

Administrative Review in Public Assistance

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UNDER THE Social Security Act, the Social Security Board is responsible for making Federal grants-in-aid to States to enable them to furnish financial assistance, so far as practicable under the conditions in each State, to needy aged and blind individuals and to needy dependent children. These matching grants are made on the basis of a plan submitted by the State and approved by the Board as in accordance with the provisions of the act, including such methods of administration as the Board finds necessary for the proper and efficient operation of the plan. Approval of the plan indicates that the operation proposed by the State meets the requirements necessary to entitle the State program to Federal support. It does not necessarily mean that the plan meets all the objectives which either the State or the Board would like to see achieved, but it represents a starting point from which the State proposes amendments to the plan as its program develops.

Following the approval of a State plan, the Board has two major responsibilities. It must first assure itself that in administering the assistance programs the State continues to adhere to the requirements of the Federal act and to the substantive legal and administrative provisions of the approved plan. It must also provide leadership and assistance in order that plans and administrations may meet the highest practicable standards in each State.

One of the chief areas of concern in the early period of development of State programs and of Federal policy was to be sure that funds granted to the States were used to match assistance payments only to persons eligible under the specific provisions of the act. In many States, instructions and administrative controls had not been sufficiently developed to warrant confidence in their effectiveness. During the period from 1935 to the end of 1939, therefore, the Board's audit of the financial transactions of the State agency included an inspection of the eligibility determination in every case for which the State claimed Federal matching, and audit exceptions were taken to all payments in which the State was

unable to provide satisfactory proof of eligibility.

That this method was effective in safeguarding the use of Federal funds and in improving the documentary verification and recording of the determinations of eligibility is clearly evidenced by the marked decrease in audit exceptions during the latter part of the period in which this process was in effect. This positive aspect, however, was accompanied by problems of relationships with the States, the issues in which became clearer as the State agencies developed their own administrations to a point at which a complete and detailed inspection seemed no longer necessary. The uses made of the results of the audit were necessarily limited in large part to financial adjustments of the individual payments to which exceptions were taken. It became apparent that this method involved the danger of isolating the problem of eligibility in the individual case from the more important consideration of improvement of policy and administrative practice in general. Fearful of the loss of Federal matching, State agencies tended to look to the audit as a concrete embodiment of Federal policy and all too frequently misconstrued the evidence from this source. The Bureau of Public Assistance, which was responsible to the Board for advising on and evaluating State plans and for encouraging the development of sound programs and policies in the States, frequently found itself handicapped by the divided responsibility in this fundamental area. The Bureau of Accounts and Audits, burdened by the volume of this aspect of its assignment and the problems of evaluating case-record material which was outside the normal scope of auditing procedure, was also handicapped in developing a constructive approach to the larger accounting and fiscal problems.

Extensive consideration was given to the problem by the Board and the two Bureaus in an effort to establish a method of operation which would fulfill the Board's responsibilities and at the same time further the development of a sound Federal-State relationship. In the light of the development and stabilization of State programs which had already taken place by the end of 1939,

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the Board concluded that the way to further strengthen the State agencies was to place maximum responsibility on them for determining eligibility and to review the results of their administration in terms of an evaluation of the general level of State practice, rather than in terms of each individual judgment.

To carry out this policy the Board redefined the responsibilities of the Bureaus of Accounts and Audits and Public Assistance with respect to eligibility determinations, effective January 1, 1940. The area of audit responsibility was defined as relating wholly to fiscal matters, the audit of public assistance payments to begin with the certificate of authorization of payment, with no review of the administrative judgment leading to the determination of eligibility. The Bureau of Public Assistance was made responsible for a continuing review of State and local administrative procedures and operations, including an appropriate review of a sample of case records, to assure the Board of a State's adherence to Federal requirements and to the substantive legal and administrative provisions of its approved plan.¹ As part of its review, the Bureau of Public Assistance was instructed to call upon the Bureau of Accounts and Audits for the consultative services of constructive accountants and, if special circumstances should warrant, for an audit of individual eligibility determinations.

Objectives of the Review

In developing the necessary procedures for carrying out a review of State and local administration, the Bureau of Public Assistance had to devise a process which would meet the following requirements:

1. It must provide a factual basis for assuring the Board of State adherence to Federal requirements and to the substantive legal and administrative provisions of the State's approved plans, and for assisting the State in attaining the highest practicable standards of administration.

2. It must be maintained on a continuous basis in 51 jurisdictions and 56 separate State agencies, and in 3 categories of assistance; it must, moreover, be adaptable to the variations among State plans, including policies, types of State administration, and the number and type of local agencies within the States.

¹ Board Minutes, December 22, 1940.

A major concern of the Bureau was to make sure that in its objectives and its execution this process would be consistent with the principles of strengthening State administrative responsibility and of evaluating results. It was recognized from the outset that there must be safeguards against certain difficulties which are inherent in any process by which Federal representatives enter the area of evaluating the work of local units for whose supervision the State agency is responsible. It was also recognized that, within the limitations of the Federal act and their own laws, States having responsibility for administration must be free to make their own decisions, even to make mistakes and to learn by experience. It was evident, therefore, that the review process must be as much as possible a part of the State's own experience, if it was to be effective beyond the area of minimum Federal requirements.

Against this background, the following general principles were recommended:

1. The administrative review should be an extension of the existing methods of dealing with State agencies, and fact finding should be an integral part of the regular process of consultation and negotiation, rather than an isolated activity.

2. The responsibility for carrying out the review should be located in the regional office, under the direction of the regional representative, in order that it could be related on a current basis to the processes of negotiation and consultation with the States.

3. The review should be carried on cooperatively with the States, with the utmost possible participation in the actual process. The objectives should be to provide factual information which would be mutually useful and to supplement rather than duplicate information already available in the State.

4. The factual results of the review should be available to the States for their use in effecting improvements of administration, and a State's resources and ability to use the review as part of its own supervisory process should be a primary consideration.

5. The general scope and method of the review should be uniform for all States, but sufficiently flexible to allow varying emphasis according to the individual needs of each State. The plan for each State should be developed jointly with the State, and coordinated so far as possible with the State's

own supervisory process in order to avoid interference with the State's established lines of administrative authority. While it was recognized that a review of this kind conducted on a Nation-wide basis would yield some byproducts for research, emphasis on flexibility and adaptation to the immediate needs of individual States was believed more appropriate than the uniform collection of mass data.

6. The basis for the review should be the approved State plan. The operation of the plan should be evaluated so far as possible in terms of criteria established by the Board for minimum standards of State and local practice. When such criteria have not been developed, operation would be evaluated only in terms of its effectiveness in achieving the State's objectives until such time as the information made available through this process makes the establishment of general criteria possible and appropriate.

7. Emphasis should be focused on the effectiveness of the total administrative process, as it is reflected in the treatment of individual applicants and recipients; review and analysis of the State's supervisory and administrative procedures, as well as case reading, should be included.

8. The review of eligibility determinations should be based on a definite understanding with the State concerning the provisions of law and plan for which the State is held responsible and should emphasize the application of these provisions to persons whose requests for assistance are rejected as well as those to whom assistance is paid. While it was agreed that errors discovered in individual cases, which represented incorrect claims for Federal matching of payments, must be reported to the States for adjustment, discovery of the causes of such errors and attempts to correct the causes were recognized as of more far-reaching importance.

Though development of an objective method of evaluating the total administrative functioning of a State agency was recognized as an ultimate goal, it was not expected that this aim would be achieved immediately, nor that such an evaluation would result from a single method of obtaining and utilizing information. Phases of such a review were already in effect, carried out through the Bureau's field service, the services of technical consultants, administrative surveys, the review and analysis of State plan material, special re-

search and regular statistical reporting, and the services and reports of other Bureaus of the Board. The objective in developing the new activity was not to supplant or to duplicate these functions, but to supplement the information available and, ultimately, to develop a systematic method of assembling, through all the services available, a unified picture of State operation.

While it was necessary to select the aspects of the program which could be covered and those which would be emphasized, it was considered more appropriate, at least initially, to obtain a general background knowledge of selected operations than to concentrate attention on particular phases of administration which might more properly be the subject of special research.

In the light of these considerations, the administrative review was defined, until modified on the basis of further experience, as designed to accomplish the following objectives:

1. To determine through review of a sample of case records and other appropriate documents relating to individual cases whether:

- a. Persons receiving public assistance are eligible in accordance with the Federal requirements and the State plan;
- b. Assistance grants are based on a determination of need, including consideration of all resources, and are unrestricted money payments;
- c. Applications are accepted or rejected on the basis of an objective determination of eligibility, equitably applied to persons in similar circumstances;
- d. Persons whose applications for assistance are rejected are given an opportunity for a fair hearing.

2. To determine through review of the administrative methods in effect in local units, related to the findings of the case review and to the State plan provisions, whether:

- a. The methods of taking applications, verifying eligibility, and determining need are such as to produce satisfactory results in the treatment of applicants and recipients, and conversely what methods result in delay or inequitable treatment;
- b. The State agency is adequately per-

forming its supervisory responsibilities by issuing clear and complete instructions and interpreting them to local units through its field service, reviewing or test-checking the work of local agencies, and providing constructive assistance in improving local administrative methods;

- c. Federal requirements relating to the confidential nature of records, unrestricted payments, and availability of fair hearings are adequately observed in practice as well as in the plan;
- d. Other factors in local administration, such as insufficient funds, inadequate personnel, or poor organization, contribute to ineffective performance.

Method and Extent

Because of the varied State situations, it was recognized that specific plans for carrying out the review in each State could best be made in the regional office and in consultation with the State agency. Procedures and definitions had to be established and, as a basis for planning the general operation and for determining the staff and organization needed in each region and in Washington, general estimates had to be prepared of the number of agencies and volume of case reading which would be included and the time required for each part of the process.

Although the review was expected to be a continuing process in each State, it was decided that planning and reports in relation to each State should be made on an annual basis, in order to provide for reevaluation at regular intervals of the State situation and of the working method, but with the dates for this annual period varying from State to State.

The annual period related to the dates applicable to information obtained, rather than to the dates of field work. In order to have the review reflect the most nearly current situations, it was decided that for local agencies the period for which information would be obtained should include the last two quarters preceding the field work. Field work should be spaced so that the activities of some local agencies would be reviewed for each quarter within the annual period established.

With few exceptions, State programs operate through local offices, over which the State agency

has either administrative or supervisory authority. Accordingly, to evaluate the State operation as a whole, it would be necessary to take into account all factors which influence the local operation of the State plan, as well as the evidence of variation in operation of the program provided by statistical reports. It was obvious that a complete representation could not be achieved each year, or in any one year, and that it would be necessary to look to the continuing process of the review to build up such a picture over a longer period. It appeared feasible and desirable, however, for the selection in each year to be directed toward analysis of one or more of the variable factors affecting local administration, so that the results might be representative of a larger number of units within a State than would actually be included in the review.

Since the selection for the first year of review was necessarily exploratory, it was decided to emphasize the factors affecting the major part of the case load by attempting to review units in which 50 percent of the case load was located, if the case load was sufficiently concentrated to make this possible, and if, conversely, this would not limit the review to one or two units. For States in which this method was not feasible, a selection emphasizing geographical distribution as well as size was believed desirable. It was considered unwise to attempt the review of the larger city agencies in the first year of operation, because of the complexities of administration, and agencies having case loads of 10,000 or more were ruled out for this period.

Information regarding the type, size, and number of local units for each State was assembled and considered in relation to estimates of time required for reviewing units of various sizes. It was estimated that inclusion of local agencies representing 50 percent of the State case load, or an alternative of 10 local agencies, would result in a total for all States of 400 local agencies.

In order to place the desired emphasis on the processes of determining initial and continuing eligibility, the following basis for selecting cases in local units was established:

- 10 percent of applications approved within the 2 quarters preceding the review;
- 5 percent of applications rejected during the same period;

2 percent of cases which had received assistance continuously for a year or more on the last day of the quarter preceding the review.

In each type of case in each category in which any of the percentages yielded less than 10 cases for review, adjustments were made to include 10 or all if there were less than that number. Although the same percentages were applied to all categories, since adjustments to the minimum were necessary more frequently in aid to dependent children and aid to the blind the proportion of cases reviewed in those categories was greater. This was desirable as these programs represent a greater variety of conditions and eligibility requirements.

In estimating the resulting total volume it was necessary to anticipate the extent to which modifications would need to be made in each region and State and the relationship to the estimate of the number of local agencies which had already been made. In addition, since some States already had in effect some form of review of case actions or other controls which assure determination of eligibility in accordance with the State plan, a study of the methods and a test check of the results to establish their accuracy and the effectiveness of the process was believed more appropriate than a duplication of the State's work.

To estimate the number of cases which would be covered in the whole operation, the formula for selecting local agencies was applied State by State and related to total case loads and application data for each State and for the total. On the basis of 1939 data and the selection of agencies representing 50 percent of the case load in each State, the percentages would represent 5 percent of the total applications approved within a year, 2½ percent of the applications rejected, and 1 percent of the cases receiving assistance for a year or more. After allowances for the maximum or minimum in very large or very small agencies, and for the smaller percentages where State controls were known to be adequate, it was estimated that in a full year of operation some 40,000 cases and rejected applications would be reviewed.

Concurrent with the consideration of policies for scope and coverage, working materials were being developed for carrying out the review. It

was evident that at least two types of schedules would be needed, one to record information on administrative practices and the other to record information on individual cases.

The administrative schedules were in outline form and covered local agency actions relating to methods of handling applications, determining eligibility, making payments, and handling complaints and appeals, and a brief background of the agency organization, case-record system, and general circumstances affecting agency operation. With respect to the State agency, the schedules provided for review of the method and extent of field service, field reports, case reviews conducted by the State agency, and the procedures for handling complaints and appeals. The review of other aspects of State administration was left to the general responsibility of the regional representative, and reliance was placed on an existing outline for field reporting, rather than on the development of new schedules.

In the schedules developed for recording the results of case reading, emphasis was placed on minimum transcription of information from the case records. Space was provided for brief answers to specific inquiries on the content of the record with respect to evidence of eligibility, the methods by which the agency's decision was reached, and the reviewer's judgment as to the adequacy of the action taken in relation to the facts shown in the record and the requirements of the State plan. Because of the differences in action to be considered, separate schedules were provided for the review of approved applications, continued cases, and rejected applications. Each of these schedules was applicable to all three categories.

Since the most direct use of the information derived from the review would be made in the regional office, reports were limited to those necessary to serve these general purposes. Except as the need for special information might arise, the reports were restricted to three types: (1) a statement from the regional representative giving the advance plan for each year of review in each State; (2) a quarterly report of the progress of this specific aspect of field work; and (3) an annual report evaluating the State situation as seen through the review and such other factual information as the regional representative considered pertinent.

The Review in Operation

From its initiation late in 1940 the administrative review was introduced gradually to the States as staff became available, and by the end of 1942 had been carried on in all States, the District of Columbia, Alaska, and Hawaii. Schedules were revised from time to time as indicated by continuing experiences in the regions, and the review was somewhat modified in relation to individual States, but in general continued exploration of the subjects originally selected appeared profitable.

Coverage

By the end of 1942 the work of 480 local agencies and 52,500 case records had been reviewed by the Bureau's regional staff. Although this was substantially below the original estimates of annual coverage, it reflected approximately the same relationship as that existing between the estimated staff time required and that actually available in the regions. The difficulties in recruiting encountered in 1940 were multiplied in 1941 by the extensive activities for national defense which drew from the same reservoir of trained personnel. After the declaration of war in December 1941, replacements of staff became an increasing problem. Moreover, additional responsibilities were placed on the regional representatives in connection with defense activities affecting family security and, after war was declared, for assistance to the dependents of enemy aliens who were interned or otherwise removed from their usual means of livelihood by action of the Government, and for developing plans to provide assistance to civilians in need as a result of enemy action. These added responsibilities made it necessary for the regional representatives to pass on to their assistants many of their usual responsibilities for other aspects of the work with State agencies as well as for the review. In one region the services provided in connection with the removal of Japanese to relocation centers required the temporary assignment of the entire regional staff and of four staff members transferred from other regions to meet the emergency. To a lesser extent, other regions also had to suspend regular activities to meet war-connected situations.

The year 1942, therefore, which would have been

the first year of full operation of the administrative review in all States, was far from a normal period. Early in 1942 the methods and schedules in effect were thoroughly reviewed to eliminate steps which were proving unduly time consuming or unprofitable and to find ways in which the objectives of the review could be maintained on a basis consistent with existing conditions. Some such eliminations were made in consultation with regional staff members. Discussions of reduction in the scope of the review, however, brought from most regions a strong expression of opinion that completeness of review in fewer agencies would be more effective than greater volume with less adequate content. No substantial change was made, therefore, in the existing plan, and the regions proceeded to maintain coverage as best they could in the circumstances.

Comparisons of the number of local agencies reviewed during the 2 years are to some extent misleading. Not only do the local agencies in various States cover different geographical units, but in several States the review in the second year was related to a different and larger local unit than the first. In several States the unit reviewed in the second year was an administrative area which included a number of counties, because a review of the subdivisions in the first year had evidenced a high degree of uniformity within an area's administrations.

State Case Reviews

The 52,500 cases reviewed were only those read by the Bureau staff and do not include cases reviewed by State staffs. Information from States which have carried on some form of review of local operations and case decisions has been utilized to augment or support conclusions reached through the administrative review. The methods used are so varied, however, that the State coverage does not lend itself to comparable tabulation.

Most State agencies are fully aware of their responsibility for keeping informed of problems and progress of public welfare administration throughout the State and for making payments from their own as well as from Federal funds to eligible persons only, and they have developed some methods for carrying out that responsibility. Frequent and regular visits to local agencies by a staff of field representatives is, of course, the almost universal basis for general supervision. In some

States the reviewing of case decisions is part of the responsibility of the field representative; in others, it is so separate that its constructive use in improving local agency work is doubtful.

The administrative review has undoubtedly focused the attention of State agencies on methods of reviewing the work of local agencies and on the uses which can be made of a process which combines evaluation of method with a sampling of cases. A number of States have revised their methods in the last year or have decentralized their previous State office review and adopted a method similar to that used by the Bureau. In several States the Bureau's staff has assisted in developing schedules and methods for adapting the Bureau's administrative review to the agency's more direct supervisory purposes.

State Participation

Cooperative planning with the State and its participation in the process of the review was originally recommended to ensure maximum usefulness to the State and minimize the danger of interference with the State's supervisory relationship with local units. It was expected that such participation would take different forms, according to the State's own plan of supervision and the amount of staff time available. As a minimum it was expected that every State would assist in planning and assembling the data necessary for the selection of local agencies and cases for review. It was also necessary to depend on the State agency for preparing the local agencies, explaining the nature of the review and its relationship to the State agency's work. In these respects, State cooperation and participation has been wholehearted and complete; a letter written to county directors by the director of one State agency typifies the general attitude:

We feel that the entire department can gain much from this review and we are expecting our county workers to discuss the administration of the program freely and frankly with representatives of the Bureau of Public Assistance.

In about half the States, field representatives remain in the local agency after introducing the Bureau staff member and participate to a greater or less degree in the discussion of policies and in case scheduling. In most States, some members of the State staff have taken sufficient part in the complete review of a local agency to feel that they understand the process. In only a few instances

has it seemed unwise to encourage participation by State staff members, usually because they were already called upon to perform duties far in excess of their available time. When active participation has been possible, the consensus is that it was mutually helpful.

Many State agencies have participated in order to develop a review method as part of their own work. Since this use of the experience should materially affect methods of State supervision it is regarded as a most productive form of participation.

Providing Information to the State

It was part of the general plan adopted for the review that the annual reports, which are directed toward summary evaluation of the State programs, would be made available to the State agencies. It was also part of the plan to make information of administrative use to the State agency immediately available at any point in the review process. It was specifically provided that individual cases in which eligibility was in question would be brought to the attention of the State agency for appropriate action. In other respects the method of furnishing information to the State agencies was left to the discretion of the regional representative.

To avoid possible misinterpretations of the relationship of the Federal review to the supervisory responsibility of the State agency, the policy was adopted that the results of the review and evaluation of local agency performance would not be discussed with local agency staff either in the course of the review itself or in reports dealing with the individual agency. The responsibility for giving information to local agencies is left wholly with the State staff. In a few instances, particularly in larger agencies, the State has requested that the local director be present at a general discussion of the review in his agency. Occasionally States have passed the individual agency reports on to the local agency. In general, however, the information has been provided to the local agencies through discussions of the State field supervisor rather than in written form.

Annual State Reports

The annual report evaluating the administration of the assistance programs within the State summarizes the information obtained through the special field work carried on for the review and

relates it to the information available through general field relationships regarding State organization and administration, through reports of service Bureaus, statistical reporting, and other reports prepared by the State agency. The annual report is in narrative form and includes discussion of agency practices and evaluation of results in terms of the adequacy of treatment of applicants and recipients.

Generally, copies of the report are sent to the State with a request for a conference on the general evaluation of the program and on particular points which it seems desirable to discuss. At the time the report is presented, the type of action which the State might take to improve administration or correct problems is usually discussed. This conference sometimes results in a specific plan of the agency to explore certain questions more fully throughout the State. General recommendations concerning steps which the regional representative believes are desirable or necessary are usually made in connection with the annual report, either through discussion or in writing. Further discussion of particular aspects of the program is frequently continued over a period of time.

Following formal presentation to the State director or the State Board, the reports have almost invariably been discussed with the total field staff of the agency. The regional representative has usually been asked to participate in such discussions, but frequently the responsibility has been carried entirely by the State staff.

In the Washington offices of the Board as well as in the regions, the reports have provided concrete information for understanding and evaluating the operation of individual State programs. Through these reports, also, a body of information on State and local practices and operations is being built up which provides a factual basis for the development of Board and Bureau policies. While this use is a secondary purpose of the review, it is a significant aspect in planning for future development of the nature and scope of the review.

Reports on Individual Cases

Although the emphasis of the review is on determining the general level of practice in the State rather than on discovering individual errors, the responsibility for safeguarding the use of Federal funds in matching State payments makes it neces-

sary to assure correction of any specific instances in which it is found that there has been deviation from the plan or Federal requirements. This obligation has made it necessary to report to and consider with the State the situations found in individual cases and to make sure that financial adjustments are made if Federal matching has been improperly claimed.

To emphasize the Board's interest in the adequacy of public assistance programs, as well as in the question of Federal matching of payments, the referrals of individual cases include instances of deviation from the plan or Federal requirements, such as rejection of applications on the basis of local residence requirements or denial of the right to appeal. On such cases, the State is asked to provide an explanation or concur in the decision. Correction of the action in the individual case is not always practicable, but correction of policy or further interpretation to the agency staff involved may be important. If a question of conformity to the Federal act is involved, the extent of similar deviations in the State must, of course, be determined.

The cases which are referred for action and individual reply are limited to those in which there is a bona fide question of deviation from the mandatory provisions of the State plan defining eligibility, including those in which the record does not support the decision which was reached; those in which there is no current information to support the continuing payment of assistance; and those which show deviations from the other major requirements of the State plan or the Federal act.

In order to avoid delays in correcting errors, questions on individual cases are referred to the State as soon as possible after the review is completed in each local unit. The cases are reported by a special schedule which indicates the nature of the problem, describes the circumstances and the case record entries which raise a question about the validity of the action or decision, and provides an opportunity for the State to enter additional facts which, in its opinion, explain the action, or to indicate its agreement that an error was made. If, after review of such replies, it is decided that the claim for Federal matching was invalid, the State is asked to make the adjustment in its next expenditure report, and if there is reason to believe other errors of the same type are

extensive, the State is asked to extend its action to discover and adjust such cases. In the event that the State disagrees with the decision, or fails to take action, the procedure provides for the listing of appropriate exceptions in the next audit report, from which the State has the same opportunity to appeal as from all other audit exceptions. In no instance, up to the end of 1942, had it been necessary to make use of this procedure.

As a result of the review of 32,186 cases and applications in 47 State agencies, 9,342 individual cases were referred for attention and necessary action. Of this total, 2,057 were referred for the State's information only; 293 involved questions relating to denial of assistance or actions considered to be at variance with the State plan or the Federal act, but not involving payment. The remaining 6,992 represented questions relating to the determinations of initial or continuing eligibility and the amount or method of payment.

These 6,992 cases, which represented less than a fourth of all cases and applications reviewed, included a large number selected on a special basis because of known problems, many which were referred for the purpose of clarifying a doubtful or incomplete record, and some which were referred for the purpose of obtaining a more exact interpretation of the State's policy. Two-thirds of these cases were referred only because there had been no review of eligibility within 12 months and an affirmative statement on current eligibility could not be made. Most of them involved no specific reason for questioning eligibility, but the record contained no information to support the fact that continuing eligibility had been established. The majority of State plans provide that eligibility must be reviewed annually, and the referral and report on these cases provided a basis for evaluating the necessity for such a requirement. Reinvestigation usually proved that the recipient continued to be eligible, and in a large number of such cases it was found that needs had increased and an upward revision of the grant was indicated. In a few States the lack of reinvestigation over periods longer than a year was found to be so extensive as to constitute a major administrative problem, and the State was asked to reinvestigate and report on the general situation as well as on specific cases.

As would be anticipated from the types of questions included in the referrals, further infor-

mation provided by the State agency resulted in clearance of a large proportion of the questions. Of the first 15,077 cases reviewed in 28 States, 1,625 cases were referred as questions of Federal matching and all but 114 were cleared as a result of further information or investigation by the State agency.

Results of the Review

Since the focus of the review, as outlined in 1940, was on the aspects of State and local administration most closely related to the direct treatment of applicants and recipients, special attention was given to procedures for handling applications, for determining eligibility and amount of payment, and for handling complaints and appeals. Other procedures less directly associated with the action between agency and applicant or recipient were observed and analyzed in particular States as the need was indicated by other factors. During this period the effort was chiefly to learn what procedures were actually in operation in local agencies and to identify some of their effects as shown by the analysis of individual cases. Further analysis of some processes was left to future periods, or the need was called to the attention of the State agency for its own exploration.

Although the procedures especially selected for review were largely those carried out in local units of the State agency, the evaluation of performance in these areas was frequently a direct indication of strength or weakness in the broader basis of State operation.

Many of the inadequacies of performance were due to insufficient appropriations for assistance and for administration, legal limitations on eligibility and on the amount of assistance which can be paid to individuals, and the increasing problem of maintaining an adequate staff under wartime conditions. Correction of such limitations is largely outside the control of the State agencies themselves, but the factual analysis of their results has provided both the State agency and Federal staff with a basis for constructive effort to bring about changes.

Determination of Eligibility

In general, the determination of eligibility factors other than need was in accordance with the

approved plan. Questions relating to age, residence, citizenship, blindness, or relationship of the grantee to children appear to have resulted from isolated errors or deficiencies in recording rather than from any widespread deficiency in operations. Further analysis of methods used in determining certain factors, such as blindness, incapacity of parent, and absence from the home, would be productive from the standpoint of the possibility of broadening the interpretation, simplifying the procedures, and clarifying the responsibility for services to the recipients. In respect to need the major problem was underpayment, rather than eligibility. From the standpoint only of determining whether persons receiving assistance are eligible at the time a grant is approved, however, it would appear safe to rely in most States on the standards and supervision provided. The clarification of State plans, improvements in State supervision, and the discipline imposed through the eligibility audit during the formative period of State programs appear to have eliminated the earlier problems surrounding these factors of eligibility. The focus of emphasis on documentary proof and the rigidity of procedures for establishing these factors are, in fact, questions of greater concern in a number of States than the possibility of grants to ineligible persons, because of the delays in granting assistance or exclusions from the program on the basis of technical points of verification.

The reports on application procedures in 26 States indicated that 36 percent of all applications received had required 3 months or more for final action. This proportion is heavily weighted by 8 States in which insufficient funds was a major cause of delay, but in 8 of the other States which were not so handicapped the percentages were between 25 and 62 percent. Only 3 States had percentages of less than 10, including 1 State which had a legal requirement that applications must be acted upon within 30 days. The time required for State action in approving or reviewing local agency decisions, difficulties in making home visits because of travel conditions, lack of sufficient staff, as well as difficulties and delays in securing documentary verification were factors resulting in delay.

The extent to which maintenance of regular contacts between the agency and recipients assured continuing eligibility and adjustment of

assistance payments to changing needs was found to vary widely among States. Nine of the 40 States in which some 10,000 cases were selected had determined continuing eligibility within a 12-month period in every case; one State had not reviewed 50 percent of its cases; the other States were between these two extremes.

The extent to which continuing contacts were maintained also varied substantially among the three types of assistance. In one program there might be no contact with a large number of cases during a year while in the other programs, cases were visited several times. In contrast to 87.6 percent in the other two categories, there was some contact within a year in 97.7 percent of the aid to dependent children cases sampled, and in 74.5 percent there were two or more contacts.

In most instances, failure to maintain at least annual contacts with recipients was directly related to inadequate staffing due to limited administrative appropriations or high rate of staff turn-over. Since, however, agencies in apparently similar situations show marked differences in ability to review continuing eligibility, further analysis of the factors leading to these differences is indicated.

Adequacy of Assistance Payments

Of all eligibility factors, need is the one most difficult to establish and the determination of need is most difficult to review. Although the Federal act specifies that assistance shall be given to "needy" aged or blind persons or dependent children, and that in determining need all resources available to the applicant must be considered, the responsibility for defining need rests with the States. The variations in standards among States and in the methods provided by the State plans make it difficult to apply a uniform method of review or to make comparisons among States.

In reviewing determinations of need, the policies and standards established by the State plan are necessarily the primary basis for evaluating individual determinations and conformity of local agencies to the State standards. Since this is an area of administration in which State agencies are still experimenting, special attention was given to the effectiveness of the methods employed by the State as a basis for equitable treatment of recipients in similar circumstances and to the adequacy

of the standards in relation to the needs of the recipients.

Especial attention was, of course, given to the agency consideration of resources of recipients, and questions were referred to the State when there was incomplete evidence that all available resources had been considered or that need and the amount of payment had been established in accordance with the State plan. Many of these questions so referred were the result of incomplete recording or unclear policies rather than actual failure to consider resources or deviation from State standards. One of the byproducts of the review, it is believed, has been to focus the attention of the State agency on the improved recording of determinations of need.

In addition to determining whether or not, in individual cases, need had been established as an eligibility factor and that the payment did not exceed need, efforts were made, within the limitations of recorded information, to determine the extent to which the payment met the actual needs of the recipient, and if it did not, to identify the reasons.

Far more significant than the isolated instances of overpayment or failure to fully consider resources was the proportion of the cases reviewed in which the payment did not fully meet the need determined by the agency to exist. The variations in the level of assistance which State agencies attempt to provide, in the methods by which need is determined, and in the adequacy of recording make it impossible to estimate on a comparable basis the extent to which the agency determinations represented the total needs of the recipients. From the analysis of the records of individual cases, however, it is safe to say that the agency determinations understate total need to a substantial extent. Even within the incomplete standards provided by many agencies, payments in a large proportion of cases were found to be less than the amount the agency had determined as necessary. Of 14,188 cases analyzed in annual reports for 39 States and the District of Columbia, only 62 percent received the full amount. In 69 percent of the old-age assistance cases, the payments met need as determined by the agency; in aid to the blind the percentage was 60; whereas in aid to dependent children only 47 percent of the cases received payments equal to established need.

Chief reasons for underpayment are, of course,

the effect of Federal and State limitations on maximum payments and inadequate State and local appropriations. The extent to which the States were able to make payments equal to need varied considerably. In five States over 90 percent of the payments in all programs equaled the amount which had been determined necessary, whereas in nine, only 20 percent or less received the full payment.

The following table shows the number of States in which the assistance payment met need as established by the agency in specified percent of cases.

Percent of cases in which established need was met	Number of States			
	All programs	Old-age assistance	Aid to dependent children	Aid to the blind
90-100.....	5	10	2	13
80-90.....	7	7	4	4
70-80.....	4	3	2	1
60-70.....	5	2	3	1
50-60.....	3	4	2	2
40-50.....	2	1	4	2
30-40.....	3	1	5	1
20-30.....	2	3	3	3
10-20.....	2	3	10	1
0-10.....	7	6	0	6

Within a number of States, also, variations were found in the application of State standards as well as in funds available to local agencies; these variations are being further explored. Several States have already made improvements in defining and clarifying standards and in their supervision of local agencies, which give promise of more equitable treatment of recipients.

State Eligibility Requirements

In addition to the eligibility requirements set forth in the Federal act, some States have special requirements which further limit eligibility. Since grants to the States are based on operations in accordance with the plan which has been approved, it has been the Board's policy to deny matching for payments which are prohibited by such State requirements, even though they do not violate a Federal requirement. In reviewing determinations of eligibility, therefore, conformity to such State provisions has also been considered. Since such requirements are in the nature of exclusions, however, their chief significance is in the limitations which they place on the program and the added complications which are introduced for both the recipient and the agency in establishing

eligibility. In general, such provisions did not appear to constitute a major problem. Few cases representing violations were discovered, and few rejections of applications were traceable solely to these requirements. In several instances, however, the absence of information in case records led to a request to the State for the clarification of instructions regarding such requirements, and it was possible for the State, under its law, to make an interpretation which relieved the local agencies of the necessity of verifying the nonexistence of negative conditions, such as "not an habitual criminal or drunkard," except where there was positive evidence of such a condition. In one State the plan denied old-age assistance to persons who were "in need of institutional care," and a few cases were found in which local agencies had made payments to persons who would have been excluded by this provision, whereas other agencies had denied assistance on this basis although the applicant had suitable living arrangements outside an institution. These discrepancies in policy were brought to the State's attention, with the result that the State submitted new plan material broadening its definition to permit payments to persons who required physical care, if they were not in a public institution.

With respect to agency operation, the review revealed few departures from major provisions of the State's approved plan, but the observation of practices frequently threw new light on the meaning of the written provisions or revealed that the plan itself was not sufficiently complete to ensure uniform understanding and operation by local agencies.

A theme running through all the reports is the need for the State to amplify and clarify its instructions to its staff and to strengthen its supervision of local agencies. Almost without exception, inadequacies in local performance or variations in the practices found in local agencies were directly due to failure of the State agency to provide adequate guidance and leadership. Since this lack was equally apparent to the State agencies when the total picture was presented, the result most frequently and directly traceable to the review has been increased activity in the development of State manuals and other administrative material. Some States which had hesitated to provide definite instructions, because they doubted their authority or the wisdom of imposing State

requirements on local units of government, were able to see that the lack of clearly stated standards and policies was impeding the development of local agencies, as well as resulting in inequities to applicants and recipients. Conversely, some States with elaborate and detailed instructions began simplifying procedural requirements which were a burden to local agencies and clarifying definitions and policy.

Although many of the problems revealed through the review were already known to regional representatives in general terms, the review gave them specific information on the extent and relative importance of the problems and a factual basis for working with the States toward correction. After discussing the annual report with a State Board the regional representative reported, "This meeting provided the first real opportunity for members of the State Board and the regional representatives to discuss on a constructive basis our mutual problems." The same representative reported at the end of a year, "It is our opinion that the agency's program has made more real progress in the last year than in the entire previous period it had been in effect. We can safely say that the stimulation given State and county representatives through the entire review process has been responsible to a considerable degree for this progress."

For a number of States two annual periods of review had been completed by the end of 1942. In the second period the review followed, in general, the same plan as in the initial review but was directed toward obtaining a more representative picture of operations within the State. The reports for the second period, however, indicated improvement in certain phases of administration which had been described in the first report.

Modifications and changes in method and subject matter are to be expected in the further development of the review process, if it is to continue to be a useful tool in a growing program. In many aspects of State and local administration, the development of more nearly adequate criteria is necessary. Such a development, however, must take account of the widely varying conditions of law, organization, and geographic and social setting under which State public assistance agencies operate, and must necessarily follow general acceptance by the agencies themselves of the soundness of the standards to be applied.