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Intergovernmental Relations in the Delivery of Human Services: The West Virginia Case

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State and National Urban Strategies

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Recommendations
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on State-Urban Role
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The West Virginia Case

Roy Bahl

West Virginia is predominately rural, poor, and declining in population. On the other hand, the four metropolitan areas[1] in the state—in which about a third of the population lives—are typical of the national central city-suburb disparity pattern. West Virginia's economy must also be seen as poor because of the relatively low tax capacity of the state government and because of the relatively low level of public services being provided. The adequacy of the state's program for delivering human resource services, therefore, is very dependent on the level of federal assistance for human resource services and the responsiveness of these programs to state needs.

The primary purpose of this paper is to describe and evaluate certain aspects of federal-state relations in the delivery of health, education, and welfare services. Specifically, the concern in this case study is with the extent to which the general goals of the federal Department of Health, Education, and Welfare (DHEW) conform to planned state goals in the areas of human resources and public services, and with the extent to which the elements of DHEW program structure (e.g., application, eligibility, funding restrictions) are responsive to the needs of the state.

The second purpose is to make recommendations suggesting how DHEW programs might be amended so as to be more responsive to state needs.

[1] Note that three of the four areas are two-state SMSAs: Charleston, Huntington-Ashland (West Virginia-Kentucky), Wierton-Steubenville (West Virginia-Ohio), and Wheeling (West Virginia-Ohio).

The criticisms of existing DHEW programs and the suggestions for change were solicited in interviews with state government officials.[2] It is assumed that the general posture which the state has taken in planning resource allocation to meet local needs for human services is correct. The comments on DHEW programs outlined below do not question whether state programs are optimal, but whether federal programs are consistent with state goals. Because the interviews did not include all state government officials concerned with DHEW programs, the comments encompass major concerns, but with a liberal use of examples of dissatisfaction with specific programs.

The general concern in this state-urban role project is with the responsiveness of human resource financing (federal and state) to particular urban needs. This concern must be modified when evaluating DHEW programs in West Virginia because of the stark differences in population structure between West Virginia and most of the rest of the nation. The interest in West Virginia is with evaluating the extent to which local, rather than urban, area needs were being met according to the objectives of the state's regional development plan. A general setting under which DHEW policies might be evaluated is described in the following section.

Three concerns are relevant here. The first is with the composition of the West Virginia population, the manner in which it has changed during the past decade, and how this population differs from the national average. The second is with the fiscal structure and performance of West Virginia state and local governments. The third is with the substantive nature and the administration of the state's regional development plan. A description of this setting, will be followed by a view of the state-local fiscal and administrative relationships in the delivery of health, education, and welfare services to local areas. With this background on the state government's needs and fiscal management of human resource services, it is possible to begin some evaluation of DHEW programs. Section IV is a description of the state's role in coordinating and monitoring federal funding of DHEW programs, specifically of the grants information process as

[2] In some cases, written documents were provided, e.g., correspondence with government officials and DHEW officials.

carried out by the governor's Office of Federal-State Relations. Section V lists examples of what state officials see as problems with DHEW programs which limit the state government's effectiveness in delivering human resource services in general, and in coordinating its human resource and regional development plans in particular. Finally, Section VI, lists a set of recommendations for program and operational reform of DHEW programs in four areas: administration, legislation, technical assistance, and research.

POPULATION, TAXATION, AND REGIONAL PLANNING

An understanding of the setting for the delivery of human resource services in West Virginia is necessary for an evaluation of the interview responses concerning problems with DHEW programs and procedures. Particularly important are the state's population composition and how it has been changing, the fiscal strength of the state government, and the state government's regional development plan.

Population Composition and Change

Because DHEW programs are generally national in scope, it would seem logical to begin by describing any major differences between the population of West Virginia and the rest of the country. If there are major differences, there probably is need for major variations in the design of the programs to accommodate the particular needs of the state. As indicated below, major differences exist, both in population composition and in the way in which the population has been changing.

The most important demographic differences between the state and the nation are that West Virginia is poorer, has considerably more rural areas than most states, and is undergoing population decline while the population of the nation as a whole is increasing. The rural nature of the state is well-known. Approximately 30 percent of West Virginia's population lives within its metropolitan areas, compared with a national average of nearly 70 percent. Among the 50 states, it ranks forty-sixth in per capita income of $3,021, compared with a national average of $3,921.[3]

[3] "Regional and State Income Accounts," *Survey of Current Business* (Department of Commerce), vol. 57, No. 8 (August 1971), p. 31, Table 2.

The state is undergoing a considerable change in both the level and composition of its population. Most important, the level of population declined by 116,600 between 1960 and 1970; net out-migration was equivalent to 14 percent of the state's 1960 population. The overall 7.2 percent population decline was the largest among the 50 states.[4] Moreover, West Virginia is the only state to have lost population during each of the past two decades. Between 1940 and 1970, the state's population declined by 9 percent, compared with a national increase of 54 percent. This decline is not limited to rural areas, since each of the four SMSAs in the state lost population over the decade (losses ranging from 1 percent in Huntington to 9 percent in Charleston[5]). Almost all of this urban decline occurred in central cities of SMSAs.

While the population in metropolitan areas was declining by 5.2 percent, the population outside metropolitan areas declined by 6.7 percent. Only seven of West Virginia's 55 counties are classified as metropolitan. Of the remaining 48, 36 lost population between 1960 and 1970. Of the 12 counties which experienced population increase, eight had a net out-migration of population. In general, population decline in West Virginia includes both urban and rural areas and extends to nearly all regions of the state.

Accompanying this population decline has been a considerable change in age structure. West Virginia's over-65 age group increased less than the national average rate, and the under-14 age group declined at a rate higher than the national average. The number of persons under five years of age and those in the 5-to-14 and 25-to-44 age groups declined by more than 15 percent, while the population in the 15-to-24 age group increased. In the nation as a whole, the population in the 5-to-14 and 25-to-44 age groups increased during the decade and the population under five years old declined. Therefore, the loss of population in the 5-to-14 and 25-to-44 age groups in West Virginia was due to out-migration from the state. Finally, it should be noted that the population of 65-year-olds and over increased by only 12.5 percent during the decade as compared with a national figure of 26.4 percent.

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[4]The only other states to lose population were North and South Dakota.

[5]These statistics refer to the entire SMSAs, not just to the West Virginia portion.

West Virginia, then, is a state whose population does differ considerably from national norms. Compared with the national averages, it is less urban, has a larger white population, loses young people faster, and gains older people more slowly. Moreover, the decline in its central cities has been large enough to result in overall metropolitan area declines.

West Virginia's Fiscal Structure

A summary of the fiscal position of West Virginia compared with other states shows that, in fact, it has a lower capacity to tax, uses that capacity to an average (national) extent, receives a relatively large amount of federal assistance for human resource programs, and still ranks far below the national average in terms of per capita spending on human resource services.

The state's revenue system is dominated by a gross receipts, or "turnover" type, general sales tax. Levied directly on business, it is characterized by a broad range of rates which are structured by industry. Other major state government revenue producers are a retail sales tax and a motor vehicle tax. There is a state personal income tax, but because statutory rates are at a relatively low level through the $15,000 bracket this is used at a less-than-average intensity.

This revenue system is levied against an overall taxable capacity which is well below the national average. West Virginia stands near the bottom of the 50 states in taxable capacity as measured by either per capita personal income or by "taxable capacity" as defined in a special study by the Advisory Commission on Intergovernmental Relations.[6] Against this low base, the amount of revenues raised is average by comparison with other states. Federal assistance plays a larger role in West Virginia finances than in many other states. Its $128 per capita in federal assistance is exceeded by only 11 states, and its 28 percent of total revenues originating at the federal level is well above the national average of 17 percent. In each of the human resource areas, West Virginia

[6] Advisory Committee on Intergovernmental Relations, *Measuring the Fiscal Capacity and Effort of State and Local Areas* (Washington, D.C.: Government Printing Office, March 1971).

runs well ahead of the national average in the percentage of total funding received from the federal government.

However, even a high level of federal aid is not sufficient to offset West Virginia's low fiscal capacity, with the result that on a per capita basis, only six states spend less. Particularly in the human resource area, West Virginia's per capita spending is consistently below the national average–by approximately $15 per person for health and hospital care, $19 for welfare, and $40 for elementary and secondary education. These low spending levels must be considered against an existing backdrop of low quality human resource facilities.

Regional Planning in West Virginia

The long term strategy for the economic development of the state, and accordingly, the state's planning role, is structured around the development of 10 substate planning regions. As of this year, regional development planning is administered by the Governor's Office of Federal-State Relations,[7] the same office which handles the federal grants information function. Under the plan 10 regions would each have a council. These regional councils will have the following functions: (1) to serve as planning and development coordination groups, i.e., to act as A-95 review agencies at the regional level; (2) to have program responsibilities in certain areas, such as the operation of comprehensive health planning services and the establishing of relationships with community action programs; and (3) to coordinate and/or operate intergovernmental cooperative development programs, such as joint provision of water and sewerage services. The plans of each regional council are to be reported annually when its planning commission submits an annual plan for review by the Federal-State Relations Office. Hence the planning role is highly centralized from the state level.

[7]In 1966, the State of West Virginia developed a program which was aimed at promoting development of a selected set of subregions. The program was administered in the state Department of Commerce and 13 subregions were identified for coordinated development. However, there was no real decentralization or local autonomy given to the subregions, and, effectively, the local units were relevant only in that they were consulted by the state in the creation of the Appalachian Development Plan. These planning regions have now been abandoned in favor of a new regional planning program, as provided for in the Regional Planning Development Bill (West Virginia Legislature, Second Extraordinary Session, 1971) which was passed in November 1971.

It is difficult to determine from the Regional Planning Development Bill, the role of urban centers in this planning and development process. However, the extent to which the regional councils will respond to the needs of the cities—in those areas where the councils have some powers—depends largely on the composition of the regional council. Membership of the regional council and executive committee of the council includes mayors and the president of county courts (i.e., the chief executive officer of each county).

As might be expected, state officials did not express much concern over an "urban problem" in the state. In general, their feeling was that the size of West Virginia's largest urban areas and the amount of congestion in these areas are not sufficiently critical to cause the state to curtail the growth of its largest cities. Rather, the argument was that what is necessary is some kind of a balanced investment program between urban and rural areas.

In context of the objectives of this study, one might attempt to deal directly with the question of how, or whether, this regional planning program allows the state to deal with the human resource needs of local, and particularly urban, governments. At least in West Virginia, this approach would not get at the issue of the mechanism by which the state government responds to local-urban provision of human services. This is so because, while the regional plan is intended to serve as the state administration's guide to distribution of public resources within the state, the implementation of such a regional plan requires adherence in the planning stage by each state department, in this case education, health, mental health, and social services. Planning for these human resource services is decentralized in the four departments, and, while all use some form of regional delineation for planning purposes, their designated regions do not conform to each other or to state planning regions. It was reported that there is no mechanism within the state for coordinating these individual department programs. Similarly, there is little relation between the state's regional development plan and each department's fiscal activities. Specifically, while the Governor's direct influence in determining the overall appropriation to each function is relatively strong, his influence in determining the distribution of that amount among regions within the state is much less. For example, the distribution of education assistance to local school districts is a

legislative decision, and is based on a rigid state school aid formula.

STATE-LOCAL RELATIONS IN HUMAN RESOURCE AREAS

Within the state government, the planning and fiscal responsibility for the intrastate distribution of health, education, and welfare services is largely decentralized. The purpose of the following subsections is to describe the methods of resource distribution used by each department. The procedures followed by the health, mental health, social services, and education departments are briefly summarized.

Health[8]

Planning for the delivery of health services is carried out at two levels. Comprehensive health planning is a function of the Office of Federal-State Relations, but planning for preventive medical services and environmental health services, and decisions regarding fund distribution among counties, rests with the state Health Department.

Health services are actually delivered through the county boards of health, although there is substantial centralization at the state level. An employment system (such as civil service) and a minimum staff size and composition[9] is specified for each county board of health in the eligibility requirements for state assistance. Each county health department prepares an annual public health report as well as an annual program plan and budget which is subject to approval by the state Health Department. The program plan must contain certification of adherence to state organizational, staffing, and fiscal-accounting rules. In addition, each county is required to enumerate its major health problems, to identify these problems in order of priority and justify this ranking, to identify the specifics of each new or expanded program, and to outline planned operations for the coming fiscal year. When this program plan is approved by the state Board of Health, the local health units receive quarterly assistance payments from the state. In effect, then, the state government does have

[8]See West Virginia Department of Health, *Annual Report, 1971* (Charleston, West Virginia Department of Health, September 15, 1971).

[9]In some cases, target staff sizes are recommended, e.g., one public health nurse per 10,000 population, and one sanitarium per 15,000 population.

substantial control over the amount and type of health services which can be delivered in local areas.

Total funding budgeted for health in 1971 was slightly over $8 million, of which about 40 percent originated at the federal level, 31 percent at the state level, and 29 percent at the local level. State aid, however, accounts for less than one-third of total local government health expenditures. At present, an average of 71 percent of county health expenditures are made from locally raised (property tax) funds. There are wide variances among the counties in the locally financed percentage and the overall distribution of state aid among counties does appear to be equalizing. State assistance is distributed among the 55 counties on the basis of population, weighted by an index of financial need (the ratio of the state average per capita income to the per capita income of the county).

Department of Mental Health

The state Department of Mental Health is more highly centralized—fiscally and administratively—than the state Department of Health. In 1970-71, the Department of Mental Health had a budget of $18.5 million as opposed to a budget of $2.5 million for the Department of Health. About 10 percent of the state expenditure is for central administration and services, with most of the remainder being distributed among the six state mental hospitals.

Apart from these hospitals, the state directly assists local units in the development of comprehensive mental health facilities. Once the community centers are established, they are subject to increasingly less central administration and control, and may receive increasingly less external assistance. However, in the development stages, the state does have considerable discretion over the spatial distribution of the centers. There are no fixed formulas for the distribution of state mental health assistance. The state's work plan calls for the establishment of 14 community mental health centers with at least one mental retardation center in each of the state's planning regions. These are to be supplemented with mental health guidance clinics, day care centers for the mentally retarded, and sheltered workshops.[10]

[10]West Virginia Department of Mental Health, *Thirteenth Annual Report, 1970-1971* (Charleston, West Virginia: West Virginia Department of Mental Health, December 5, 1971).

Community mental health services are financed by a combination of federal, state, and local funds. Federal funds account for 46.8 percent of the total,[11] state funds for 17.8 percent, local funds for 27.3 percent, and nongovernmental resources for 8.1 percent. The local contribution comes from the current resources of county governments, i.e., primarily from the property tax. However, the local contribution shown above is probably overstated in real terms since part of this contribution is in the form of a reimbursement by the state. Counties are required to pay the state for patients in state facilities (those without funds to pay for their own care) at a rate of $150 per year. However, the county governments are now allowed to deduct this $150 from their annual debt to the Mental Health Department. This money may then be used for establishing and maintaining approved local mental health programs.

Department of Education

Administration of education services is relatively highly centralized with respect to the state-local division of administrative and financial control of education. Within the state government, there is a planning function in the state Education Department, but the distribution of state funds among school districts is fixed by formula.

The 55 county boards of education are financed 60 percent by state aid, and 40 percent by local property taxes. State aid is equalized by a formula, with the formula tied to the number of teachers in the county. The formula pays the basic state teacher salary, and, if there is any supplement to the basic state salary, it must be paid by the county. Counties having numbers of teachers below the statewide average on a per pupil basis receive an allotment to bring total payments up to the statewide average. This results in greater aid to counties with high pupil-teacher ratios. In addition, a certain percentage of the total grant, which goes to administrative, transportation, and other auxiliary services, is distributed among the school districts on the basis of average daily attendance.

It is difficult to evaluate the equalization features of the distribution of state assistance which results from this set of

[11] Of the total federal contribution of $1.417 million, only $156,000 is 314-D money.

allocators, since this is only the second year of operation of the new formula. For this reason, the state education officials interviewed felt that it was difficult at this time to evaluate the implications of the *Serrano v. Priest* decision for financing education in West Virginia. In general, it was felt that the great wealth variations characteristic of the larger urban states do not exist in West Virginia, and that the changes in financing being considered in the urban states are not relevant here. Nevertheless, the state Board of Education has requested a legislative study of alternative means of supporting public schools on the grounds that the Serrano decision "may have serious implications for the (financial) support of education in West Virginia in the future."[12]

Department of Social Services

West Virginia's welfare system is state-administered. Unlike the education and health programs, social service programs in West Virginia are fiscally centralized and are structured to allow for complete central planning and administration. There are welfare planning regions which may cover from one to four counties, depending primarily on population size, but do not conform to the planning regions of other state human resource departments.

The system is funded entirely at the state and federal level, although until two years ago, 6 percent of total welfare expenditures had come from county property taxes. The total state contribution to welfare at present is 23 percent. Hence, welfare support in West Virginia is more highly centralized at the federal level than in most other states.

STATE CLEARINGHOUSE AND GRANTS INFORMATION DIVISION[13]

The Governor's Office of Federal-State Relations has been designated as the central reception point for federal grant-in-aid information. The Office of Federal-State Relations is composed of three divisions: (1) Planning and Development; (2) Special Programs; and (3) Grants Information.

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[12]State Superintendent of Schools, *Annual Report, 1970-1971* (Charleston, West Virginia: State of West Virginia).

[13]For more detailed information, see Department of Grants Information, *West Virginia Project Notification and Review System,* Revised Procedural Guide (Charleston, W. Va.: West Virginia State Clearinghouse, Governor's Office of Federal-State Relations, April 30, 1971).

The Planning and Development Division is concerned primarily with the coordination of the regional planning effort as described above and also with comprehensive health planning. The planning responsibilities of the Special Programs Division cover a wide spectrum of federal programs, and leave considerable room for coordination of activities. These responsibilities, and some of the federal programs involved, include: comprehensive health (Hill-Burton) programs; manpower coordination (including emergency employment programs); state technical services (State Economic Opportunity Office); concerted services; Bureau of Outdoor Recreation; early childhood education (an Appalachian regional development program); crime control; correction and delinquency programs (Law Enforcement Assistance Administration); highway safety (Department of Transportation programs); and youth development. However, there is little coordination between these programs and the individual department planning activities.

The Grants Information Division of the Office of Federal-State Relations is composed of two sections—the State Clearinghouse Section and the Federal and State Program Information Section. The State Clearinghouse Section is responsible for fulfilling the state's functions as designated in the U.S. Office of Management and Budget Circulars A-95 and A-98. The State Clearinghouse is also responsible for operating the Project Notification and Review System as provided for in the Intergovernmental Cooperation Act of 1968. The review process, described in some detail in *West Virginia Project Notification and Review System,*[14] takes about 10 days for completion once material reaches the Federal-State Relations Office. At present there are, in addition to the State Clearinghouse, four metropolitan clearinghouses in the state. In those areas where regional clearinghouses have not been designated, the State Clearinghouse acts as the regional clearinghouse and coordinates with local planning agencies, where they exist. Regional clearinghouses will ultimately be organized and officially recognized by the Governor as part of the state's regional planning activities. (See the discussion of Regional Planning in West Virginia.)

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[14] *Ibid.*

The Federal and State Program Information Section of the Grants Information Division is responsible for operating and maintaining the State's Federal Assistance Information Retrieval System (FAIR). FAIR is a comprehensive, computerized system containing information on 1,490 federal assistance programs and 325 state programs. FAIR has been designed to provide information on all federal and/or state assistance available in response to any given request. It includes data such as funding levels for each program, number of grants made, and the average amount of each grant. The FAIR service is available to any organization or individual in West Virginia. In addition to operating and maintaining the FAIR system, the Federal and State Program Information Section is responsible for preparing, publishing, and distributing an annual catalogue of operating state programs,[15] the only regularly published document of the Grants Information Division.

Federal funds are not used directly in the operation of the Grants Information Division. However, as noted above, the Federal-State Relations Office is involved with a number of federal programs through its other divisions, and in the process of sharing staff time between the grant information, special program, and regional planning functions, it is possible that some federal funds may be involved indirectly. There are eight full-time staff members of the Grants Information Division, three of whom devote their full-time efforts to the clearinghouse function.

PROBLEMS WITH DHEW PROGRAMS

The interviews with state officials revealed dissatisfaction with a wide range of features of DHEW programs. For convenience, these criticisms are grouped (in some cases, rather arbitrarily) as follows: (1) the apparent lack of correlation between the stated goals of a program on the one hand and its design and funding on the other; (2) the splintering of DHEW programs and the lack of coordination among agencies involved in the programs; and (3) the administrative practices of the DHEW regional and central offices.

[15] Federal and State Program Information Section, *West Virginia Catalog of State Programs, Fiscal Year 1972,* Series 3 (Charleston, W. Va.: Division of Grants Information, Governor's Office of Federal-State Relations, December 1971).

Only a summary of the interview responses is presented below, but where possible, specific examples and details are cited. When there was a consensus among officials in all four departments (health, mental health, education, and social services), the fact is noted. It should be emphasized again that the interviews did not include all officials in the respective departments that deal with DHEW programs.[16]

Relationships between Goals, Design, and Funding

There was criticism of the lack of relationship between the ultimate objectives of DHEW programs on the one hand and their design and funding on the other. These comments centered around six specific issues: (1) inadequate funding to meet program objectives; (2) lack of program continuity; (3) insufficient advance notification of funding to allow for effective planning; (4) categorical restrictions which are not realistic in terms of either program goals or state needs; (5) local problems created by federal matching provisions; and (6) specific program requirements which seem to run counter to program goals. Specific examples of these problems were cited during the interviews and are briefly summarized below.

Inadequate funding All department officials interviewed said that the objectives of DHEW programs are often totally unrealistic in light of the limited funding involved. Two examples of programs funded at less than half of their authorized levels were the ESEA Title I and Comprehensive Public Health Planning (314-D) programs. Concerning the latter, the Public Health Service block grant was originally intended to allow state health officials some latitude in distributing funds among various health programs and to stimulate the development of innovative programs to meet particular state needs. In fact, funding under 314-D has not been sufficient even to continue programs at existing levels, much less to provide money for local units to extend or expand their own programs. In West Virginia the federal Public Health Service grant will fall from 41.8 percent of total health appropriations in 1950 to 13.5 percent in 1973. The increase in the actual Public Health

[16]This summary is based on interview responses as recorded by this writer. The persons interviewed have not been given an opportunity to review this summary.

Service grant over that period was 11 percent, a rate of increase less than the rise in the general price level.

Health officials cited a number of programs which were discontinued because of lack of funding, even though the state Health Department thought the programs successful. One was a health referral program for the chronically ill, and particularly for the aged. This program allowed urban counties to set up an office to inform the aged about the kinds of services available to them and where these services may be obtained. This is a case in which the state had developed (under the terms of the block grant) a relatively new program which they had judged to be successful, but the lack of growth in the funding from the block grant forced them to curtail their experiment. State officials eliminated the Cabell County (Huntington) Center in December 1971 and expect to drop the Wheeling Center in June 1972.

Another way of looking at the effects of an inadequate rate of increase in funding is to examine the problem of simply meeting those current expenditures which respond to increases in the general price level. If federal grants do not rise commensurately with overall costs, the difference must be made up either by increasing state-local funds raised or by cutting back existing programs. For instance, West Virginia recently raised the salaries of all employees by 5 percent. However, there was no provision in the DHEW program grants to allow for cost-of-living increments, even though salaries of staff paid from DHEW funds had to be increased to correspond with those of state government employees doing the same type of job. But, with the overall cut in the federal appropriation, salary increase could only be effected by cutting back programs. In the health area, there are programs being cut back because of a growth in federal funding which was not commensurate with the growth in costs of providing services. The state's cancer control program had to be cut off after 10 months because of inadequate funds. This shortage of funds is largely due to spiralling hospital rates, earlier detection of cancer, and the generally rising costs associated with providing such a program. In other cases, even with extreme rationing of services, the funds have not lasted to the end of the last two fiscal years. The prenatal and delivery services were closed temporarily in December 1970 and again in December 1971 because of lack of funds. The emergency pediatric hospitalization program also had

to be terminated, again because of lack of funds.

In sum, federal assistance programs are funded at levels too low to allow for the range of services which the programs were designed to support, and certainly are not funded at levels which would permit experimentation with programs at the state level. Moreover, the failure of funding levels to grow at even the rate of general price increase either forces the elimination of programs or interrupts their normal operation.

Continuity of Programs The second general criticism is that there is often no continuity in DHEW programs to enable the accomplishment of program objectives, and in some cases, a state investment in new programs is lost because of a DHEW decision which may or may not reflect the state evaluation of the program.

It was felt that when Congress is planning for new programs, the assumption is often that new programs will be in addition to existing programs and will fill the present gaps. However, when appropriations are made, funds are often deleted from important, ongoing programs of demonstrated value in order to emphasize the new ones. Gaps may then occur where they did not previously exist, and there tends to be a continual turnover of programs. Such a turnover is especially disastrous for the effectiveness of the state's long-term planning efforts.

Numerous examples were cited of the undesirable results of a lack of program continuity. For instance, DHEW initiated an army induction project whereby health officers would study young men who were refused induction into the army for health reasons, determine the basic problem, and attempt to develop some remedial program. The state viewed the program as successful in its initial stages. However, DHEW apparently decided that the existing program was not effective and that it could be better handled under vocational rehabilitation, at which time DHEW dropped the program and the state responded by dropping the matching appropriation. Another example is the home repair program, which was considered to be quite successful by the state Department of Social Services, and was financed by a federal contribution of 75 percent and a matching state contribution of 25 percent. However, three to four years ago, the federal matching share was cut back to 50 percent and, because of fiscal difficulties at the state level, the state bowed out completely. In education, there is a major continuity problem with ESEA Title III funds,

which are available for a period of only three years—far too short a time to accomplish program goals.

The lack of continuity in DHEW programs inpedes long-term planning and may cause the state to lose matching investments in discontinued programs. Probably more important is the fact that the constant turnover in programs results in a continual shifting of state matching resources between areas of emphasis. Effective use of scarce public resources in West Virginia is defeated by this turnover.

Late and Uncertain Federal Funding A third criticism, shared by all persons interviewed, is that notification of funding by DHEW is often too late to permit effective planning for the best use of the funds, and, in some cases, the notification has come well into the fiscal year. Such practices by DHEW interfere with program operation and make long-term planning all but impossible. In a state dependent on federal assistance, the problems associated with these late funding practices are magnified.

The first major problem related to late funding is fiscal planning for the budget year and beyond. Because there is no forward funding by DHEW, the state departments of health, education, and welfare must make very rough estimates for purposes of preparing the current budget. The state Department of Health, for example, has been as much as nine months into a fiscal year before actually knowing the amount of the grant for that fiscal year. For budgeting purposes they use the estimated figures as of January in any given year. These figures are based on the President's budget message, and it is assumed that the President's request will be approved as submitted. The actual result may differ drastically. There is a similar budget problem in education. The state Department of Education is, of course, required to make operational budgets for school years based on available federal, state, and local resources. However, Congress does not recognize these deadlines, and, for example, as of May 19, 1972, the Department still had no idea of how much would come from ESEA funds. In this case, the state Department of Education has told the county school districts to assume 85 percent of the prior year's funding. Needless to say, last minute changes in funding—especially reductions—would create substantial problems at the

local level. In the past, notification of ESEA funding has been received as late as October.

Each department interviewed had specific examples from past years of the spending problems associated with late funding. For example, with only three months remaining in fiscal year 1970, the state Department of Health received an additional appropriation of $75,000 under the block grant. The director of general services in the state Health Department then traveled to 42 of the 55 counties in an attempt to determine equipment needs and to allocate the funds in a period of only 10 days. With enough time to plan for the use of these funds, the amount of money involved might have been used more effectively.

Another case is the maternal and infant care project for "high-risk" mothers, which is under constant threat of termination. In fact, a lack of funding did force a temporary termination of the program last year. When funding became available at a later date, it was possible to reactivate the program. However, in the interim period, there were a number of "high-risk" mothers who were without the services of the project.

Categorical Grants and Program Restrictions A fourth problem with DHEW programs, cited in several interviews, is that the categorical nature of the programs and the restrictions placed on the use of funds limit the adaptability of the programs to particular state and local needs. For example, with respect to ESEA Title III funds, it was noted that the use of the funds is much too categorical to allow for innovation. While over 15 percent of the funds may be used for innovative programs, 15 percent of that discretionary fund must be devoted to programs for the handicapped. Of the remaining 85 percent not under the commissioner's discretion, 15 percent must be devoted to the handicapped and at least 50 percent must be spent on guidance counseling and testing. In light of these fairly stringent requirements on the use of funds, one cannot very well expect much innovation. Also, with respect to ESEA Title III, there is apparently an implied or "read-in" restraint on the program which limits the percentage of the grant to be spent on education centers to less than 50 percent of the total. However, because of the rural nature of West Virginia and its pockets of isolation, such service centers might be an extremely important ingredient of the state education program.

Aside from restrictions on the use of funds, there was general agreement that DHEW grants were too categorical, prohibiting the state from using available federal resources to the best advantage. In the case of health care, there is two or three times more money going into special project programs than into the block grant—the area where the state Health Department feels the need is greatest. It was felt that health problems of West Virginia are sufficiently different from those in most of the rest of the nation to warrant some sort of flexible grant program to accommodate the differences. Factors such as scattered population, mountainous terrain, little or no public transportation, and large numbers of rural, low-income persons, make it expensive and difficult to deliver medical services in West Virginia. Probably these factors also contribute to an inability, at least in the rural areas of the state, to either attract or keep physicians. For example, Clay County, which is adjacent to Kanawha County (Charleston), has no resident physician and a current practice involves bringing in state medical personnel from Charleston on a rotating basis. In such cases, there is obviously a need for different kinds of health services, including outpatient clinics. However, most of the funding available for improving the health services in Clay County was for child and maternity care, and for family planning services. Adult clinics and testing facilities, which the state Department of Health also felt were necessary, could not be provided because there was no funding available for these purposes. Clay County is only one example. The conditions in Clay County are not unusual compared with other rural West Virginia areas.[17]

Matching Grants A fifth set of problems had to do with matching grants. The first is, of course, the budgetary squeeze which makes it difficult or even prohibitive for the state to participate in DHEW programs. This problem was mentioned most often with regard to the inability of the state Department of Mental Health to participate in certain programs because state funds were not available.

[17]The Clay County conditions are described in a report on health services available from the West Virginia Department of Health, Charleston, W. Va.

In health care, federal financing for maternal and child health programs has come from formula grants based on population and from limited special comprehensive maternity and infant care project grants on a matching basis. West Virginia has been losing its population, and so the formula grants have been reduced. The special project grants have also received less funding. However, the reduction of grant money is occurring at a time when hospital costs are rising and the demand for these services is increasing.

A second problem involves the matching provisions under social services. Because the matching contribution for service workers is 75 percent and the matching contribution for eligibility workers is only 50 percent, the state is induced to use relatively more service workers and relatively fewer eligibility workers than it ordinarily would have. Further, the dual administration raises problems, especially in the rural counties where it is hard to separate the job of an eligibility worker from that of a service worker.

Program Design The sixth set of problems may be generally described as problems of program design. Three issues were raised: (1) there is little input by state officials into DHEW program design and little desire on the part of DHEW for such input; (2) the long-run objectives of DHEW programs are not always apparent; and (3) funding issues aside, there is sometimes a weak relationship between program design and program goals. "Federally" designed programs are not always relevant to West Virginia.

Concerning the state role in program design, it was generally felt that DHEW officials were not interested in the views of state government officials. In the program design stage, the federal request for such inputs usually includes a reply deadline which makes impossible the serious consideration of the program at the state level. The experience differed, in each department, but the overall feeling was that in most cases, DHEW was making only a token request and actually did not want state input. However, there were exceptions. A recent example was described in which a query was put to the state Health Department asking how West Virginia would approach the problem of prevention and control of sickle cell anemia. In this case, there was adequate time to interview officials from the public health nursing clinics, and a rational program for using the funds was developed. However, such early input into program design is not always the case.

Other evidence of inadequate state input into program design may be found in programs which do not "fit" the state's needs. One example is the lack of adequate funding for the development of comprehensive health care facilities in rural areas of the state. The state has had to use what federal and state resources were available to develop less than optimal health care delivery systems. In the case of the early childhood development program, a program of comprehensive health care from conception to the age of six was developed in a rural county and is carried out by a field team of physicians on specified days in a mobile home clinic.[18] However, it remains a fact that for children more than six years old and for all adults in some of the rural counties, there is no medical service.

With respect to programs whose requirements make little sense in terms of objectives to be achieved, one case cited was the "thirty plus one-third" program for AFDC mothers. Under this program, the first $30 of an AFDC mother's income plus one-third of the remainder is not counted in determining her total income for purposes of defining her eligibility for welfare. Moreover, she may subtract any personal expenditures associated with employment, including social security and retirement contributions, day care expenses, and the cost of her lunches. In contrast, the parallel program for unemployed fathers does not allow any such exclusions. Moreover, he may not receive assistance under the program for unemployed fathers if he is being given aid under another compensation scheme. However, West Virginia requires all eligible people to file for all state programs. Therefore, an unemployed father must file for state unemployment compensation which nets him $8.00 per week and leaves him ineligible for the program for unemployed fathers.

Another example of a program where objectives and procedures are apparently contradictory is the quality control-eligibility program operated by the state Social Services Department. With respect to food stamp and assistance programs, the state uses 40 to 50 people in this quality control effort, and feels that they have improved it to the point where it is an effective procedure. However, new DHEW criteria for reimbursement to states which

[18]The clinic is composed of a pediatrician, obstetrician, social worker, nutritionist, and a family planning expert.

are based on quality control results may well penalize any state with an effective quality control program by having its reimbursement lowered. This will produce little incentive for improving such quality control systems.

In education, the Renewal Center Program was cited as another example. This program required the state to select the local areas to develop innovative, if not "model," programs. The state Board of Education received what it thought to be acceptable applications, but these were disqualified by DHEW because the counties concerned did not have an incidence of low-income children equal to or greater than the state average. The poorest counties, which would meet the DHEW requirements, were either not interested or submitted unacceptable applications. State officials viewed this program as fitting the big city situation, but clearly not the West Virginia situation.

Lack of Coordination

Two problems relating to DHEW program coordination were cited by state officials as serious. The first concerns DHEW dealings with local and quasi-governmental bodies, and the second concerns the splintering of DHEW programs.

With respect to health, education, and welfare programs, there is direct contact between the federal government and private agencies, and, in some cases, local governments. There is usually no control over or even knowledge of such programs at the state level. The director of the West Virginia Health Department learned, over television, of the establishment of a regional health center in the southwestern part of the state. The superintendent of schools learned that local education agencies were being solicited for experimental school proposals when a county superintendent called for information about the program.

Regarding the question of accountability, the state health director also cited one of West Virginia's rural counties which was one of the last two to create a resident local health department. It was only after the state Health Department had established a residential staff that both an alcoholism and control family planning unit were already found to be working in the area. This simply underlines the lack of formal mechanism for controlling, much less evaluating, these programs at the state level.

State officials argue that community health officials are essen-

tially lay people not technicians and, though community input may be important in general program formulation, the kind of planning of which they are capable is not adequate for state health purposes. A dramatic example of how this splintering of programs results in a lack of coordination is that, during the recent Buffalo Creek disaster, there was simply no way of calling together the various human resource-related organizations operating in the area: no one knew all the organizations of this kind operating in the area.

The situation in education is similar, with a substantial amount of funding coming directly from Washington to local education agencies. The programs involved include:

(1) Fifteen percent of ESEA III;
(2) Early Education for the handicapped, ESEA VI, Part C;
(3) Right to Read;
(4) Rural-Urban under EPDA;
(5) Environmental Education;
(6) Career Opportunities Program under EPDA;
(7) Follow Through;
(8) Career education under the Vocation Education Act, and
(9) Experimental Schools Program.

Again, there is no mechanism for control, as long as DHEW will not coordinate this assistance through the state.

In general, it was felt that such a fragmented approach to human resource problems was especially counterproductive in a state such as West Virginia. While the use of many separate programs under many separate agencies to attack the same problem may be advantageous in large cities, it was regarded as inappropriate in small communities with scattered populations. Here, such an approach often dilutes the few available resources to such an extent that goals may not be accomplished. The officials interviewed said that DHEW's approach seemed to be that the more severe the problem, the more programs should be developed to combat it. However, the officials said that in small communities the approach should be the opposite—the more severe the problem, the fewer the programs that should be used, even if it meant that some federal regulations might have to be relaxed for small states and for extremely small communities.

A second related coordination problem concerns the splintering, and in some cases duplication, which exists within current grant

programs. An example of program duplication is the "right-to-read" program under ESEA Title II. The state government required local school districts to ensure that no less than one-third of the total county allocation would be spent in the right-to-read program. However, the Office of Education then began a second right-to-read program with direct allocation of funds from Washington to the local area. This second program was not operating at the time that the state government placed its restriction on local use of Title II funds.[19] Another example is found in the area of family planning, in which there is separate funding for about 11 agencies including OEO, the National Center for Family Planning, West Virginia University, the Population Council, the Seven Mountain Council, and Planned Parenthood. Coordination is virtually impossible in such a case.

Administrative Problems

Apart from those issues mentioned above, there are a number of other comments concerning administrative problems associated with DHEW programs. These comments centered on such issues as the role of the regional office, general guidelines for program operation, unnecessary effort in the application procedure, and unnecessary delays in the review process.

The feeling of the officials in all departments was that the regional office, though cooperative, had little or no authority, and substantive dealings had to be directly with Washington. It was also generally felt that the regional office in Philadelphia was substantially understaffed and for this reason there were substantially fewer site visits than the state officials thought necessary. Moreover, it was observed in a number of instances that the relationship between the regional office and the state had deteriorated substantially since the regional office had moved from Charlottesville to Philadelphia. There seemed to be a willingness to deal with the regional office, if it were given commensurate authority to make such dealings worthwhile.

A number of adverse comments were also made about grant application procedures and information, as well as about DHEW's notification procedure. The comments ranged from the specific to the general: from complaints about the A-95 program's assumption

[19] However, it should be noted that the initial right-to-read program funded through the state would not permit adult participation, whereas the direct federal-local program was for both adults and children.

of a much higher level of planning than actually exists, to inadequate information about grant procedures. It was noted that the *Comprehensive Health Manual*, which is a relatively new publication, eliminates the general administration Title I publication of 1957, but it does not explain grant programs and processes (including eligibility) as fully as does the earlier version.

The Governor's Office of Federal-State Relations pointed out that a major problem in keeping existing programs up to date is that the federal agencies do not always return the Standard Form 240. One official said that on a comparison of notes with the Office of Management and Budget it was discovered that neither OMB, nor the State of West Virginia had received all the Standard Form 240s back, and, in fact, they had received different subsets of the total number of outstanding forms. This is one reason the State Clearinghouse and Notification Process does not provide complete data on federal operations in the state.

In virtually every department it was noted that the grant applications were unduly complicated. DHEW effectively requires a "book" in many applications and provides only vague guidelines for completing the applications. Mention was made of a DHEW program—FAST—which was designed to simplify the reporting and application forms. Theoretically, this would have reduced the ESEA Title III application by replacing the entire state plan (previously a requirement for the application) with a four- to five-page FAST plan. However, the FAST procedures require inclusion by reference of the entire operational plan. Hence, the FAST procedure has not really simplified the application process at all.

There seem to be inordinate delays in the grant application review process, which complicate the late funding problem. The case of the state plan review for education was particularly cited. On April 4, 1972 the state Department of Education received a copy of *Administrative Bulletin Title III, ESEA*, Series III, No. 29, concerning submission of the Title III, ESEA state plan for fiscal year 1973. The bulletin arrived 26 days before the submission date of May 1, 1972. Needless to say, this is insufficient time to prepare the state plan with changes required by the bulletin. In addition, the Governor has 45 days in which to comment. State officials thought that a program such as ESEA Title III that has been in existence for seven years should have been streamlined to

the point that delays in state plan submission and approval should have been eliminated. However, their experience has shown that such is not the case. Instead there have been a series of delays and late fundings. For example:

fiscal year 1970: West Virginia State Plan submitted May 1, 1969; plan approved July 5, 1969; grant award dated July 18, 1969; approximately 20 additional days later funds made available through letter of credit system.

fiscal year 1971: West Virginia State Plan submitted May 25, 1970; returned June 8, 1970; plan resubmitted June 23, 1970; grant award, August 25, 1970; funds available approximately 20 days later.

fiscal year 1972: West Virginia State Plan submitted June 11, 1971; revised June 25, July 16 and July 21; grant award, September 14, 1971.

RECOMMENDATIONS

A general summary of the recommendations of state officials follows, divided into suggested changes in legislation, administration, technical assistance, and research. In some cases, there was disagreement about the appropriate action; in other cases, there was a consensus. An attempt is made here to incorporate most of these responses.

Legislative Reforms In the area of legislative reforms, four types of action were suggested: (1) to move away from categorical assistance toward a consolidation of grant programs; (2) to fund programs at levels commensurate with program objectives or restate program objectives at more realistic levels; (3) to initiate forward funding practices; and (4) to place greater emphasis on developing and maintaining ongoing programs with less emphasis on developing new ones.

Concerning the first point, there was general agreement that the categorical programs were defined too narrowly to permit the state to adapt the programs to suit its particular circumstances. Recommendations were made to change the restrictions on the range of subfunctions for which grant funds could be spent and to ease the eligibility requirements in a way that they would better

meet state needs. There was general agreement that DHEW should move in the direction of consolidation and packaging of programs. It was argued, for example, that programs for the handicapped ought to be consolidated, perhaps into Title VI programs, in which case all money allocated for the handicapped would be pulled out of vocational education, Title I, and Title III education funds. In the health areas, it was suggested that consolidation of the categorical-disease grant programs would make 314-D funding more responsive to existing state needs. Broader category designation was also suggested in the area of welfare programs, particularly those that relate to disability. The concept of permanently and totally disabled is far too extreme and, as a result, the state is not able to deliver an effective disability assistance program.

There was unanimous agreement that forward funding of programs would greatly increase the efficiency of the DHEW programs by allowing the states sufficient time to plan for the use of the funds.

There was also general agreement that the goals of the DHEW programs were not realistic in light of actual funding provided. One of the major goals which suffers because of underfunding is innovation in programs for delivering human resource services. For example, had "innovation" funds been available to the state Health Department, programs could have been developed at least in the areas of environmental protection, sanitation, food inspections, and the inspection of penal sanitary facilities. In addition, the local health departments would have been given the initiative to develop programs, particularly in the areas of regional health, environmental health, and nurse supervision.

Administrative Reforms A number of administrative-operational recommendations were made. First is that DHEW should improve the process of grant notification and thus assure the return of all Standard Form 240s to the state coordinating agency.

Second, a recommendation by virtually all officials interviewed was that the DHEW should notify the state on all direct federal-local area programs. Some officials went a step further and recommended that the federal government not deal directly with local area groups (government or private agencies) and that the state be involved in all programs. Short of state involvement in all

program discussions, there is no way to coordinate overall planning for the delivery of human resource services.

A third general recommendation was that DHEW make a firm decision as to whether the regional office should have a substantive function and delegate authority accordingly. If the decision is made that the regional office deal substantively with the state, then the staff of the regional office should be increased considerably. One official suggested that DHEW examine the U.S. Department of Agriculture's program of administrative decentralization, which apparently is effective. The dealings of the West Virginia Department of Education with the USDA regarding the school lunch program have been satisfactory. The regional office seems to have appropriate authority and there is apparently little need to bypass them regularly by going to Washington.

Finally, it was recommended that DHEW consult the appropriate West Virginia government department early in the program formulation stage to give state officials the opportunity for substantive input in program design. Again, the example of the U.S. Department of Agriculture was cited in the development of school food programs. USDA set up a series of regional meetings to which the school lunch program directors from the states in the region were invited to discuss the formulation of the program. These meetings took place long before the proposal was included in the Federal Register and it was felt that, at least in this case, the state directors had some real input into program formulation.

Technical Assistance

Reports indicated that DHEW could provide useful technical assistance to the state in at least two areas. The first is the provision of more general information about federal assistance programs to the state health, education, mental health, and social services departments. The second involves increased site visitation by DHEW officials for both technical assistance and program formulation purposes.

In the first area, officials expressed a need to receive more current information from DHEW. For example, at present, the state Health Department relies more on the kind of information about programs and levels of funding received from the

Association of State and Territorial Health Officers than on information received from DHEW.

In terms of guidelines for preparation of grant applications, general information about grant programs, and the design of programs in which the state would participate, it was felt that a greater number of site visits from either the regional or the Washington office would be useful. Specifically, in the technical assistance area it was suggested that a periodic visit to the appropriate departments from persons familiar with all aspects of grant programs in particular areas would be extremely useful.

Finally, it was suggested that DHEW could fulfill a particular technical assistance need in a state like West Virginia, where there is a shortage of skilled manpower. An example given was in the area of clinical help where there was considerable need for technical assistance.

Research Concerning the kind of helpful research program which DHEW could produce, there seems to be particular interest in evaluation studies of certain programs, such as Head Start. It is felt that, in general, state officials simply have no idea of how successful such programs have been. Research studies, such as the evaluation of the Follow Through program now being carried out by the Stanford Research Institute, should be very useful. As to demonstration and experimental programs, it was not known how successful they had been in the state, at least partly because they had not been coordinated through the state and, therefore, evaluation was very difficult. As examples of this, the experimental schools programs, such as Lighthouse, were cited.

List of Officials Interviewed

Department of Education

Dr. B. G. Pauley, Assistant Superintendent of Schools, Bureau of Services and Federal Programs.
Mr. Gene A. Maguran, Sr., Director, Federal Programs Division.

Department of Federal-State Relations

Mr. Carl L. Bradford, Director.
Mr. Robert V. Barill, Director, Grants Information.

Department of Health

Dr. H. H. Dyer, Director.
Mr. Paul B. Shanks, Director, Central Administration Unit.
Dr. Jack Basman, Director, Maternal and Child Health.

Department of Mental Health

Mr. James R. Clowser, Deputy Director, Division of Administration.
Mr. Vernon Mace, Assistant Deputy Director, Division of Administration.

Welfare Department

Mr. David W. Forinash, Director, Assistance Payments Division.