislative Building or the Legislative Office Building. With the consent of the Secretary of the Department of Human Resources, staff employed by the Department or any of the divisions may be assigned permanently or temporarily to assist the Commission or its staff.

Sec. 7. Upon request of the Commission or its staff, all State departments and agencies and all local governmental agencies shall furnish the

1 Commission or its staff with any information in their possession or available to
2 them.

3 Sec. 8. The Commission shall submit a final written report of its
4 findings and recommendations to the Governor, the Speaker of the House of
5 Representatives, and the President of the Senate before or upon the convening
6 of the 1993 Session of the General Assembly. The Commission shall terminate
7 upon the filing of the report.

8 Sec. 9. There is appropriated from the General Fund to the General
9 Assembly the sum for the 1991-92 fiscal year and the sum of for
10 the 1992-93 fiscal year to implement the provisions of this act.

11 Sec. 10. This act becomes effective July 1, 1991.

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