

June 28, 2001

President L. Alma (Al) Mansell
Speaker Martin R. Stephens
Members of the Audit Subcommittee
Utah State Capitol Bldg
Salt Lake City UT 84114

Subject: Social Capital Formation Act (Report # 2001-05)

Dear Legislators:

We have completed an evaluation of the effectiveness of the process required by the Social Capital Formation Act as directed by statute. Generally, the process is working well. The Department of Workforce Services (DWS) strives to make good customer assessments and referrals, maintain civic organization inventories, and coordinate with community groups through local coalitions. However, the Legislature may want to clarify how intensive an effort it expects from DWS to promote the development of social capital in the community.

The purpose of the Social Capital Formation Act is to promote the availability of social capital. The act defines social capital as “the value provided to the state by civic organizations.” According to the statute, “using social capital, clients of and applicants for services . . . may receive a wide array of services and supports that cannot be provided by state government alone.” The act encourages government efforts to strengthen civic agencies and establishes a process whereby DWS will assess individual applicant’s needs and may refer them to civic agencies. In the act, however, the Legislature also “recognizes the constitutional limits of state government to sustain civic institutions that provide social capital.” The full text of the Social Capital Formation Act is included as an appendix.

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The Social Capital Formation Act was enacted in 1996 as part of welfare reform. The act was initially focused on the needs of applicants for public assistance and was administered by the Office of Family Support (OFS) in the Department of Human Services. In July 1997, OFS was consolidated with several other agencies into the newly created Department of Workforce Services and the act is now administered by the Division of Employment Development within DWS.

Social Capital Formation Act Required this Audit

The Social Capital Formation Act requires that “before June 30, 2001, the Legislative Auditor General shall complete an evaluation of the effectiveness of the process established under this part.” In an effort to fulfill this objective, we reviewed the statutory requirements and discussed questions of legislative intent with the act’s sponsor. We interviewed staff at DWS, the Office of the Legislative Fiscal Analyst, and the Office of Legislative Research & General Counsel to learn more of the history and intent of the legislation. There are no administrative rules related to the act, but we reviewed many DWS policies, training materials, and procedures pertaining to development of social capital and compared these with actual practices.

To understand DWS practices, we visited 15 Employment Centers (EC’s) and other regional offices around the state and discussed the issues with employees. We observed DWS staff interact with customers and reviewed customer files. We also visited with employees at 14 different civic organizations, community organizations, advocacy groups, and other service providers around the state in order to gather their perspective.

The remainder of this letter presents our two main conclusions: First, DWS is effectively following the process required by statute. Second, the Legislature should consider clarifying how aggressively it wants DWS to promote the development of social capital.

Social Capital Process Works Well

In an effort to promote and encourage a cooperative relationship between DWS and the civic sector, the Social Capital Formation Act encourages DWS to assess customer needs and make customer referrals to civic organizations when appropriate. Working together,

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DWS and civic organizations can better facilitate customer self-reliance. Making customer referrals to civic organizations requires knowledge of existing community resources. Hence, the Social Capital Formation Act requires the establishment of a civic organization resource guide or inventory. In order to establish better referrals and stronger coordination between DWS and community service organizations, the act calls for the establishment of a coalition to advise the department about relevant issues. The end goal of these measures is to help DWS customers become self-sufficient and maintain their independence.

We found that DWS is accomplishing the three major process requirements of the Social Capital Formation Act:

- DWS is assessing applicant needs and making referrals to civic organizations when appropriate.
- Although there is not a single statewide inventory of civic organizations, the many local inventories maintained by employment centers meet the act's intent.
- Although a statewide coalition of civic organizations specifically for social capital issues does not exist, various statewide and local groups are able to advise DWS on social capital issues.

DWS Provides Good Assessment and Referral Service

After visiting 15 DWS Employment Centers and 14 civic organizations throughout the state, we conclude that DWS Information Specialists and Employment Counselors are following statutory guidelines for referring customers to other support organizations. As mentioned earlier, the Social Capital Formation Act was enacted as part of welfare reform so its target population is public assistance applicants. However, only a minority of DWS's customers receive cash assistance; most receive employment services. According to DWS' *Summary of Activities and Performance*, a total of 291,649 job seekers were served for the 1999 program year. For the same program year, DWS served an average of 8,341 financial assistance customers through the Family Employment Program (FEP) and 1,214 general assistance customers.

Applicants for cash assistance from FEP receive what are considered intensive services from DWS compared to the core services received by all customers. Thus, for FEP applicants, DWS counselors conduct a comprehensive assessment and may also recommend

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additional social worker and/or mental health assessments. After fully assessing customer needs, employment counselors and customers develop an employment plan. This employment plan details the support services DWS will provide and usually notes referrals to civic organizations. After a support foundation is in place, the counselor and customer establish a plan for meaningful employment and goals to achieve such employment. Once the plan is agreed upon, monitoring and intervention measures are added to help motivate the customer in their quest for lifetime employment.

Employment Counselors Provide Good Customer Service. Because they are focused on providing good customer services, employment counselors may also provide referrals to civic organizations for customers who are not cash assistance applicants. For example, at one employment center we observed an Information Specialist for about an hour. During this period, most customers asked for employment help. However, one young lady, recently released from the state mental hospital, needed more help than a job referral. After assessing the customer's needs, the Information Specialist quickly helped the customer find the nearest Mental Health Facility that could help her refill her medication. The specialist also took the opportunity to ask about the customer's other needs as well.

Our interviews with DWS employees showed a commitment to customer assessments and referrals according to their needs. Likewise, interviews with community organizations throughout the state report positive and productive DWS customer assessments and referrals to their service organizations. Most of the civic organizations interviewed feel they are getting adequate DWS customer referrals. Of the 14 community organizations visited, only two reported negative DWS experiences. In fact, many civic organizations went on to say that DWS was doing a good job assessing and referring customers to their community resources. Most of the organizations realize that DWS focuses on providing their services first, and then referring customers to community services to supplement DWS efforts.

In general, DWS employment counselors and information specialists are doing a good job of assessing and referring customers to the services they need. However, DWS should consider looking at two areas that may need improvement; awareness and responsibility training, and clarifying whether or not DWS will track referrals to community organizations.

Consistent Employee Training Is Needed. Some employment counselors we interviewed were not well educated on the resources available in their community. In most cases, these counselors were newly hired or had less than two years of experience. These

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individuals rely heavily on other, more-experienced employment counselors to educate them. In fact, several employment counselors had never received civic organization awareness training. Without proper training and time to learn available civic resources, employment counselors and information specialists may not connect customers with the most appropriate organizations that can provide services in conjunction with DWS services. Employment Centers with seasoned employees should offer training as needed.

Current DWS training materials give a good foundation for customer assessment and community referrals. However, written materials do not always translate into practice. Community referral training should be a part of every new employment counselor's development. Several EC managers readily admitted that their people didn't have all of the training they needed to adequately refer customers to available civic organizations. One manager mentioned that employment counselors were unable to attend civic organization presentations due to the fact these presentations were to be held at another EC. Also, the time requirement tolls heavily on employment counselors with large caseloads.

DWS training materials clearly state the importance of properly assessing customers and connecting them with the resources they need. The following training excerpts are good examples encouraging employment counselors to assess customers' **support service** needs:

- “**Assess supportive service needs** (DWS *Employment Counselor Resources Manual—Assessment Checklist*).”
- “Maintain employment focus for all customers and provide an explanation of all services provided by DWS. *This includes exploration of other supportive services to meet the customers need (Italics added—DWS Employment Counselor Resources Manual—Initial Interview Checklist).*”

Although the training materials are given to employment counselors, DWS must foster more emphasis and awareness of employee responsibilities concerning customer referrals to civic organizations. Effective training will further assist customers in their quest for self-sufficiency. Better training, coupled with administrative clarification of when to record a customer referral, will help employment counselors focus on those they serve.

DWS Should Decide Whether Referral Tracking Is Necessary. The Utah Code 35A-3-505 says DWS shall make an assessment of the applicants' needs, inform him of the available resources, and make a referral to the appropriate agency. DWS defines a 'referral'

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as follows: “a **Referral** is when an Employment Counselor refers a customer to services not provided by the Employment Counselor and/or DWS. . . Referrals are made on the Form 360 (*Self-Directed & Core Services Training Manual*).” We were unable to examine any client referrals because referral forms and notations are seldom recorded in customer files. According to our interviews, many employment counselors are unsure of the procedures concerning when and if a referral to a community service agency should be recorded.

Many employment counselors are worried that our findings will suggest the need for a referral form or a UWorks notation. A majority of the experienced employment counselors we interviewed felt that the referral form (Form 360) was, for the most part, unnecessary. In fact, not one employment counselor mentioned the UWorks referral tool. Our focus throughout the audit has been to make sure we do not inhibit the employment counselor’s duties to the customers by recommending more, and perhaps, unnecessary work.

Several examples from DWS training materials suggest, but do not require, making notes or notations on the DWS referral form and/or on UWorks. Requiring referral forms (Form 360) or the UWorks notation might put too much of a burden on the line worker who should focus on the customer rather than a form. Although the Social Capital Formation Act does not require any tracking of referrals to civic organizations, there are forms available and it is implied that the practice should occur. At this time, there are no administrative rules concerning referral tracking to civic organizations but a DWS clarification would assist employment counselors in their responsibilities.

We believe DWS should clarify whether tracking of customer referrals to civic organizations is needed. For most of the department’s customers, it seems that tracking is unnecessary. Since the Social Capital Formation Act focuses on cash assistance customers, tracking referrals could help DWS counselors further monitor and assist these customers. Options for tracking referrals to civic organizations include tracking all of them, only tracking those for intensive service customers, or not tracking any of them.

Resource Inventories Appear to Meet Local Needs

At this time, DWS does not have a statewide resource inventory as called for in statute. Rather than focus their attention on resources at the statewide level, DWS has chosen to develop and maintain local resource guides that serve the local population. DWS Employment Centers throughout the state have created resources for both customer and employee use. However, DWS is currently working on statewide, web-based project in

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conjunction with Human Services, the Information & Referral Center, the Department of Recovery Services, and Information Technology Services. This web-based inventory will include information about civic, government, and private service organizations throughout the state.

Community Resource Listings Are Effective. In an effort to assist customers with referrals to civic organizations, the need of an available civic resources list exists. Legislators included a requirement for a statewide inventory of civic organizations in **Utah Code 35A-3-508**. DWS officials maintain that they would compile such resource inventories regardless of the statute. Employment counselors and information specialists understand the importance of connecting their customers with community resources as well as DWS services in order to promote self-sufficiency. Therefore, employment centers throughout the state have compiled community resource inventories. In many cases, local employment centers have either a comprehensive directory of civic organizations, a telephone listing of civic organizations, or both. DWS does a good job making their inventories available to all employees and keeping the information pertinent. This task is relatively easy because most employment centers and regional offices put together lists and guides that can assist customers in the areas they serve. Employment counselors told us and we concur that community resource listings are more useful to them because they identify the services located within the community that are accessible to the people in need.

Most Employment Centers Also Provide Abbreviated Lists for Their Customers. In addition to the larger and more comprehensive listing of community resources used by the employment counselors, many offices also provide an abbreviated listing available for their customers. This listing is usually one page in length and is more useful because it narrows down the choices and isn't quite so confusing. Some offices have both an abbreviated and a complete listing of community resources available. Employment counselors felt that the complete inventory proved a good resource for them and the shorter list provided a quick reference for both the customer and themselves. The comprehensive directory typically provides more information about the community agencies, which can be helpful to employment counselors in finding a service that best suits the customers' needs. The abbreviated list usually provides only the name of the organization and the phone number and address. This abbreviated listing appeared to be an effective way to provide customers with information and referrals to the resources available in the community.

Some Local Resource Inventories Do Not Contain All of the Required Information. As specified by the statute, the inventory of civic organizations shall include

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a description of the services and supports, geographical locations served, eligibility, and it should be updated annually and made available in a usable format to the employees. Most DWS inventories include the civic organization name, service, and contact information; but few of them list the other statutory requirements of geographic requirements, service access, or eligibility requirements. In some cases the local resource listings were not completely up to date either. Some of the employment center managers we visited with said all of this required information was not necessary for their situation because their community was so small and there are only a few service agencies available. Everyone already knew what services were available and where they were located and whom they served. They said that if a local service provider changed their phone number or address or if it pulled out of the community, the employment counselors would soon find out and make note of it on their copy of the community resource guide. We feel that since the statute recommends the inclusion of specific information in the inventory of civic organizations, DWS officials at each local employment center should determine if it will improve their own effectiveness.

Coalitions Seem to Function at the Local Level

The final area of focus concerns a coalition to be organized by DWS that includes other agencies, community organizations, and legislators as described in the **Utah Code 35A-3-510**. Because of the inclusion of legislators and representatives of state and local agencies, it is implied that the coalition should be organized at the state level. Currently, DWS has not organized a statewide coalition, but the department director is an active member of the FACT statewide steering and coordinating committee. The FACT program is organized in every community and operates through the schools. It is designed to identify needy families through the school counselors and set them up with state, county, and community services. In addition, there are local interagency councils within each county that coordinate efforts between community and governmental organizations and these councils seem to fulfill the intent of the law.

Local Interagency Coalitions Exist Throughout the State. Each Region and every employment center we visited had at least one type of coordinating committee designed to help mutual customers become self-sufficient. These committees, often organized by the county, work out coordination problems and strive to improve services for customers. For example, the Interagency Coordinating Councils (ICC) were organized in each county we visited outside of Salt Lake. The ICC is organized by the county and typically includes representatives from the county, state, and community organizations. They meet on a regular basis to discuss the needs within the community and what services are provided by

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which agencies and to coordinate efforts so that there is minimal confusion and overlap. Through our observation and interviews, it is our opinion that interagency councils in smaller communities tend to be more successful in their coordination efforts. In addition, we found that these coordinating councils are improving social capital formation through coordination efforts regardless of location. Former Representative Lloyd Frandsen, the bill's sponsor and author, went on to explain the intent of the coalition. Mr. Frandsen said, "this coalition was not meant to be a meeting of top-level administrators organized by the department director. It should be organized at the level where it would do the most good."

Many of the employment counselors and employment center managers we interviewed felt the local approach to customer service and service coordination is the best approach. Employment center officials determine center functions and services through perceived and actual customer needs. With diverse customer needs throughout the state, it seems logical that services provided locally should be coordinated by a coalition or committee at the local level. We concur with their opinions that the coordination of customer services are best done at the local level and we believe that the local interagency councils, regional councils, and DWS' continued involvement in FACT are satisfying the intent of the legislation.

Legislature May Want to Clarify Expectations

While DWS has effectively implemented the process requirements described above, it's not clear whether the department has adequately promoted social capital development. Even though their efforts have been fairly modest, we feel DWS staff have tried to comply with the spirit of the law. However, we're uncertain whether DWS's efforts satisfy legislative intent. Two factors that contribute to the difficulty understanding the Legislature's intent are the uniqueness of Utah's Social Capital Formation Act and uncertainty about the degree to which state resources should be used to benefit civic organizations. Currently, little staff effort or state funding is dedicated to social capital formation. The Social Capital Formation Act provides a useful reminder to DWS of the importance of civic organizations; but the Legislature may want a greater effort to enhance the civic sector.

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Social capital formation seems to be a nebulous idea that means different things to different people depending on their philosophy. In our research about social capital, we found a number of authors had written about the concept. Many authors cite examples in American history of how religious and community organization used to provide services to needy individuals that are now provided by government. But those authors had no consistent message of how to strengthen the civic sector so that fewer government services were demanded. We also discussed the concept of social capital formation with numerous individuals working for DWS or at community organizations. Again, we found no clear vision of the role of state government in strengthening the civic sector.

Legislative Intent Isn't Clear

The Social Capital Formation Act contains lofty ideals, but the intended means of accomplishing them are not clear. The act states why public policy should promote and encourage a strong civic sector:

Civic organizations have an important role that cannot be adequately addressed through either private or public sector action. Important public values such as the condition of our neighborhoods, the character of our children, and the renewal of our cities directly depend on the strength of families, neighborhoods, and grassroots community organizations, as well as the vitality of private and religious institutions that care for those in need.

However, the act also states, “the Legislature recognizes the constitutional limits of state government to sustain civic institutions that provide social capital.” Thus, DWS must strike a balance between encouraging strong civic institutions and limiting state government’s involvement.

Utah’s Social Capital Formation Act Is Unique. In researching the concept of social capital, we found that the Utah law is unique; other states do not have similar statutory directives to promote the development of social capital. Thus, we can’t compare our efforts to those in other states. However, President George W. Bush’s recent initiative on faith-based and community organizations appears to have many similarities to Utah’s social capital law. The federal government may become more involved in this area, but the federal program is not yet well developed.

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President Bush's executive order on faith-based and community initiatives contains concepts similar to Utah's Social Capital Formation Act:

Faith-based and other community organizations are indispensable in meeting the needs of poor Americans and distressed neighborhoods. Government cannot be replaced by such organizations, but it can and should welcome them as partners. . . . The federal government [must] coordinate a national effort to expand opportunities . . . and strengthen their capacity to better meet the social needs in America's communities.

The White House Office of Faith-based and Community Initiatives has only been recently created, so it's difficult to know what impact it will have. However, President Bush's initiative could provide a boost to Utah's social capital formation effort. According to a White House statement, "the Administration is also committed to helping states create their own versions of the new White House Office, and supports making Federal matching funds available to help states design and establish state level offices."

Appropriate Use of State Resources Isn't Clear. While President Bush may be ready to devote federal resources to his initiative, it's not clear whether the Legislature wants state resources devoted to social capital formation. Thus, one obstacle to greater action to promote social capital formation is reluctance to commit taxpayer funds to the effort. Because the Legislature's intent is not well defined, it is difficult for DWS staff to know what is appropriate.

A recent example illustrates the point. DWS donated surplus agency computers to a civic organization to help facilitate the development of and access to an online database of statewide civic organizations. According to civic organization, the computers were very useful and helped them meet the needs of their clients. However, the state Division of Surplus Property questioned the practice because guidelines for the disposal of surplus property were not strictly followed. When we discussed the issue with DWS staff, they indicated it was a misunderstanding of the rules and they would not donate surplus property to civic organizations again. However, if the Legislature wants a greater effort to enhance the civic sector, allowing the donation of surplus property would be a low cost way to do so.

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Legislature Could Direct Different Approach

The statute calls attention to the need for social capital development and it points out that DWS is responsible for this development, but it does not specify how this is to be accomplished. While DWS's efforts have been modest, we commend them for their efforts to comply with the spirit of the act. However, DWS could do much more to promote and encourage the civic sector if directed to by the Legislature. For example, the Legislature could direct the department to develop a strategic plan or earmark funding for social capital development.

DWS Has Tried to Comply with the Spirit of the Law. If the statute is meant to be more than a reminder to DWS of their obligation to develop social capital, the direction, intent, and purpose need to be clearly defined. For lack of clear direction, the department has interpreted some of the objectives to mean employee involvement in community service, participation with community service projects, increased volunteerism, and donation of resources to community organizations. For example, the annual progress report to the director seems to focus on the level of DWS employees volunteering with community organizations and service projects such as the annual Sub-for-Santa Bazaar and other fund raising activities. Some DWS employees were concerned because of the Social Capital Formation Act, department staff pressured them to commit their free time to community service and involvement with civic organizations.

While DWS has taken steps to comply with the law, social capital development has not been a priority with the department because they consider their principle duty to be employment. When we asked administrators the size of the budget and the number of FTEs committed to this cause, they said there is no specific budget for social capital development and there are no employees dedicated to the cause of implementing the requirements of the statute. Rather, social capital development is the responsibility of every DWS employee.

DWS Could Take Additional Steps If Directed by Legislature. If asked to do so, DWS could do much more to promote and enhance social capital formation. If legislators want a greater effort, they should communicate that intent to DWS. Actions the Legislature could take include adding specific steps to the Social Capital Formation Act that it wants DWS to take; requiring DWS to develop a strategic plan to develop social capital; and, providing funds for a staff person to head social capital formation efforts.

- **Statute Could Provide Additional Guidance.** Throughout this section we've described our uncertainty about how aggressively the Legislature expects DWS to promote social capital formation. Additional specifics could be added to the Social Capital Formation Act to help guide DWS actions. For example, if legislators feel donating surplus property to civic organizations is an appropriate way to promote social capital formation, they can amend the statute to allow that.
- **Strategic Plan Would Help Define Goals, Objectives and Steps.** A plan would identify who is responsible for implementation and when it should be accomplished. The statute calls for the development of social capital but it does not require the development of a plan to guide the state's efforts. A planning effort could help guide staff efforts and provide specific steps to follow to encourage social capital formation.
- **Funding Could Be Provided for Designated Staff.** Another way to boost the state's social capital formation effort would be to fund a staff person to be the leader. Designated staff would help ensure a more concerted effort was made to enhance social capital formation. Also, as noted earlier, President Bush's Administration supports making Federal matching funds available to help establish state level offices like the White House Office of Faith-based and Community Initiatives. Since Utah's Social Capital Formation Act has similar goals, financial support for a designated staff could qualify for such funds if they become available.

Recommendations:

1. We recommend that the Department of Workforce Services (DWS) :
 - a. Consider a training program that meets the needs of all employment counselors and information specialists pertaining to referrals and other appropriate topics. DWS should ensure that training results in consistent employee practice.
 - b. Decide whether or not tracking referrals to community organizations is necessary.
 - c. Ensure that inventories of civic organizations include all of the statutorily-required information and are updated annually and presented in a usable format.
 - d. Provide abbreviated community resource lists in the self-help information areas of each Employment Center.

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2. We recommend that the Legislature consider clarifying its intent regarding DWS's efforts to promote and enhance social capital formation. Possible legislative actions include:
 - a. Identifying specific steps that may be taken by DWS staff and clarifying how state resources may be used to benefit civic organizations.
 - b. Requiring the development of a strategic plan.
 - c. Funding a staff person to be responsible for social capital issues.

We hope this information addresses your concerns. A response from the Department of Workforce Services is included in this report. If you have any questions or would like to discuss these issues further, please contact our office at 538-1033.

Sincerely,

Wayne L. Welsh
Auditor General

WLW:PAH/lm

APPENDIX A

PART 5 SOCIAL CAPITAL FORMATION

Compiler's Notes. - This part was originally renumbered and amended by Laws 1997, ch. 174 as a part of Chapter 8 of this title. Laws 1997, ch. 375, § 329 directs that citations to Title 35A, Chapter 8, in Laws 1997, ch. 174 be renumbered as Title 35A, Chapter 3.

35A-3-501. Title.

This part is known as the "Social Capital Formation Act."

History: C. 1953, 62A-9-301, enacted by L. 1996, ch. 148, § 1; renumbered by L. 1997, ch. 174, § 39.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-301, and made no change in the language of the section.

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-502. Definitions.

As used in this part:

(1) "Civic organization" includes community service clubs and organizations, charitable health care and service organizations, fraternal organizations, labor unions, minority and ethnic organizations, commercial and industrial organizations, commerce and business clubs, private nonprofit organizations, private nonprofit corporations that provide funding to community service organizations, organizations that advocate or provide for the needs of persons with low incomes, religious organizations, and organizations that foster strong neighborhoods and communities.

(2) "Diversion payment" means a lump sum cash payment provided to a client in lieu of regular monthly cash assistance.

(3) "Performance monitoring system" means a process to regularly collect and analyze performance information, including performance indicators and performance goals.

1. "Performance goals" means a target level of performance or an expected level of performance against which actual performance is measured.

(b) "Performance indicators" means actual performance information regarding a program or activity.

History: C. 1953, 62A-9-302, enacted by L. 1996, ch. 148, § 2; renumbered by L. 1997, ch. 174, § 40.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-302, and substituted "client" for "recipient" and "cash" for "financial" in Subsection (2).

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-503. Legislative intent.

(1) The Legislature finds that public policy should promote and encourage a strong civic sector. Civic organizations have an important role that cannot be adequately addressed through either private or public sector action. Important public values such as the condition of our neighborhoods, the character of our children, and the renewal of our cities directly depend on the strength of families, neighborhoods, and grassroots community organizations, as well as the vitality of private and religious institutions that care for those in need. Civic organizations transmit values between generations, encourage cooperation between citizens, and ensure that our communities are livable and nurturing environments. The value provided to the state by civic organizations is called social capital.

(2) The purpose of this part is to promote the availability of social capital. Using social capital, clients of and applicants for services under this chapter may receive a wide array of services and supports that cannot be provided by state government alone. Social capital links all parts of our society together by creating opportunities for service and giving. It facilitates trust and cooperation and enhances investments in physical and human capital.

(3) In enacting this part, the Legislature recognizes the constitutional limits of state government to sustain civic institutions that provide social capital. While state government has always depended on these institutions, it does not create them nor can it replace them. This part recognizes that state government must respect, recognize, and, wherever possible, constitutionally encourage strong civic institutions that sustain a sense of community and humanize our lives.

History: C. 1953, 62A-9-303, enacted by L. 1996, ch. 148, § 3; renumbered by L. 1997, ch. 174, § 41.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-303, and substituted "clients" for "recipients" in Subsection (2).

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-504. Relationship of civic and state services.

(1) (a) Services and supports provided by a civic organization under this part are in addition to, and not in lieu of, any service or support provided by the division to a client.

(b) Receipt of services from a civic organization may not diminish a person's eligibility for services or supports from the division.

(2) A person is under no obligation to receive services from a civic organization.

(3) A civic organization is under no obligation to provide services to a person, except as provided in a contract between the organization and the division pursuant to Section 35A-3-507.

History: C. 1953, 62A-9-304, enacted by L. 1996, ch. 148, § 4; renumbered by L. 1997, ch. 174, § 42; 1998, ch. 1, § 13.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-304; substituted "division" for "office" throughout, "client" for "recipient" in Subsection (1)(a), and "35A-3-508" for "62A-9-308" in Subsection (3); and made stylistic changes.

The 1998 amendment, effective May 4, 1998, updated the section reference in Subsection (3).

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-505. Application - Referral to civic organizations.

(1) The division shall, in compliance with Section 35A-3-504, assess whether an applicant would be receptive to and benefit by services from a civic organization. If so, the division may inform the applicant of the availability of those services and supports.

(2) (a) If an applicant chooses to receive those services and supports from a civic organization, the division shall facilitate the applicant's referral to one or more appropriate civic organizations.

(b) If an applicant chooses not to receive the services and supports of a civic organization or requests services and supports available under this chapter in addition to the services and supports of a civic organization, the division shall process the application as provided under this chapter.

History: C. 1953, 62A-9-305, enacted by L. 1996, ch. 148, § 5; renumbered by L. 1997, ch. 174, § 43.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-305, substituted "division" for "office" throughout and "35A-3-504" for "62A-9-304" in Subsection (1), and made stylistic changes.

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-506. Diversion payment - Referral to civic organizations.

When a client receives a diversion payment under Section 35A-3-303, the division shall assess whether the client would benefit from services and supports from a civic organization. If so, the division may inform the client of the services and supports that civic organizations provide.

History: C. 1953, 62A-9-306, enacted by L. 1996, ch. 148, § 6; renumbered by L. 1997, ch. 174, § 44.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-306, and substituted "client" for "recipient," "division" for "office," and "Section 35A-3-303" for "this chapter."

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-507. Request for proposals from civic organizations - Contract requirements.

(1) (a) Before October 1, 1997, the director shall issue a request for proposals. Interested civic organizations may submit proposals for the purpose of contracting with the division for the provision of social capital

(b) In cooperation with the coalition described in Section 35A-3-510, the department shall establish by rule:

- (i) specifications for proposals;
- (ii) deadlines for submissions;
- (iii) contents of proposals;
- (iv) the criteria upon which proposals will be accepted; and
- (v) the amount of available funding.

(2) Within appropriations from the Legislature the director may enter into one or more contracts with civic organizations, which shall at least include:

(a) the funding, if any, to be provided to the civic organization by the division;

(b) the geographical boundary within which the civic organization is to provide services and supports to individuals referred by the division;

(c) a description of the services and supports to be provided by the civic organization to clients;

(d) the performance monitoring system to be used by the civic organization to evaluate the effects of the services and supports that it provides; and

(e) other provisions as the division and civic organization consider appropriate.

(3) (a) A contract between the division and a civic organization under this section is for a defined period of time and a fixed funding amount.

(b) If a contract provides public funds, the civic organization will be required to comply with all applicable state and federal law with respect to those funds, which may include audit, recordkeeping, and financial accounting requirements.

(4) The services and supports provided by civic organizations under this section do not include eligibility determinations, cash assistance, food coupons, or quality assurance related to these functions.

History: C. 1953, 62A-9-308, enacted by L. 1996, ch. 148, § 8; renumbered by L. 1997, ch. 174, § 45.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-308; substituted "division" for "office" throughout, "1997" for "1996" in Subsection (1)(a), "35A-3-511" for "62A-9-311" and "department" for "director" in Subsection (1)(b), and "clients" for "recipients" in Subsection (2)(c); rewrote Subsection (2) which read "The director may enter into a contract with a civic organization which shall at least include"; and made stylistic changes.

Compiler's Notes. - The reference to Section 35A-3-510 in Subsection (1)(b) was substituted for a reference to Section 35A-3-511 by the Office of Legislative Research and General Counsel, as that section describes the coalition of civic and other organizations.

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-508. Inventory of civic organizations.

(1) To enable the division to refer a client or applicant to an appropriate civic organization under this part, the division, in cooperation with the coalition described in Section 35A-3-510, shall complete a statewide inventory of civic organizations. For those organizations that wish to participate, the inventory shall include:

- (a) a description of the services and supports provided;
- (b) the geographical locations served;
- (c) methods of accessing services; and
- (d) eligibility for services.

(2) The inventory shall be stored, updated annually, and made available in a usable form as a resource directory for all employment counselors.

History: C. 1953, 62A-9-309, enacted by L. 1996, ch. 148, § 9; renumbered by L. 1997, ch. 174, § 46; 1998, ch. 1, § 14; 1999, ch. 21, § 40.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-309, and substituted "division" for "office," "client" for "recipient," and "35A-3-511" for "62A-9-311" in Subsection (1), and "employment advisors" for "caseworkers" in Subsection (2).

The 1998 amendment, effective May 4, 1998, substituted "counselors" for "advisors" at the end of Subsection (2).

The 1999 amendment, effective May 3, 1999, substituted "Section 35A-3-510" for "Section 35A-3-511" in the introductory paragraph of Subsection (1).

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-509. Review by Legislative Auditor General.

Before June 30, 2001, the Legislative Auditor General shall complete an evaluation of the effectiveness of the process established under this part. That evaluation shall be provided to the legislative interim committee that has oversight responsibilities for the Department of Workforce Services.

History: C. 1953, 62A-9-310, enacted by L. 1996, ch. 148, § 10; renumbered by L. 1997, ch. 174, § 47.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-310, and substituted the language beginning "legislative interim committee" for "Human Services Interim Committee" at the end.

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

35A-3-510. Coalition of civic and other organizations.

The director shall convene a coalition of civic organizations, representatives of the division, representatives of state and local agencies, advocacy organizations, public officials, community leaders, members of the Legislature, and other persons and organizations as he determines. The coalition shall offer advice to the director on issues relevant to this part.

History: C. 1953, 62A-9-311, enacted by L. 1996, ch. 148, § 11; renumbered by L. 1997, ch. 174, § 48.

Amendment Notes. - The 1997 amendment, effective July 1, 1997, renumbered this section, which formerly appeared as § 62A-9-311, and substituted "division" for "office."

Effective Dates. - Laws 1996, ch. 148, § 12 makes the act effective on July 1, 1996.

AGENCY RESPONSE

June 7, 2001

Mr. Wayne L. Welsh
Auditor General
130 State Capitol
Salt Lake City, Utah 84114-0151

Dear Mr. Welsh:

We want to thank you and your staff, Paul Hicken and Derek Byrne, for the thorough audit review which was recently conducted regarding the Department's implementation of the Social Capital Formation Act. We were pleased that Mr. Hicken and Mr. Byrne spent so much time visiting many of our Employment Centers and several civic organizations in their efforts to learn our procedures and better understand our association with the community.

We are pleased that your findings indicate the Department "is accomplishing the three major process requirements of the Social Capital Formation Act," and we agree with your recommendations, as follows:

1. **DWS should consider a training program that meets the needs of all employment counselors and information specialists pertaining to referrals and other appropriate topics. DWS should ensure that training results in consistent employee practice.**

DWS agrees with this recommendation and will formalize a training program specific to a better understanding of community resources and referral. This will include a review of the need for "notations" and/or the use of Form 360. Our efforts to ensure "training results in consistent employee practice" will also be stepped-up.

2. **DWS should decide whether or not tracking referrals to community organizations is necessary.**

DWS will review this issue and make a decision relative to the need of tracking referrals to community organizations.

3. **DWS should ensure that inventories of civic organizations include all of the statutorily-required information and are updated annually and presented in a usable format.**

DWS agrees with this recommendation and will implement it immediately.

4. **DWS should provide abbreviated community resource lists in the self-help information areas of each Employment Center.**

DWS agrees with this recommendation and will implement it immediately.

5. **The Legislature should consider clarifying its intent regarding DWS's efforts to promote and enhance social capital formation.**

DWS would welcome any clarification the Legislature could offer, and would definitely welcome any funding that could be made available to fund a staff person responsible for social capital issues.

One area of the report we would like to suggest a minor revision is on Page 9, final paragraph. We do not consider our efforts to have been “fairly modest”; but, rather, we regard our efforts to have been “significant” in implementing both the intent and the spirit of the law. It appears, perhaps, that since our assessment of applicants and their subsequent referral to community resources has been woven into the very core of our services, the efforts to do so have been underestimated. The Department has spent a considerable effort developing state-wide and local community resource lists, training staff, and weaving assessment and referral into the very essence of our core services.

Again, we appreciate this review and look forward to an enhanced social capital effort, based on your recommendations and our new understanding and interpretation of it.

Sincerely,



Robert C. Gross
Executive Director