

MINUTES

AUDIT SUBCOMMITTEE OF THE LEGISLATIVE MANAGEMENT COMMITTEE

The Audit Subcommittee of the Legislative Management Committee met in Room 405, State Capitol Building, Salt Lake City, Utah, February 2, 2001, from 4:00 p.m. until 4:45 p.m.

Committee Members Present:

President Al Mansell, Co-Chairman
Speaker Martin R. Stephens, Co-Chairman
Representative Brad King
Senator Mike Dmitrich

Legislative Audit Staff:

John M. Schaff, Deputy Auditor
Tim Osterstock, Audit Manager
Rick Coleman, Audit Manager
Wayne L. Welsh, Auditor General
Janice Coleman, Audit Supervisor
James Behunin, Audit Supervisor
Maria Stahla, Lead Auditor
Lynda Maynard, Recording Secretary
Camille Ahlstrom, Legislative Secretary

Excused

Other Interested Parties:

Robert Gross, Executive Director, Department
of Workforce Services
Virginia Smith, Deputy Dir., Dept of Workforce
Services
Darin Brush, Service Quality Mgr., Dept of
Workforce Services
Sarah Brenna, Policy Analyst, Dept of Workforce
Services
Michael Richards, Dept of Workforce Services
Lynette Rasmussen, OCC Director, Dept of
Workforce Services
Curtis Stewart, Dept of Workforce Services
Karen Silver, Salt Lake CAP
Sgt. Ron Stallworth, Bureau of Criminal
Identification (BCI)

Bruce N. Brown, Manager, BCI
Joyce Carter, Section Supervisor, BCI
Roz McGee, Utah Children
Chris Chytraus, Utah Children
Carol Ruddell, USDB Teachers
Robyn Allred, USDB Teachers
Flora C. Weggeland, Chair, Child Care Ad
Commission
Arthur L. Hunsaker, LRGC
Dan Harrie, *S L Tribune*
Dennis Romboy, *Deseret News*
Jennifer Dobner, *Deseret News*

1. Call to Order

Speaker Stephens called the meeting to order at 4:00 p.m.

2a. A Performance Audit of the Office of Child Care (Report #2001-01)

Presented by Maria Stahla, Audit Supervisor

Utah's Legislature established the Office of Child Care (OCC) in 1990 based on recommendations from the Governor's Commission on Child Care to carry out long-term planning and coordination of statewide child care issues. Utah families need child care services because of the high number of mothers in the labor force and the increasing proportions of parents—both mothers and fathers—who are raising their children in single-parent households and need to be able to work to support their families.

After ten years, legislators feel it is important to reassess the role and operations of OCC. In recent years, the office has moved away from concentrating on child care issues to focusing more broadly on work life issues. At the same time, OCC has increased staff to perform more functions itself rather than contracting with independent regional Child Care Resource and Referral (CCR&R) agencies. As a result, some stakeholders in the child care community have become very frustrated with OCC. Some have complained that OCC does not listen to community input and is not accountable for its use of state and federal child care funds. These changes and concerns led to the request for this audit.

We think closer attention from Department of Workforce Services (DWS) management will help OCC more effectively address child care issues in the future. In our August 2000 report, A

Follow-up Review of Utah's Employment and Training Programs., we praised the progress made by DWS to streamline service delivery and improve customer service. While the department has made great progress since its establishment, the relatively small Office of Child Care office has not received the attention it deserves. Although OCC is small, its effectiveness plays an important part in DWS's mission. Recent organizational changes by DWS indicate department management will give OCC more attention in the future.

This report identifies several important policy issues that the state policy-makers, including OCC's Advisory Committee as well as the Legislature, should consider so that the state moves forward in this critical area. We also offer many detailed recommendations to OCC staff.

Following the introduction in Chapter I, this report contains four chapters that are summarized below.

OCC Should Improve Leadership on Child Care Policy Issues. OCC has drifted from the role originally envisioned when the office was created a decade ago. Although OCC was intended to carry out long-term planning and coordination of statewide child care issues, the office has come to view its responsibility more narrowly. For example, in their grant program, the office has generally focused more on the quality of selected school age child care programs rather than the quality of the child care system as a whole. We feel OCC needs to do a better job identifying child care needs and directing resources to address those needs.

A better decision-making process could help OCC fulfill its potential to improve overall child care in the state. Most importantly, the OCC Advisory Committee needs to provide meaningful input to help guide how the office uses its resources. Child care issues are very complex and there are many competing demands for limited federal and state funds. OCC policy makers should base their decisions on accurate data about child care supply and demand as well as a good understanding of the office's budget.

We recommend that the Legislature consider expanding the membership of the Office of Child Care's Advisory Committee; that the OCC make more effective use of its Advisory Committee; and, that the OCC Advisory Committee become more involved in child care policy and resource allocation decisions.

We recommend that the Office of Child Care ensure that child care resources are devoted to the most critical child care needs.

Grant Program Should Be Restructured to Improve Child Care. OCC uses about 30 percent of its budget to support quality after-school child care programs for school age children by awarding grants to a limited number of providers. In recent years, funds have been used largely to subsidize established school-age programs. We think OCC should establish grant programs that encourage the development and enhancement of both school-age care and infant and toddler care and to increase the overall quality and availability of child care in the state.

Since the demand for quality child care is great and the funds available to promote it are limited, OCC needs to use its resources wisely.

We recommend that the Legislature clarify the purpose and target population of the “HB 184 (1997) funding.” If the Legislature does not amend Utah Code, we recommend that the OCC ensure that its’ grant award process complies with the statute.

We recommend that the Office of Child Care, with input from its advisory committee, revise its provider grant program to better achieve its statutory and policy objectives by ensuring the grant program is responsive to community needs, encourages improvements in child care quality and availability, and complies with statutory requirements. OCC also should enhance potential applicants ability to access grants by simplifying requirements and assisting potential recipients in completing applications.

We recommend that the Office of Child Care, with input from its advisory committee, take steps to improve its grant evaluation process so that it considers community needs and does not favor established programs.

We recommend that the Office of Child Care, with input from its advisory committee, take steps to improve the program monitoring of grant recipients by conducting or contracting out semiannual site visits and clarifying the reporting requirements for grant recipients.

Resource and Referral System Deserves Strong Support. Child Care Resource and Referral (CCR&R) agencies should continue to provide important services to child care consumers and providers. We were specifically asked to review whether or not the CCR&R agencies have a future role in the child care system because uncertainty and changes have clouded their status. Some in the child care community fear that child care services are becoming more centrally controlled by the Department of Workforce Services (DWS) and that the role of local CCR&Rs is being diminished. As discussed in Chapter II, we feel OCC should focus on child care policy and coordination issues. In our opinion, OCC should

nurture and support a strong CCR&R network and rely on those regional agencies to deliver personalized service for parents and providers to connect families to child care.

We recommend that OCC clearly define the different roles of CCR&Rs and OCC, develop a funding plan for CCR&R contracts based on workload and child care needs, and review CCR&R contracts to ensure that they allow the local agencies flexibility to address community needs.

We recommend that OCC review the OCC career ladder program and their overall training program to ensure that training is provided to the broadest number of providers based on their needs.

OCC must Ensure Fair Use of Public Resources. Some in the child care community have alleged that in some instances OCC has used public funds unfairly or inappropriately. Two particular instances discussed in this chapter have the appearance of favoritism that a public agency should avoid. First, OCC has financially supported some private child care associations while denying support to others and OCC subsidized most of the cost of a two-week summer camp for the children of DWS employees. The organization and funding of the program led to concerns that public funds were used for personal benefit. It's unfortunate that some activities of OCC leave appearance of favoritism and impropriety. To be an effective leader and coordinator in the child care community, it is important that OCC do all it can to inspire public confidence in its fairness.

We recommend that the OCC advisory committee review and clarify the office's policy regarding their support of provider associations to ensure it promotes the office's mission and it is fair.

We recommend that the OCC advisory committee review staff plans for future "model" programs and ensure they do not narrowly benefit DWS staff.

Discussion following presentation:

Robert Gross, Executive Director, Department of Workforce Services, responded to the audit findings. He told the Audit Subcommittee that the Department of Workforce Services support the majority of the recommendations given in the audit and that the audit gave the department an opportunity to address several areas of concern.

In response to Speaker Stephens questions concerning the summer camp that was held for employees of the department, Mr. Gross said that he accepted total responsibility for the decision

to hold the summer camp—a model for other agencies in state government. However, after looking at the costs, he decided it was not appropriate and the summer camp was discontinued.

President Mansell asked Mr. Gross why the direction of the Office of Child Care (OCC) has deviated for the original intent.

Mr. Gross told President Mansell that the Office of Child Care has deviated from the original statutory purpose because needs have changed and employment circumstances have changed. He indicated that it is the intent of the department, with the cooperation of the Advisory Committee and support staff, to clarify statutory intent so that the Office of Child Care and the Department of Workforce Services have the existing resources needed to follow legislative intent.

Speaker Stephens questioned why the Office of Child Care would support association training, using taxpayer's dollars, when the Utah Private Child Care Association and the Private Family Child Care Association already exist to provide for school age care?

Lynette Rasmussen, OCC Director, Department of Workforce Services, responded by telling the Audit Subcommittee that the established associations did provide for school age care but they didn't have a close association with care providers in public school settings.

Motion: Speaker Stephens made a motion that the **Performance Audit of the Office of Child Care** (Report #2001-01) be approved and sent to the Commerce and Revenue Joint Appropriations Subcommittee, the Workforce Services Standing Committee and Business, Labor and Economic Development Standing Committee. The motion passed unanimously.

Motion: Speaker Stephens made a motion that the **Performance Audit of the Office of Child Care** (Report #2001-01) be sent to every member of the Legislature. The motion passed unanimously.

2b. Processing Costs for Concealed Weapon Permits (Report #2001-02)

Presented by Paul Hicken, Audit Supervisor

Utah's Concealed Carry Weapons Program (CCW) is operated by the Department of Public Safety's Bureau of Criminal Identification. The Bureau is charged with operating a program that

will allow and oversee the issuing of concealed carry weapons permits to law-abiding residents and non-residents of the state. Inclusive in the Bureau's statutory charge are requirements to:

- Issue permits to people of good character.
- Suspend or revoke permits for cause.
- Review applications based on required criteria.
- Certify required instructional courses.

In calendar year 2000, CCW program operations cost \$451,800 while fee collections were only \$307,400. In essence, state general funds supplemented the CCW program with \$144,000. Even with the state supplementing the program, the statutory workload requirements could not be met. Primarily, state oversight of weapons training courses is severely limited and can result in a lack of permit applicant training and understanding of the state's laws. This existing problem in combination with the rapid growth of new permit applications and renewals may cause problems in the future unless the fee structure is adequately addressed. In addition to fee structure changes, some program changes could reduce overall program costs while improving overall program efficiency.

Current Fees Do Not Cover Agency Expenditures. A comparison of estimated revenues and estimated total program costs for calendar year 2000 found the CCW program underfunded. The revenues generated from new permit applications, permit renewals, and instructor certifications were about \$307,400; far less than the program costs of about \$451,800. The program appears to be underfunded by about \$144,000; the amount not supported by fee collections. There is an additional problem in that fee collections go into the state's general fund and that the program was only budgeted \$88,000 from the general fund. This means that the bureau has had to support the program with \$363,800— taken from other program budgets. This funding support was taken largely from Support Services and the bureau's Brady section. We believe that a program general fund budget more closely aligned with fee collections would be beneficial.

Firearms Section Cannot Adequately Meet Workload Needs. With the current funding level for the CCW program, the Firearms section cannot effectively perform all of the tasks required by the statute. Consequently, some important oversight steps have been neglected because of insufficient resources. For example, instructor file reviews show that nearly half of all instructors have not submitted statutorily required curriculum information. This lack of information combined with the lack of funding to audit courses means the bureau lacks any oversight over their training program. We also found that the instructor eligibility was not checked beyond the initial application, thus allowing instructors who have become ineligible to continue teaching weapons handling and authorizing CCW permits for other applicants. We believe instructors should be required to possess valid Utah CCW permits.

In 1994, the concealed weapon permit laws were changed making it easier for qualified citizens to obtain permits. The number of permits issued increased dramatically in the next two years, from 621 in 1994 to 8,406 in 1996. For the last two years, (1999-2000) the number of permits appear to have stabilized at around 7,800 per year. For the next five years there should be significant program workload growth caused by the combination of new permits and the high number of permit renewals. In the coming years, processing of new permits and renewals should number about 15,000.

Some Changes Could Simplify and Improve the CCW Program. At present, the fees for permit applications, renewals, and instructor applications do not cover the costs associated with processing. For example, the average cost of processing either a new permit or a renewal is about \$35. However, renewals which are now required every five years are processed for a fee of only \$10. In addition, instructor certification applications undergo the same level of review as permit applications but are charged a fee of only \$5. Instructors receive lifetime certifications that do not require any renewal. We believe that program fees should be adjusted to reflect actual processing costs.

Currently, there is no oversight for weapons instruction. There is no assurance that CCW permit holders are actually taught or understand the state's laws on allowable uses of deadly force and safe weapons handling techniques. The weapons training requirement should be reviewed to determine if the current system is acceptable to the Legislature. It may be possible for the bureau to initiate a standard testing program that ensures permit holders have at least a minimum knowledge of applicable state laws and other important information.

The eligibility for non-resident permit holders needs more frequent review if they are to be held to the same standard as resident permit holders. BCI has no current means of cross-checking out-of-state records for arrest activity and protective orders. It is possible for someone to have a history of domestic violence and be arrested in another state or have a protective order issued, while still keeping their Utah concealed weapon permit valid for five years, or until it is renewed. This problem could be addressed by reducing the renewal period for non-resident permit holders and by adding an additional step to the permit approval process. Non-residents could be required to provide a statement from the local law enforcement agency, where they reside, indicating there is no record of domestic violence or criminal activity in their jurisdiction.

Motion: Speaker Stephens made a motion that the **Costs for Concealed Weapon Permits** (Report #2001-02) be approved and sent to the Executive Offices, Criminal Justice and Legislature Joint Appropriations Subcommittee, the Judiciary Standing Committee and Law Enforcement and Criminal Justice Standing Committee. The motion passed unanimously.

3. Other Business

John Schaff, Deputy Auditor General, told the Audit Subcommittee that the audit request for Unregistered Vehicles had been assigned and moved in front of the request for an audit of the Association of Government Planning.

Senator Dmitrich requested that the Association of Government Planning audit be completed before the beginning of the next legislative session.

Representative King asked Janice Coleman, Audit Supervisor, to continue refining the numbers for the textbook needs of the Utah School for the Deaf and Blind.

4. Adjournment

Speaker Stephens adjourned the meeting at 4:45 p.m.