

STATE AUDITOR'S REVIEW OF CHILD CARE LICENSING AND REGISTRATION BY THE CHILD CARE SERVICES DIVISION OF THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES

December 18, 1997

PURPOSE

The purpose of this review is to assist the Department of Social and Rehabilitation Services' management to improve the operation of the State's child care regulatory process and compliance with 33 VSA §3502, as well as 32 VSA § 3113 and 15 VSA § 795. This review was conducted as part of the audit of the General Purpose Financial Statements.

BACKGROUND

Registered Family Day Care Homes and Licensed Child Care Programs

Vermont's primary two types of regulated child care are Registered Family Day Care Homes and Licensed Child Care Programs. Registered homes serve a small number of children in the provider's home, while licensed programs generally serve a larger number of children in a child care center or facility.

Registration of Family Day Care Homes was initially done with very little regulation. Providers needed only to submit certification of functioning heating systems and letters of recommendation. Over the years, additional regulations were instituted regarding the health and safety of children in care, as well as the quality of care provided. Although Registrants (that is, providers of registered family day care) need no prior training to receive a registration, they are required to attend six hours of training each year their registration is renewed. In addition, they must hold a valid infant/child CPR certificate and attend a two-hour orientation within 90 days of registration to learn about the regulations in detail, as well as other details of working with the Child Care Services Division which enforces the regulations.

An individual may care for children from two other families, as well as his or her own children without any regulation. Registration is only required for persons that care for children from more than two families other than their own children. A Registrant may provide care for up to six children at any time and up to four school-age children no more than four hours per child. If a registrant wishes to provide care to infants (children under age two) then he or she may only care for three children, or up to six children under age two if

there is another care giver on duty. Nearly all Registrants operate as the sole care giver in their Family Day Care Homes and, on average, serve a total of eight children.

Licensed child care programs generally serve larger numbers of children. Regulations on child-staff ratios ensure that there are sufficient numbers of adult care givers on duty to provide care to children. For example, there must be one care giver for every four children under two years of age. On average, licensed child care programs serve about 26 children in full time care, and 4 children in part time care. Licensed child care programs must also be run by staff with specific training and credentials in child development. Regulations governing licensed child care programs tend to be more extensive and detailed than those governing family day care homes.

Overall, there are about 35,000 children from newborns to 13 year olds served in Licensed and Registered care. While there are significantly more registered homes than licensed child care programs, each type of care provides about half the available slots for child care. In 1996, there were 499 licensed programs as compared to 1,569 registered homes. The licensed programs had a total of 13,160 full day care slots for children, and 2,000 part day slots, for a total of 15,160 slots for children. Registered homes had a total of 9,414 full day care slots, and 6,276 part day (or school-age child) slots, for a total of 15,690 slots for children (as compared to 15,160 slots in licensed child care). The number of licensed programs and registered homes has not changed significantly over the past seven years. However, there is a relatively high turnover in registered family homes. In 1996, for example, 385 (25%) of the registered family homes were first-time Registrants. Information on turnover in licensed programs is not tracked.

Regulation of Child Care

Regulation of child care in Vermont is the responsibility of Child Care Licensing which is a unit the Child Care Services Division of the Department of Social and Rehabilitation Services (SRS). The Division licenses child care programs and registers family day care homes. Prior to September 1996, Child Care Licensing was in the SRS Division of Licensing and Regulation. When that Division was eliminated, Child Care Licensing moved to the Child Care Services vision. The Child Care Services Division has three other units as well: Subsidy, Quality, and ministration.

The Division has developed systematic processes for initial registration and license as well as for renewals. A detailed description of these processes is presented in Appendix A, based on extensive discussions with the Division's Director, Chief of Licensing, Licensing Supervisor, Licensing Technician, and Administrative Assistant. In addition, these descriptions were reviewed by the Field Licensing Specialists for accuracy.

Registration Process for Family Day Care Homes: : As described in Appendix A, the process for registering Family Day Care Homes begins with receipt of an application. The application includes a records check authorization form which enables the Division's Administrative Assistant to check on criminal and abuse records for residents of the applicant's home. If no evidence of child abuse and no conviction history is discovered,

the processing continues. If, however, a criminal or abuse record is discovered for the applicant or resident of the home, further investigation is conducted to determine whether or not the application should be denied. The next step in the process is receipt and review of three positive letters of reference for the applicant. Additionally, the applicant provides heating inspection documentation, tax compliance statement, and child support compliance statement. When all the needed documentation is in place, the Division conducts a pre-registration site visit. The pre-registration site visit was instituted in Fall 1995; prior to that time, there were no site visits before registration. During the pre-registration site visit, the Licensing Field Specialist and applicant review a pre-registration assessment of regulations to determine the degree to which the applicant and home meet requirements. The applicant then corrects any possible regulation violations, and verifies that the corrections have been made in writing to the Division. Unless the Licensing Field Specialist has determined that a second pre-registration visit is needed, the Division issues a certificate of registration upon receipt of the written verification from the applicant. The new Registrant receives a copies of the Booklet for Parents along with her Certificate.

Registrations must be renewed annually. To renew registration, the Registrant submits a renewal application that again includes records check authorization, tax compliance statement, child support statement, and heating inspection documentation. In addition, the Registrant must also document orientation attendance (only after first year of operation), six hours of training that falls within the regulations, and provide a valid CPR certificate. Unless there have been complaints or requests for technical assistance, no site visits are conducted prior to issuing a renewed certificate. If all records checks are acceptable and the needed documentation present, the Division issues a new certificate.

Licensing Process for Child Care Programs: The process for licensing Child Care Programs also begins with an application and criminal and abuse records check for all known prospective employees. The application includes needed compliance statements and requests detailed information about the expected program, staff, and physical plant. The Licensing Field Specialist meets with the applicant early in the process, often before the records check is complete, to review all the steps needed to obtain a license. The Licensing Field Specialist often plays an intermediary role between the applicant and other state agencies to ensure that all the needed reviews and permits are completed. The pre-licensing visits involve extensive discussion of regulations (with particular emphasis on staffing, program and physical plant) as well as an inspection of the proposed site to determine if it will meet regulatory requirements. Once all conditions have been met, the Division issues a license.

Currently, annual re-licensing is required. Starting in 1996, the Division has expected Licensing Field Specialists to visit each Day Care Program at least twice annually. So while the program is generally not visited specifically with regard to the renewal application, it should have been visited within the last six months prior to renewal application.

Oversight of Regulated Programs

One of the key mechanisms for Division oversight of regulated programs is consumer complaints. The Child Care Consumer Concern Line provides an avenue for parents to raise concerns or complaints about regulated providers. As detailed in Appendix A, when complaints are received they are logged and tracked throughout the investigation. If a complaint is substantiated, a plan for correcting the problem is developed with the provider and monitored by the Licensing Field Specialist. In 1996, there were 153 complaints received about licensed child care programs, 45% (or 69) of which were substantiated. In the same time period, there were 325 complaints about registered family day care homes, 52% (or 169) of which were substantiated.

As discussed in Appendix A as well, there is a clear process for applicants to appeal denial of a registration or license. If the Division determines that a registered or licensed provider has violated regulations to the extent that revocation or suspension is appropriate, there is also a clear process for appeal (see Appendix A).

Registration versus Licensing

It may be useful to keep in mind throughout the following report, that Family Day Care Homes are *registered* while Child Care Programs are *licensed*. Therefore, whenever the document refers to registration or registrants, it refers to Family Day Care Homes. Whenever it refers to licenses or licensees, it refers to Child Care Programs.

SCOPE AND METHODOLOGY

The Child Care Services Division of the Department of Social and Rehabilitation Services is responsible for ensuring compliance with statute and regulation for child care programs. The two primary programs involved, Family Day Care Homes and Child Care Programs, were the focus of this review. The scope of the review included a review of compliance with statutes and regulations for licensure and registration of child care programs, a review of design and implementation of systems to ensure established procedures and controls are being followed and continue to be appropriate, and, an evaluation of Division oversight to determine if licensing practices and procedures are adequate to promote a safe and secure environment for children.

The review began with a thorough investigation of Child Care Licensing's systems, including extensive interviews with the Division Director, Chief of Licensing, Licensing Supervisor, Licensing Technician, and Administrative Assistant, as well as interviews with two of the five Licensing Field Specialists. Information gathered through these interviews was summarized in written form outlining the systems and processes reviewed, and then reviewed by the Division staff to ensure accuracy (see Appendix A). Interviews were conducted during June and July 1997.

The second phase of the review focused on case file reviews and was completed during June 1997. The first set of case files were drawn from current registered Family Day Care Homes. We randomly selected 5% of the 1,492 registered homes for a sample of 75 case files. The sample was proportionally stratified to ensure representation from each district

throughout the state. We then randomly selected 5% of the 496 licensed Child Care Programs for a sample of 25 case files. Again, we used a proportional stratification process so that each district of the state would be represented. In review of the case files, we sought to determine compliance with statute and regulations regarding:

- criminal and child abuse records checks
- tax and child support compliance
- references and qualifications of staff and providers
- heating system and other physical plant safety
- required provider and staff training
- appropriate programming
- required permits

The final phase of the review focused on those cases in which the Division denied, revoked or suspended a registration or license. During July 1997, random samples were selected and reviewed of registered Family Day Care Home applicants that had been denied registration (7 case files were selected of 84 denials made over the past five years) and that had registration revoked (9 case files were selected of 118 revocations made over the past five years). There had been 4 registration certificates suspended over the past five years, but none of these files was reviewed since this was such a small number. There were only 3 licenses for Child Care Programs denied over the past five years and, again given the very small number, none of these files were reviewed. However, 2 of the 10 revocations of licenses for the past five years were included in the file sample. Since there had been no suspensions over the past five years, no licensed program files were reviewed in terms of suspensions. In reviewing case files regarding denials and revocations, we focused on compliance with regulations to:

- inform providers of the cause for denial or revocation in terms of specific regulations
- document violation of regulations
- document and follow appeals process

FINDINGS AND RECOMMENDATIONS

I. FAMILY DAY CARE HOME REGISTRATION:

"A person shall not ... operate a family day care home without registration from the department." [33 VSA §3502 (a)]

A. Initial Registration

1. **Application:** "A Registrant shall provide the Division of Licensing with a completed application form" [Regulations for Family Day Care Homes, VI(4), Regulations effective October 7, 1996]

FINDINGS

We found that 100% of the Registered Family Day Care Home files examined contained the required application.

RECOMMENDATION

None.

Reference letters: "A Registrant shall provide the Division of Licensing with a completed application form and three (3) positive written references. These references shall be sent directly to the Division of Licensing and Regulation without prior review by the registrant." [Regulations, VI(4)]

FINDINGS

We found that 100% of the Registered Family Day Care Home files contained three positive letters of reference.

RECOMMENDATION

None.

3. **Records checks:** "The following persons may not operate, reside at, be employed at or be present at a Family Day Care Home:

- a. Persons convicted of fraud, felony or an offense involving violence or unlawful sexual activity or other bodily injury to another person including, but not limited to abuse, neglect or sexual activity with a child; or
- b. Persons found by a court to have abused, neglected or mistreated a child;
- c. Adults or children who have a report of abuse or neglect substantiated against them under Chapters 49 and 69 of Title 33 Vermont Statutes Annotated." [Regulation I (4 a, b, c)].

a. **Criminal records check** : Criminal records checks began in 1992, Currently, the Division's process for completing criminal records checks begins immediately after applications for registration are received and electronically logged.⁶ Records check authorization forms are required for all adults and youth 16 years or older living in the home or working as care givers. The records check authorization form is sent to the Division's Administrative Assistant, Names listed on the authorization form are then logged into a word processing computer file. The Administrative Assistant, keeps one copy of the authorization form and sends the other to the Vermont Criminal Information Center (VCIC). VCIC returns the form, generally within 45 days, with information on whether individuals listed have any criminal records in Vermont.

Although at present, criminal records outside of Vermont are not checked,⁷ the Division would be in favor of having the authority to conduct such checks.

If there is no Vermont criminal record or substantiated abuse, the Administrative Assistant then returns the authorization form to the Licensing Technician for further processing of the application. If there is a "hit," the Administrative Assistant obtains a copy of the original record from the court. In some cases, the court sends a copy of the court record through the mail; in other cases, the Administrative Assistant must travel to the court to review the record. If the Administrative Assistant determines that the record indicates the conviction does not include any of the crimes outlined in the regulations (fraud, violence, unlawful sexual activity, child abuse or neglect) the authorization form is marked to indicate a record exists but is not in violation. The Administrative Assistant, sometimes in consultation with the Division's attorney, may determine a waiver is appropriate, and so note that on the form. The form is then returned to the Licensing Technician for further processing. If the review indicates that a conviction is in violation of the regulations, the application is denied (see discussion regarding Denials). Before the formal denial, the applicant is informed of the problematic record and may choose to withdraw the application.

FINDINGS

1. Records checks: We found that 51 (68%) of 75 files included records check authorization forms for the first registration application, all marked to indicate acceptable criminal records checks. All 24 files which did not include the forms with the first application had original application dates prior to 1992. For all subsequent registration renewals after 1992, these 24 files included records checks with notations that the records were not in violation.
2. Processing time: We noted that a more consistent system for obtaining criminal records from the courts would reduce processing time of applications.
3. Electronic records checks: We noted that the Division is working with VCIC to enable electronic records checks. This would allow for more timely records checks.
4. Out-of-state records checks: The Division has no ability to conduct out-of-state criminal records checks. Such checks may be the only way to identify if an applicant has a non-Vermont negative history that may pose a risk to children.

RECOMMENDATIONS

1. Records checks : None.
2. Processing time: The Division should establish a more consistent system for obtaining criminal records from the courts in order to reduce processing time.

3. Electronic records checks: The Division should continue to work with VCIC to allow for electronic checks of criminal records in order to speed application processing.

4. Out-of-state records checks: We recommend that SRS seek statutory authority to fingerprint family day care home applicants in order to conduct out-of-state criminal records checks.

b. **Child abuse records checks**: Child abuse records checks began in 1992.

Authorization forms must be submitted for every adult and all children over 10 years of age living in the home. Once acceptable criminal records checks are completed, the Administrative Assistant uses the records check authorization form to review the Social Services Child Abuse Registry to determine if any of the persons named on the form have a substantiated abuse record listed in the registry.⁹ The registry only includes substantiated cases of abuse in Vermont. If there are no cases of abuse on the registry, the form is so marked and returned to the Licensing Technician for further processing.

If there is a substantiated report of child abuse in the registry, then a copy of the record is requested from the Social Services District Office and is mailed to the Administrative Assistant. The Administrative Assistant reviews the record, often with input from the Division's attorney, to determine if there is sufficient documentation to support a denial of the application. If the record does not have sufficient documentation, the Administrative Assistant confers with the District Director or Field Operations Chief to determine if an in-house process to expunge the record is appropriate. If so, the Administrative Assistant provides the applicant with the relevant information and the application is put on hold until the applicant decides on a course of action. If Social Services does expunge the record, then the Division is notified and the authorization form is marked to show acceptable records check and returned to the process.

If a review of the files indicates that there is sufficient documentation to support the substantiation of abuse, the application is denied (see discussion of Denials). Before the formal denial, the applicant is informed of the problematic record and may choose to withdraw the application.

FINDINGS

1. Records check authorization forms: We found that 51 (68%) of 75 files included records check authorization forms with the initial application for registration. All 24 files which did not include the forms had initial application dates prior to 1992. These 24 files included the forms with registration renewal applications after 1992. All authorization forms indicated acceptable child abuse records checks.

2. Out-of-state child abuse records checks: As is noted in the discussion in *Revocation of registration* (on page 29), there have been instances where an applicant has been approved by the Division and then subsequently had a registration revoked because of child abuse. One of the scenarios that can lead to such revocations is post-registration

discovery of a record of out-of-state child abuse. Currently, the Division has no ability to conduct out-of-state child abuse records checks.

RECOMMENDATIONS

1. Records check authorization forms: None.
2. Out-of-state child abuse records checks: We recommend that the Division explore possible strategies for conducting out-of-state child abuse records checks, including seeking statutory authority if necessary.
4. Heating system inspection for Registration: "The heating system(s), including chimney(s), shall have been checked by a qualified person and been found to be properly installed and operating safely prior to offering day care services and not more than 45 days prior to receipt by the Division of the Application for Registration." [Regulations V (17)]

FINDINGS

We found that in 74 (99%) of 75 files there was documentation of the required heating system inspection. The one file that did not include documentation was a 1996 application for registration. Documentation in the file indicated that a heating inspection was needed, and the check list of file contents indicated that the required inspection documentation was included in the file. However, the inspection documentation could not be found in the file. In this case, the registration was for a grandmother to care for her two grandchildren. Heating inspection documentation is required again at registration renewal, but her registration was not yet due for renewal.

RECOMMENDATION

In virtually all cases the needed documentation was present in the files. The one exception suggests that careful examination of files is needed to ensure all needed documentation is present.

5. Registration compliance statements:

- a. Tax Compliance: "No agency of the state shall grant, issue or renew any license or other authority to conduct a trade or business (including a license to practice a profession) ... with any person unless such person shall first sign a written declaration, under the pains and penalties of perjury, that the person is in good standing with respect to or in full compliance with a plan to pay, any and all taxes due as of the date such declaration is made." [32 VSA § 3113 (b)]

FINDINGS

We found that 54 (72%) of 75 files included a tax compliance statement with the initial application for registration. Of those which did not include the statement, 18 had an initial applications in 1990 or prior, 1 had applied in 1991 and 1 had applied in 1993. The statutory requirement took effect in 1991. As noted below in discussion of Registration Renewals, at the time of renewal, all Registrants had signed a tax compliance statement.

RECOMMENDATION

None.

b. **Child support compliance:** "Every applicant for a license shall sign a statement that the applicant is not under an obligation to pay child support or is in good standing with respect to or in full compliance with a plan to pay any and all child support payable under a support order as of the date the application is filed. A license may not be issued or renewed without such a statement." [15 VSA § 795(3b)] "'License' means any license, certification or registration issued by an agency to conduct a trade or business, including a license to practice a profession or occupation." [15 VSA § 795 (2)]

FINDINGS

We found that 46 (61%) of 75 files included a signed child support compliance statement with the initial application for registration. Of the 29 files that did not have a signed statement, 26 had applied in 1992 or prior (when the statutory requirement took effect), 1 had applied in 1993, and 2 had applied after 1995. These two recent applicants had marked "not applicable" on their statement and the Division had accepted this assessment (e.g., in one case the applicant was a grandmother). Again, as noted below in discussion of Registration Renewals, at the time of renewal, all but one Registrant had signed a child support compliance statement. In that one case, a Registrant who had originally noted "not applicable" did so again, and this was deemed acceptable by the Division.

RECOMMENDATION

When the Division accepts an applicant's determination that signing a child support compliance statement is not applicable, a specific notation should be made in the file indicating that such a decision has been made by the Division and that the requirement to meet this condition has been considered met.

6. **Pre-registration assessment:** "Regulations pertaining to ... family day care homes shall be designed to ensure that children in ... family day care homes are provided with wholesome growth and educational experiences, **and are not** subjected to neglect, mistreatment or immoral surroundings." [33 VSA § 3502(3d)]

a. **Pre-assessment visit:** Beginning in Fall 1995, the Division utilized preregistration assessments in which applicants for registration were visited by a Family Day Care Assessor. Since this policy became effective statewide in Fall 1996, every applicant for registration has been visited by a Pre-Registration Specialist or a Licensing Field

Specialist to increase initial and ongoing compliance with all regulations. Prior to instituting the pre-assessment process, applicants were not visited prior to registration. Once registered, Registrants are generally not visited unless there is a concern or complaint, or the Registrant requests technical assistance.

FINDINGS

We found that 21 (100%) files with 1996 and 1997 Family Day Care Home registration applications had documented pre-registration assessments. We found that 6 (50%) of 12 files with initial applications in 1995 had documentation of pre-assessments.

RECOMMENDATION

None.

b. **Pre-assessment forms:** A pre-assessment form was developed to assist the Licensing Field Specialist in reviewing regulations with the applicant. That form was revised in May 1997. The current process involves sending a copy of the pre-assessment form to the applicant prior to the site visit so that the applicant has an opportunity to review the issues and prepare questions. The pre-assessment form addresses the following regulations:

- "Wholesome growth and educational experiences" are addressed through regulations about programming which include the number and ages of children in care [11 (1)]; play areas and activities for infants and toddlers [11 (5)]; developmentally appropriate equipment [11 (6)]; and appropriate use of television [11 (8)].
- "[N]ot subjected to neglect, mistreatment" is addressed through regulations about maintaining children's records [1 (7), TV (3)]; providing appropriate health and first aid care [IV (7-8), V (6-7)]; a healthy environment [V (1a-b) (8-9)]; maintaining food health and safety [V (5) (9)], maintaining a safe, hazard free home environment [v (10) (16) (18-25)], completing annual training [V (14-15)]; reporting suspected abuse [V (13)]; and maintaining relationships with parents [IV (2) (5-6), V (12)].
- "[I]mmoral surroundings" is addressed by regulations regarding persons prohibited from providing care or residing in the home [I (3-4)] and the providers responsibility for the behavior of all persons in the home [1 (5)].

Pre-registration assessment visits take approximately 1 1/2 hours to complete. The form notes what corrections the applicant must make to come into compliance with the regulations. The Licensing Field Specialist keeps one copy of the form and leaves two with the applicant. The applicant makes the needed corrections, then returns one copy of the form along with a signature page in which the applicant certifies to having made the needed changes.

Unless the Licensing Field Specialist determines that a second site visit is appropriate, this process relies on the applicant's self-report to ensure that all regulations are met. The Division relies on self-report due to a lack of staff to follow-up on areas where corrections are required. Follow-up by Division staff is prioritized to impact providers who apparently do not understand what is required or who may not be credible. Pre-registration visits to new applicants were implemented without the addition of new staff.

FINDINGS

1. Complete forms: Documentation of pre-registration assessments generally seems very thorough. Twenty-seven (96%) of the 28 files included a signed signature page, including two files which did not require corrections. The one file without a signed signature page had a date-stamped copy of the signature page, it just had not been signed. Of the 28 files which included documented pre-registration assessments, 26 (93%) required some form of correction. A total of 23 (82%) included a returned copy of the pre-assessment form with corrections noted. Three of the files requiring corrections only included the signature page testifying that corrections had been made.
2. Self-report policy: Due to staffing limits, the Division's current procedure relies on the applicant's self-report to ensure that all regulations are, in fact, met prior to registration. Since 1994, the Vermont Child Care Advisory Board has recommended the addition of licensing positions, in 1997 the recommendation was for two positions. The Division has requested and been denied new positions each of the last four years. In our file review, we found that the majority of needed corrections after a pre-registration visit were around safety issues such as establishing an evacuation plan, installing the proper fire extinguisher, and obtaining a first-aid manual or complete first-aid kit.
3. Inclusion of Regulations on Pre-assessment: The current preregistration assessment form does not include all regulations. Some regulations are covered in the applications (e.g., tax compliance). Some of these non-compliant areas may be observed without needing to be included in the form (e.g., Regulation 1 (1) requires the provider to be able to read, Licensing Field Specialists may ask the provider to read a document, such as their comments, to ascertain literacy). Others are not yet appropriate (e.g., Regulations VI (1-2) regarding parental notification of violations apply after the applicant has been registered and found in violation of regulations). Yet, there remain regulations not covered by the application or pre-registration assessment form which are not systematically covered in the pre-assessment visit. Some of these regulations may be of enough importance to warrant inclusion in either the application or pre-registration assessment (e.g., Regulation 1 (8) regarding compliance with the American with Disabilities Act-, Regulation 11 (9) regarding attending crying children.

RECOMMENDATIONS

1. Complete forms: We recommend that additional care be taken to ensure that signature pages include the needed signature, and that at least one full copy of the assessment form be included in the file to ensure that a record of needed corrections is maintained.
2. Self-report policy: While it may be reasonable to assume an applicant's written statement verifying correction of deficiencies is sufficient, short of receiving the needed staffing, we recommend that the Division explore alternative methods to ensure that needed corrections have, in fact, taken place (e.g., staff from other programs which may visit homes might be asked to make observations). Moreover, we recommend that the Division develop a standard policy which identifies the type of corrections for which self-report might be acceptable and the type of corrections for which a second site visit should be conducted.
3. Inclusion of Regulations on Pre-assessment: We recommend that(1) The division review its complaint and concern records to determine if regulations not currently included in the application or pre-assessment form are violated with enough frequency to warrant inclusion in the pre-assessment form. (2) The division provide all Licensing Field Specialists with a check-list of regulations which can be observed, rather than included in the pre-assessment form so that all Specialists use the same pre-assessment procedure

c. Additional pre-registration site visits: If the Licensing Field Specialist conducting the pre-registration assessment has concerns that corrections might not be made, this information is conveyed to the Licensing Technician. When the Licensing Technician receives the corrected assessment form and signature sheet, she generally goes forward with the registration process. If she has been alerted by the Licensing Field Specialist she will contact the Specialist to conduct a follow-up preregistration visit to ensure all corrections have been made. Otherwise, a second visit is not conducted.

FINDINGS

We found only 1 file of the 26 (3.8%) which had noted a need for some correction at the initial pre-registration assessment and had documentation of a follow-up pre-registration visit (3 had a signature page attesting that the necessary corrections had been made). This one returned pre-registration form indicated several as yet uncorrected items. This file also included documentation of a follow-up phone call after the second visit to ensure that all the corrections needed had been made. At registration, thi applicant was in compliance with regulations. It is noteworthy that in this one file where a follow-up pre-registration assessment had taken place, there were still several uncorrected items at the second visit which, although ultimately corrected prior to registration, required further staff follow-up even after this second pre-registration assessment. This would appear to underscore the need for more regular and systematic follow-

up pre-registration assessment visits by Division staff if the initial visit turns up instances of non-compliance by applicants.

RECOMMENDATION

We recommend that the Division develop a clear policy and guidelines for use in determining when follow-up pre-registration visits are needed. For example, the policy could identify regulations for which self-reported corrections are acceptable and for which an on-site visit is needed.

7. **Initial registration:** "The Division may attach conditions to a Registration when circumstances warrant." [Regulations VI (17)]

FINDINGS

All 75 files reviewed included a copy of the initial registration; 10 (13%) of these had conditions on the certificate. Some included multiple conditions. The most frequent conditions were requirements for adult supervision when children were playing outdoors (6 cases) and requirements for provider training or orientation attendance (4 cases). Other conditions involved the number of children in care (2 cases) and restricting care to the first floor due to improper second floor exits (1 case).

Generally, the Division relies on the registration renewal process to determine if registration conditions have been met." Only 3 of the 10 files with registration conditions had documentation that the conditions had been met. Of the 7 files without documentation, 1 provider had not yet reached the required time period for meeting the condition; 1 provider had moved to a new location and thus a new application, without conditions, was completed; and, 1 provider had not yet attended a required program but there was documentation of a phone call about plans for attending an upcoming program. Of the remaining 4 files without documentation, 3 had not yet applied for registration renewal. The 1 file which included a renewal continued the condition for supervision of outdoor play on the renewed certificate, but there had never been any documentation confirming that such supervision was in place.

RECOMMENDATION

The Division should develop a timely and cost-efficient mechanism to ensure follow-up on registration conditions prior to the renewal process. If, for example, conditions require completion of a program within 30 days of registration, there should be a mechanism in place to follow-up shortly after the 30-day time period has expired to ascertain whether or not the condition has been met.

B. **Registration Renewal:**

1. **Renewal applications:** "The commissioner shall issue regulations governing applications for, and issuance, revocation, term and renewal of licenses and registration. In the regulations he may prescribe standards and conditions to be met, records to be kept and reports to be filed. Licenses and registration shall be for a term of one year from issuance unless otherwise prescribed by regulation." [33 VSA § 306 (b)] Renewal applications, like initial applications for registration, include records check authorizations, hearing inspection documentation, and compliance statements. In addition, Registrants must provide documentation of orientation attendance, training, and CPR certificate.

Of the 75 files we reviewed, 57 (76%) included registration renewal applications. All of the 18 files without renewal applications had certificates issued in July 1996 or later and were not yet due for registration renewal. Many of the files had multiple renewal applications and renewed registration certificates; in these cases, the most recent application and certificate was reviewed for issues discussed below.

2. **Records Check:** "The following persons may not operate, reside at, be employed at or be present at a Family Day Care Home:

4. Persons convicted of fraud, felony or an offense involving violence or unlawful sexual activity or other bodily injury to another person including, but not limited to abuse, neglect or sexual activity with a child; or
5. Persons found by a court to have abused, neglected or mistreated a child;
6. Adults or children who have a report of abuse or neglect substantiated against them under Chapters 49 and 69 of Title 33 Vermont Statutes Annotated." [Regulation 1 (4 a, b, c)]

The Division conducts records checks for registration renewal in the same manner as for initial applications. The one difference is that if a records check reveals an unacceptable violation, the action involves revoking rather than denying the registration (see discussion of Revocation on page 29).

FINDINGS

All 57 files (100%) containing applications seeking registration renewal included signed records check authorization forms. Of these, 55 (96%) indicated acceptable records checks from both the criminal and child abuse data bases. Records checks were still in process for the 2 files without documentation of acceptable records. Neither of these providers had yet been issued a renewed certificate.

RECOMMENDATION

None.

3. **Compliance statements:** "No agency of the state shall grant, issue or renew any license or other authority to conduct a trade or business (including a license to practice a profession) ... with any person unless such person shall first sign a written declaration, under the pains and penalties of perjury, that the person is in good standing with respect to or in full compliance with a plan to pay, any and all taxes due as of the date such declaration is made." [32 VSA § 3113 (b)]

"Every applicant for a license shall sign a statement that the applicant is not under an obligation to pay child support or is in good standing with respect to or in full compliance with a plan to pay any and all child support payable under a support order as of the date the application is filed. A license may not be issued or renewed without such a statement." [15 VSA § 795(3b)] "'License' means any license, certification or registration issued by an agency to conduct a trade or business, including a license to practice a profession or occupation." [15 VSA § 795(2)].

FINDINGS

We found that all 57 (100%) renewal applications included signed tax compliance statements. One of the 57 files did not include a signed child support compliance statement. This was one of the files that did not include a child support compliance statement in the original application and which was accepted as "not applicable."

RECOMMENDATION 4

We again recommended the Division explicitly note acceptance of "not applicable as discussed above in the initial application section on child support compliance.

4. **Heating Inspections:** "The heating system(s), including chimney(s), shall have been checked by a qualified person and been found to be properly installed and operating safely prior to offering day care services and not more than 45 days prior to receipt by the Division of the Application for Registration." [Regulations V (17)]

FINDINGS

We found that 100% of the renewal applications included documentation of a heating system inspection.

RECOMMENDATION

None.

5. **CPR certificate** : "Beginning July 1, 1994, prior to re-registration Registrants shall present to the Division evidence that they hold a valid certification certificate in infant/child CPR." [Regulations 1(6)]

FINDINGS

Of the 57 renewal applications, 39 (68%) included a copy of the provider's CPR certificate. Of the 17 files not including a copy of the certificate, all but one included an expected time the provider would be taking a CPR course. In the one exception, the provider reported the certificate lost.

RECOMMENDATION

The Division should ensure more stringent enforcement of the CPR requirement by not accepting courses taken after renewal. It would be important to assess the extent to which infant/child CPR courses are available, and whether it is feasible to expect providers to have taken the needed course prior to registration renewal. If there are not sufficient available courses, options for extending course availability should be pursued.

6. **Training requirements**: "In addition to CPR training-, the Registrant shall attend annually at least six (6) hours of interactive developmental activities in areas such as child development, discipline/behavior management, health and safety, age appropriate activities, first aid, child abuse prevention and detection, working with parents, children with special needs, the child care environment, community early childhood resources or other topics approved by the Division. At the time of re-registration, the Registrant shall list the activities attended, as well as their dates and places of occurrence." [Regulations, VI (15)]

FINDINGS

We found that 53 (93%) of the 57 files with renewal applications included required documentation of training. Of the four files that did not contain such documentation, two included an outline of training programs the provider would be attending. In the other two cases, the application was actually a new, rather than a renewal, application since the provider had moved to a new location. Therefore, the documentation of training requirement did not yet apply.

RECOMMENDATION

None.

7. **Orientation**: "The Registrant shall, within 90 days of becoming registered attend orientation, if such is available through the Department" [Regulations, VI (4)]. Orientation programs are two hour meetings sponsored by the local child care resource agency. Each agency must conduct at least 3 orientation sessions

each year, under contract with the Division. The orientations provide an overview of resources available to the Registrant, including an introduction to the Child and Adult Care Food Program, the area training program, local Resource and Referral services, and the subsidy program. The Orientation sessions also provide an overview of the registration regulations.

FINDINGS

We found that 20 (36%) of the 57 files including renewal applications also contained documentation of provider orientation attendance. None of the 16 files with initial applications before 1990 had documentation of orientation attendance. However, applications since 1990 were split between those with and without documentation. Of the 12 initial 1995 applications, 9 had documentation of orientation attendance while 3 did not. Neither of the 2 files with original applications in 1996 included documentation of orientation attendance.

The Division has recently begun more stringent enforcement of the requirement for documenting orientation attendance.

RECOMMENDATION

The Division should continue more stringent enforcement of the orientation attendance policy and ensure that documentation of attendance be included in files prior to issuance of registration renewal.

8. **Registrant site visits:** "The Registrant shall Permit visits, inspections and examination of the Family Day Care Home, its records, equipment and materials at reasonable hours by representatives of the Division." [Regulations VI (6)] The Division does not schedule regular visits of registered Family Day Care Homes after the home is registered. The Division conducted about 400 visits to registered homes in 1996; and in 1997, through October 1, the Division conducted about 311 visits to registered homes. Due to a lack of field staff, about 90% of these visits were limited to complaint investigations and follow-up. The balance of the visits were related to other compliance follow-up such as technical assistance and protective service. After the initial pre-assessment site visit, a Registrant might never have another site visit if there are no complaints or requests for technical assistance.

FINDINGS

Of the 57 files including applications for Family Day Care Home registration renewal, 26 (46%) had documentation of site visits by a Licensing Field Specialist. These site visits could have occurred at any time over the course of the years the provider was in operation, not just within the last year of operation prior to renewal. Of the 26 visits, 10 (38%) were in response to a complaint or concern, and 4 (15%) were to assess a new location. The remaining visits were for a variety

of reasons, including requests for technical assistance and review of regulation compliance.

As the Child Care Services Division noted, it would be ideal to enable Licensing Field Specialists to visit each registered family day care home on a regular basis, from 2 to 4 visits each year. Such visits would likely help improve the quality of care. We note that in the discussion of complaints (see *Complaints* on page 25) that there is a relatively high number of substantiated complaints (17% -- nearly one in five) that the Division deems as serious violations. This high rate underscores the desirability of regular home visits. Also, annual revocations for the past five years for Family Day Care Homes have averaged 1.4% of registered homes (see table in section on *Revocation of registration* on page 29). Without any system of regular visits, the Division has largely relied on complaints as the source of information that the Department uses to begin the process of investigations that result in revocation. Although it cannot be determined whether or not regular home visits would lower the numbers of violations and situations serious enough to require revocation (or alternatively uncover more situations that warrant revocation), it is noteworthy that revocation rates for licensed Child Care Programs which do receive annual visits by Division staff were much lower (0.4%) for the same five-year time period (see section on Child Care Programs concerning annual visits and revocations for Child Care Programs). It would seem likely that regular visits would result in fewer serious violations and fewer revocations.

Unfortunately, staffing limitations restrict the feasibility of such regular visits. There are five Licensing Field Specialists serving about 1,500 registered Family Day Care Homes and 500 licensed programs statewide. The Specialists currently conduct two visits annually to each licensed program, pre-registration assessments or new registration applicants, and pre-licensing visits for new license applicant. In addition, the Specialists must handle an average of 550 complaints annually. The Division estimates that five new field positions and one new clerical position would be required to enable regular site visits. Note: see the Observations section, page 52, of this report for a discussion of a comparison between Vermont and other states in concerning the ratio of child care licensing staff to licensed child care facilities.

RECOMMENDATION

We recommend that the Division explore options, including seeking an increased General Fund appropriation, which would allow Licensing Field Specialists to visit each Family Day Care Home on a regular basis.

9. **Renewed Registration:** "The Division may attach conditions to a Registration when circumstances warrant" [Regulations VI (17)]

FINDINGS

We found that of the 57 applications for renewal, 55 (96%) had been granted and a copy of the renewed certificate was contained in the file. The two applications that had not been granted were pending completion of the records check process. Three (5%) of the renewed certificates included conditions (i.e., 2 required CPR certificates, and 1 continued a requirement for supervision of outdoor play). One of these files met the condition with a copy of the CPR certificate included. Another required a CPR certificate by August 1996, but the certificate was not in the file. The current Division policy would suggest that this provider would not be granted another renewal without documentation of CPR capability. The last of these files required supervision during outdoor play, but as mentioned previously in discussing conditions of initial certificates, this provider was never visited or other-wise asked for documentation confirming such supervision was provided.

RECOMMENDATION

As discussed previously regarding conditions of initial registration, the Division should develop a mechanism to ensure follow-up of conditions prior to the next registration renewal.

C. **Registration variances:** "The Commissioner, upon request in an individual case and in his or her discretion, may grant a variance to a regulation. A variance may be granted when in unique and exceptional circumstances literal application of a regulation will result in unnecessary hardship, and the intent of the regulation can be achieved by other means." [Regulations VI (16)]

FINDINGS

None of the files reviewed in this assessment included variance requests. Data collected by the Chief of Licensing indicates that variance requests from Registrants are infrequent. In 1996 there were 13 requests from a pool of 1,569 Registrants (5 approved, 5 denied, and 3 pending), and in 1995 there were 11 requests from a total of 1,719 Registrants (5 approved and 6 denied).

RECOMMENDATION

None.

D. **Complaints:** Data collected by the Child Care Consumer Concern Line over the past four years indicates there was an average of 300 complaints filed annually regarding Registered Family Day Care Homes; on average, 47% if these complaints were substantiated. In 1996, there were a total of 325 complaints, 169 (52%) of which were substantiated."

The most frequent substantiated complaints were regarding the lack of telephone or emergency phone numbers (93% of substantiated complaints in 1996). The second most frequent issue was unprotected hazards (62% of substantiated complaints in 1996). Other

frequently substantiated complaints included a violation of the numbers of children in care (44% of 1996 substantiated complaints), inappropriate health practices (32% of 1996 substantiated complaints); and lack of supervision (34% of 1996 substantiated complaints).

All complaints and concerns about Registered Family Day Care Homes are referred through the Child Care Consumer Concern Line. The Coordinator then determines if the concern involves a potential regulation violation. If not, she provides the consumer with technical assistance or referral. If the concern does involve regulations, the Coordinator enters the concern into the electronic log, assigns a case number, starts a complaint file and informs the Licensing Field Specialist and Licensing Supervisor so that an investigation might begin. The Licensing Field Specialist conducts the investigation, and documents it with a Field Form. The provider receives a copy of the Field Form, and another copy is kept in the complaint file. If the complaint is not substantiated, the complaint file is closed and no documentation is placed in the registrant's file. If the complaint is substantiated, the Field Form, and any other documentation of the investigation and complaint, is placed in the Family Day Care Home's case file.

The case files we reviewed would only include documentation of substantiated complaints. Of the 75 files we reviewed, 8 (11%) included documentation of substantiated complaints. One file included two complaints, so a total of 9 complaints were reviewed.

Each file with a complaint had a record of the complaint number and a Field Form documenting the regulation(s) which had been violated, along with information about the violation.

1. **Remedies:** "When violations are found to exist, the Department may offer a registrant the opportunity to develop a program improvement plan whereby the violations will be corrected within a time period specified by the Division." [Regulations, VI (11)]

FINDINGS

Of the 9 complaints reviewed, two included, a Stipulated Agreement.

RECOMMENDATION

None.

2. Follow-up of complaint resolution:

FINDINGS

Of the remaining 7 complaints, documentation for one indicated that the problem had already been corrected and further action was not needed. The remaining six complaints (at five homes) had signed Field Forms outlining program improvement plans; however,

we found no evidence of follow-up on complaint resolutions in 5 of the 9 complaints overall. While there is no statute or regulation requiring follow-up, it would be consistent with statutory responsibility to ensure children "are not subject to neglect, mistreatment, or immoral surroundings" by making certain complaint resolutions were implemented.

RECOMMENDATIONS

The Division should establish a system to ensure that there is consistent and documented follow-up once a resolution plan for a substantiated complaint has been finalized. The Division should consider home visits as part of such a follow-up system.

3. **Parental notification:** "The Registrant shall notify the parent of each enrolled child by mail, of a serious violation." [Regulations, VI (2)] The Division defines a "serious violation" as one which involves staffing or directly imperils children in care. Corporal punishment is considered a serious violation. Other examples of serious violations could include lack of supervision of children in a potentially risky situation (e.g., unprotected outside play area) and blocked exits.

The cases requiring parental notification included complaints against both registered Family Day Care Homes and Licensed Child Care Programs. In 1996, there were a total of 238 substantiated complaints, 17% (41) requiring parental notification; since 1991 there have been an average of 36.5 cases annually requiring parental notification.

If the Division determines that parental notification is required, it informs the provider through a letter specifying the violation and requirements for written, mailed notification. The letter requests that the provider also submit to the Division a list of the parents or children under care with addresses and phone numbers. The provider also submits a copy of the notice sent to parents. The Division may then call parents to determine whether or not they received the notice.

FINDINGS

1. **Record keeping:** Parental notification was required in 3 of the 9 complaints. Of these 3, two files included copies of the Parental Notification. The third file had a note that parents had been notified, and included several letters of support for the provider from parents, but did not include a copy of the parental notification.

2. **Internal monitoring and reporting:** The Division in its annual internal reports does not track the numbers of complaints requiring parental notification separately for Family Day Care Homes and Child Care Programs. Further, although it categorizes complaints by complaint type (see discussion above), it does not break down complaints requiring parental notification into such categories in its internal reporting. Any substantiated complaint requiring parental notification is considered a serious violation, yet the Division currently cannot determine whether there is a higher percentage of serious complaints with Family Day Care Homes or Child Care Programs; nor can it tell whether certain categories of complaints are involved more frequently than others in serious

violations. Division management, therefore lacks critical information concerning serious violations.

RECOMMENDATIONS

1. Record keeping: None

2. Internal monitoring and reporting: The Division should track and report violations requiring parental notification by child care type (Family Day Care Home or Child Care Program) and by complaint category. Management should use this information in assigning monitoring resources.

E. Denial of registration : "The Division may deny the issuance of a Registration Certificate if it has found that the person who has submitted the Application for Registration has not complied with these regulations or has demonstrated behavior which indicates an inability to care adequately for children." [Regulations, VI (7)]

FINDINGS

The Division's data show that there were the following number of registration applications and denials over the past five years:

Year	Applications	Denials
1992	744	7
1993	945	14
1994	582	35
1995	586	9
1996	456	16*

*11 based on criminal or child abuse records check alone

In general, the most frequent reason for denying a registration was a record of child abuse (from 20% to 100% of the cases in any one year). Other reasons included criminal records, lack of approved heating system, providing false information, and lack of demonstrated ability to care adequately for children.

A sample of 7 files in which registration was denied were reviewed. All seven files included a letter outlining the reason for denial. In two files, there was documentation of the applicant requesting an appeal of the denial to the Human Service Board. In both cases, the file included documentation of a Commissioner's Review that supported the denial and documentation of the Human Service Board's decision supporting the denial. In one case, the applicant appealed to the Supreme Court and documentation in the file indicated the appeal was denied.

RECOMMENDATION

None.

F. **Revocation of registration:** "A violation of any section of the law or regulations regarding a Family Day Care Home may be cause for the revocation of the Registration Certificate." [Regulations VI (8)] "An intention of the Division to revoke a registration or a decision to suspend it, shall be communicated in writing and shall set forth the facts of conduct which the Division believes warrants the intended action. This notice shall contain the registrant's rights to hearing and appeal." [Regulations, VI (12)]

FINDINGS

Division data indicated the following number of registration revocations

Year	Registrants	Revocations
1992	1,758	25
1993	1,700	22*
1994	1,683	37
1995	1,719	12
1996	1,569	18

* 10 based on unacceptable criminal records

Again, the most frequent reason for revocations involved child abuse. Additional issues included loss of telephone, lack of supervision, providing false information, and records of previous violations.

A review of 9 revocation files was conducted. All 9 files included the required letter outlining the violation and the registrant's rights. Seven files included further documentation of the violation.

RECOMMENDATION

None.

G. **Appeal of revocation:** "If the registrant is aggrieved by the intended action, he or she must indicate to the Department or the Human Services Board that they wish to challenge the action within thirty (30) days from the date of mailing of the Division's letter of intended action ... Within fifteen (15) days of the receipt of the grievance the Commissioner shall commence a review of the intended action and provide the registrant with an opportunity to be heard with regard to the intended action...After the hearing the Commissioner shall notify the Registrant in writing of the decision of the Department regarding the intended action. If the Commissioner decides the intended action should

take place, an appeal with (sic) be conducted according to the rules of the Human Services Board." [Regulations VI (12 a, c, f)]

FINDINGS

Of the 9 revocation files reviewed, 6 included documentation of appeals requests. One appeal request was withdrawn before the Commissioner's Review, the other 5 included documentation of the Review, all with support for the revocation. Of these 5, 3 went on to the Human Service Board, all 3 revocations were supported. One appeal was dismissed by the Human Service Board. In one case, the provider and Division reached a compromise solution at the Commissioner's Review.

RECOMMENDATION

None.

H. **Suspension of registration certificate:** "When there is reason to believe that the health, safety or well-being of children in care is immediately imperiled, the registration certificate may be suspended." [Regulations, VI (10)]

FINDINGS

Over the past five years (1992 through 1996) there have been only 4 suspensions of certificates. Two of the suspensions occurred in 1993, and data on the reasons is not available. One suspension occurred in 1992 due to abuse of a child by the registrant's own child.

RECOMMENDATION

None.

I. **Summary of Negative Sanctions:** The Division combines data on all denials, revocations, and suspensions into one "negative sanction" category. Data for 1994 and 1995 combine all negative sanctions for both registered homes and licensed programs. These data indicate that in 1994, there were 15 (19% of total) negative sanctions due to child abuse and 12 (15% of total) due to records checks. In 1995, there were 5 (20%) negative sanctions due to child abuse and 2 (9%) due to records checks.

FINDING

As with parental notification, the Division's annual reporting does not allow it to distinguish between Family Day Care Homes and Child Care Programs.

RECOMMENDATION

The Division's *Negative Sanction Summary* should distinguish between Family Day Care Homes and Child Care Programs.

II. Licensed Day Care Facilities:

A. **Initial license:** "A person shall not operate a day care facility without a license 3 VSA § 3502(a)]

1. **Application**

FINDINGS

We found that of the 25 files reviewed, 22 (88%) included completed applications. Those without completed applications had first been granted licenses in 1976 (1 case) and 1982 (2 cases). All three had since had multiple renewal applications which were included in the files.

RECOMMENDATION

None.

2. **Records Checks:** "The following persons may not operate, reside at, be employed at a day care facility:
- a. persons convicted of fraud, felony or an offense involving violence or unlawful sexual activity or other bodily injury to another person including, but not limited to abuse, neglect or sexual activity with a child;
 - b. persons found by a court to have abused, neglected or mistreated a child;
 - c. adults or children who have a report of abuse or neglect substantiated against them under Chapters 49 and 69 of Title 33 Vermont Statutes Annotated." [Children's Day Care Licensing Regulations for Early Childhood Programs C (14 a, b, c)]

The process for completing records checks is as described above for the Family Day Care Homes (see Section I.A.3). All employees and volunteers at Child Care Programs must undergo criminal and child abuse records checks.

FINDINGS

We found that 18 files included initial applications for licenses submitted before 1992. None of these files had records check authorizations for the initial application. However, all did include records checks submitted after 1992, and all indicated acceptable checks. Of the 7 files with applications submitted after 1992, 6 included authorizations and all six showed the records checks (both criminal and child abuse) were satisfactory.

1. **Records check authorizations:** One file, with an initial application submitted in May 1996 did not have records check authorization forms. This file included a copy of a license issued December 1996 with the condition that records check forms be submitted by January 1997. The forms were not in the file and the Administrative Assistant indicated that the forms have not yet been submitted. Lack of required records checks represents a violation of regulations. Generally, follow-up on meeting conditions of a license is the responsibility of the Field Licensing Specialist. The file did not include any documentation of site visits by a Field Licensing Specialist. Specialists attempt to visit each licensed program twice annually, and generally are able to visit facilities every 6 to 9 months. The child care facility in question is located at a public elementary school.
2. **Out-of-state criminal and child abuse records checks:** As is the case with Family Day Care Homes, the Division currently has no ability to conduct out-of-state records checks of criminal conduct or child abuse.

RECOMMENDATIONS

3. **Records check authorizations:** We recommend that the Division ensure adherence to records check regulations prior to issuance of license. If the Division determines that records checks be included as a condition of the license (e.g., if the facility has not yet hired staff), a timely mechanism is needed to ensure that providers meet such conditions of a license. When a condition for receipt of records checks is placed on the license, follow-up to ensure that the forms are received should be initiated after the required deadline has been reached. The Division should determine whether, in the case of records checks, the responsibility for follow-up should best belong with the Licensing Field Specialist, Administrative Assistant, or Licensing Technician.
4. **Out-of-state criminal and child abuse records checks:** We recommend the Division explore options to conduct such checks, including seeking statutory authority if necessary.
5. **Required permits and compliance statements for license:**
 - a. **Certificate of Liability Insurance:** "Each facility shall carry liability insurance of a reasonable amount for its own protection. Evidence of insurance coverage shall be provided to the Division upon licensing and relicensing." [Regulations, A (16)]

FINDINGS

We found that 22 (88%) of the 25 files included certificates of liability insurance. Of the three that did not, one was a 1976 initial application. One Initial 1983 application required liability insurance as a condition of the license but there was no certificate in the file. Subsequent license renewals did not include the

condition. The third file included an initial application in 1996 and did not have a certificate in the file.

RECOMMENDATION

The Division must ensure that all licensees are in compliance with regulations requiring certification of liability insurance. The Division should review its mechanism for ensuring that needed liability insurance certificates are provided prior to licensure and that the certificates are kept in provider files. Additionally, the mechanism developed to ensure follow-up on conditions of license would apply in this case.

- b. **Water and Wastewater Disposal Permit:** "Prior to licensure approval of water supply and wastewater disposal system must be granted by the Department of Environmental Conservation."
[Regulations, K (12d)]

FINDINGS

We found that 13 (52%) of the 25 files included permits from the Department of Environmental Conservation.

1. Public Schools: Of the 12 files that did not include permits, 3 were for programs located at public school buildings.
2. Pre-1988 licensings: 9 of the 12 files without permits were for programs that had applied for licenses prior to 1988.

RECOMMENDATIONS

1. Public Schools: We recommend that the Division investigate with the Department of Environmental Conservation that programs at public schools have the necessary permit. We also recommend that, if public schools already hold the needed permit, the Division require that a copy of the permit be submitted with the application.
 2. Pre-1988 licensings: For programs which received licenses prior to 1988 and do not currently have permits on file, we recommend that the Division request submission of appropriate permits to ensure that the programs are in compliance with regulations.
- A. **Tax compliance statement:** "No agency of the state shall grant, issue or renew any license or other authority to conduct a trade or business (including a license to practice a profession) ... with any person unless such person shall first sign a written declaration, under the pains and penalties of perjury, that the person is in

good standing with respect to or in full compliance with a plan to pay, any and all taxes due as of the date such declaration is made." [32 VSA § 3113 (b)]

FINDINGS

Of the 25 files, 14 (56%) included signed tax compliance statements with the initial application. Of the 11 without such statements, 8 had applications submitted prior to 1986, and 3 were for programs within existing corporations. Licensees with applications prior to 1986 did include signed tax compliance statements in more recent renewal applications.

RECOMMENDATION

None.

4. **Staffing for licensed program:** "Each facility shall have a Director and a Head Teacher on site the majority of time the center is open (this may be one and the same persons for centers licensed for 59 or fewer children)." [Regulations, C (1)] Regulations C (2-4) outline required qualifications and "Developing and Implementing the Program" provides further detail (see Appendix D).

We found that 9 (36%) of the 25 files included a resume for the Director or Head Teacher. All but one of the files without a resume had initial applications submitted in 1988 or before. The one additional file had an application submitted in 1992. Current policy in the Division, begun in 1995, is to withhold a license until the applicant has identified a person who will be responsible for developing and implementing the program. Twice annual site visits (as discussed below) are used to ensure that appropriate staff are employed and on site.

RECOMMENDATION

None.

5. **Pre-license:** "Regulations pertaining to day care facilities ... shall be designed to insure that children in day care facilities ... are provided with wholesome growth and educational experiences, and are not subjected to neglect, mistreatment or immoral surroundings." [33 VSA § 3502 (d)]

Shortly after a provider applies for a license, a Licensing Field Specialist meets with the applicant to review steps needed to obtain a license. This meeting focuses on complying with regulations, with specific emphasis on the need for qualified staff and sufficient budget to implement the program. Specialists also evaluate the proposed site to determine if it will meet regulatory requirements, and identify areas needing correction. Specialists receive training to ensure that all use consistent methods to measure square footage. Specialists also provide applicants with technical assistance to obtain needed permits such as water and wastewater.

At one time, the Department of Labor and Industry and the Department of Environmental Conservation made joint visits to applicants along with the then-Division of Licensing and Regulation. Joint visits are no longer made, and the Division often serves an intermediary role with other state departments to assist applicants in obtaining needed permits.

Licensing Field Specialists have used a variety of methods to document visits with applicants. In past, they often used Field Forms to document the visit. Field Forms provides space for the Licensing Field Specialist to record the date and reason for the visit along with detailed observations. More recently, some Licensing Field Specialists have begun to use the Compliance Documentation Instrument (CDI) for pre-licensing visits. The CDI has been used primarily for documenting post-licensing visits.

The CDI cover sheet contains basic information about the child care facility, including the number of children served and basic facts about the physical plant (e.g., number of toilets, square feet). The remaining seven pages summarize most regulations, with a checklist as to whether or not the regulation has been met. Areas covered by the CDI include:

- "Not subject to neglect" is addressed by regulations regarding administration, records and reports, and numbers of children in care.
- "Wholesome growth and educational experiences" is addressed through regulations regarding program development, staffing, and training.
- "Not subject to neglect, mistreatment" is addressed through regulations regarding environmental safety, transportation safety, swimming safety, emergency procedures, and health maintenance.

FINDINGS

We found that 21 (84%) of the 25 files contained documentation of pre-licensing visits.

- Use of CDI: Two of the pre-licensing visits were documented with a(both of the two 1996 initial applications) and I I were documented with Field Forms.
- Regulations not covered on the CDI: Several regulations are not included in the CDI or license application so there is no documentation that these regulations are reviewed with the applicant. While Licensing Field Specialists may in fact have addressed some of the issues not specifically identified in the CDI, there is no systematic provision to ensure that all Specialists do so.

RECOMMENDATIONS

- Use of CDI: Consistent use of the CDI for documenting pre-licensing site visits should continue. The CDI provides a much more systematic tool for reviewing regulations than does the less specific Field Form.
- Regulations not covered on the CDI: The Division should review those regulations not explicitly covered in the CDI to determine which ones should be reviewed during pre-licensing visits. Records of concerns and complaints can be used to identify areas of more frequent violation. The Division should then either explicitly incorporate those regulations into the CDI or provide training for Field Licensing Specialists to ensure that these regulations are consistently discussed with applicants.

6. **Initial License**: "The Division may attach conditions to a license or issue a provisional license when conditions warrant." [Regulations, M(8)]

FINDINGS

Copies of the initial license were present in 100% of the files reviewed. Of these licenses, 17 (68%) included conditions. The two most frequent conditions were (a) observation of the program with children present (13 instances); and, (b) presentation of a certificate of liability insurance (10 instances). Other conditions included staff records (3 instances), limits on hours of operation (2), and, children's admission and immunization records (2)

We found that 13 (76%) of those files which included licenses with conditions also included documentation that the conditions had been met. Of the four files without documentation of meeting conditions, one needed auto liability insurance but a copy was not present in the file (application in 1983); one needed liability insurance but a certificate was not in the file (application in 1984); and, one needed a tax compliance statement, and while a letter in the file refers to the form the form is not in the file (application in 1988). In all of these cases, although there was no documentation providing evidence that the conditions had been met, renewed licenses did not include the same conditions suggesting that the conditions had been met. The fourth file was referred to earlier in the discussion of records checks. This was a 1996 application. The license conditions were to produce staff records checks forms within 30 days, or by January 1997. No staff records checks forms were in the file and there was no record of having received the form's within the Division.

RECOMMENDATION

Echoing earlier recommendations, the Division should develop an efficient mechanism to ensure that there is follow-up on licenses with conditions.

1. **License Renewal**: "The commissioner shall issue regulations governing applications for, and issuance, revocation, term and renewal of licenses and registration. In the regulations he may prescribe standards and conditions to be

met, records to be kept and reports to be filed. Licenses and registration shall be for a term of one year from issuance unless otherwise prescribed by regulation[33 VSA § 306 (b)]

FINDINGS

Unlike the registered Family Day Care Homes, which have always operated with one-year registrations, Child Care Programs have, in the past, had up to three-year licenses. >From 1972 to 1991, one-year licenses were issued. A multi-year licensing policy was adopted in 1991 and ended in early 1997, when the Attorney General's office noted that the current regulations do not specify a term, and informed the Division that the statute states that licenses "shall be for a term of one year..." The Division is currently considering whether to propose regulatory changes which would allow it to issue three-year licenses, particularly for Licensed Child Care Programs with a solid record of providing quality care.

At present, Child Care Program licenses are for one-year only. We found that of the 25 files reviewed, 23 included renewal applications. The two without renewal applications had initial licenses that were still current. Several files included multiple renewal applications and renewed licenses; for further review, we focused on the most recent renewal application.

RECOMMENDATION

We recommend that even if the Division would consider increasing licensing terms to greater than one year, that it not change its current policy concerning annual visits (see discussion below).

1. **Annual Visits:**"The Licensee shall permit visits, inspections and examinations of the Licensed Facility, its records, equipment and materials at reasonable hours by representatives of the Division." [Regulations, M (6)] Beginning in 1996 Licensing Field Specialists have been expected to visit each licensed facility twice annually.

FINDINGS

1. **Frequency of visits:** We found documentation of twice annual visits prior to license renewal in 12 (48%) of the files. In all 5 of the files with licenses renewed in 1997 there was documentation of 2 site visits prior to renewal. It appears that in the past year, the Division has been more successful implementing its policy of twice annual site visits to licensed facilities. Of the remaining 13 files without such documentation, 11 had licenses renewed in 1996 or prior and 2 had not yet come due for license renewal. In the 11 files with earlier license renewals, there was documentation of site visits, but less frequently than twice annually (e.g.,

one visit or less annually). None of the files contained any type of measurement tool to use in tracking site visits.

2. Use of CDI: As discussed previously, Compliance Documentation instruments (CDI) provide an extensive review of regulations. We found that 9 files (36%) included complete CDI forms which had been completed shortly prior to the license renewal. There were an additional 6 files (24 which contained the CDI cover sheet. Of these 15 files, 9 had documentation of twice annual site visits. Two of the files without CDIs had licenses that were not yet due for renewal. Of the other 8 files without CDIs, 3 had documentation of two annual site visits (using Field Forms rather than a CDI). Five of the files had neither CDIs completed prior to license renewal nor two annual site visits. All five of these files had licenses renewed in 1996 or prior.

RECOMMENDATIONS

3. Frequency of visits: We recommend that the Division develop a mechanism to keep a running record of dates licensed facilities have been visited, and when license renewal is due, so that each Licensing Field Specialist and the Licensing Supervisor can track site visits to ensure each facility receives twice annual visits.
 4. Use of CDI: We recommend that all Licensing Field Specialists use the CDI for at least one visit prior to license renewal and that the CDI be completed in a timely fashion following a review.
2. **Compliance Statements for license renewal**
 1. **Tax compliance statement**: "No agency of the state shall grant, issue or renew any license or other authority to conduct a trade or business... with any person unless such person shall first sign a written declaration, under the pains and penalties of perjury, that the person is in good standing with respect to or in full compliance with a plan to pay, any and all taxes due as of the date such declaration is made." [32 VSA § 3113 (b)]

FINDINGS

We found that 22 (96%) of the 23 renewal applications included a tax compliance statement. The one application that did not was from an existing corporation. The Division has interpreted the statute requiring tax compliance as applying to individuals only, not corporations, since the language refers to "person." It is doubtful that the legislative intent was to limit this requirement to individuals alone, further there is little legal authority to interpret the word "person" in such a restrictive fashion.

RECOMMENDATION

We recommend that the Division require corporations file required tax compliance statements.

- b. **Child support statement:** "Every applicant for a license shall sign a statement that the applicant is not under an obligation to pay child support or is in good standing with respect to or in full compliance with a plan to pay any and all child support payable under a support order as of the date the application is filed. A license may not be issued or renewed without such a statement." [15 VSA § 795 (b)]

FINDINGS

Of the 23 files with renewal applications, 21 (91%) included signed child support statements. Of the two applications without a signed statement, 1 licensee was a corporation so the requirement was not applicable and the other licensee had written "n/a" on the statement.

RECOMMENDATION

The Division should institute a mechanism to note when it finds "not applicable" on the child support statement acceptable for meeting the requirement.

3. **Records checks:** "No later than 15 days after employing a person, the Licensee or his/her designee shall furnish the Division with the name, birth date, place of birth and social security number of that person. No person can end probationary status until the Division has informed the Licensee that the staff person does not have an abuse or criminal history which would preclude his/her presence at an ECP." [Regulations M(4)]

FINDINGS

1. **Record Checks Forms:** We found that all but one file included staff records check forms which had been marked to indicate that records checks were acceptable. The one file without the forms had provision of the forms as a condition of the license. While the forms were not in the file, they were in another file for another program run through the same facility.
2. **Informing Programs of Acceptable Checks:** We also learned that it is currently not the Division's practice to inform the Licensee of acceptable records checks, the Licensee is only informed if there is an unacceptable record.
3. **New Employees:** Licensees are responsible to provide records check forms as new staff are hired, but it is at license renewal that follow-up is possible to ensure all current staff have records checks on file. The Division estimates that the turnover rate for licensed child care teachers is about 26% annually, suggesting that there is an on-going need for Child Care Programs to be seeking records checks for new employees.

RECOMMENDATIONS

1. **Record Checks Forms.** None.

2. Informing Programs: The Division should develop a mechanism to inform Licensees of the records check outcome, regardless of whether the check is a "hit" or acceptable.
3. New Employees, In addition, Licensing Field Specialists should get a list of current staff to check against the records check forms on file during at least one of the twice annual site visits, The Division should consider developing a mandatory sanction if records checks forms are not available for all employees.
4. License renewal : "The Division may attach conditions to a license or issue a provisional license when conditions warrant." [Regulations, M(8)]

FINDINGS

We found that 100% of the files with renewal applications had renewed licenses. Of these 23 renewed licenses, 7 (30%) included conditions. Conditions Included receipt of staff records forms (3 instances), compliance with program improvement plans (3), times of operation (2), and number of children in care (2). Of the 7 files with conditions on the license, 2 did not have documentation of meeting the conditions. In one case, the condition was to comply with a program improvement plan, but there had been no document site visits to follow-up since the November 1995 license renewal. In the other case, staff records forms were required but were not in the file. In this case, the program was part of a larger program and the staff records forms were in another of the larger program's files.

RECOMMENDATION

As previously discussed, the Division should develop an efficient mechanism to ensure that follow-up Occurs on licenses with conditions. it should also develop a way to note if relevant documents are kept in a separate, but related, file.

C. License variance requests:

FINDINGS

Over the past three years, there were an average of 24 variance requests from licensed programs. In the 25 files reviewed, we found 5 files included variance requests. Of these 5 files, 4 included a completed Variance Request Form and I had a written note requesting a variance. All five files had documentation of the Licensing Supervisor's determination and reasons; 4 requests were granted with conditions, 1 request was not granted.

RECOMMENDATION

None.

- D. **License complaints:** The Division uses the same procedure for processing complaints about licensed facilities as was previously described for Family Day Care Homes (see Section I.D.). Again, since only materials concerning substantiated complaints are included in case files, the files we reviewed would only contain documentation of substantiated complaints

Only 3 (12%) of the 25 files we reviewed included documentation of substantiated complaints. Only 1 of these 3 was an actual complaint, while the other 2 were violations identified in the course of field visits. All 3 files contained Field Forms outlining the violations.

Data collected by the Child Care Consumer Care Line indicates that, over the past five years, on average, there were about 150 complaints lodged against licensed facilities annually. An average of 37% (or 55) of these complaints were substantiated. In 1996, there were 153 complaints against licensed facilities, 69 of which (45%) were substantiated. The most frequent of the substantiated complaints involved unprotected hazards (70% of substantiated complaints) and inappropriate methods of discipline (67%). Other frequently substantiated complaints involved violations of child/staff ratios (32%); lack of supervision (24%); and, inappropriate treatment of children (13 %).

1. **Remedies:** "When violations are found to exist, the Department may offer a Licensee the opportunity to develop a program improvement plan whereby the violations will be corrected within a time period specified by the Division [Regulations M(2)]

FINDINGS

Of the 3 files with documentation of violations, I had a written program improvement plan. The other 2 included Field Forms outlining violations and signed by the providers

RECOMMENDATION

None.

2. **Parental notification:** "The Licensee shall notify the parent of each enrolled child, by mail, of a serious violation." [Regulations, M(3)] In addition to the serious violations for family day care homes, serious violations include violations of group size or staffing requirements, and any violations which immediately imperils the health, safety or well-being of children in care.

FINDINGS

All 3 files with documented violations included documentation of parental notification. Each file included a copy of the notice sent to parents.

RECOMMENDATION

None.

3. **Follow-up of complaint resolution:**

FINDINGS

All 3 files included documentation of follow-up on the violation and resolution.

RECOMMENDATION

None.

- E. **Denial of license:** "The Division may deny the issuance of a license if it has found that the person who has submitted the application has not complied with these regulations." [Regulations M(7)]

FINDINGS

Since 1992, the Division has denied only 3 applications for licenses -- 1 in 1993; 1 in 1994, and 1 in 1996. During that time there were an average of 472 licensed programs.

RECOMMENDATION

None.

- F. **Revocation of license:** "A violation of any section of the law or regulations regarding a Licensed Day Care Facility may be cause for the revocation of the license." [Regulations M(I 1)]
1. **Notice of revocation:** "An intention of the Division to revoke a license or a decision to suspend it, shall be communicated in writing, and shall set forth the facts of conduct which the Division believes warrants the intended action. The notice shall contain the Licensee's rights to a hearing and an appeal." [Regulations M(I 4)]

FINDINGS

Since 1992, the Division has revoked 10 licenses. In 1992 a license was revoked due to chronic disregard of six regulations. In subsequent years, data on reasons for revocations are combined with data for denials and

suspensions of registrations and licenses, so it is not clear the precise reasons for revocations in these years. We reviewed two of these files, both from 1996 revocations. Both files included documentation outlining the violation and additional supporting documentation.

RECOMMENDATION

None.

2. **Appeal of revocation:** "If the Licensee is aggrieved by the intended action, he or she must indicate to the Department or the Human Services Board that they wish to challenge the action within thirty (30) days from the date of the mailing of the Division's letter of intended action."
[Regulation M (I 4a)]

FINDINGS

Both Licensees had requested appeals and then withdrew the request. The files contained documentation of the request and withdrawal. In both cases the Division rescinded revocation on condition that the licensee make a significant change (i.e., apply for Registration as a Family Day Care Home and notify parents in one case, and employ a qualified Program Director in the other case).

RECOMMENDATION

None.

- G. **Suspension of license:** "When there is reason to believe that the health, safety, or well-being of children in care is immediately imperiled, the license may be suspended." [Regulations, M(12)]

FINDINGS

Since 1992, the Division has not suspended any licenses for licensed day care facilities.

RECOMMENDATION

None.

INTERNAL CONTROLS

This review has applied internal control standards contained in the Statement of Auditing Standards No. 78: "Internal control is a process - effected by an entity's board of directors, management, and other personnel - designed to provide reasonable assurance of

achievement of objectives in ... financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws -and regulations [emphasis added]." Internal control consists of five interrelated components including control environment, risk assessment, control activities, information and communication, and monitoring.

- I. **Control Environment:** "The control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. The control environment encompasses the following factors: 1) integrity and ethical values; 2) commitment to competence; 3) Board of Directors participation; 4) management's philosophy and operating style; 5) organizational structure; 6) assignment of authority and responsibility; and 7) human resource policies and practices."

FINDINGS

1. We observed a high degree of integrity and ethical values among staff.
2. We observed a strong commitment to competence by staff. Division staff are well Informed about literature in their field and strive to ensure the highest quality of care for children in regulated child care. Division staff bring a high level of professionalism to negotiate their role as regulators while supporting providers in providing high quality care.
3. There is no board of directors, although the Division does have continuing dialogue with functionally related units. While there is communication between the Division and Commissioner, Division staff indicated a desire for increased communication.
4. We found that the management's philosophy and operating style is open, participatory, and committed to empowering staff as a means of achieving the Department's goals and objectives.
5. Recent organizational restructuring has moved Child Care Licensing into the Child Care Services Division, so it is not possible to evaluate effectiveness of the organizational structure at this time.
6. We observed clear assignment of authority and responsibility among staff
7. Child Care Licensing must adhere to state personnel policies and we did not perform a separate review of their compliance.

RECOMMENDATION

None.

- II. **Risk Assessment:** Risk assessment includes "identification, analysis, and management of risks relevant to" the organization.

FINDINGS

1. Inadequate follow-up Mechanisms: We found two issues that potentially create risk for the Division. In both cases, the issues highlight the need for increased follow-up. First, in review of registered family day care home case files with substantiated complaints we found no evidence of follow-up on complaint resolutions in 5 of the 9 complaints (see Section I.D. 1.). While there is no statute or regulation requiring follow-up, it would be consistent with statutory responsibility to ensure children "are not subject to neglect, mistreatment, or immoral surroundings" by making certain complaint resolutions were indeed implemented

The second possible risk also involves follow-up issues. In this case, we found that there is often no follow-up to ensure that conditions placed on registration certificates and licenses have been met (see Sections I.A.7. and II.A.6.). Again, the Division's responsibility to ensure adherence to regulations would best be met by ensuring implementation of such itions through follow-up.

2. Inadequate Staffing: In general, the Division's inability to conduct regular home visits to Family Day Care Homes is the likely source of the risks outlined above. Inadequate staff resources devoted to home visits is the likely reason the Division has not been able to conduct regular home visits.

RECOMMENDATIONS

1. Inadequate Follow-up Mechanisms: The Division should develop a timely and cost-efficient follow-up mechanism. The first task of the mechanism would be to determine if follow-up is needed or potentially useful, and then, if so, at what date the Licensing Field Specialist should be alerted to conduct a follow-up visit, phone call, or other communication. Documentation of any follow-up should then be included in the provider's file.
 2. Inadequate Staffing: The Division should consider strategies to conduct home visits to Family Day Care Homes more frequently utilizing existing resources. Such strategies could include reassignment of resources or surprise spot checks of a certain percentage of homes annually. Random spot checking would likely improve compliance since all homes would know that they could be subject to a visit at any time. Additionally, the Division should continue to seek additional funding to increase staff resources devoted to home visitation.
- III. Control Activities: "Control activities are the policies and procedures that help ensure that necessary actions are taken to address risks to achievement of the entity's objectives." Control activities usually include performance reviews, information processing, physical controls, and segregation of duties. In the case of small entities such as Child Care Licensing, however, some control activities may be less formal and "not relevant because of controls applied by management."

FINDINGS

Division staff have developed systematic procedures for managing the tasks of registration and licensing over a period of years. Most staff have been in their positions for ten or more years. While some of these procedures are in written form, the Division does not have a Policy and Procedures Manual outlining its operating system.

RECOMMENDATION

The Division should develop a Policy and Procedures Manual which can be easily updated as change is an ongoing consideration.

- IV. **Information and Communication:** At base, this element of internal controls is about whether existing information systems can generate information sufficient for the entity to manage itself effectively.

FINDINGS

Information related to the Division's financial transactions is part of the state's Financial Management Information System (FMIS). FMIS is audited annually by this office. For the period in question, it is our evaluation that internal controls for FMIS were both appropriate and adequate.

The Division makes excellent use of electronic communications to ensure timely connections among staff. Since Licensing Field Specialists spend four of their five day week in the field, they rely heavily on electronic mail to communicate with the rest of the Division staff.

Division staff were able to respond to information requests promptly, and based on the data provided by the Chief of Licensing and Coordinator of the Consumer Concern Line, the Division has an effective system of information storage and retrieval.

One note regarding information storage: A number of years ago, under direction of the then-Division Director, the staff were asked to clean out all non-essential documentation from case files. During our case file review we found examples of files in which documentation such as a certificate of insurance liability or tax compliance statement were not present in the file. These were generally associated with applications during the 1980s. It may be that some of this documentation was determined to be non-essential and thus culled from the files. In recent years, it appears the Division has kept more documentation in the files.

RECOMMENDATION

None.

- V. **Monitoring:** "Monitoring is a process that assesses the quality of internal control performance over time. It Involves assessing the design and operation of controls on a timely basis and taking the necessary corrective actions. This process is accomplished through ongoing monitoring activities, evaluations, or a combination of the two."

FINDINGS

We found evidence that the Division conducts ongoing assessments of all aspects of its child care regulation responsibilities and acts promptly to adopt corrective measures when warranted. For example, the Division recently revised its preregistration assessment form and process for informing applicants of the steps involved in registration. Staff are continually revising and improving procedures and forms to increase efficiency. Registration and licensing regulations are reviewed, and revised, if needed, every three years.

The Division has not conducted a performance evaluation to determine the time it takes between an application and issuance of license or registration. While the staff would certainly be interested in learning how to improve efficiency, several factors impact on processing time. Applicants may be more or less timely in taking needed steps to come into compliance with regulations. Other state agencies are often involved in granting needed permits or providing information to the Division. Finally, as the number and complexity of regulations increase to ensure the highest quality of care for Vermont's children, the time needed to comply with regulations may also increase.

As mentioned, most staff in Child Care Licensing have considerable experience. In our interviews and data collection, we found the staff to be passionately committed to their work and providing children with high quality child care. They have demonstrated willingness to change old procedures to reflect best practices in the field. This type of self-examination and flexibility reflects a healthy control environment.

RECOMMENDATION

The Division should explore the question of whether a formal evaluation or performance review would be useful.

OBSERVATIONS

Vermont's statutes and regulations ensuring that child care provides an educational and growth experience within a safe environment rank among the highest in the nation. Vermont was among the top ten states in a recent study of child care quality, safety, availability, and governmental commitment. In the study, Vermont rated a score of 4 out of 5 on quality (determined by mandated adult to child ratios, group sizes and care giver training). Safety regulations yielded a score of 3 out of 5. In their 1996 study of child care

licensing standards, Snow, Teleki and Reguero-de-Aviles found that Vermont standards for child-staff ratios and group size for infants, toddlers, and 4 year-olds all met the National Association for the Education of Young Children's accreditation criteria. Vermont was among 33 states that met the child-staff ratio criteria for infants, 28 states that met the criteria for toddlers, and 19 states that met the criteria for 4-year-old children. In terms of group-size criteria, Vermont was among 16 states that met the recommended criteria for both infants and toddlers, and among 17 states that met the criteria for 4-year-old children.

Nevertheless, we still face important challenges. There are currently five field staff responsible for overseeing approximately 500 licensed facilities, 1,570 day care homes, and 400 certified inhome care givers; in total, they serve about 35,000 children. In addition, these five Licensing Field Specialists must investigate from 500 to 600 complaints annually.

The table on the next page provides some perspective to the challenges faced by Vermont's small number of Licensing Field Specialists. The table summarizes information, concerning the numbers of licensed child care facilities in the states and the numbers of full-time equivalent child care direct-line licensing and regulatory staff in those states.

As the table shows, in 1996, of the 25 states reporting information, Vermont had the third worst ratio of staff to licensed facilities. While on the median average for the 25 reporting states was one full-time licenser for every 161 licensed facilities (1:161), Vermont's staff to facilities ratio was only one to 420 (1:420), putting it near the bottom in this regard. Clearly, Vermont is devoting far less resources than most other states to child care licensing and regulation. This means that each Field Licensing Specialist in Vermont, is responsible for overseeing in excess of 2 1/2 times more child care facilities than his/her "average" counterpart in the other states.

National Association of Regulatory Administration Survey of Child Care Licensing by the States (1996 numbers)						
State	Number of Licensed			Average days of <u>License</u> <u>Processing</u>	Number of <u>Direct Line</u> <u>Staff</u>	Ratio Licensed Staff to licensed Centers and Homes
	<u>Centers</u>	<u>Homes</u>	<u>Total</u>			
Alaska	231	489	720	60-180	10	1:72
California	12,820	45,352	58,352	90	192	1:3039
Delaware	250	1,950	2,200	15-180	10	1:220
Georgia	1,139	5,617	6,756	60-90	42	1:161
Hawaii	516	482	998	60-90	25	1:40

Indiana	641	2,821	3,462	180	7	1:495
Iowa	1,567	4,694	6,261	120	32	1:196
Massachusetts	2,215	10,997	13,212	45-180	48	1:275
Michigan	4,610	16,810	21,420	30-180	83	1:258
Missouri	1,644	2,641	4,285	90	64	1:67
Montana	264	2,050	2,314	30	12	1:193
Nebraska	711	3,924	4,635	10-40	25	1:185
Nevada	403	636	1,039	90	15	1:69
New Jersey	3,070	4,115	7,185	90	22	1:327
New York	4,777	16,295	21,072	60-365	67	1:315
Ohio	3,717	7,058	10,775		40	1:269
Oklahoma	4,002	1,773	5,775	180	10	1:72
Pennsylvania	3,334	4,282	7,616	100-500	48	1:159
Tennessee	2,740	1,759	4,499		67	1:67
Texas	7,892	13,860	21,752	45	307	1:71
Vermont	500	1,600	2,100	45-90	5	1:420
Virginia	2,144	1,602	3,746	70	49	1:76
Washington	1,816	8,322	10,138	90	78	1:130
Wash., D.C.	356	208	564		5	1:113
Wisconsin	2,227	2,643	4,870	30-90	46.5	1:105
					Median Ratio	1:161

As we noted earlier in our report, the Child Care Licensing Division Director has suggested that five (5) more full-time Field Specialists would enable the Division to visit all family day care homes and child care centers on an at-least annual basis. However, if Vermont were to "catch up" to the rest of the country and meet the national median ratio of 1: 161 licensors to licensed facilities, eight (8) more Field Specialists would actually be needed. Therefore, even with an additional five Field Specialists, it appears the Division would still operate more efficiently than similar agencies in most other states. In this regard, it is also noteworthy that despite the small number of staff in Vermont, Vermont's ability to process license and renewal applications within 45 to 90 days compares favorably with other states with significantly greater resources. **It is our observation then, that national statistics support the need for increased resources devoted to licensing and oversight of family day care homes and child care centers.**

One last note: while Vermont is in the national forefront in terms of its regulation of child care, it remains dated in language. Current statutes refers to "day care." The term "child

care" better defines the broader, quality care that Vermont's regulations are designed to achieve.