Executive Summary

At the Executive Appropriations Committee’s May meeting, the committee acted on Joint Rule 3-2-502 which states that, “each year, the Executive Appropriations Committee shall select a state agency, institution, or program to be the subject of an in-depth budget review.” EAC directed the Analyst to study the Department of Human Services. This is our report.

The Department of Human Services’ (DHS) mission statement is:

Provide direct and contracted social services to children, families, and adults in our community; including persons with disabilities, children and families in crisis, juveniles in the criminal justice system, individuals with mental health or substance abuse issues, vulnerable adults, and the aged.

The department administers social services programs through 4,122 FTE in seven divisions. About half of its $677 million budget is spent delivering services through local governments and private providers.

Nearly half of the LFA’s analysts worked from July through October of 2010 and:
- Reviewed all budget components at the lowest accounting level;
- Analyzed thousands of FINET Summary transactions and followed-up when warranted;
- Studied building use, motor pool utilization, staff effectiveness, performance measures, transparency, and statutory authority;
- Participated in field operations through ride-alongs, and job shadowing;
- Visited with customers, counties, and private providers.

Recommendations

From the 29 recommendations in the body of the report the Analyst selected 15 for Executive Appropriations consideration:

1. The Division of Child and Family Services (DCFS) establish a pilot program that would decrease office time and increase field time by the use of non-traditional work schedules, laptops, cell phones, and other technologies.

2. DCFS explore alternatives to housing case workers in single, private offices and paying for multiple high-cost leases around the state.

3. The department realign priorities and decision making by moving State Hospital funding to counties since they are responsible for hospital placements. The department and counties should provide options to the Analyst by November 1, 2011.

4. The Legislature eliminate or provide authority for the ARTC program at the State Hospital.

5. The department disclose to the Legislature all federal block grants: available balances, authorized federal amounts, detailed projected expenditures, and changes on an ongoing basis.

6. The state sell the Division of Services for People with Disabilities’ (DSPD) group homes or lease them to providers at market rates.

7. The Department of Facilities, Construction and Management (DFCM) and the department study how to best use 62,400 square feet of vacant building space and use or sell 250 acres of excess lands at the Developmental Center.

8. The Developmental Center and the State Hospital annually provide the Analyst with a detailed average direct and overhead cost per patient.

9. The department post transaction level detail showing vendor/payee on the Transparency website.

10. DFCM assist the Office of Recovery Services (ORS) to find other state agencies to share 23,000 square feet of vacant lease space in the HK Towers.

11. ORS and DFCM plan to exit the HK Tower lease when it comes due in FY 2014 and explore options in state owned facilities.

12. DFCM develop new space standards based on current needs and employee information.

13. All department divisions follow best practices for performance measures:
   - Measure things that matter
   - Focus on outcomes, then outputs
   - Compare internally and against other states

The best department examples are DCFS for state provided services and the Division of Substance Abuse and Mental Health (DSAMH) for contract services.

14. All programs develop easily understood reports regarding major budget areas and routinely share them with the Legislature, Governor’s Office and the public by publishing them on public websites.

15. The department annually report distribution of services by county to the Legislature for:
   - State Hospital Forensic Unit
   - Developmental Center
   - DCFS regional budgets
   - DJJS detention and secure care facilities.
## Department of Human Services FY 2010 Actual

### Revenue Sources

<table>
<thead>
<tr>
<th>Revenue Sources</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$325,341,000</td>
<td>48%</td>
</tr>
<tr>
<td>Medicaid Transfers</td>
<td>196,801,995</td>
<td>29%</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>115,925,858</td>
<td>17%</td>
</tr>
<tr>
<td>Medicaid ARRA Transfers</td>
<td>25,128,430</td>
<td>4%</td>
</tr>
<tr>
<td>Dedicated Credits</td>
<td>14,683,811</td>
<td>2%</td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>8,578,868</td>
<td>1%</td>
</tr>
<tr>
<td>Federal ARRA Funds</td>
<td>7,896,925</td>
<td>1%</td>
</tr>
<tr>
<td>Restricted Revenue</td>
<td>6,988,900</td>
<td>1%</td>
</tr>
<tr>
<td>Closing Balance</td>
<td>(5,396,400)</td>
<td>-1%</td>
</tr>
<tr>
<td>Other Transfers</td>
<td>(7,298,218)</td>
<td>-1%</td>
</tr>
<tr>
<td>Lapsing Funds</td>
<td>(11,730,799)</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$676,920,370</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Division Spending

<table>
<thead>
<tr>
<th>Division Spending</th>
<th>FTE</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services for People with Disabilities</td>
<td>776</td>
<td>$203,799,157</td>
<td>30%</td>
</tr>
<tr>
<td>Child &amp; Family Services</td>
<td>1,018</td>
<td>157,246,415</td>
<td>23%</td>
</tr>
<tr>
<td>Sub. Abuse &amp; Mental Health</td>
<td>793</td>
<td>128,467,405</td>
<td>19%</td>
</tr>
<tr>
<td>Juvenile Justice Services</td>
<td>919</td>
<td>100,006,165</td>
<td>15%</td>
</tr>
<tr>
<td>Office of Recovery Services</td>
<td>450</td>
<td>48,734,576</td>
<td>7%</td>
</tr>
<tr>
<td>Aging &amp; Adult Services</td>
<td>53</td>
<td>23,135,711</td>
<td>3%</td>
</tr>
<tr>
<td>Executive Director Operations</td>
<td>113</td>
<td>15,530,940</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,122</td>
<td>$676,920,370</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Spending Categories

<table>
<thead>
<tr>
<th>Spending Categories</th>
<th>Amount</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Charges/Pass Through</td>
<td>$345,109,984</td>
<td>51%</td>
</tr>
<tr>
<td>Salary and Benefits (4,122 FTE)</td>
<td>243,471,099</td>
<td>36%</td>
</tr>
<tr>
<td>Current Expense</td>
<td>66,715,114</td>
<td>10%</td>
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<tr>
<td>Data Processing Current Expense</td>
<td>20,546,126</td>
<td>3%</td>
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<tr>
<td>In-State Travel</td>
<td>766,711</td>
<td>0%</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>195,869</td>
<td>0%</td>
</tr>
<tr>
<td>Out-of-State Travel</td>
<td>80,037</td>
<td>0%</td>
</tr>
<tr>
<td>Data Processing Capital Expenditure</td>
<td>35,430</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$676,920,370</td>
<td>100%</td>
</tr>
</tbody>
</table>
Department Description
The Department of Human Services’ (DHS) mission statement is:

Provide direct and contracted social services to children, families, and adults in our community; including persons with disabilities, children and families in crisis, juveniles in the criminal justice system, individuals with mental health or substance abuse issues, vulnerable adults, and the aged.

The Department of Human Services (DHS) administers social services programs through 4,122 FTE. The total budget for the department is about $677 million. Of that amount, about $325 million is from General fund. The department has seven divisions:

- Services for People with Disabilities (DSPD)
- Child and Family Services (DCFS)
- Substance Abuse and Mental Health (DSAMH)
- Juvenile Justice Services (DJJS)
- Office of Recovery Services (ORS)
- Aging & Adult Services (DAAS)
- Executive Director Operations (EDO)

While Juvenile Justice Services is part of the Department of Human Services, its budget is reviewed in the Executive Offices and Criminal Justice Appropriations Subcommittee. The remainder of the department is heard in the Health and Human Services Appropriations Subcommittee.

The department contracts with counties and private providers to accomplish its mission. During FY 2010, DHS paid about $345 million (51 percent of all expenditures) to 836 local and private providers. Most of these contracts (76.3%) are with:

- Child and Family Services
- Juvenile Justice Services
- Services for People with Disabilities

Two other divisions: the Division of Substance Abuse and Mental Health and the Division of Aging and Adult Services contract with local government providers for services.

The department is not the exclusive state government social services provider. The following state agencies also provide social services. (FY 2010 Appropriations shown in millions.)

- Health $1,882.7
- Workforce Services 830.8
- Public Education 543.4
- State Office of Rehabilitation 72.0
- Courts 42.7
- Community & Culture 83.9
- Corrections 17.6
- Attorney General 16.2
- CCJJ 9.1
- Higher Education 2.0
- Veteran’s Affairs 1.1
- Administrative Services 0.1

Statutory Authority
- Statutory authority for the Department of Human Services is primarily found in Utah Code Title 62A. In addition, Utah Code Annotated 62A-1 outlines the broad responsibilities and functions for the department. See the details of DHS divisions, programs and their statutory authority in the Appendix.
- Human Services has broad statutory authority that allows many program choices, as these examples show:
  - 62A-3-104(4)(a) The division may . . . seek federal grants, loans, or participation in federal programs; and receive and distribute state and federal funds for the division’s programs and services to the aging and adult populations of the state.
  - (5) The division has authority to establish, either directly or by contract, programs of advocacy, monitoring, evaluation, technical assistance, and public education to enhance the quality of life for aging and adult citizens of the state.
  - 62A-15-103(2) The division shall . . . receive, distribute, and provide direction over public funds for substance abuse and mental health services.

In-depth Budget Review Procedures
The Office of the Legislative Fiscal Analyst (LFA) reviewed all divisions and agencies of the Department of Human Services and applied the following criteria:
1. Budget and accounting information is transparent, available, accurate, and accessible to the public, management, the Governor, and the Legislature
2. Programs are clearly aligned with statutory purposes
3. Program expenditures were distributed appropriately
4. Programs maintain meaningful output/outcome performance measures
5. Programs use resources, including buildings, vehicles, and staff properly

Following these criteria the Analysts:

- Took an in-depth look at the department’s budget components.
- Reviewed department FY 2010 Actuals rather than FY 2011 appropriated or budgeted amounts.
- Provided summary information and supporting detail.
- Provided context, background, and an historical outline of Utah social services.
- Reviewed all programs to see if they were operating within statutory authority. See appendix for links of each program to statutory authority.
- Reviewed all department budget components at the lowest accounting level: a zero-based budget.
- Worked with the Legislative Auditor General as they are auditing DCFS.
• Reviewed all department FY 2010 summary transactions in the state’s main accounting system, FINET. This entailed thousands of lines of information and followed up on transactions that seemed unusual. For example, the Developmental Center paid the Cuban Cigar Company $16,000. This turned out to be candy purchases for its Cantina—not tobacco products.

• Reviewed buildings by walk-through or by detailed reviews of architectural plans. We also interviewed Division of Facilities, Construction and Management experts.

• Reviewed all DHS motor pool vehicles and then checked on:
  o Low usage vehicles
  o High cost per mile areas
  o Private mileage reimbursements
  o Selected trip reimbursement sheets

• Reviewed staff FTE changes over time and compared organization charts with detailed budgets.

• Reviewed about 398,000 lines of transaction data detailing outside providers for DCFS, DSPD, and DJJS. We worked with the Legislative Auditor to look at
  o Providers
  o Service code types
  o People getting services from multiple agencies
  o Services received by individuals in detail

• Participated in site visits and job shadowing.

• Reviewed management reports for depth, quality and accessibility to outsiders.

• Reviewed the geographic distribution of agency expenditures to see if services were distributed evenly.

• Developed an agency assessment scorecard based on uniform criteria and then scored each agency. See scorecards in Appendix.

• Reviewed department performance measures for usefulness, adequacy and asked for benchmarks.

• Reviewed DHS relationships with state and local entities.

• Followed selected FY 2010 transactions to the Transparency website. We worked with Division of Finance to find out which transactions do and do not appear.

• Reviewed reports in detail to see if they are transparent to the Governor’s Office, the Legislature, and the public.

This study reviews FY 2010, the most recently completed fiscal year. In FY 2011, DCFS and DJJS will lose about $27 million in federal Medicaid funding. The Legislature backfilled a part of the lost federal funds with $15 million in one-time and $7 million in ongoing General Fund appropriations.

The graphs below show a five year trend of department resources and FTE.

Observations & Recommendations
1. With better technology field workers could be more efficient and effective.
   The Division of Child and Family Services (DCFS) establish a pilot program that would decrease office time and increase field time by the use of non-traditional work schedules, laptops, cell phones, and other technologies.

2. The division currently provides case workers and support staff with single, private offices.
   DCFS explore alternatives to housing case workers in single, private offices and paying for multiple high-cost leases around the state.

3. Direct State Hospital funding discourages counties from managing service costs.
   The department realign priorities and decision making by moving State Hospital funding to counties since they are responsible for hospital placements. The
department and counties should provide options to the Analyst by November 1, 2011.

4. All Human Services programs have statutory authority except the State Hospital 5-bed Acute Rehabilitation Treatment Center (ARTC) program. It provides acute beds for rural community mental health centers that do not have community inpatient psychiatric beds.

The Legislature eliminate or provide authority for the ARTC program at the State Hospital.

5. Four federal block grants used by the department are highly flexible and can be transferred across line items and departments, accumulated off the budget, and used according to agency rather than legislative direction.

The full disclosure of all federal block grants: available balances, authorized federal amounts, detailed projected expenditures, and changes on an ongoing basis to the Legislature.

6. The state built five, $450,000 group homes for the Division of Services for People with Disabilities and currently leases these buildings at no cost to private providers. Other providers house individuals in division programs at their own expense.

The state sell or lease DSPD group homes to providers at market rates.

7. The Developmental Center has 62,400 square feet of vacant facility space available and 250 acres of available farm land.

DFCM and the department study how to best use 62,400 square feet of vacant building space and use or sell 250 acres of excess land at the Developmental Center.

8. The department does not collect detailed costs per individual at the State Hospital or the State Developmental Center, inhibiting legislative and management analysis of treatment alternatives.

The Developmental Center and the State Hospital annually provide the Analyst with a detailed average direct and overhead cost per patient.

9. 25% ($246 million) of all transactions ($678.8 million) show no vendor/payee name on the Transparency website (transparent.utah.gov). This results from transactions processed on the 29 year-old Unified Social Services Delivery System (USSDS).

The department post transaction level detail showing vendor/payee information on the Transparency website.

10. The Office of Recovery Services has vacated approximately 23,000 square feet of space in the HK Tower, but renewed the lease for 5 years; thereby precluding any financial savings for its efforts.

DFCM assist the Office of Recovery Services to find other state agencies to share 23,000 square feet of vacant lease space in the HK Towers.

11. The Office of Recovery Services holds the highest cost lease in the state for the 97,246 square foot, $2 million-a-year lease of the HK Tower. Over the 20 years ORS will have been in the lease, the state could have paid off a state-owned building with the lease payments.

ORS and DFCM plan to exit the HK Tower lease when it comes due in FY 2014 and explore options in state owned facilities.

12. Current space standards for the state are more than 16 years old and contain outdated information which limits its usefulness.

DFCM develop new space standards based on current needs and employee information.

13. The best department examples are DCFS for state provided services and DSAMH for contract-provided services. Agency performance measures vary widely in quality and quantity.

All department divisions follow best practices for performance measures:
- Measure things that matter
- Focus on outcomes, then outputs
- Compare internally and against other states

14. Department programs collect detailed financial information which is often difficult for outsiders to obtain and understand once they do get them.

All programs develop easily understood reports regarding major budget areas and routinely share them with the Legislature, Governor’s Office and the public by publishing them on public websites.

15. Some department services do not appear to be distributed in a manner consistent with relevant populations.

The department annually report distribution of services by county to the Legislature for:
- State Hospital Forensic Unit
- Developmental Center
- DCFS regional budgets
- JJS detention and secure care facilities.