

DOCUMENT RESUME

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[Administration of Family Planning Grants Awarded to Genesee Family Planning Program, Inc.]. HRD-78-24; B-164031(5). December 13, 1977. 3 pp. + 2 enclosures (10 pp.).

Report to Rep. Barber B. Conable, Jr.; Rep. Frank Horton; by Elmer B. Staats, Comptroller General.

Issue Area: Health Programs: Efficiency and Effectiveness of Grantees and Contractors in Providing Treatment Services (1215).

Contact: Human Resources Div.

Budget Function: Health: Health Care Services (551).

Organization Concerned: Department of Health, Education, and Welfare; Genesee Region Family Planning Program, Inc., Rochester, NY.

Congressional Relevance: Rep. Barber B. Conable, Jr.; Rep. Frank Horton.

Authority: Public Health Service Act, as amended, title X (42 U.S.C. 300 et seq.).

Genesee Region Family Planning Program, Inc., of Rochester, New York, is a consolidated grantee responsible for developing, organizing, administering, coordinating, and funding seven family planning projects in the Genesee area of upstate New York. Questions were raised about the administration of one of the projects, Planned Parenthood--Rochester, by the administration office (core office) of the region. Findings/Conclusions: Allegations of inefficiency in administration and improper allocation of Federal funds by the core office were inaccurate. The office allocated funds to the seven participating projects equitably. The Genesee Region was in general compliance with the Department of Health, Education, and Welfare's (HEW's) family planning program regulations and has made services available to its seven projects in accordance with its plan of operations presented to HEW. Administrative costs incurred by the Genesee Region exceeded HEW guidelines, but other family planning projects in the HEW region also exceeded the guidelines. Although no serious administrative inefficiencies were found, questions were raised about the effectiveness of the Genesee Region in providing services. Cooperation between the projects and the core office was found to be inadequate. Although HEW has encouraged consolidating family planning projects and single grant awards, it has not established guidelines for management or an adequate system for monitoring the grants. Recommendations: The Secretary of HEW should direct that the Regional Health Administrator require the projects and the core office which make up the Genesee Region to reevaluate the core office's role and to assist such projects by designing administrative guidelines and improving HEW's review of applications for consolidated family planning program grants and monitoring of activities carried out under such grants.

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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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DEC 13 1977

B-164031(5)

The Honorable Barber B. Conable, Jr.
The Honorable Frank Horton
House of Representatives

As requested in your March 28, 1977, letter and as subsequently agreed with your offices, we reviewed the administration of a grant for family planning services awarded to the Genesee Region Family Planning Program, Inc., of Rochester, New York (Genesee Region) by the Department of Health, Education, and Welfare (HEW). Funds were provided under title X, Public Health Service Act, as amended (42 U.S.C. 300 et seq.). We also made a limited review of the procedures used by HEW region II, to review and approve the Genesee Region's application for family planning funds and region II's monitoring of the grantee's operations.

As instructed by your offices, we did not obtain official written comments from HEW, but the matters included in this report were discussed with HEW regional and headquarters officials. Our observations, conclusions, and recommendations are summarized below. More detailed information is contained in enclosure I.

BACKGROUND

Genesee Region is a consolidated grantee responsible for developing, organizing, administering, coordinating, and funding seven family planning projects in the Genesee area of upstate New York. These projects are (1) Planned Parenthood of Rochester and Monroe County, Inc. (Planned Parenthood--Rochester), (2) Orleans County Family Planning Services, Inc., (3) Wayne County Rural Comprehensive Health Program, (4) Planned Parenthood of Ontario County, Inc., (5) Yates County Family Planning Services, Inc., (6) Livingston County Health Department, and (7) Planned Parenthood of the Southern Tier, Inc. Your request was prompted by questions raised by one of the seven projects, Planned Parenthood--Rochester, which generally alleged inefficient use of grant funds by the administration office, or core office, of the Genesee Region.

HRD-78-24

(102025)

As agreed, our efforts concentrated on

- assessing the reasonableness of project grant funds' allocation from the core office to the projects, emphasizing administrative cost of the core office and the effect of these costs on direct family planning services;
- determining Genesee Region's compliance with applicable laws and its plan of operations submitted to HEW; and
- investigating the responses to Congressman Conable, dated July 16, 1976, and to Planned Parenthood--Rochester, dated September 13, 1976, from officials of HEW headquarters and region II, respectively, for consistency concerning the projects' discussion of the core office performance.

SUMMARY

We determined that allegations of inefficiency in administration and improper allocation of Federal funds by the core office of the Genesee Region are inaccurate. The core office allocated title X funds to the seven participating projects equitably.

We found the Genesee Region's operations in general compliance with HEW's family planning program regulations. We also concluded that the Genesee Region has continually made available services to its seven projects in accordance with its plan of operations as set forth in grant applications and documents requested by HEW at a meeting with the Genesee Region on July 9, 1976.

The administrative costs incurred by the Genesee Region exceeded HEW guidelines. We noticed, however, that the administrative costs incurred by other family planning projects, including consolidated grantees, in the HEW region also exceeded HEW guidelines.

Although we did not find serious inefficiencies in administration of the core office, we questioned the effectiveness of the Genesee Region, especially its limited capability to provide services needed by the projects. We believe that the seven projects and the core office have not cooperated to improve the core office's responsiveness to the needs of each project.

The questionable usefulness of a consolidated grant arrangement for family planning projects in the Genesee Region might be due to a lack of direction from the projects and to HEW's apparent "laissez faire" attitude toward consolidated grantees. Although HEW has encouraged consolidating family planning projects and single grant awards, it has not established (1) guidelines for managing and (2) an adequate system for monitoring consolidated family planning program grants.

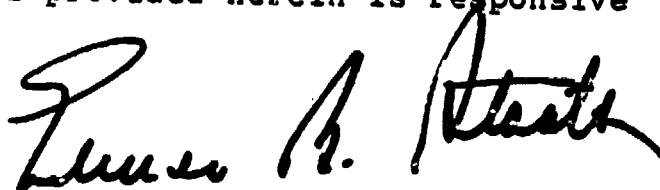
Finally, we did not find significant inconsistencies in HEW responses to Congressman Conable and to Planned Parenthood--Rochester concerning discussion of the performance of the core office of Genesee Region by the projects. We learned, however, that HEW region II's staff did not review the Genesee Region. This review had been cited in the letter to Congressman Conable as the primary remedial action which would be taken.

RECOMMENDATIONS TO THE SECRETARY OF HEW

We recommend that the Secretary of HEW direct that the Regional Health Administrator require the projects and the core office which make up the Genesee Region to reevaluate the core office's role and to assist such projects by designing administrative guidelines and improving HEW's review of applications for consolidated family planning program grants and monitoring of activities carried out under such grants.

As agreed, your offices will make distribution of this report to interested parties. Subsequently we will send copies to the Secretary of HEW and will also make copies available for public distribution.

We trust that the material provided herein is responsive to your request.



Comptroller General
of the United States

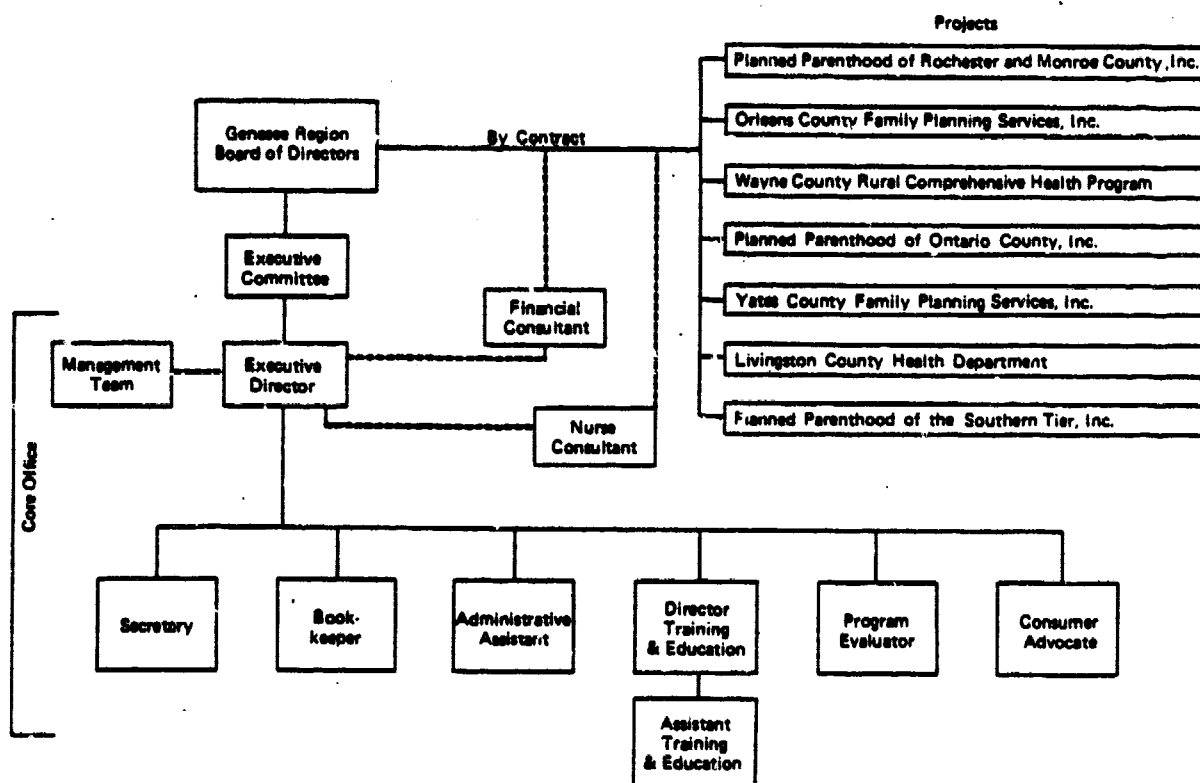
Enclosures - 2

SUMMARY OF INFORMATION OBTAINED--DESCRIPTION OF GENESEE REGIONFAMILY PLANNING PROGRAM, INC.

The Genesee Region Family Planning Program, Inc., was established November 1, 1972, to offer organized family planning services in the Finger Lakes area of New York. The area consists of 5,794 square miles, encompassing ten counties--Chemung, Livingston, Monroe, Ontario, Orleans, Schuyler, Seneca, Steuben, Wayne, and Yates. Except for Monroe County, most of the area is rural.

An organization chart of the Genesee Region is illustrated below.

ORGANIZATION CHART OF GENESEE REGION FAMILY PLANNING PROGRAM, INC.
(GENESEE REGION)



The board of directors is the policy setting body of Genesee Region. Assisting the board in financial matters is a budget and finance committee. In addition, an executive committee handles any business, not specifically allocated to other committees, between bimonthly meetings of the board.

The board of directors appoints an executive director who conducts the family planning program in accordance with board policies. The executive director employs and supervises a staff in the administrative office (known as the "core office") who, among other responsibilities, allocate the Federal grant funds and provide technical and professional assistance to the projects (the local agencies which actually deliver the family planning services).

Genesee Region has contracts with seven health projects throughout the Genesee area. They are (1) Planned Parenthood of Rochester and Monroe County, Inc., (Planned Parenthood--Rochester), (2) Orleans County Family Planning Services, Inc., (3) Wayne County Rural Comprehensive Health Program, (4) Planned Parenthood of Ontario County, Inc., (5) Yates County Family Planning Services, Inc., (6) Livingston County Health Department, and (7) Planned Parenthood of the Southern Tier, Inc. These projects are responsible to their own local boards of directors.

ALLOCATION OF TITLE X FUNDS APPEARS EQUITABLE

Under title X of the Public Health Service Act, as amended (42 U.S.C. 300 et seq.), "Population Research and Voluntary Family Planning Program," the Secretary of HEW may award grants and contracts to family planning service providers. HEW specifies that the awards be made available to public or nonprofit agencies, institutions, organizations, or consortia of eligible applicants acting jointly.

The Genesee Region is one of several consolidated family planning program grantees in New York State currently receiving title X funding from HEW. In its earlier years, the Genesee Region generally received the title X funds it requested. Recently, however, Genesee Region's budgets and funding requests for the fiscal years ended March 31, 1977, and ending March 31, 1978, were reduced by about 16 and 11 percent, respectively.

HEW recommended that each project share in the funding cuts. However, as a core office official stated, instead

of across-the-board cuts, the Genesee Region was allowed to allocate the funds among the projects from the total grant amount.

In fiscal year 1977, Genesee Region's executive and budget and finance committees allocated title X funds based on current patient workload, unmet need for clinic services, and impact on the project's budget. The allocation procedure was discussed with officials from all projects before final implementation. HEW approved the allocation with only a few minor adjustments.

For fiscal year 1978, allocation of title X funds was made by the budget and finance committee. In selecting projects to absorb the grant reduction, the committee's objective was to avoid reducing patient services.

Our review of the allocation of title X funds for fiscal years 1977 and 1978 and the expenditures of the core office from 1975 to 1977 disclosed that

--the core office, as shown below, absorbed the largest proportional reduction in funds (26 percent) in 1977 and nearly the same (11 percent) as most of the projects in 1978.

Allocation of Genesee Region Family Planning
Program, Inc.'s, Title X Funds for Fiscal
Years 1977 and 1978

Genesee Region agencies	Fiscal year 1977			Fiscal year 1978		
	<u>Funds requested</u>	<u>Funds approved</u>	<u>% Difference between funds requested and approved</u>	<u>Funds requested</u>	<u>Funds approved</u>	<u>% Difference between funds requested and approved</u>
Core Planned Parenthood of Rochester and Monroe County, Inc.	\$176,898	\$131,359	-26	\$144,033	\$127,884	-11
Orleans County Family Planning Services, Inc.	253,913	210,748	-17	231,233	206,100	-11
Wayne County Rural Comp. Health Program	94,161	75,329	-20	68,983	61,000	-12
Planned Parenthood of Ontario County, Inc.	63,546	50,837	-20	61,463	51,120	-17
Yates County Family Planning Services, Inc.	63,863	77,030	+21	104,265	92,025	-12
Livingston County Health Department	29,000	25,625	-12	29,000	25,807	-11
Planned Parenthood of the South- ern Tier, Inc.	22,540	19,846	-12	20,995	18,702	-11
	<u>179,426</u>	<u>155,615</u>	-13	<u>166,438</u>	<u>152,562</u>	- 8
Total	<u>\$883,347</u>	<u>\$746,389</u>	-16	<u>\$826,410</u>	<u>\$735,200</u>	-11

--from 1975-77 the core office reduced its expenditures by 36 percent, from \$211,158 to \$135,122, even though title X funding within the total Genesee Region grant for the same period was cut only 4.4 percent. According to the Genesee Region's fiscal year 1978 grant proposal, the funding restrictions resulted in cutbacks in some professional positions by abolishing or converting them to part-time.

--only Planned Parenthood--Rochester was discontented with the allocations made by the core office.

In view of our findings, we believe that title X funds awarded to the Genesee Region for fiscal years 1977 and 1975 were reasonably allocated to the core office and the projects.

HIGH ADMINISTRATIVE COSTS OF GENESEE REGION ARE NOT UNIQUE

On October 1, 1976, HEW instituted a new reporting system to monitor, among other things, adherence to guidelines which limit a grantee's administrative costs to 20 percent of total federally and nonfederally funded costs. Most data submitted by family planning grantees for the period January to June 1977 showed administrative costs exceeded 20 percent of total costs. Genesee Region's administrative costs were 28.6 percent of total costs (4.4 percent incurred by the core office and 24.2 percent by the projects), while region II and the Nation's administrative costs averaged 26.1 percent and 25.6 percent of total costs, respectively. In addition, we noted in a draft report to HEW by Analysis, Management, and Planning, Inc., which evaluated the effectiveness of family planning organizations in the Eastern United States, that a consolidated grantee closely resembling Genesee Region had the highest administrative costs (39 percent) among the grantees evaluated.

THE CORE OFFICE COMPLIES WITH APPLICABLE FEDERAL GRANT REGULATIONS AND ITS OWN PLAN OF OPERATIONS

HEW's Bureau of Community Health Services, Health Services Administration, which administers the domestic federally funded family planning programs, began a program in the 1970s to encourage consolidating or integrating of individual family planning project grants into larger umbrella grants. The Bureau assumed that through economies of scale (1) family planning services would be provided more efficiently and effectively and (2) more resources would be available for patient care services.

However, HEW has not established guidelines and regulations for the functions, organization, and the aspects of consolidated grantees. Therefore, we could compare operations of the Genesee Region's core office only to (1) HEW's broadly stated Federal family planning program grant regulations and (2) the Genesee Region's plan of operations as stated in its grant applications and related documents.

Compliance with HEW's family planning program regulations and guidelines

We found that the core office's operations have generally followed the broadly stated HEW family planning program regulations.

However, we found it difficult to determine the Genesee Region's compliance with the guidelines, such as a 20-percent limit on grantee administrative costs established by HEW for the family planning program. According to HEW officials, using these guidelines is presently discretionary for determining appropriate levels of Region-approved grant support. Therefore, although Genesee Region's administrative program costs do not comply with the guidelines, we cannot question such costs without firm implementation of the guidelines by HEW in approving grant support levels.

Compliance with Genesee Region plan

In the fiscal year 1978 grant application, functions of the core office were

- to provide a setting within which delegate agencies (projects) can best provide family planning services and
- to provide technical and professional assistance to the delegate agencies to meet local needs effectively and efficiently.

In line with these functions, the core office has continued to make available grant-related and technical services to projects and educational services for community groups.

EFFECTIVENESS OF THE CORE OFFICE

Not all the services provided by the core office are useful to all projects

The core office guides projects in preparing budgets and narratives for grant application for title X funds;

prepares its own budget and other reports; reviews documents prepared by the projects for mathematical accuracy, consistency, and reasonableness; verifies that assurances and certifications required for the grant application are executed; then submits and obtains approval of the grant application from the budget and finance committee and the board of directors before sending it to HEW.

All projects use core office assistance in some or all phases of the grant application process, depending on their needs. During the grant application process and throughout the year, the core office serves as the HEW liaison for the whole Genesee Region.

A staff consisting of a full-time and a part-time educator, a program evaluator, a nurse consultant, and a financial consultant gives technical assistance to Genesee Region's projects, board of directors, and committees and other community agencies. The larger projects, however, have limited need for the technical staff's services, particularly the educators' skills. Most small projects need and use such services, but one views some educators' services as too sophisticated.

Furthermore, some technical services offered appear similar to those offered by some projects, the New York State Bureau of Family Planning, and HEW. Examples of these services include training and educating some segments of the community, nursing consultations, and evaluating projects. In a March 1976 review of the Genesee Region's grant application, one HEW region II official noted that excluding one project, he found no movement among the projects to integrate family planning services with other comprehensive health service providers. In our opinion, the Genesee Region projects need to determine which services are most essential to the projects, which services would be better performed by one of the projects or obtainable from, or more economical to integrate with, another family planning agency.

The projects are not working jointly to
achieve the goals of the consolidation

Our review also noted four occasions in which most projects showed lack of interest in the consolidation goals. Some projects did not respond when core office staff solicited suggestions regarding the

--regional health services plan,

--distribution of funds for fiscal year 1978,

--project participation in the Genesee Region decision-making process, and

--training the projects require.

We believe that the most obvious means for addressing the projects' problems is through the boards of directors of the individual projects and the Genesee Region. An example of limited effort by the boards of directors to resolve their problems jointly is the controversy between the Genesee Region and Planned Parenthood--Rochester.

HEW's grantee review and monitoring functions are another obvious channel for addressing the projects' problems. To fulfill these functions, HEW regional officials review the grant application document, obtain performance reports, and make site visits. Although HEW attempted to have regions jointly consider Planned Parenthood--Rochester's concerns, it failed to follow up and assure resolving the problems. Site visits might have helped HEW to better monitor the operations of the grantee and resolve problems such as the Planned Parenthood--Rochester/core office conflict. However, since September 1, 1976, the project officer made only three visits to Genesee Region, and the third site visit made in July 1977 was about a special grant for services to teenagers.

HEW can also assist a consolidated grantee by establishing guidelines for administering a consolidation. However, as discussed earlier, even though HEW encouraged such consolidation, it does not have guidelines for it.

HEW DID NOT REVIEW THE DOCUMENTS REQUESTED FROM GENESEE REGION

Because of complaints about the core office by Planned Parenthood--Rochester, region II's staff met with all projects on July 9, 1976, to determine if other projects had similar complaints. HEW found that the six other projects did not have the same problem and stated so in separate letters to Congressman Conable on July 16, 1976, and to Planned Parenthood--Rochester on September 13, 1976.

In the letter to Congressman Conable, HEW stated that it had requested that the Genesee Region prepare a more detailed plan of operations to justify the present core office staff budget. This plan was to be reviewed by HEW and, if necessary, changes would be made in the grant award.

The plan of operations requested by HEW consisted of "job descriptions, resumes for all core office employees," evaluation of the core office, the program evaluator annual report, training and education plans for 1976-77, and workshop reports on progress toward goals for 1976-77. However, although these documents were submitted by the core office, HEW never reviewed them. An HEW official stated that review of these papers was not done due to a significant organizational change, that is, a new executive director at Genesee Region's core office.

CONCLUSIONS

Allegations of inefficiencies in administration and improper allocation of Federal funds by the core office of the Genesee Region and of inconsistency in HEW responses to Congressman Conable and Planned Parenthood--Rochester are inaccurate.

We believe, however, that the controversy between the Genesee Region and Planned Parenthood--Rochester resulted from a lack of effort by the core office and the projects to determine and satisfy their more important needs. While the core office has made available services which are outlined in the Genesee Region's plans and stated functions, not all such services are useful to the projects.

Also, the Genesee Region does not have adequate direction regarding its functions and organization. Although HEW has encouraged consolidating family planning projects and single grant awards, it has not established (1) guidelines for managing and (2) an adequate system for monitoring consolidated family planning program grants.

RECOMMENDATIONS TO THE SECRETARY OF HEW

Because of limited use of core office services and the title X funds going to the core office, we recommend that the Secretary of HEW direct the Regional Health Administrator to require that the seven projects and core office representatives reevaluate jointly the services and functions of the core office. Such a reevaluation should reach agreement on (1) the purpose of consolidations; (2) the most effective use of the resources and services of the core office; and (3) the capability of the seven projects to coordinate and share individual resources and services and to use services offered by other community agencies, the Bureau of Family Planning (New York State), and HEW, in addition to, or in lieu of, the core office.

We further recommend that the Secretary direct the Regional Health Administrator to assist Genesee Region in its deliberations by designing administrative guidelines which should specifically include (1) the benefits the Federal Government obtains from a consolidated family planning grant and (2) the means by which the Department can assure that the administrative costs incurred by a consolidated grantee do not detract from direct provision of family planning services. Once guidelines have been established, HEW should improve its review of applications for consolidated family planning program grants and its monitoring of activities carried out under such grants for all regions.

FRANK HORTON
U.S. REPRESENTATIVE
34TH DISTRICT OF NEW YORK

COMMITTEES:
GOVERNMENT OPERATIONS
RANKING MINORITY MEMBER
JOINT COMMITTEE ON
ATOMIC ENERGY

DAVID A. LOEWENHEIM
ADMINISTRATIVE ASSISTANT

Congress of the United States
House of Representatives
Washington, D.C. 20515

March 28
1977

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Honorable Elmer B. Staats
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Dear Elmer:

We recently had the opportunity to meet with Mrs. Barbara Zartman and Mr. Dave Cruthis of the Planned Parenthood of Rochester and Monroe County, Inc. These meetings grew out of correspondence we had with Mrs. Zartman regarding her concern that federal family planning money should be used primarily for patient services rather than to maintain groups charged with providing these services.

We share this concern over the use of these federal funds and are requesting that the General Accounting Office investigate whether or not present law is being complied with in these cases. The Department of Health, Education and Welfare has commented on this situation in meetings with officials of Planned Parenthood of Rochester as well as by letter. For your information, we are enclosing copies of correspondence on this matter.

Thank you for your assistance in this matter and we look forward to receiving the results of the GAO investigation.

Sincerely,

Barber B. Conable, Jr.

Frank Horton