



# HUMAN SERVICES IN-DEPTH BUDGET REVIEW

A REPORT TO THE  
EXECUTIVE APPROPRIATIONS COMMITTEE  
NOVEMBER 16, 2010

PREPARED BY:  
STEPHEN JARDINE (LEAD)  
STEVEN ALLRED  
RICHARD AMON  
IVAN DJAMBOV  
STAN ECKERSLEY  
RUSSELL FRANDBSEN  
SPENCER PRATT  
GARY SYPHUS

(This Page Intentionally Left Blank)

TABLE OF CONTENTS

**EXECUTIVE SUMMARY** ..... - 7 -

**DIVISION OF SERVICES FOR PEOPLE WITH DISABILITIES (DSPD)** ..... - 12 -

    PURPOSE ..... - 12 -

    BUDGET ORGANIZATION ..... - 12 -

    RESOURCES AVAILABLE ..... - 12 -

    USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES..... - 13 -

    MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011 ..... - 13 -

    STATUTORY AUTHORITY ..... - 14 -

DSPD RECOMMENDATIONS ..... - 14 -

    TRANSPARENCY ..... - 14 -

    STAFF RESOURCES ..... - 15 -

    FACILITY RESOURCES ..... - 15 -

    ACCOUNTABILITY: STATE PROVIDED SERVICES ..... - 15 -

    ACCOUNTABILITY: CONTRACT PROVIDED SERVICES ..... - 15 -

    ACCOUNTABILITY: REPORTING ..... - 16 -

    ACCOUNTABILITY: SERVICES DELIVERED EVENLY..... - 16 -

DSPD EXPLANATION OF RECOMMENDATIONS ..... - 16 -

    TRANSPARENCY ..... - 16 -

    STAFF RESOURCES ..... - 17 -

    FACILITY RESOURCES ..... - 17 -

    ACCOUNTABILITY: STATE DELIVERED SERVICES ..... - 18 -

    ACCOUNTABILITY: CONTRACT PROVIDED SERVICES ..... - 18 -

    ACCOUNTABILITY: REPORTING ..... - 19 -

    ACCOUNTABILITY: SERVICES DELIVERED EVENLY..... - 20 -

DSPD ADDITIONAL OBSERVATIONS..... - 20 -

**DIVISION OF CHILD AND FAMILY SERVICES (DCFS)** ..... - 23 -

    PURPOSE ..... - 23 -

    BUDGET ORGANIZATION ..... - 23 -

    RESOURCES AVAILABLE ..... - 23 -

    USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES..... - 24 -

    MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011 ..... - 24 -

    STATUTORY AUTHORITY ..... - 25 -

DCFS RECOMMENDATIONS..... - 25 -

    TRANSPARENCY ..... - 25 -

    STAFF RESOURCES ..... - 26 -

    FACILITY RESOURCES ..... - 26 -

    OTHER RESOURCES..... - 27 -

    ACCOUNTABILITY: CONTRACT PROVIDED SERVICES ..... - 27 -

    ACCOUNTABILITY: REPORTING ..... - 27 -

    ACCOUNTABILITY: SERVICES DELIVERED EVENLY..... - 27 -

DCFS EXPLANATION OF RECOMMENDATIONS ..... - 27 -

    TRANSPARENCY ..... - 27 -

    STAFF RESOURCES ..... - 28 -

    FACILITY RESOURCES ..... - 29 -

    OTHER RESOURCES..... - 29 -

ACCOUNTABILITY: STATE PROVIDED SERVICES .....	- 30 -
ACCOUNTABILITY: CONTRACT PROVIDED SERVICES .....	- 30 -
ACCOUNTABILITY: REPORTING .....	- 31 -
ACCOUNTABILITY: SERVICES DELIVERED EVENLY.....	- 32 -
DCFS ADDITIONAL OBSERVATIONS.....	- 32 -
<b>DIVISION OF SUBSTANCE ABUSE AND MENTAL HEALTH (DSAMH).....</b>	<b>- 35 -</b>
PURPOSE.....	- 35 -
BUDGET ORGANIZATION .....	- 35 -
RESOURCES AVAILABLE.....	- 35 -
USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES.....	- 36 -
MAJOR CHANGES IN THE DSAMH BUDGET BETWEEN FY 2010 AND FY 2011 .....	- 36 -
STATUTORY AUTHORITY .....	- 37 -
DSAMH RECOMMENDATIONS.....	- 37 -
STATUTORY AUTHORITY .....	- 37 -
TRANSPARENCY.....	- 37 -
ACCOUNTABILITY: STATE PROVIDED SERVICES .....	- 37 -
ACCOUNTABILITY: CONTRACT PROVIDED SERVICES .....	- 37 -
ACCOUNTABILITY: BUDGETING.....	- 38 -
ACCOUNTABILITY: REPORTING .....	- 38 -
ACCOUNTABILITY: SERVICES DELIVERED EVENLY.....	- 38 -
DSAMH EXPLANATION OF RECOMMENDATIONS.....	- 38 -
STATUTORY AUTHORITY .....	- 38 -
TRANSPARENCY.....	- 39 -
ACCOUNTABILITY: STATE PROVIDED SERVICES .....	- 39 -
ACCOUNTABILITY: CONTRACT PROVIDED SERVICES .....	- 40 -
ACCOUNTABILITY: BUDGETING.....	- 41 -
ACCOUNTABILITY: REPORTING .....	- 41 -
ACCOUNTABILITY: SERVICES DELIVERED EVENLY.....	- 42 -
DSAMH ADDITIONAL OBSERVATIONS.....	- 42 -
<b>DIVISION OF JUVENILE JUSTICE SERVICES (DJJS).....</b>	<b>- 45 -</b>
PURPOSE.....	- 45 -
BUDGET ORGANIZATION .....	- 45 -
RESOURCES AVAILABLE.....	- 45 -
USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES.....	- 46 -
MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011 .....	- 46 -
STATUTORY AUTHORITY .....	- 47 -
DJJS RECOMMENDATIONS .....	- 47 -
TRANSPARENCY.....	- 47 -
OTHER RESOURCES.....	- 48 -
ACCOUNTABILITY: STATE-DELIVERED SERVICES .....	- 48 -
ACCOUNTABILITY: CONTRACT-PROVIDED SERVICES .....	- 48 -
ACCOUNTABILITY: BUDGETING.....	- 48 -
ACCOUNTABILITY: REPORTING .....	- 48 -
ACCOUNTABILITY: SERVICES DELIVERED EVENLY.....	- 49 -
DJJS EXPLANATION OF RECOMMENDATIONS .....	- 49 -
TRANSPARENCY.....	- 49 -

OTHER RESOURCES..... - 50 -  
 ACCOUNTABILITY: STATE-DELIVERED SERVICES ..... - 50 -  
 ACCOUNTABILITY: CONTRACT-PROVIDED SERVICES ..... - 50 -  
 ACCOUNTABILITY: BUDGETING ..... - 51 -  
 ACCOUNTABILITY: REPORTING ..... - 51 -  
 ACCOUNTABILITY: SERVICES DELIVERED EVENLY..... - 52 -  
 DJJS ADDITIONAL OBSERVATIONS ..... - 52 -  
**OFFICE OF RECOVERY SERVICES (ORS)..... - 54 -**  
 PURPOSE..... - 54 -  
 BUDGET ORGANIZATION ..... - 54 -  
 RESOURCES AVAILABLE ..... - 54 -  
 USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES..... - 55 -  
 MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011 ..... - 55 -  
 STATUTORY AUTHORITY ..... - 55 -  
 ORS RECOMMENDATIONS..... - 56 -  
 TRANSPARENCY ..... - 56 -  
 FACILITIES RESOURCES ..... - 56 -  
 OTHER RESOURCES..... - 56 -  
 ACCOUNTABILITY: STATE DELIVERED SERVICES ..... - 57 -  
 ACCOUNTABILITY: REPORTING ..... - 57 -  
 ORS EXPLANATION OF RECOMMENDATIONS ..... - 57 -  
 TRANSPARENCY ..... - 57 -  
 FACILITIES RESOURCES ..... - 58 -  
 OTHER RESOURCES..... - 59 -  
 ACCOUNTABILITY: STATE DELIVERED SERVICES ..... - 60 -  
 ACCOUNTABILITY: REPORTING ..... - 60 -  
 ORS ADDITIONAL OBSERVATIONS ..... - 61 -  
**DIVISION OF AGING AND ADULT SERVICES (DAAS) ..... - 65 -**  
 PURPOSE..... - 65 -  
 BUDGET ORGANIZATION ..... - 65 -  
 RESOURCES AVAILABLE ..... - 65 -  
 USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES..... - 66 -  
 MAJOR CHANGES IN THE DAAS BUDGET BETWEEN FY 2010 AND FY 2011 ..... - 66 -  
 STATUTORY AUTHORITY ..... - 67 -  
 DAAS RECOMMENDATIONS ..... - 67 -  
 ACCOUNTABILITY: STATE PROVIDED SERVICES ..... - 67 -  
 ACCOUNTABILITY: CONTRACT PROVIDED SERVICES ..... - 67 -  
 ACCOUNTABILITY: REPORTING ..... - 67 -  
 DAAS EXPLANATION OF RECOMMENDATIONS ..... - 68 -  
 ACCOUNTABILITY: STATE PROVIDED SERVICES ..... - 68 -  
 ACCOUNTABILITY: CONTRACT PROVIDED SERVICES ..... - 68 -  
 ACCOUNTABILITY: REPORTING ..... - 69 -  
 DAAS ADDITIONAL OBSERVATIONS..... - 69 -  
**EXECUTIVE DIRECTOR OPERATIONS (EDO) ..... - 71 -**  
 PURPOSE..... - 71 -  
 BUDGET ORGANIZATION ..... - 71 -

RESOURCES AVAILABLE..... - 71 -  
USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES..... - 72 -  
MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011 ..... - 72 -  
STATUTORY AUTHORITY ..... - 73 -  
EDO RECOMMENDATIONS ..... - 73 -  
    TRANSPARENCY ..... - 73 -  
    ACCOUNTABILITY: STATE DELIVERED SERVICES ..... - 73 -  
    ACCOUNTABILITY: REPORTING ..... - 74 -  
EDO EXPLANATION OF RECOMMENDATIONS..... - 74 -  
    TRANSPARENCY ..... - 74 -  
    ACCOUNTABILITY: STATE DELIVERED SERVICES ..... - 75 -  
    ACCOUNTABILITY: REPORTING ..... - 76 -  
EDO ADDITIONAL OBSERVATIONS ..... - 77 -  
**DHS BUILDINGS..... - 79 -**  
    DHS BUILDINGS RECOMMENDATIONS ..... - 79 -  
        RESOURCES: BUILDINGS..... - 79 -  
    DHS BUILDINGS EXPLANATION OF RECOMMENDATIONS..... - 80 -  
    DHS BUILDINGS ADDITIONAL OBSERVATIONS ..... - 84 -  
**HUMAN SERVICES VEHICLES..... - 87 -**  
    DHS MOTOR POOL COST CENTERS WITH HIGH COST PER MILE VEHICLES..... - 87 -  
    LOW MILEAGE MOTOR POOL VEHICLES ..... - 89 -  
    PRIVATE VEHICLE MILEAGE REIMBURSEMENT..... - 89 -  
HUMAN SERVICES VEHICLES RECOMMENDATIONS..... - 90 -  
    RESOURCES: VEHICLES..... - 90 -  
HUMAN SERVICES VEHICLES EXPLANATION OF RECOMMENDATIONS..... - 90 -  
    RESOURCES: VEHICLES..... - 90 -



# HUMAN SERVICES

## IN-DEPTH BUDGET REVIEW

### 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) lists its mission statement as:

*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 different 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. (P. 28)
2. DCFS explore alternatives to housing case workers in single, private offices and paying for multiple high-cost leases around the state. (P. 83)
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. (P. 41)
4. The Legislature eliminate or provide authority for the ARTC program at the State Hospital. (P. 38)
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. (P. 75)
6. The state sell the five Division of Services for People with Disabilities' (DSPD) group homes or lease them to providers at market rates. (P. 84)
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. (P. 80)
8. The Developmental Center and the State Hospital annually provide the Analyst with a detailed average direct and overhead cost per patient. (PP. 17 and 39)
9. The department post transaction level detail showing vendor/payee on the Transparency website. (P. 74)
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. (P. 83)
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. (P. 82)
12. DFCM develop new space standards based on current needs and employee information. (P. 81)
13. All department divisions follow best practices for performance measures (P. 65 in App. #3):
  - 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 (various pages).
15. The department annually report distribution of services by county to the Legislature for:
  - State Hospital Forensic Unit (P. 42)
  - Utah State Developmental Center (P. 20)
  - DCFS regional budgets (P. 32)
  - DJJS detention and secure care facilities (P. 52).

Department of Human Services FY 2010 Actual

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

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

Spending Categories	Amount	% of Total
Other Charges/Pass Through	\$345,109,984	51%
Salary and Benefits (4,122 FTE)	243,471,099	36%
Current Expense	66,715,114	10%
Data Processing Current Expense	20,546,126	3%
In-State Travel	766,711	0%
Capital Expenditure	195,869	0%
Out-of-State Travel	80,037	0%
Data Processing Capital Expenditure	35,430	0%
<b>Total</b>	<b>\$676,920,370</b>	<b>100%</b>

## 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:
  - Low usage vehicles
  - High cost per mile areas
  - Private mileage reimbursements
  - 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
  - Providers
  - Service code types
  - People getting services from multiple agencies
  - 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.

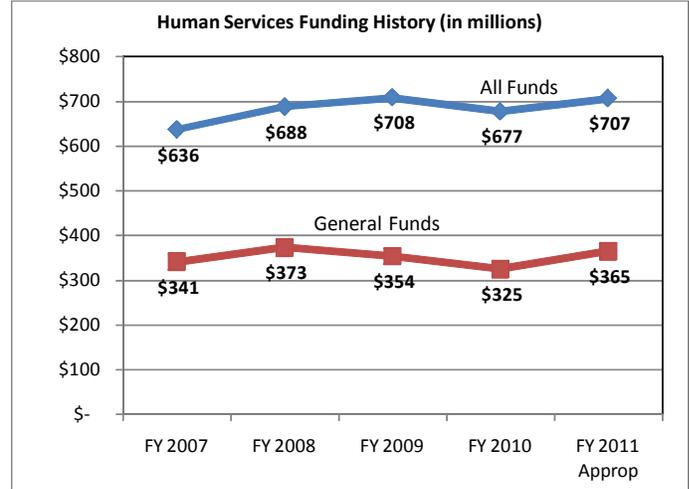


Figure 1

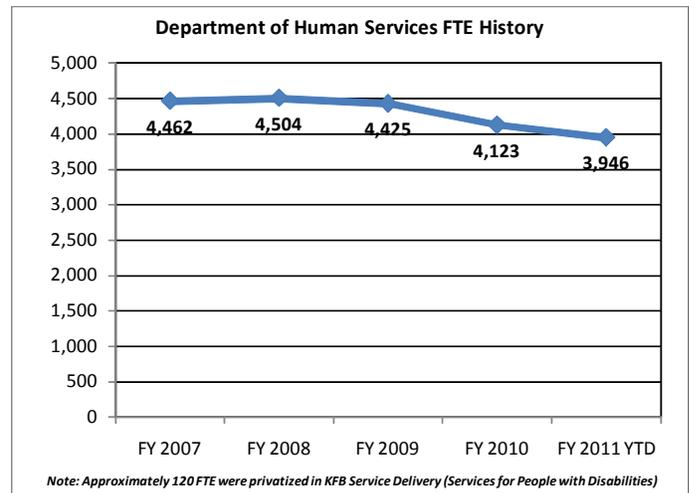


Figure 2

### Observations & Recommendations

1. With better technology field workers could be more efficient and effective.

The Analyst recommends 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.

The Analyst recommends 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 Analyst recommends 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 Analyst recommends 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 Analyst recommends 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 Analyst recommends 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.

The Analyst recommends 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 Analyst recommends 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](http://transparent.utah.gov)). This results from transactions processed on the 29 year-old Unified Social Services Delivery System (USSDS).

The Analyst recommends 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.

The Analyst recommends 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.

The Analyst recommends 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.

The Analyst recommends 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.

The Analyst recommends 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 it.

The Analyst recommends 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 Analyst recommends 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.

The remainder of this report provides detailed observations and recommendations for each division in the Department of Human Services with two additional sections on Buildings and Vehicles. The divisions are listed in order by total budget amount, with the most expensive first.

**DIVISION OF SERVICES FOR PEOPLE WITH DISABILITIES (DSPD)**

**PURPOSE**

The Division of Services for People with Disabilities (DSPD) is responsible for providing residential, day services, family support services, and attendant care for people with severe mental retardation and other related conditions, including brain injury and physical disabilities. To receive services, people must have substantial functional limitations in three or more of the following life activities: self care, receptive and expressive language, learning, mobility, self direction, capacity for independent living, or economic self-sufficiency. The services provided range from limited family support to a full array of 24-hour services both in the community and at the Utah State Developmental Center. Services are also available in private Intermediate Care Facilities for people with Mental Retardation (ICFs/MR) with funding through the Department of Health.

For additional detailed information on DSPD, see the Compendium of Budget Information prepared for the 2010 General Session at: [http://le.utah.gov/lfa/reports/cobi2010/sctte\\_17.htm](http://le.utah.gov/lfa/reports/cobi2010/sctte_17.htm)

**BUDGET ORGANIZATION**

DSPD is organized for budgetary purposes in the following manner:

Services for People with Disabilities FY 2010 Budget Organization		
Budget Unit	Amount	Percent
KFD Community Supports Waiver	\$148,512,550	73%
KFC State Developmental Center (619 FTE)	\$36,508,640	18%
KFB Service Delivery (123 FTE)	\$9,161,701	4%
KFA People w Disabilities Admin. (34 FTE)	\$3,779,924	2%
KFE Brain Injury Waiver Services	\$2,567,150	1%
KFF Physical Disability Waiver Services	\$1,968,978	1%
KFG Non Waiver Services	\$1,300,213	1%
Total Services for People w Dis. (776 FTE)	\$203,799,157	100%

**Table 1**

**RESOURCES AVAILABLE**

DSPD had the following resources available to it for FY 2010:

Services for People with Disabilities FY 2010 Resources Used		
Resource	Amount	Percent
Medicaid Transfers	\$141,913,313	70%
General Fund	\$36,043,900	18%
Medicaid ARRA	\$17,587,443	9%
Dedicated Credits	\$2,552,809	1%
Beginning Balance	\$2,449,400	1%
Federal Funds	\$1,889,313	1%
Other Transfers	\$898,676	0%
Restricted Revenue	\$481,900	0%
Lapsing Funds	(\$97)	0%
Closing Balance	(\$17,500)	0%
<b>Total Resources</b>	<b>\$203,799,157</b>	<b>100%</b>

Table 2

#### USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES

DSPD utilized its resources in the following manner in FY 2010:

Service for People with Disabilities FY 2010 Use of Resources		
Use	Amount	Percent
Other Charges/Pass Through	\$154,505,921	76%
Salary and Benefits (776 FTE)	\$40,226,972	20%
Current Expense	\$7,331,512	4%
Data Processing Current Expense	\$1,620,110	1%
In-State Travel	\$83,976	0%
Capital Expenditure	\$28,790	0%
Out-of-State Travel	\$1,876	0%
<b>Total Uses</b>	<b>\$203,799,157</b>	<b>100%</b>

Table 3

#### MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011

- Nonlapsing General Fund of \$2,449,400 that was available for FY 2010 is not available for FY 2011. DSPD ended FY 2010 with \$17,500 in Nonlapsing General Fund.
- Because most support coordination is now provided through private companies rather than by state employees, the costs associated with this service have shifted from the Service Delivery budget area to Community Supports Waiver Services. DSPD has moved \$1,015,000 of General Fund from Service Delivery to Community Supports Waiver Services to help cover the increased services cost in Community Supports Waiver Services. DSPD also moved \$370,000 of General Fund from Administration to Community Supports Waiver Services.

- The FY 2011 Budget includes a \$1,500,000 General Fund reduction to the Utah State Developmental Center which equates to a \$5,220,600 total reduction when Medicaid funding is considered.
- To meet FY 2011 funding levels, DSPD will eliminate additional FTEs and reduce other operational costs at the Developmental Center, make a 15 percent reduction to the rate paid to private support coordinators, and eliminate the intensive rate for residential services.

### STATUTORY AUTHORITY

The Analyst reviewed all detailed programs for consistency with statutory authority and found no occurrences of programs without supporting statutory authority. DSPD has provided statutory citations for its detailed programs (see page 6 in Appendix 3). The Utah Legislature has directed the Division of Services for People with Disabilities to “plan and deliver an appropriate array of services and supports to persons with disabilities and their families. . .” The authorizing language states that the services are to be provided to any person who is eligible to receive such services within legislative appropriations (see Utah Code 62A-5-102.) The Utah State Developmental Center is created and its services are authorized, again within legislative appropriations, in 62A-5-201. Services may also be provided to eligible persons who reside at home, as explained in 62A-5-402.

The authority and responsibilities associated with the DSPD Line Item are enumerated in the Utah Code Annotated at:

- 62A-5-1: Creation and duties of the division
- 62A-5-2: Utah State Developmental Center
- 62A-5-3: Admission to mental retardation facility
- 62A-5-4: Support to families for home-based services

### DSPD RECOMMENDATIONS

This section summarizes the Analyst’s recommendations for the division. An explanation of the recommendations is provided afterward under “Explanation of Recommendations.”

### TRANSPARENCY

- 1. As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department work with the Division of Finance and the Utah Transparency Advisory Board to record USSDS transactions showing vendor/payee detail on the Transparency website, taking into account any privacy or security issues. USSDS contains some information that is private and may not be published.**

78.9% (\$155 million) of all DSPD transactions show no vendor/payee name on the Transparency website ([transparent.utah.gov](http://transparent.utah.gov)). This results from transactions processed on the 29 year-old Unified Social Services Delivery System (USSDS).

- 2. As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department make USSDS detailed transaction records available annually and on a timely basis to the Legislature and the Governor.**

78.9% (\$155 million) of all DSPD transactions are not available to the Legislature and Governor for review. The Governor’s Optimization Commission recommended “accelerate robust information systems and tools to measure performance, increase communication, and institutionalize accountability” (page C-2).

- 3. *The Analyst recommends the Developmental Center annually provide the Analyst with a detailed average direct and overhead cost per patient.***

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

#### STAFF RESOURCES

- 4. *The Analyst recommends DSPD provide a detailed update of administrative and regional staff responsibilities and functions to the LFA by September 1, 2011 after its structural changes have had time to take effect.***

Significant changes have been made to the organizational structure of the Division of Services for People with Disabilities through the consolidation of regions, the elimination of offices, and contracting for support coordinators. Outside observers have questioned the staff efficacy under the new organization in the context of reductions to services. A review of the DSPD organization and the purpose of its functions would help to assure the value of its current staff structure.

#### FACILITY RESOURCES

- 5. *The Analyst recommends the department and the Division of Facilities Construction and Management (DFCM) explore options on how best to utilize, sell, or lease the remaining usable space and available farm land at the Developmental Center.***

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

- 6. *The Analyst recommends the Division of Services for People with Disabilities, in conjunction with the Division of Facilities Construction and Management, sell off or lease its five group homes at market rates to providers.***

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.

#### ACCOUNTABILITY: STATE PROVIDED SERVICES

- 7. *The Analyst recommends DSPD follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this area in the department.***

For outcome measures of state provided services, DCFS is the best example. They have meaningful measures, compare different regions, publish them on their publicly-accessed website, and benchmark against other states. The division reported no outcome measures associated with its state provided services.

#### ACCOUNTABILITY: CONTRACT PROVIDED SERVICES

- 8. *The Analyst recommends DSPD follow best practice for contract provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across providers as well as against other states. The Division of Substance Abuse and Mental Health is the best example for this area in the department.***

For outcome measures of contract-provided services, the Division of Substance Abuse and Mental Health is the best example. They have meaningful measures, compare different providers, publish them on their publicly-accessed website, and benchmark against other states.

**ACCOUNTABILITY: REPORTING**

- 9. The Analyst recommends all program areas develop easily understood reports regarding major budget areas and routinely share them with the Legislature, the Governor's Office, and the public by publishing them on public websites.***

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand.

**ACCOUNTABILITY: SERVICES DELIVERED EVENLY**

- 10. The Analyst recommends the department annually report distribution of services by county to the Legislature for the State Developmental Center.***

Some department services do not appear to be distributed in a manner consistent with relevant populations. Salt Lake and Utah counties are over-represented in the State Developmental Center and all other counties comprising over 1% of the population are under-represented. The yearly value of a single USDC bed is approximately \$169,000. Given the Developmental Center's statewide purpose, the Analyst recommends the USDC annually report its census by county.

**DSPD EXPLANATION OF RECOMMENDATIONS****TRANSPARENCY**

- 1. As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department work with the Division of Finance and the Utah Transparency Advisory Board to record USSDS transactions showing vendor/payee detail on the Transparency website, taking into account any privacy or security issues. USSDS contains information that is private and may not be published.***

78.9% of all DSPD transactions show no vendor/payee name on the Transparency website ([transparent.utah.gov](http://transparent.utah.gov)). This results from transactions processed on the 29 year-old Unified Social Services Delivery System (USSDS). FINET is the state's primary accounting system and as such is the main vehicle used to populate the Transparency website ([transparent.utah.gov](http://transparent.utah.gov)). With regard to the \$203.8 million FY 2010 DSPD budget, \$154.6 million or 78.9% is paid through the Unified Social Services Delivery System (USSDS) and is only transferred in summary form into FINET. As a result, detailed financial transaction information for most of DSPD's expenditures cannot be observed on the Transparency website accessible to the public.

- 2. As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department make USSDS detailed transaction records available annually and on a timely basis to the Legislature and the Governor.***

78.9% (\$155 million) of all DSPD transactions are not available to the Legislature and Governor for review. This results from transactions processed on the 29 year-old Unified Social Services Delivery System (USSDS). The USSDS has been the department's payment information system since 1981, and was designed to run on technology products that have long since been replaced as standards for new system development and integration. USSDS is a vendor provider payment system used for services rendered on behalf of clients. Services paid through USSDS include, among others, individual client assessments and provision of home care such as foster care, group care, and day training. USSDS is utilized by the divisions of Services for People with Disabilities (DSPD), Child and Family Services (DCFS), and Juvenile Justice Services (DJJS). The Department of Technology Services (DTS) has instructed the department that the USSDS technology and vendor provided software support will be terminated on April 30, 2011. The department is currently involved in a

rewrite of its USSDS system to be functional by April 2011. The existing version of USSDS does not easily lend itself to division, department, Governor's Office, or legislative review. The Governor's Optimization Commission recommended "accelerate robust information systems and tools to measure performance, increase communication, and institutionalize accountability" (page C-2). These elements are not available with the current system. The Analyst recommends they be part of the USSDS replacement.

**3. *The Analyst recommends the Developmental Center annually provide the Analyst with a detailed average direct and overhead cost per patient.***

The State Developmental Center does not collect detailed costs per individual that display all direct and overhead costs associated with a patient. This limits legislative and management analysis of the value of its investment at the State Developmental Center as well as a comparison of service components provided at the Developmental Center to those provided in other settings. The State Developmental Center routinely collects and reviews expenditures for all of its cost centers representing both direct and ancillary services. An annual detailed average direct and overhead cost per patient would help to inform policy discussions regarding the State Developmental Center and the services provided there.

#### STAFF RESOURCES

**4. *The Analyst recommends DSPD provide a detailed update of administrative and regional staff responsibilities and functions to the LFA by September 1, 2011 after its structural changes have had time to take effect.***

Significant changes have been made to the organizational structure of the Division of Services for People with Disabilities through the consolidation of regions, the elimination of offices, and the contracting for 120 support coordinators. The division described its efforts as it having "dramatically re-engineered our Division". DSPD has published a document on its publicly accessed website and updated it as of June 2010 addressing these changes and how they have altered management responsibilities. Outside observers have questioned the value of various staff positions under the new structural organization in the context of recent reductions to services. Because of the significance of the organizational changes and the length of time for implementation and assessment, the Analyst recommends that DSPD provide a detailed update of management and staff responsibilities after the structural changes have had more time to take effect. A review of the DSPD organization and the purpose of its functions would help to assure all involved of the value of its current staff structure.

#### FACILITY RESOURCES

**5. *The Analyst recommends the department and the Division of Facilities Construction and Management (DFCM) explore options on how best to utilize, sell, or lease the remaining usable space and available farm land at the Developmental Center.***

The Developmental Center has 62,400 square feet of vacant facility space available and 250 acres of available farm land. The Utah State Developmental Center operates approximately 525,000 square feet in 49 separate buildings. The majority of the space (73%) is dedicated to residential operations and services for those housed at the Center. Until recently almost 80,800 square feet of facility space sat vacant at the USDC. However, as a result of reduced budgets, the division chose to remodel an 18,400 square foot building on the southeast side of the campus to replace an American Fork lease expiring for the Division of Child and Family Services (see the separate narrative in the Buildings section of this report). The Developmental Center also has approximately 250 acres of available farm land.

**6. *The Analyst recommends the Division of Services for People with Disabilities, in conjunction with the Division of Facilities Construction and Management, sell off or lease its five group homes at market rates to providers.***

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 homes are located throughout the state in Layton, North Ogden, Sandy, Spanish Fork, and St. George. Each home contains about 4,600 square feet. Typically DSPD contracts with providers to house and provide services for persons with disabilities. Those providers either lease or own property on which to house their clients. The five group homes owned by the division are a unique situation where the providers provide services but do not pay rent on the buildings (see the separate narrative on this subject in the Buildings section of this report).

**ACCOUNTABILITY: STATE DELIVERED SERVICES**

**7. *The Analyst recommends DSPD follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this area in the department.***

For outcome measures of state provided services, DCFS is the best example. They have meaningful measures, compare different regions, publish them on their publicly-accessed website, and benchmark against other states. The division reported no outcome measures associated with its state provided services. DSPD provided the LFA with 21 measures for the in-depth budget review (see the summary of all agency outcome measures on page 65 of Appendix 3). Nine of the 21 measures are output measures representing in each instance the number served in various programs. Of the remaining 12 measures, four represent a calculation regarding average annual savings resulting from an individual receiving services in a community placement compared to a nursing home setting. Another three measure the percent satisfied with either the contract provider or the support coordinator. Two have to do with the percent of providers meeting requirements of contracts. The final two measures are for the Utah State Developmental Center (USDC) and represent measures for a sub-population of the center dealing with those entering the USDC on a temporary basis to be stabilized following events that did not allow these individuals to remain in their community group home placements. These two USDC measures represent percent reduction in either maladaptive behaviors or symptom-related medical diagnosis from the time of admission to the time of discharge. There are no outcome measures for the primary population housed at the USDC (\$36.5 million in FY 2010).

**ACCOUNTABILITY: CONTRACT PROVIDED SERVICES**

**8. *The Analyst recommends DSPD follow best practice for contract provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across providers as well as against other states. The Division of Substance Abuse and Mental Health is the best example for this area in the department.***

For outcome measures of contract-provided services, the Division of Substance Abuse and Mental Health is the best example. They have meaningful measures, compare different providers, publish them on their publicly-accessed website, and benchmark against other states. DSPD provided the LFA with 21 measures for the in-depth budget review (see the summary of all agency outcome measures on page 65 of Appendix 3). Nine of the 21 measures are output measures representing in each instance the number served in various programs. Of the remaining 12 measures, four

represent a calculation regarding average annual savings resulting from an individual receiving services in a community placement compared to a nursing home setting. Although this measure is interesting, it does not provide any information regarding the division's performance. Another three measure the percent satisfied with either the contract provider or the support coordinator. Two have to do with the percent of providers meeting requirements of contracts.

Other than a measure for the percent satisfied, no outcome measures were reported for the Community Supports Waiver, the largest budget component of the department (\$148.5 million in FY 2010).

DSPD "utilizes several instruments to gauge service quality among consumers" including a "mailout satisfaction survey for families utilizing the self-administered services model[, and]... a comprehensive interview conducted by a division quality team member which... measures all aspects of service quality including the quality of the environment, staff, community access, health, and human rights. In addition... the division's quality team observes and assesses a sample of private support coordinators as they conduct annual team planning meetings" (see the document on DHS Providers on page 14 of Appendix 1). With regard to grading or ranking of services, DSPD does not grade or rank its community service providers but does state that "audit and quality team members collaborate with each other to identify patterns of concerns that may necessitate a more detailed review".

With regard to DSPD private support coordinators, these "providers are assessed using an array of objective metrics that are published on the DSPD website. This allows families to utilize objective criteria when deciding on a support coordination provider." The three elements included in this instrument are: 1) the ability to connect with people and their families, 2) prudent use of public funds, and 3) completion of work in a timely manner.

For the very reasons stated by the division, the private support coordinator model, with its use of objective metrics that are subsequently published on the DSPD website, offers a good example for the division to follow and establishes an incentive for lower performing providers to improve their services.

#### ACCOUNTABILITY: REPORTING

**9. *The Analyst recommends all program areas develop easily understood reports regarding major budget areas and routinely share them with the Legislature, the Governor's Office, and the public by publishing them on public websites.***

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand. The Analyst reviewed a sample of DSPD management reports used on a routine basis. As shown in Table 1, the DSPD has six major components (other than Administration) in its \$203.8 million budget.

The Analyst identified reports linked to all major DSPD expenditure categories. Reports provided included:

- *Unified Social Services Delivery System (USSDS) Data Expenditure Download* showing all yearly transactional elements included in this provider payment system for community services.
- *FINET (the state's accounting system) Data Expenditure Download* showing all yearly transactional elements included in this accounting system.

- *FINET Data Revenue Download* showing all yearly revenue elements included in this accounting system.
- *DSPD Indicators Report* – measuring the following elements: 1) DCFS/DYC youth aging out of these services and entering DSPD services, 2) attrition numbers of those who leave service, 3) effects of the DSPD utilization review process, 4) individuals entering services through the review of the Emergency Services Management Committee (ESMC), 5) court-ordered placements, and 6) service reductions and/or increases. DSPD looks at the estimated totals of all these elements and reviews the figure as a *DSPD long-term equilibrium indicator*.
- *Summary of Monthly Authorized Spending Limit Report* showing month over month and year over year information by region comparing budget to payment totals.
- *Utah State Developmental Center Balanced Scorecard Report* containing seven measures.
- *Utah State Developmental Center Sample FY 2011 Revenue Summary* showing year-to-date month over month revenues.
- *Utah State Developmental Center Sample FY 2011 Expense Detail FY 2003 to FY 2011 YTD Report* showing year over year comparisons of all detailed expenditure categories.

The management reports submitted to the LFA from DSPD provided a significant amount of basic accounting information associated with services provided through the Developmental Center and community programs as well as expenditures associated with the state Administrative Office and the regional Service Delivery unit. These programs are often complex and difficult to explain to the public as well as policy makers. The division can improve by creating easily understood reports regarding major budget areas and routinely sharing them with the Legislature, the Governor's Office, and the public by publishing them on public websites.

#### ACCOUNTABILITY: SERVICES DELIVERED EVENLY

##### ***10. The Analyst recommends the department annually report distribution of services by county to the Legislature for the State Developmental Center.***

Some department services do not appear to be distributed in a manner consistent with relevant populations. In reviewing August 1, 2010 Utah State Developmental Center (USDC) census data by county, Salt Lake and Utah counties are over-represented and all other counties comprising over 1% of the population are under-represented (see the information on page 100 in Appendix 2). Salt Lake County residents comprised 51.6% of USDC beds while making up only 37.2% of the population of the state. Utah County residents occupied 25.8% of USDC beds while Utah County makes up only 19.6% of the state's population. The yearly value of a single USDC bed is approximately \$169,000. By contrast, Davis County occupied 5.1% of USDC beds while representing 10.8% of the population, Cache County occupied 1.4% of USDC beds while representing 4.1% of the population, Washington County occupied 0.5% of USDC beds while representing 4.9% of the population, and Weber County occupied 6.5% of USDC beds while representing 8.3% of the population.

#### DSPD ADDITIONAL OBSERVATIONS

##### ***DSPD and related government agencies***

DSPD interacts and coordinates with a number of other state agencies (see the table on page 55 of Appendix 3). Some of these relationships are closer than others. Close relationships with other agencies and other programs include the Medicaid program administered by the Department of Health, Workforce Services, Child and Family Services, Juvenile Justice Services, the Courts, the Utah State Office of Rehabilitation, and private service providers. There is a particular similarity of program

purposes between the Medicaid waiver programs in DSPD and Medicaid long term care programs operated by Health Care Financing in the Department of Health.

### ***DSPD major expenditures***

DSPD, outside of salary and benefit costs, expends the majority of the resources provided to it on payments to private community providers on behalf of client services along with State Developmental Center expenditures such as pharmaceuticals, food, and utilities and regional office rents. The table titled *Department of Human Services – FY 2010 – Payments to Vendors* on page 58 of Appendix 3 documents this.

### ***DSPD expenditures regarding clients and services***

DSPD has two major service components: 1) the Utah State Developmental Center with 216 residents and FY 2010 expenditures of \$36.5 million and 2) community programs offered through three different Medicaid waivers totaling \$153 million and \$1.3 million of non-waiver related expenditures. In FY 2010 the USDC expenditures represented a cost of approximately \$169,000 per resident.

For community programs, there were 1,278 clients (of 4,774 total clients) or 26.8% who had over \$50,000 spent on their behalf totaling \$98.3 million or 63.4% of total payments. Of that group, 162 clients had more than \$100,000 paid on their behalf (see the table on page 92 of Appendix 2).

Particularly for the highest cost community clients, the majority of the yearly payment is for a residential placement and for some type of a day support service. These two types of rates often comprise 70% to 90% of the yearly expenditure for the most expensive clients. A client will typically also receive other ancillary costs such as support coordination, motor transportation, behavioral consultation, and medication monitoring by a professional nurse (see the table on page 93 of Appendix 2).

When looking at the different services offered, 17 of 65 services make up \$146.6 million or 94.8% of total expenditures. (see the table on page 98 of Appendix 2).

### ***Clients served by several different divisions***

USSDS is the payment system utilized by DSPD as well as DCFS and DJJS. FY 2010 USSDS data indicated that 2,505 individuals had payments made for services on their behalf by two of these three different divisions and 13 individuals had payments made by all three different divisions.

### ***DSPD expenditures regarding providers***

In FY 2010, DSPD paid 267 providers through its USSDS payment system. Twenty-four providers (9.0% of the total) were paid \$1 million or more totaling \$124.6 million or 80.6% of all provider payments. Four of the 24 providers were paid over \$10 million each for a total of \$58.3 million (see the table on page 97 of Appendix 2).

### ***DSPD use of building space***

Outside of the main administration building in Salt Lake City, DSPD utilized 19 buildings in FY 2010 with a total square footage of 56,816 for 123 FTE averaging \$4,716 cost per FTE for the year. The average cost per square foot was \$10.21 with costs divided between 11 leased buildings and 8 state-owned buildings. The rates paid varied between \$3.93 per square foot for state-owned maintenance costs to \$21.63 per square foot in a leased Tooele building.

### ***DSPD use of staff***

DSPD spent \$40.2 million, or 20% of its FY 2010 budget on staff. The majority of staff costs are associated with the Utah State Developmental Center. FTE counts have gone down in DSPD from 909.9 in FY 2007 to 681.8 (228.1 FTE) as of the August 20, 2010 payroll (see the *DHS FTE Count* on page 46 in Appendix 1). Approximately 120 of the FTE reduction are attributed to the division privatizing support coordinator positions.

***DSPD privatized support coordinators in an effort to reduce facility and staff-related support costs while maintaining essential face to face contact with clients***

DSPD embarked on a privatization of approximately 120 of its support coordinators in an effort to reduce facility costs and maintain essential face to face interactions with clients. The division stated it changed its support coordination system “in an attempt to preserve service quality”. The division also established objective criteria for support coordination and published this on its public-accessed website. DSPD also reduced its physical office locations from 25 to 12. As a result, DSPD has stated it “eliminated over half of [its] fleet usage, minimized computer and phone costs, lights, office supplies, etc.” The division viewed these efforts as “the best way to minimize cuts to people’s services”.

**DIVISION OF CHILD AND FAMILY SERVICES (DCFS)****PURPOSE**

The Division of Child and Family Services (DCFS) is “the child, youth, and family services authority of the state.” Its primary purpose is to provide child welfare services. The division shall also, “... when possible and appropriate, provide preventive services and family preservation services....” Furthermore, the division shall “provide domestic violence services in accordance with federal law.” By statute, DCFS is to provide child abuse prevention services, child protective services, shelter care, foster care, residential care, adoption assistance, health care for children in state custody, family preservation, protective supervision, and domestic violence preventive services. DCFS is a state-administered agency with headquarters in Salt Lake City and five regional administrative centers.

For additional detailed information on DCFS, see the Compendium of Budget Information prepared for the 2010 General Session at: [http://le.utah.gov/lfa/reports/cobi2010/sctte\\_17.htm](http://le.utah.gov/lfa/reports/cobi2010/sctte_17.htm)

**BUDGET ORGANIZATION**

DCFS is organized for budgetary purposes in the following manner:

<b>Child and Family Services FY 2010 Budget Organization</b>		
<b>Budget Unit</b>	<b>Amount</b>	<b>Percent</b>
KHB Service Delivery (889 FTE)	\$68,190,456	43%
KHE Out-of-Home Services	\$44,713,530	28%
KHP Adoption Assistance (2 FTE)	\$14,697,963	9%
KHM Domestic Violence (43 FTE)	\$5,514,782	4%
KHS Child Welfare MIS (13 FTE)	\$5,069,464	3%
KHH Minor Grants (14 FTE)	\$4,530,136	3%
KHG Facility Based Services (19 FTE)	\$3,554,097	2%
KHA Administration (38 FTE)	\$3,508,646	2%
KHK Selected Programs	\$3,132,613	2%
KHL Special Needs	\$2,230,090	1%
KHD In-Home Services	\$1,718,398	1%
KHN Children's Trust Fund	\$386,240	0%
<b>Total Child and Family Services (1,018 FTE)</b>	<b>\$157,246,415</b>	<b>100%</b>

**Table 4**

**RESOURCES AVAILABLE**

DCFS had the following resources available to it for FY 2010:

<b>Child and Family Services FY 2010 Resources Used</b>		
<b>Resource</b>	<b>Amount</b>	<b>Percent</b>
General Fund	\$91,554,600	58%
Federal Funds	\$47,425,475	30%
Medicaid Transfers	\$24,044,868	15%
Beginning Balance	\$5,271,000	3%
Medicaid ARRA Transfers	\$3,783,811	2%
Restricted Revenue	\$2,840,700	2%
Dedicated Credits	\$2,593,550	2%
Federal ARRA Funds	\$932,395	1%
Closing Balance	(\$3,764,200)	-2%
Lapsing Funds	(\$8,402,619)	-5%
Other Transfers	(\$9,033,165)	-6%
<b>Total Resources</b>	<b>\$157,246,415</b>	<b>100%</b>

Table 5

**USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES**

DCFS utilized its resources in the following manner in FY 2010:

<b>Child and Family Services FY 2010 Use of Resources</b>		
<b>Use</b>	<b>Amount</b>	<b>Percent</b>
Other Charges/Pass Through	\$72,050,366	46%
Salary and Benefits (1,018 FTE)	\$63,047,230	40%
Current Expense	\$17,489,025	11%
Data Processing Current Expense	\$4,184,179	3%
In-State Travel	\$432,439	0%
Capital Expenditure	\$22,165	0%
Out-of-State Travel	\$21,011	0%
<b>Total Uses</b>	<b>\$157,246,415</b>	<b>100%</b>

Table 6

**MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011**

- DCFS will lose an estimated \$18 million in federal Medicaid funding between FY 2010 and FY 2011. The Legislature replaced that loss with \$7 million in one-time General Fund and \$7 million in ongoing General Fund for FY 2011.
- As a result of federal Medicaid requirement changes, new billing policies were implemented on July 1, 2010, including requiring providers to bill Medicaid directly for medical services. The loss of Medicaid funding for some services resulted in the need to restructure rates. This has created a temporary period of fiscal uncertainty until there is adequate historical data to analyze cost trends. To assist in the anticipated short fall, DCFS was given one-time funding in FY 2011.

- DCFS will have the following changes in its FY 2011 budget compared to the FY 2010 detail presented in this report: 1) \$1,960,700 in one-time backfill provided for contract private providers will not continue into FY 2011, 2) a 5 percent reduction in state funding to State Administration, Adoption Assistance, and the Child Welfare Management Information System, and 3) \$1,900,000 decrease in state funding to regional case management to implement the increase of caseworker caseloads by one.
- In the past, DCFS has been the gatekeeper regarding the number of units of services that can be billed to Medicaid for children in foster care. Under the new Medicaid billing policy, providers can bill for medical services they document as necessary. DCFS is working to establish a reconciliation process, in collaboration with the Department of Health, to ensure that providers bill the amount of services the caseworker authorizes. DCFS will then follow up on those providers who bill for unauthorized services.

### STATUTORY AUTHORITY

The authority and responsibilities associated with the DCFS are enumerated in the Utah Code Annotated at:

- 62A-4a-1: Creation and duties of the division and its case management information system and database
- 62A-4a-2: Rights of parents and children, the state's interest and responsibilities, and details of the various child welfare programs
- 62A-4a-3: Child abuse and neglect prevention and treatment
- 62A-4a-4: Child abuse and neglect reporting requirements
- 62A-4a-5: Shelter services and services to runaways
- 62A-4a-6: Child placing agencies
- 62A-4a-7: Interstate Compact on Placement of Children
- 62A-4a-8: Process for the safe relinquishment of a newborn child
- 62A-4a-9: The division's child adoption assistance plan
- 62A-4a-10: Management Information System and Licensing Information System

Utah Code Title 78A, Chapter 6, *Juvenile Court Act of 1996*, has several sections that also apply to the DCFS:

- 78A-6-3: Abuse, Neglect and Dependency Proceedings
- 78A-6-4: Minors in custody on grounds other than abuse or neglect
- 78A-6-5: Termination of Parental Rights Act
- 78A-6-9: Guardian Ad Litem program

See page 17 in Appendix 3 to view detailed links between the DCFS statutory authority and the detailed programs it operates.

The Analyst reviewed all detailed programs for consistency with statutory authority and found no occurrences of programs without supporting statutory authority (see page 17 in Appendix 3).

### DCFS RECOMMENDATIONS

This section summarizes the Analyst's recommendations for the division. An explanation of the recommendations is provided afterward under "Explanation of Recommendations."

### TRANSPARENCY

1. ***As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department work with the Division of Finance and the Utah Transparency Advisory Board to record USSDS***

***transactions showing vendor/payee detail on the Transparency website, taking into account any privacy or security issues . USSDS contains some information that is private and may not be published.***

Detailed financial transaction information for 40% of DCFS' expenditures shows 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).

- 2. As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department make USSDS detailed transaction records available annually and on a timely basis to the Legislature and the Governor.***

While recommendation #1 pushes for detailed information on the Transparency website, this recommendation #2 suggests the department make detailed USSDS electronic transaction records available to the Legislature and Governor. 40% of all DCFS transaction records are not available to the Legislature and Governor for review. This results from transactions processed on the 29 year-old Unified Social Services Delivery System (USSDS).

- 3. The Analyst recommends the department disclose to the Legislature all federal block grant information, including available balances, authorized federal amounts, a detailed schedule of projected expenditures, and changes to that plan on an ongoing basis.***

Two federal block grants used by DCFS 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. It is important that the Legislature is aware of all funding sources in order to make budget decisions.

- 4. The Analyst recommends the department include private contracts in the FINET expenditure category "Pass Through."***

The department is not consistent in how it accounts for private contracts which can cause confusion in summary documents for policy makers and the public.

#### STAFF RESOURCES

- 5. The Analyst recommends the Division of Child and Family Services 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.***

With better technology now available, field workers can be more efficient and effective. The Analyst believes there are still numerous functions DCFS workers perform that could benefit by better utilization of modern technology.

#### FACILITY RESOURCES

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

The Division of Child and Family Services currently houses case workers and support staff in single, private offices. In some of the DCFS office the space is not efficiently utilized. DCFS should prepare a strategic plan to reduce its capital expenditures by using creative alternatives such as shared-space, telecommuting, and open offices. DCFS should prepare now in order to realize the savings from such approaches when leases are renewed.

**OTHER RESOURCES**

- 7. *The Analyst recommends DCFS review its contracts and rewrite these contracts, when necessary, to ensure ancillary processes are not delaying high-stakes, basic child welfare functions.***

LFA staff observed an instance in a courtroom where the basic functions of assessing the status of a child and family with regard to reunification was significantly delayed by a mental health assessment not being available to a judge in a timely manner. The child welfare system is one where timelines are established and the outcomes at stake are high.

- 8. *The Analyst recommends DCFS plan in advance to take advantage of future funding opportunities in order to benefit from technology advances when the opportunity arises.***

DCFS staff functions can be time and paperwork intensive. DCFS has addressed this situation with its SAFE system. There are still numerous functions DCFS workers perform that could also benefit from technology.

**ACCOUNTABILITY: CONTRACT PROVIDED SERVICES**

- 9. *The Analyst recommends DCFS follow best practice for contract provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across providers as well as against other states. The Division of Substance Abuse and Mental Health (DSAMH) is the best example for this in the department.***

For outcome measures of contract-provided services, the Division of Substance Abuse and Mental Health is the best example. They have meaningful measures, compare different providers, publish them on their publicly-accessed website, and benchmark against other states. DCFS does not have a process to assess and grade the quality of services by its private providers, but has identified this as a goal.

**ACCOUNTABILITY: REPORTING**

- 10. *The Analyst recommends all program areas 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.***

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand. Our review of DCFS management reports indicates routine reporting of major budget components in order to track and assess program status. DCFS was a good example within the department but can be extended and improved.

**ACCOUNTABILITY: SERVICES DELIVERED EVENLY**

- 11. *The Analyst recommends the department annually report distribution of services by county to the Legislature for DCFS regional budgets.***

Some department services do not appear to be distributed in a manner consistent with relevant populations. DCFS regional resources do not reflect state population distribution.

**DCFS EXPLANATION OF RECOMMENDATIONS****TRANSPARENCY**

- 1. *As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department work with the Division of Finance and the Utah Transparency Advisory Board to record USSDS transactions showing vendor/payee detail on the Transparency website, taking into account***

***any privacy or security issues . USSDS contains some information that is private and may not be published.***

FINET is the state's primary accounting system and as such is the main vehicle used to populate the Transparency website (*transparent.utah.gov*). With regard to the \$ 157.2 million FY 2010 DCFS budget, \$63.2 million or 40.2% is paid through the Unified Social Services Delivery System (USSDS) and is only transferred in summary form into FINET. As a result, detailed financial transaction information for much of DCFS's expenditures cannot be observed on the Transparency website.

**2. *As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department make USSDS detailed transaction records available annually and on a timely basis to the Legislature and the Governor.***

40% of all DCFS transaction records are not available to the Legislature and Governor for review. This results from transactions processed on the 29 year-old Unified Social Services Delivery System (USSDS). As a result, detailed financial transaction information for much of DCFS's expenditures cannot be observed and reviewed by legislative staff or the Governor's Office.

**3. *The Analyst recommends the department disclose to the Legislature all federal block grant information, including available balances, authorized federal amounts, a detailed schedule of projected expenditures, and changes to that plan on an ongoing basis.***

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 information on these grants has not been provided to the Legislature. It is important that the Legislature is aware of all funding sources in order to make budget deliberations. In FY 2010 DCFS spent \$14.2 million of the \$20.7 million of Social Services Block Grant (see the table on the Social Services Block Grant on page 57 of Appendix 3).

**4. *The Analyst recommends the department include private contracts in the FINET expenditure category "Pass Through."***

The department is not consistent in how it accounts for private contracts. DCFS contracts with the Foster Care Foundation for \$2.8 million but includes this contract in *Current Expense* rather than in *Other Charges/Pass Through* associated with payments to outside vendors and providers. The state accounting system has eight summary expenditure categories, two of which are *Current Expense* for non-personnel operating costs typically associated with state-run programs and *Other Charges/Pass Through* associated with payments to outside vendors and providers. The analyst recommends accounting for large private contracts through the accounting category of *Other Charges/Pass Through* in order to better clarify expenditures for management purposes, but also for transparency purposes for policy makers and the public.

#### STAFF RESOURCES

**5. *The Analyst recommends the Division of Child and Family Services 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.***

With better technology now available, field workers can be more efficient and effective. The Analyst believes there are still numerous functions DCFS workers perform that could benefit by better utilization of modern technology.

Within the department, the Office of Recovery Services offers a good example of planning, preparing, and implementing workers to successfully telecommute. ORS has exemplified a great

deal of forethought in planning and preparing its processes to allow staff to efficiently and effectively work from some other location besides an established office. In the case of ORS, it involves telecommuting from home. The ORS objective has been to reduce leased office space. ORS, however, has established strict measures to ensure work performance does not fall off. ORS has also determined and implemented all the elements that have to be done to allow for this arrangement such as the digitizing of all documents and providing of shared cubicle space for the amounts of time workers would need to come into the office. The Division of Services for People with Disabilities also reduced office space and may offer some helpful examples as DCFS creates a pilot project to test its ability to decrease office time and increase field time. It will be important for DCFS to establish a baseline performance in order to compare any potential success of its pilot program.

## FACILITY RESOURCES

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

The Division of Child and Family Services currently houses case workers and support staff in single, private offices. DCFS should prepare a strategic plan to reduce its capital expenditures by using creative alternatives such as shared-space, telecommuting, and open offices. DCFS should prepare now in order to realize the savings from such approaches when leases are renewed.

As an example of DCFS leased space, all but 500 of the 10,289 square feet of usable space in the DCFS Riverton office are private offices of 120 square feet or more. Each case worker, supervisor, and support staff has their own private office (see additional narrative on this in the Building section of this report). The Analyst believes the Office of Recovery Services, in its efforts to reduce leased space through digitizing all documents, managing telecommuting situations through the use of performance measures, and shared-space situations offers a good example for the department and DCFS.

## OTHER RESOURCES

**7. *The Analyst recommends DCFS review its contracts and rewrite these contracts, when necessary, to ensure ancillary processes are not delaying high-stakes, basic child welfare functions.***

LFA staff observed an instance in a courtroom situation in the Northern region where the basic functions of assessing the status of a child and family with regard to reunification was significantly delayed by a mental health assessment not being available to a judge in a timely manner. The child welfare system in Utah is one where timelines are established and the outcomes at stake are very high.

DCFS has indicated it is “embarking on a project to significantly improve [its] contracting processes, procedures, and the structure and number of contracts” and is “currently developing a statewide contract for assessments (mental health, parenting, etc.)” The Analyst recommends that DCFS, in its contract improvement initiative, review and revise its contracts, with a view to ensuring the basic child welfare process is moving in a timely manner.

**8. *The Analyst recommends DCFS plan in advance to take advantage of future funding opportunities in order to benefit from technology advances when the opportunity arises.***

DCFS staff functions can be time and paperwork intensive. DCFS has attempted to address this situation with its SAFE system. The Analyst believes there are still numerous functions DCFS

workers perform that could also benefit from technology. For example, LFA staff observed that during the course of a work day, workers can be waiting for significant periods of time. Laptops would allow workers to perform tasks while waiting in courtrooms or while in the field. LFA staff also observed the amount of time spent trying to match up children and youth with the most appropriate, currently available, and geographically close providers. A technology-based system with updated provided information, including current availability, an inventory of services provided, and a rating of the quality of the services would assist workers in locating the most appropriate setting and improve their efficiency.

DCFS, as a result of the Governor's Executive Order and its hiring freeze, had \$11.2 million in unexpended General Fund at the end of FY 2010 (see the table on unexpended balances on page 5 of Appendix 1). This unexpended amount helped the state close a year end shortfall. It demonstrates, however, that one-time funds can become available on short notice. The Analyst believes DCFS should prepare now to utilize some of these technology gains to help increase worker efficiency if and when one-time funds become available rather than wait until funding is available to develop these initiatives. These improvements can increase productivity and efficiency of the workers, reduce the accumulation of compensatory time, and provide the division administration, as well as other participants involved, with more up-to-date information.

#### ACCOUNTABILITY: STATE PROVIDED SERVICES

For outcome measures of state provided services, DCFS is the best example in the department. DCFS has meaningful measures, compares different regions, publishes them on its publicly-accessed website, and benchmarks against other states. The Analyst recommends other agencies in the department follow the DCFS example for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states.

DCFS provided the LFA with 32 measures for the in-depth budget review (see the summary of all agency outcome measures on page 65 of Appendix 3). Nine of the 32 measures are output measures representing in each instance the number served in various programs. Of the remaining 23 measures, many represent substantive measurements of program performance such as: *% absence of maltreatment recurrence within 6 months*, *% on-time response to referrals' priority (1,2,3)*, *initial or annual comprehensive health assessment or mental health assessment conducted on time*, and *% of children exiting in-home services who later had a supported CPS case*. In addition, DCFS includes substantive outcome measures in both its annual and quarterly reports published on the publicly-accessed website.

With regard to its Quarterly report, information is frequently shown by region which places pressure by comparison for lower performing regions to improve. Measures included in its Quarterly report are also shown by different areas of major concern such as safety, achieving permanency for children in foster care, and placement stability.

#### ACCOUNTABILITY: CONTRACT PROVIDED SERVICES

- 9. The Analyst recommends DCFS follow best practice for contract provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across providers as well as against other states. The Division of Substance Abuse and Mental Health (DSAMH) is the best example for this in the department.***

For outcome measures of contract provided services, DSAMH is the best example. They have meaningful measures, compare different providers, publish them on their publicly-accessed

website, and benchmark against other states. DCFS does conduct annual contract audits to determine if services were provided and all aspects of the contract requirements were fulfilled. DCFS does not have a process to assess and grade the quality of services by its private providers, but has identified this as a goal (see the summary of all agency outcome measures on page 65 of Appendix 3).

#### ACCOUNTABILITY: REPORTING

**10. The Analyst recommends DCFS 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.**

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand. The Analyst reviewed a sample of DCFS management reports used on a routine basis. As shown in Table 4, DCFS has eleven major components (other than Administration) in its \$157.2 million budget:

The Analyst identified reports linked to all major DCFS expenditure categories except some of the smaller budget areas. Reports provided included:

- *Management Budget Summaries* showing various summary budget elements including revenue sources, expense categories, and regional expenditures.
- *Personnel Variance Report* showing the authorized personnel budget by pay periods compared to budgeted payroll dollars, sustainable FTE caps, sustainable hourly rates, and sustainable hours paid.
- *Random Moment Samples for monthly and year-to-date figures* for Federal Title IV-E funding eligibility rates showing the actual compared to estimated rates of qualifying children and youth for this federal funding source.
- *Federal Title IV-E Funding Foster Care Penetration Report* – measuring month over month and year over year the percentage of children and youth meeting this eligibility criteria, and thus qualifying for this federal funding source.
- *Month over month and year over year Levels of Care Actual Days Paid Comparison Report* showing comparison of actual days paid for current and historical periods.
- *Total Out-of-home Care Budget compared to Actual Report* showing budget target expenditures compared to actual expenditures over time.
- *Total Out-of-home Care Levels II and III Budget compared to Actual Costs Report* showing budget target expenditures compared to actual expenditures over time.
- *Levels of Care Weekly Budget compared to Actual Daily Cost Variance Report* showing budget target expenditures compared to actual expenditures by week by cost per day.
- *Out-of-home Care Placements Report* showing week over week cost information for each individual service code including all detailed elements such as daily rates, client counts, days of service, and cost.
- *Office of Recovery Services DCFS Support Collections Report* showing the month over month and year over year amounts collected as parent support payments for children and youth in DCFS custody.
- *Out-of-home Services Mental Health Match Report* showing month over month and year over year the mental health match actual compared budget.

- *DCFS Adoptions Report* showing by region the number of adoptions broken out by the various expenditure requirements associated with the adoptions such as monthly subsidies and one-time payments as well as those qualifying for federal funding.
- *Federal Title IV-E Adoption Penetration Percentage Report* showing month over month and year over year the percentage of children and youth receiving adoption payments qualifying for federal assistance.
- *The Adoption Match Report* showing quarter over quarter and year over year showing state match paid for all Medicaid services for non-IV-E eligible children with adoption subsidies and all mental health Medicaid services for IV-E eligible children with subsidies who are “carved out” of the capitated mental health system.
- *An ARRA estimate Report* showing additional enhanced ARRA FMAP estimated by various ARRA subcomponents and various program units
- *FTE Tracking Report* showing FTE counts by appropriation unit by pay period and by regions.

The management reports submitted to the LFA from DCFS indicate routine review of major budget components in order to track and assess program status. The Analyst would recommend the further use of this model for all components in DCFS, including the areas of Minor Grants, Facility-based Services, Selected Programs, Special Needs, In-home Services, and the Children’s Trust Fund. DCFS was a good example within the department but can be extended and improved.

#### ACCOUNTABILITY: SERVICES DELIVERED EVENLY

##### ***11. The Analyst recommends the department annually report distribution of services by county to the Legislature for DCFS regional budgets.***

Some department services do not appear to be distributed in a manner consistent with relevant populations. DCFS regional resources do not reflect state population distribution. Eastern Region (Carbon, Daggett, Duchesne, Emery Grand, San Juan, and Uintah counties) is over represented in the DCFS system from what would be expected with 4% of the state’s under 18 population but 11% of all DCFS cases and underrepresented in the Western Region (Utah, Wasatch, Summit, Juab, and Millard counties) from what would be expected with 25% of the state’s under 18 population but 17% of all DCFS cases (see page 112 in Appendix 2). Given the statewide purposes and mission of DCFS, the Analyst recommends the division report to the LFA by January 1 each year its case distribution, caseworker FTEs, and budgets for the prior fiscal year by region.

#### DCFS ADDITIONAL OBSERVATIONS

##### ***DCFS self-reported ongoing interaction with other state agencies***

DCFS interacts and coordinates with a number of other state agencies (see the table on page 55 of Appendix 3). Some of these relationships are closer than others. Close relationships with other agencies and other programs include the Medicaid and CHIP programs administered by the Department of Health; Workforce Services; the divisions of Substance Abuse and Mental Health, Services for People with Disabilities, and Juvenile Justice Services; the Office of the Attorney General; Juvenile Courts; the Utah State Office of Education; local law enforcement; and private service providers.

##### ***DCFS major expenditures in FY 2010***

DCFS, outside of salary and benefit costs for its employees, expends a substantial amount of the resources provided to it on: payments to private community providers, local mental health centers, counties, family support centers, and domestic violence shelters on behalf of client services; larger contracts for foster care recruitment and social work training; and various office rents. The table titled

*Department of Human Services – FY 2010 – Payments to Vendors* on page 58 of Appendix 3 documents this.

### ***DCFS expenditures regarding clients and services***

DCFS has several budget units where payments are made to private providers or vendors on behalf of client services through its USSDS system. In FY 2010, \$63.2 million was paid on behalf of DCFS clients through USSDS. There were 180 clients (of 10,192 total clients) or 1.8% who had over \$50,000 spent on their behalf totaling \$12.7 million or 20.0% of total payments. Of that group, 10 clients had more than \$100,000 paid on their behalf (see the table on page 103 of Appendix 2). Particularly for the highest cost community placements, the majority of the yearly payment is for some form residential care. A youth might also receive ancillary services, such as family or group therapy (see the table on page 104 of Appendix 2).

When looking at the different services offered, 14 of 107 services make up \$50.6 million or 80% of total expenditures (see the table on page 108 of Appendix 2).

### ***Clients served by several different divisions***

USSDS is the payment system utilized by DCFS as well as DSPD and DJJS. FY 2010 USSDS data indicated that 2,505 individuals had payments made for services on their behalf by two of these three different divisions and 13 individuals had payments made by all three different divisions.

### ***DCFS expenditures regarding providers***

In FY 2010, DCFS paid 5,173 providers through its USSDS payment system. 51 providers (9.0%) were paid \$100,000 or more totaling \$37.4 million (59.2%) of all provider payments. 13 of the 24 providers were paid over \$1 million each for a total of \$23.5 million (see the table on page 107 of Appendix 2).

### ***DCFS use of building space***

Outside of the main administration building in Salt Lake City, DCFS utilized 51 buildings in FY 2010 with a total square footage of 371,198 for 976 FTE averaging \$5,975 cost per FTE for the year at a total cost of \$5,831,261. The average cost per square foot was \$15.71 with costs divided between 36 leased buildings and 15 state-owned buildings. The rates paid varied between \$2.53 per square foot to \$24.82 per square foot in a leased West Valley City building. As of July 2010, there were five DCFS building leases where the cost per square foot was \$22 or higher. There were six leased buildings where the cost per FTE is higher than \$10,000 per year, with the highest being \$20,400 in a leased St. George building.

### ***DCFS use of staff***

DCFS spent \$63 million, or 40.1% of its FY 2010 budget on staff. FTE counts have gone down in DCFS from 1,066.8 in FY 2007 to 974.6 (92.2 FTE reduction) as of the August 20, 2010 payroll (see the *DHS FTE Count* on page 46 in Appendix 1). The division, in total, spent 3% of its FY 2010 budget for *Regional Administration* but the Southwestern and Eastern regions spent twice as high on this category with 7% and 6% respectively.

### ***DCFS use of vehicles***

DCFS had 193 motor pool vehicles under its control in FY 2010 (see the Vehicle section of this report and the vehicle tables on pages 40 through 45 of Appendix 1). For FY 2010, 26% or \$316,000 of all DCFS expenditures for vehicle use was for private vehicle mileage reimbursement (PVMR). 88 DCFS staff were reimbursed yearly PVMR amounts of \$1,000 or more. DHS reimburses all private vehicle use at 36 cents per mile (*DHS Policy and Procedures 01-12*). At the 36 cents per mile reimbursement rate, these 88 employees were reimbursed for yearly mileage totals for 4,053 and up. In its responses

regarding this issue to the LFA, DCFS indicated that in many instances, motor pool vehicles were not available. In addition, in FY 2010 some regions had higher travel cost per FTE than others. For example, Eastern (\$593) and Salt Lake (\$520) regions had more in-state travel costs per FTE than any other region. The Southwestern (\$195) was the lowest.

**DIVISION OF SUBSTANCE ABUSE AND MENTAL HEALTH (DSAMH)****PURPOSE**

The Division of Substance Abuse and Mental Health (DSAMH) is the state's public mental health and substance abuse authority. It oversees the 13 local mental health and 13 local substance abuse authorities. Each county legislative body is both a mental health and substance abuse authority. Two or more counties may join together to provide coordinated prevention and treatment services. The division also has general supervision of the State Hospital in Provo. The division establishes minimum quality standards, funding formulas for distribution of public funds, and other public mental health and substance abuse policies with input from various stakeholders.

Both mental health and substance abuse services are delivered either directly by the local authorities (counties) or by local authorities contracting with private providers. Counties are required to provide a minimum scope and level of service and must provide a minimum 20 percent county fund match. Counties set priorities to meet local needs but must submit an annual plan describing services they will provide.

For additional detailed information on DSAMH, see the Compendium of Budget Information prepared for the 2010 General Session at: <http://le.utah.gov/lfa/reports/cobi2010/sctte 17.htm>

**BUDGET ORGANIZATION**

DSAMH is organized for budgetary purposes in the following manner:

<b>Substance Abuse and Mental Health FY 2010 Budget Organization</b>		
<b>Budget Unit</b>	<b>Amount</b>	<b>Percent</b>
KBF State Hospital (760)	\$54,190,459	42%
KBD Mental Health Centers (1 FTE)	\$27,341,296	21%
KCD Local Substance Abuse Services	\$24,283,826	19%
KCC State Substance Abuse Services	\$6,556,826	5%
KBC Community Mental Health Services	\$4,689,655	4%
KDB Drug Court Program	\$3,659,948	3%
KBA Administration (32 FTE)	\$2,905,630	2%
KDC Drug Offender Reform Act	\$2,096,458	2%
KCF Drivers Under the Influence	\$1,468,205	1%
KBE Residential Mental Health Services	\$957,959	1%
KDA Drug Boards	\$317,145	0%
Total Sub Ab and Mental Hlth (793 FTE)	\$128,467,405	100%

**Table 7**

**RESOURCES AVAILABLE**

DSAMH had the following resources available to it for FY 2010:

Substance Abuse and Mental Health FY 2010 Resources Used		
Resource	Amount	Percent
General Fund	\$83,868,200	65%
Federal Funds	\$23,996,941	19%
Medicaid Transfers	\$13,487,677	10%
Restricted Revenue	\$3,666,300	3%
Dedicated Credits	\$3,340,596	3%
Medicaid ARRA Transfers	\$1,658,470	1%
Other Transfers	\$316,904	0%
Beginning Balance	\$89,100	0%
Closing Balance	(\$114,700)	0%
Lapsing Funds	(\$1,842,083)	-1%
Total Resources	\$128,467,405	100%

Table 8

**USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES**

DSAMH utilized its resources in the following manner in FY 2010:

Substance Abuse and Mental Health FY 2010 Use of Resources		
Use	Amount	Percent
Other Charges/Pass Through	\$68,582,277	53%
Salary and Benefits (793 FTE)	\$45,681,749	36%
Current Expense	\$11,622,289	9%
Data Processing Current Expense	\$2,384,470	2%
Capital Expenditure	\$144,914	0%
In-State Travel	\$31,969	0%
Out-of-State Travel	\$11,434	0%
Data Processing Capital Expenditure	\$8,303	0%
	\$128,467,405	100%

Table 9

**MAJOR CHANGES IN THE DSAMH BUDGET BETWEEN FY 2010 AND FY 2011**

- DSAMH will have the following changes in its FY 2011 budget compared to the FY 2010 detail presented in this report: 1) \$3,608,200 in one-time backfill provided for local mental health and substance abuse authorities will not continue into FY 2011, 2) a reduction in state funding to DSAMH Administration (10 percent) and Residential Mental Health Services (5 percent), 3) increased benefit and personnel costs at the Utah State Hospital due to filling long vacant positions, and 4) the elimination of the Drug Board program (\$350,000).

**STATUTORY AUTHORITY**

The Analyst reviewed all detailed programs for consistency with statutory authority and found no occurrences of programs without supporting statutory authority except the ARTC program at the State Hospital. The Analyst recommends the Legislature review and authorize, if desired, the ARTC program.

The authority and responsibilities associated with the DSAMH Line Item are enumerated in UCA 62A Chapter 15 describing the functions and responsibilities of Utah's public mental health and substance abuse treatment and prevention systems. In addition, Utah Code Title 17, Chapter 43 outlines the responsibilities and functions for local county substance abuse and mental health authorities. See page 22 in Appendix 3 to view detailed links between the DSAMH statutory authority and the detailed programs it operates.

**DSAMH RECOMMENDATIONS**

This section summarizes the Analyst's recommendations for the division. An explanation of the recommendations is provided afterward under "Explanation of Recommendations."

**STATUTORY AUTHORITY**

- 1. The Analyst recommends the Legislature review the ARTC program at the State Hospital and either provide it authority or eliminate it.***

All Substance Abuse and Mental Health programs have statutory authority except the State Hospital 5-bed Acute Rehabilitation Treatment Center (ARTC) program providing acute beds for rural community mental health centers that do not have inpatient psychiatric beds in their communities.

**TRANSPARENCY**

- 2. The Analyst recommends the department disclose to the Legislature all federal block grant information, including available balances, authorized federal amounts, a detailed schedule of projected expenditures, and changes to that plan on an ongoing basis.***

Four federal block grants used by the department are highly flexible, accumulated off the budget, and used according to agency rather than legislative direction.

- 3. The Analyst recommends the State Hospital annually provide the Analyst with a detailed average direct and overhead cost per patient.***

The State Hospital does not collect detailed costs per individual displaying all direct and overhead costs associated with a patient. This limits legislative and management analysis of the value of its investment at the State Hospital as well as comparison of services provided at the hospital to those in other settings.

**ACCOUNTABILITY: STATE PROVIDED SERVICES**

- 4. The Analyst recommends DSAMH follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this in the department.***

For outcome measures of state provided services, DCFS is the best example. They have meaningful measures, compare different regions, publishing them on their public website, and benchmark against other states.

**ACCOUNTABILITY: CONTRACT PROVIDED SERVICES**

- 5. The Analyst recommends other agencies in the department follow best practice for contract-provided services by measuring things that matter, focusing on outcomes first and then***

***outputs, and comparing efforts across providers as well as against other states. DSAMH is the best example for this area in the department.***

For outcome measures of contract-provided services, DSAMH is the best example. They have meaningful measures, compare different providers, publish them on their publicly-accessed website, and benchmark against other states.

#### ACCOUNTABILITY: BUDGETING

- 6. The Analyst recommends the department realign priorities and decision making by moving State Hospital funding to local governments since they are responsible for hospital placements. The department and county authorities should provide two or more options to the Analyst by November 1, 2011.***

The department passes state and federal funding through to local county authorities, who then manage mental health services. However, county authorities manage State Hospital placements, but not the funding. While the state does not manage the placements, it does pay for the costs. This creates a disincentive for local authorities to consider costs when making State Hospital placements.

#### ACCOUNTABILITY: REPORTING

- 7. The Analyst recommends DSAMH 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.***

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand.

#### ACCOUNTABILITY: SERVICES DELIVERED EVENLY

- 8. The Analyst recommends the department annually report distribution of services by county to the Legislature for the State Hospital Forensic Unit.***

Some department services do not appear to be distributed in a manner consistent with relevant populations. The State Hospital Forensic Unit is one of these program areas.

#### DSAMH EXPLANATION OF RECOMMENDATIONS

##### STATUTORY AUTHORITY

- 1. The Analyst recommends the Legislature review the ARTC program at the State Hospital and either provide it authority or eliminate it.***

All Substance Abuse and Mental Health programs have statutory authority except the State Hospital 5-bed Acute Rehabilitation Treatment Center (ARTC) program providing acute beds for rural community mental health centers that do not have inpatient psychiatric beds in their communities. A portion of the Beesley Building at the State Hospital houses these five beds for rural acute care. Typically psychiatric acute care takes place in regional hospitals; however, several rural counties in the state utilize the State Hospital to take on this responsibility for them. The state Medicaid agency (located in the Department of Health) assists in funding these beds for Medicaid recipients. The need for these beds arises from rural mental health centers being unable to place Medicaid recipients in private sector psychiatric beds due to lack of sufficient private sector beds. For the Medicaid agency, it is seen as a Medicaid access-to-care issue. The arrangement for these 5 beds at the State Hospital was developed in 2004.

## TRANSPARENCY

2. ***The Analyst recommends the department disclose to the Legislature all federal block grant information, including available balances, authorized federal amounts, a detailed schedule of projected expenditures, and changes to that plan on an ongoing basis.***

Four federal block grants used by the department are highly flexible, accumulated off the budget, and used according to agency rather than legislative direction. Two of these block grants are associated with the Division of Substance Abuse and Mental Health: 1) the Substance Abuse Prevention and Treatment Block Grant and 2) the Community Mental Health Services Block Grant.

3. ***The Analyst recommends the State Hospital annually provide the Analyst with a detailed average direct and overhead cost per patient.***

The State Hospital does not collect detailed costs per individual that display all direct and overhead costs associated with a patient. This limits legislative and management analysis of the value of its investment at the State Hospital as well as a comparison of services components provided at the hospital to those provided in other settings. The State Hospital utilizes a well functioning accounting system and routinely collects and reviews expenditures for all of its cost centers representing both direct and ancillary services. An average direct and overhead cost per patient would be similar to an itemized bill provided to a consumer for work performed and would help inform policy discussions regarding the State Hospital and the services provided there.

## ACCOUNTABILITY: STATE PROVIDED SERVICES

4. ***The Analyst recommends DSAMH follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this in the department.***

For outcome measures of state provided services, DCFS is the best example. They have meaningful measures, compare different regions, publish them on their public website, and benchmark against other states. DSAMH provided the LFA with 45 measures for the in-depth budget review (see the summary of all agency outcome measures on page 65 of Appendix 3). These 45 measures can be categorized as follows: 12 associated with statewide and community mental health services, 11 associated with the Utah State Hospital, and 22 associated with statewide and community substance abuse programs. No measures were provided for the functions performed at the State Administration Office.

*Utah State Hospital:* of the 11 measures provided, four were output measures representing in each instance the number served for various hospital units. Of the remaining seven measures, four represent median lengths of stay. On its website, the State Hospital posts a description of its outcome measures accompanied by the interpretation of those measures. With regard to numbers served and median lengths of stay, the Hospital states: “the goal is to serve as many patients as possible while maintaining a low rapid re-admission rate. . . . The higher the number of patients served the more effective the services are to the entire state of Utah.” For the State Hospital, then, the number of patients served as well as lengths of stay have additional performance value. The State Hospital also has several more complicated measures including instruments to measure average reduction in symptoms (its BPRS score) and a severe and persistent outcome questionnaire (its SOQ score). Both of these measures are identified and explained on the State Hospital’s website. The Analyst believes the State Hospital is a good example for other areas of the department in its transparency to the public regarding its outcome measures by displaying and explaining these measures on its website. The Analyst recommends the State Hospital also display the actual numerical measures on its website.

## ACCOUNTABILITY: CONTRACT PROVIDED SERVICES

**5. *The Analyst recommends other agencies in the department follow best practice for contract-provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across providers as well as against other states. DSAMH is the best example for this area in the department.***

For outcome measures of contract-provided services, DSAMH is the best example in the department. They have meaningful measures, compare different providers, publish them on their public website, and benchmark against other states. DSAMH provided the LFA with 45 measures for the in-depth budget review (see the summary of all agency outcome measures on page 65 of Appendix 3). These 45 measures can be categorized as follows: 12 associated with statewide and community mental health services, 11 associated with the Utah State Hospital, and 22 associated with statewide and community substance abuse programs.

*Statewide and community mental health programs:* of the 12 measures provided, eight were output measures representing in each instance the number served in various programs. Two examples of this are the number of clients served for the autism preschool program and the number of clients served at local mental health centers. While this information does help to frame program discussions, it does not provide any indication of performance – of the benefit for the state of these programs. Two of these count measures, however, do have added value when combined. These two are the number of children placed in the community from the State Hospital and the number of children who remained in the community. Of the remaining four measures, two represent timely completion for competency evaluations and PASRR reviews and two represent either client or family satisfaction ratings associated with the \$27.3 million budget passed through to community mental health centers. DSAMH also has its *Adult and Youth Consumer Satisfaction Survey* included in its annual reports as well as on its website at:

[http://www.dsamh.utah.gov/consumer\\_satisfaction.html](http://www.dsamh.utah.gov/consumer_satisfaction.html). This survey includes, among others, the following elements: percent of clients sampled, general satisfaction, good service access, quality and appropriateness of services, participation in treatment planning, positive service outcomes, and improved functioning. This survey compares all local service districts and includes a national comparison for seven of the elements. The Analyst believes this consumer satisfaction survey for both mental health and substance abuse clients, with its comparison of local service districts as well as the nation, offers a good example for other areas of the department in addressing the basic question of the benefit resulting from services provided. The Analyst also believes this survey offers a good example by providing, through its comparison of local service providers, an incentive for lower performing providers to improve their services.

*Statewide and community substance abuse programs, including drug courts and DORA:* of the 22 measures provided, five were output measures representing the number served in various programs. Of the remaining 18 measures, the majority represent: percentage increases in abstinence, use by 12<sup>th</sup> graders, and employment since receiving treatment; percentage decreases in homelessness and arrests while participating in programs; and pure percentages reporting abstinence at program completion. Four of the community substance abuse program measures can also be benchmarked to other states. DSAMH also has its *Utah Substance Abuse Treatment Outcomes Measures Scorecard for all clients* included in its annual report on its website at:

<http://www.dsamh.utah.gov/outcomereports.htm>. This survey includes, among others, the following elements: increased alcohol abstinence, increased drug abstinence, increase in stable housing, increased employment, and decreased criminal justice involvement. This survey compares all local service districts and includes a national comparison for these five elements. The Analyst believes this outcomes report, with its comparison of local service districts as well as the nation,

offers a good example for other areas of the department in addressing the basic question of the benefit resulting from services provided. The Analyst also believes this survey offers a good example by providing, through its comparison of local service providers, an incentive for lower performing providers to improve their services.

#### ACCOUNTABILITY: BUDGETING

6. ***The Analyst recommends the department realign priorities and decision making by moving State Hospital funding to local governments since they are responsible for hospital placements. The department and county authorities should provide two or more options to the Analyst by November 1, 2011.***

The department passes state and federal funding through to local county authorities, who then manage mental health services. However, county authorities manage State Hospital placements, but not the funding. While the state does not manage the placements, it does pay for the costs. This creates a disincentive for local authorities to consider costs when making State Hospital placements. By statute, Utah provides mental health services primarily through local county authorities and requires these county authorities to provide a continuum of mental health services. State and federal funding is primarily passed through to counties by formula. The State Hospital is administered and funded by the state while client placements to the hospital are managed by counties and allocated by a population-based formula. This arrangement creates a disincentive for county authorities to manage clients to less expensive settings, when appropriate. UCA 62A-15-603 states:

*The administration of the state hospital is vested in the division where it shall function and be administered as a part of the state's comprehensive mental health program . . . . When it becomes feasible the board may direct that the hospital be decentralized and **administered at the local level** by being integrated with, and becoming a part of, the community mental health services. [emphasis added by the LFA]*

The Governor's Optimization Commission included a general recommendation to "change the organizational structure to facilitate operational oversight and continual improvement" and "align incentives and eliminate disincentives for creating savings and efficiencies" (p. C-1).

#### ACCOUNTABILITY: REPORTING

7. ***The Analyst recommends DSAMH 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.***

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand.

The Analyst reviewed a sample of DSAMH management reports used on a routine basis. As shown in Table 7, DSAMH has nine major components (other than Administration) in its \$128.5 million budget:

The Analyst identified reports linked to all major DSAMH expenditure categories. Reports provided included:

- *Available Revenues, Budgets, and Year-to-Date Expenses Report* showing all revenue sources and all subcomponents of the DSAMH budget excluding the State Hospital.
- *State Hospital Budget Detail Report* showing a five-year history for each detailed category of the hospital's budget along with current year-to-date expense compared to budgeted amounts

- *State Hospital Budget Summary by Units Report* showing each unit category of the hospital budget with a five-year history for each detailed category of the hospital's budget along with current year-to-date expense compared to budgeted amounts. The information is accompanied by the manager's name responsible for the budget.
- *State Hospital Labor Distribution Report* used for forecasting which includes pay period dates and amounts along with total hours and FTE counts.
- *State Hospital Budget Summary Exception Report* showing the hospital budget detailed by units but concentrating on exception amounts for the unspent budget for the year remaining. It also shows a 5-year history at similar points in time.
- *State Hospital Flash Report* showing all essential budget elements for top level managers contained on one page for easy reference and referral.
- *State Hospital Revenue Forecast Report* summarizing key funding components such as Medicaid and Medicare funding.

The management reports submitted to the LFA from DSAMH provided a significant amount of detail regarding State Hospital programs, but much less financial data regarding other DSAMH programs. The division does include some very basic information. These programs are often complex and difficult to explain to the public as well as policy makers. The division does include brief summary financial information in its annual report. The division can improve by creating easily understood reports regarding major budget areas and routinely sharing them with the Legislature, the Governor's Office, and the public by publishing them on public websites.

#### ACCOUNTABILITY: SERVICES DELIVERED EVENLY

**8. *The Analyst recommends the department annually report distribution of services by county to the Legislature for the State Hospital Forensic Unit.***

Some department services do not appear to be distributed in a manner consistent with relevant populations. The State Hospital Forensic Unit is one of these program areas. Although civil beds at the State Hospital are allocated based upon population-based funding formulas, the Forensic unit is used as a result of actions taken by the criminal court system and are filled on a first come first serve basis from any of the 8 district courts. In reviewing August 1, 2010 forensic unit census data, Salt Lake and Utah counties are over-represented and all other counties comprising over 1% of the population are under-represented. Salt Lake County residents comprised 45% of forensic unit beds while making up only 38% of the over 18 population of the state (see the table on page 126 of Appendix 2). Utah county residents occupied 23.8% of forensic beds while Utah county makes up only 18.6% of the over 18 population. The yearly value of a single forensic bed is approximately \$150,000 (source: Feasibility Study on the Privatization of Portions of the Utah State Hospital and the Utah State Developmental Center, August 6, 2010). By contrast, Weber county occupied 3.6% of forensic beds while representing 8.5% of the over 18 population and Davis county occupied 4.8% of forensic beds while representing 10.4% of the over 18 population. Given the Forensic Unit's statewide purpose, the Analyst recommends the hospital annually report its Forensic census to the LFA.

#### DSAMH ADDITIONAL OBSERVATIONS

***Transparency of financial information***

FINET is the state's primary accounting system and as such is the main vehicle used to populate the Transparency website ([transparent.utah.gov](http://transparent.utah.gov)). Because all DSAMH transactions are recorded and paid through FINET, all DSAMH transactions are being posted to the Transparency website.

***DSAMH self-reported ongoing interaction with other state agencies***

DSAMH interacts and coordinates with a number of other state agencies (see the table on page 55 of Appendix 3). Some of these relationships are closer than others. Close relationships with other agencies and other programs include the Medicaid and CHIP programs administered by the Department of Health, Workforce Services, Child and Family Services, Juvenile Justice Services, the Courts, Corrections, and counties.

***DSAMH major expenditures in FY 2010***

DSAMH, outside of salary and benefit costs, expends the majority of the resources provided to it on pass through contracts with local mental health and substance abuse authorities along with State Hospital expenditures such as pharmaceuticals, food, and utilities. The table titled *Department of Human Services – FY 2010 – Payments to Vendors* on page 58 of Appendix 3 documents this.

***DSAMH use of building space***

Outside of the main administration building in Salt Lake City, DSAMH utilized 28 buildings in FY 2010, all at the Utah State Hospital. The Utah State Hospital (USH) operates approximately 450,000 square feet in 28 separate buildings. The majority of that space (80%) is dedicated to residential operations and services for those housed at the hospital. The remaining space houses administration, maintenance, utilities, and storage. The USH appears to fully utilize existing buildings and a few older buildings have increasing repair needs.

***DSAMH use of staff***

DSAMH spent \$45.7 million, or 36% of its budget on staff. The majority of staff costs are associated with the Utah State Hospital. FTE counts have stayed flat in DSAMH from 791.9 in FY 2007 to 790.2 (1.7 FTE reduction) as of the August 20, 2010 payroll (see the *DHS FTE Count* on page 46 in Appendix 1). The State Hospital accounts for 91% of the DSAMH FTEs.

***DSAMH use of vehicles***

DSAMH Administration had no specific motor pool vehicles under its control in FY 2010 but instead utilized motor pool vehicles for use by those located in the central multi-agency state office building (see the Vehicle section of this report and the vehicle tables on pages 40 through 45 of Appendix 1). For FY 2010, 75% or \$14,700 of all DSAMH Administration expenditures for vehicle use was for private vehicle mileage reimbursement (PVMR). DHS reimburses all private vehicle use at 36 cents per mile (*DHS Policy and Procedures 01-12*).

The Utah State Hospital, as an institution, operates as a self-contained campus. The State Hospital had 48 motor pool vehicles under its control in FY 2010. The LFA identified many motor pool vehicles at the State Hospital as both low usage as well as high cost per mile. The LFA requested an explanation regarding each vehicle in this low usage category. Many vehicles at the Utah State Hospital, similar to those at the Utah State Developmental Center and other institutions are for specialized use. For example, a grounds-maintenance truck associated with the State Hospital may see significant use but low mileage due to the limited distances involved with a campus setting. The State Hospital indicated, as a result of this in depth budget review, it has “been reviewing usage of all vehicles by day, by unit and by mileage” and “based upon this review [it is] looking at decreasing [its] fleet by 2 vans and having units share the use of vans.” The State Hospital further stated: “if this is successful we will consider decreasing fleet even further”.

***State Hospital costs per full-time resident were approximately \$150,900 per year for FY 2010***

In FY 2010 the State Hospital expenditures represented a cost of approximately \$150,900 per full-time resident.

***Utah State Hospital budget documents do not reflect actual payroll experience with psychiatrists***

All state agencies, including the State Hospital, submit budget request documents in the autumn of each year. With regard to individual employee information, estimates are based on standard salaries and estimated benefits, not on actual experience. These estimates, however, are meant to roughly approximate actual expenditures. With regard to State Hospital psychiatrists, there has been a wide difference between what was budgeted and what was actually paid out after incorporating overtime and on-call pay.

**DIVISION OF JUVENILE JUSTICE SERVICES (DJJS)****PURPOSE**

The Division of Juvenile Justice Services (DJJS) serves youth offenders with a comprehensive array of programs, including home detention, secure detention, day reporting centers, case management, community services, observation and assessment, long-term secure facilities, transition, and youth parole.

Juvenile Justice Services is a division within the Department of Human Services but has been assigned to the Executive Offices and Criminal Justice Appropriations Subcommittee for legislative oversight. Prior to FY 2004, it was known as the Division of Youth Corrections.

DJJS is responsible for all youth offenders committed by the state's Juvenile Court for secure confinement or supervision and treatment in the community. DJJS also operates receiving centers and youth services centers for non-custodial and/or non-adjudicated youth.

For additional detailed information on DJJS, see the Compendium of Budget Information prepared for the 2010 General Session at: [http://le.utah.gov/lfa/reports/cobi2010/sctte\\_17.htm](http://le.utah.gov/lfa/reports/cobi2010/sctte_17.htm)

**BUDGET ORGANIZATION**

DJJS is organized for budgetary purposes in the following manner:

<b>Division of Juvenile Justice Services FY 2010 Budget Organization</b>		
<b>Budget Unit</b>	<b>Amount</b>	<b>Percent</b>
KJD Community Programs (155 FTE)	\$32,940,063	33%
KJE Correctional Facilities (287 FTE)	\$27,100,433	27%
KJJ Rural Program (291 FTE)	\$24,296,999	24%
KJC Early Intervention (141 FTE)	\$11,377,591	11%
KJA JJS Administration (41 FTE)	\$3,948,058	4%
KJT Youth Parole Authority (4 FTE)	\$343,020	0%
Total Juv. Justice Services (919 FTE)	\$100,006,165	100%

**Table 10**

**RESOURCES AVAILABLE**

DJJS had the following resources available to it for FY 2010:

Division of Juvenile Justice Services FY 2010 Resources Used		
Resource	Amount	Percent
General Fund	\$80,244,900	80%
Medicaid Transfers	\$13,171,237	13%
Dedicated Credits	\$2,850,733	3%
Federal Funds	\$2,006,001	2%
Medicaid ARRA Funds	\$1,767,931	2%
Other Transfers	\$1,249,512	1%
Beginning Balance	\$760,500	1%
Federal ARRA Funds	\$63,267	0%
Lapsing Funds	(\$607,916)	-1%
Closing Balance	(\$1,500,000)	-1%
<b>Total Resources</b>	<b>\$100,006,165</b>	<b>100%</b>

Table 11

**USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES**

DJJS utilized its resources in the following manner in FY 2010:

Division of Juvenile Justice Services FY 2010 Use of Resources		
Use	Amount	Percent
Salary and Benefits (919 FTE)	\$52,235,518	52%
Other Charges/Pass Through	\$29,776,908	30%
Current Expense	\$16,875,626	17%
Data Processing Current Expense	\$988,967	1%
In-State Travel	\$92,060	0%
Capital Expenditure	\$27,127	0%
Out-of-State Travel	\$9,959	0%
<b>Total Uses</b>	<b>\$100,006,165</b>	<b>100%</b>

Table 12

**MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011**

- As a result of federal Medicaid requirement changes, new billing policies were implemented on July 1, 2010, including requiring providers to bill Medicaid directly for medical services. The loss of Medicaid funding for some services resulted in the need to restructure rates. This created a temporary period of fiscal uncertainty until there is adequate historical data to analyze cost trends. To assist in the anticipated short fall, DJJS was appropriated \$8.0 million one-time funding in FY 2011 by the Legislature. The department does not currently have a plan to manage the change once these funds expire.
- DJJS will have the following changes in its FY 2011 budget compared to the FY 2010 detail presented in this report: 1) \$1,529,200 in one-time backfill will not continue into FY 2011

(Diversion programs - \$300,000; a housing unit in a long-term care facility - \$450,000; and receiving centers and youth services - \$779,200) and 2) a provider rate reduction of \$279,100 effective July 1, 2010.

## STATUTORY AUTHORITY

The Analyst reviewed all detailed programs for consistency with statutory authority and found no occurrences of programs without supporting statutory authority.

The authority and responsibilities of the Division of Juvenile Justice Services are enumerated in the Utah Code Annotated 62A-7 et al.

- UCA 62A-7-102 Creates the division and assigns the youth committed to it pursuant to Section 78A-6-117
- UCA 62A-7-104 Outlines the responsibilities of the division

See 34 in Appendix 3 where DJJS has provided direct links between its statutory authority and the detailed programs it operates.

## DJJS RECOMMENDATIONS

This section summarizes the Analyst's recommendations for the division. An explanation of the recommendations is provided afterward under "Explanation of Recommendations."

## TRANSPARENCY

1. ***As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department work with the Division of Finance and the Utah Transparency Advisory Board to record USSDS transactions showing vendor/payee detail on the Transparency website, taking into account any privacy or security issues. USSDS contains information that is private and may not be published.***

The USSDS (Unified Social Services Delivery System) is a 29-year-old vendor payment system that currently posts only summary data to FINET; as a result, 28 percent (\$28 million) of DJJS' expenditures cannot be observed on the Transparency website. The USSDS is slated for replacement in April of 2011.

2. ***As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department make USSDS detailed transaction records available annually and on a timely basis to the Legislature and the Governor.***

While recommendation #1 pushes for detailed information on the Transparency website, this recommendation #2 suggests the department make detailed USSDS electronic transaction records available to the Legislature and Governor. 28% of all DJJS transaction records are not available to the Legislature and Governor for review. This results from transactions processed on the 29 year-old Unified Social Services Delivery System (USSDS).

3. ***The Analyst recommends the department include private contracts in the FINET expenditure category "Pass Through."***

The department is not consistent in how it accounts for private contracts. DJJS contracts with Cornerstone Program Corporation for \$6.6 million to operate Salt Lake and Farmington Bay detention/secure care facilities but includes this contract in Current Expense rather than in Other

Charges/Pass Through associated with payments to outside vendors and providers. Accounting for this large private contract through the expenditure category of *Other Charges/Pass Through* would clarify expenditures for policy makers and for transparency purposes to the public.

#### OTHER RESOURCES

- 4. The Analyst recommends DJJS plan in advance to take advantage of future funding opportunities in order to benefit from technology advances when the opportunity arises.***  
DJJS staff functions can be time and paperwork intensive. There are still numerous functions DJJS workers perform that could also benefit from technology. For example, laptop computers would allow workers to perform tasks while waiting in courtrooms or while in the field. The division should review and estimate the cost to (1) provide laptop computers to relevant employees and (2) expand any other technology capability to the division, and report to the LFA by September 1, 2011.

#### ACCOUNTABILITY: STATE-DELIVERED SERVICES

- 5. The Analyst recommends DJJS follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. The Division of Child and Family Services is the best example for this in the department.***  
DJJS provided the LFA with 10 measures for this review. Only three measures deal with outcomes and they do not fully meet expectations. This recommendation suggests the division develop substantive outcome measures, including measures that compare various providers of services, and publish these measures with explanations on its publicly accessed website.

#### ACCOUNTABILITY: CONTRACT-PROVIDED SERVICES

- 6. The Analyst recommends DJJS follow best practice for contract-provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across providers as well as against other states. The Division of Substance Abuse and Mental Health (DSAMH) is the best example for this area in the department.***  
For outcome measures of contract-provided services, DSAMH is the best example in the department. They have meaningful measures and compare different providers, publishing results on their publicly accessed website, and benchmark against other states.

#### ACCOUNTABILITY: BUDGETING

- 7. The Analyst recommends closure of excess bed space if the trend of reduced nightly bed counts continues.***  
DJJS nightly bed counts have gone down from FY 2008 by 106 beds or 21.7 percent. This may be an ongoing or a temporary drop. If the decline is long term, bed space could be closed. Data do not differentiate high utilization days. There are also variables to consider, such as a requirement for dividing male and female offenders, separating gang members, considering offender ages, and others.

#### ACCOUNTABILITY: REPORTING

- 8. The Analyst recommends DJJS 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.***  
Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand.

**ACCOUNTABILITY: SERVICES DELIVERED EVENLY**

- 9. *The Analyst recommends for DJJS detention and secure facilities, the division annually report to the Executive Offices and Criminal Justice Appropriations Subcommittee the distribution of use by county.***

Some services do not appear to be distributed in a manner consistent with relevant populations. Some counties have a significant, disproportionately high juvenile corrections admission rate in detention and lockup facilities compared to other counties. Other counties show disproportionately low admission rate in juvenile corrections admission when compared to other counties.

**DJJS EXPLANATION OF RECOMMENDATIONS****TRANSPARENCY**

- 1. *As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department work with the Division of Finance and the Utah Transparency Advisory Board to record USSDS transactions showing vendor/payee detail on the Transparency website, taking into account any privacy or security issues . USSDS contains some information that is private and may not be published.***

FINET is the state's primary accounting system and as such is the main vehicle used to populate the Transparency website ([transparent.utah.gov](http://transparent.utah.gov)). With regard to the approximately \$100 million FY 2010 DJJS budget, \$28 million or 28 percent is paid through the Unified Social Services Delivery System (USSDS) and is only transferred in summary form into FINET. As a result, detailed financial transaction information for much of DJJS's expenditures cannot be observed on the Transparency website.

The USSDS has been the department's payment information system since 1981, and was designed to run on technology products that have long since been replaced as standards for new system development and integration. USSDS is a vendor provider payment system used for services rendered on behalf of clients. Services paid through USSDS for DJJS include, among others, various forms of residential and treatment care, individualized psychotherapy, and group therapy.

The Department of Technology Services (DTS) has instructed the department that the USSDS technology and vendor provided software support will be terminated on April 30, 2011. The department is currently involved in a rewrite of its USSDS system to be functional by April 2011.

- 2. *As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department make USSDS detailed transaction records available annually and on a timely basis to the Legislature and the Governor.***

The existing version of USSDS does not easily lend itself to review by the division, department, Governor's Office, or Legislature. The Governor's Optimization Commission recommended, "Accelerate robust information systems and tools to measure performance, increase communication, and institutionalize accountability" (page C-2). The department should ensure its new USSDS makes detailed information accessible to all levels of management and oversight.

- 3. *The Analyst recommends the department include private contracts in the FINET expenditure category "Pass Through."***

The department is not consistent in how it accounts for private contracts. The state accounting system has eight summary expenditure categories, two of which are *Current Expense* for non-

personnel operating costs typically associated with state-run programs, and *Other Charges/Pass Through* associated with payments to outside vendors and providers. The department is not consistent in how it accounts for private contracts. Accounting for large private contracts through the accounting category of *Other Charges/Pass Through* would not only clarify expenditures for review by policy makers, but also for public transparency purposes. For example, DJJS contracts with Cornerstone Program Corporation for \$6.6 million to operate Salt Lake and Farmington Bay detention/secure care facilities, but includes this contract in the *Current Expense* category. In its annual report, this contract is shown as if separate from *Payments to Providers*.

#### OTHER RESOURCES

**4. *The Analyst recommends DJJS plan in advance to take advantage of future funding opportunities in order to benefit from technology advances when the opportunity arises.***

DJJS staff functions can be time and paperwork intensive. There are still numerous functions DJJS workers perform that could also benefit from technology. For example, laptop computers would allow workers to perform tasks while waiting in courtrooms or while in the field.

DJJS had \$1.5 million in nonlapsing balances at the end of FY 2010 (see the table on unexpended balances on page 5 of Appendix 1). This demonstrates that one-time funds may become available on short notice. DJJS should prepare now to implement technology gains to help increase worker efficiencies if/when one-time funds become available. The division should review and estimate the cost to (1) provide laptop computers to relevant employees and (2) expand any other technology capability to the division, and report to the LFA by September 1, 2011. These improvements could increase productivity and efficiency of the workers, reduce compensatory time, and provide division administration and other participants with more up-to-date information.

#### ACCOUNTABILITY: STATE-DELIVERED SERVICES

**5. *The Analyst recommends DJJS follow best practices for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this in the department.***

DJJS provided the LFA with 10 measures for the in-depth budget review (see the summary of all agency outcome measures on page 65 of Appendix 3). Five of the 10 measures had statements indicating they were no longer being used. Two of the remaining five are output measures representing the number of providers reviewed or hearings held. Only three measures deal with outcomes, and they do not fully meet expectations. These three measures include: (1) % of training hours completed; (2) juveniles will demonstrate increase in pro-social behavior and desire to change; (3) youth will not be involved in critical incidents during their stay in detention (i.e. – suicide, escape, assault).

DJJS does not include any of its measures in its annual report nor does it publish these measures on its publicly-accessed website. The Analyst believes that this \$100 million budget deserves more robust outcome measures to provide a sense of performance. The division should follow the DCFS example of developing substantive outcome measures, including measures that compare various providers of services, and publish these measures (with explanations) on its publicly accessed website.

#### ACCOUNTABILITY: CONTRACT-PROVIDED SERVICES

**6. *The Analyst recommends DJJS follow best practice for contract-provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across***

***providers as well as against other states. The Division of Substance Abuse and Mental Health (DSAMH) is the best example for this area in the department.***

DJJS states that it “grades provider services compliance in the quality review process” but “does not rank the provision of services by its private providers” (see the document on DHS Providers on page 14 of Appendix 1). The Analyst believes DJJS should strengthen its measurement of community providers, display them in a comparison format, publish the rankings on its website, and benchmark against other states.

#### ACCOUNTABILITY: BUDGETING

**7. *The Analyst recommends closure of excess bed space if the trend of reduced nightly bed count continues.***

Since FY 2008, total youth offender admissions have declined by 106 beds, or 21.7 percent, without a direct reduction in bed space. Over the last five years, detention bed usage has decreased more than the number of beds has decreased. While there has been some reduction in bed space due to budget reductions, the Analyst recommends monitoring this trend to observe whether it is ongoing or temporary. If long term, the Analyst believes excess secure space should be closed. The data do not distinguish high utilization days. There are variables to consider, such as a requirement for dividing male and female offenders, separating gang members, considering offender ages, and others.

#### ACCOUNTABILITY: REPORTING

**8. *The Analyst recommends DJJS 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.***

As shown in Table 10, the division has five major components in its \$100 million budget. The Analyst reviewed a sample of DJJS management reports used on a routine basis, and found reports linked to some, but not all, of the DJJS budget categories. Reports provided included:

- *Quarter Hour Services Units by Month* showing budget compared to year-to-date actual experience.
- *Absentee Codes Cost per Unit Report* showing budget compared to year-to-date actual experience.
- *Title IV-E Report* showing federal Title IV-E actual collections month over month and year over year and Title IV-E revenue per client month over month and year over year.
- *Title XIX Report* showing federal Title XIX (Medicaid) actual collections month over month and year over year and Title XIX revenue per residential client month over month and year over year.
- *Daily Combined Residential Placements and Combined Cost per Client Report* showing residential placements and cost per client month over month and year over year.
- *Total FTEs by Pay Period, Overtime FTE, Schedule B and AJ’s, and AJ’s Total Programs Report* showing various components of FTE counts by either point-in-time monthly counts or pay periods.

The division should work to create additional reporting mechanisms for major components of its budget not already being routinely reported, including: Early Intervention, Correctional Facilities, and a more detailed analysis of the cost of services being provided in community settings.

**ACCOUNTABILITY: SERVICES DELIVERED EVENLY****9. *The Analyst recommends for DJJS detention and secure facilities, the division annually report to the Executive Offices and Criminal Justice Appropriations Subcommittee the distribution of use by county.***

The Analyst found that some services do not appear to be distributed in a manner consistent with relevant populations. Rural counties are over-represented, and the four urban counties (Salt Lake, Utah, Davis, and Weber) are under-represented (see the table found on page 121 in Appendix 2).

For example, Carbon County made up 0.6% of the youth population in the state; however, its total secure and lockup admissions made up 3.2% of youth offender admissions (almost six times the expected rate). Carbon County has the most disproportionately high admission rate in detention and lockup facilities. Other counties that show relatively high admission rates are Box Elder, Daggett, Emery, Duchesne, Grand, San Juan, Uintah, and Washington counties.

Utah County, on the other hand, had 10.9% of all FY 2010 secure and lockup admissions, but made up 21.8% of the state's under 18 population.

**DJJS ADDITIONAL OBSERVATIONS*****DJJS public transparency of financial information***

DJJS posts its annual reports on its website which include the DJJS vision and mission statements along with its guiding principles. An organizational chart is also included in its annual report. The DJJS annual report also contains detailed program financial information along with program statistics and summary financial information.

***DJJS self-reported ongoing interaction with other state agencies***

DJJS interacts and coordinates with a number of other state agencies (see the table on page 55 of Appendix 3). Some of these relationships are closer than others. Close relationships with other agencies and other programs include the Medicaid and CHIP programs administered by the Department of Health; Workforce Services; the divisions of Substance Abuse and Mental Health, Services for People with Disabilities, and Child and Family Services; the Office of the Attorney General; Juvenile Courts; the Utah State Office of Education; Department of Corrections; local law enforcement; and private service providers.

***DJJS major expenditures in FY 2010***

DJJS, outside of salary and benefit costs for its employees, expends a substantial amount of the resources provided to it on: payments to private community providers, local mental health centers, and counties on behalf of client services; a large contract for operation of detention and secure facilities; and detention and secure facility expenditures such as pharmaceuticals, food, medical care, and utilities; and regional office rents. The table titled *Department of Human Services – FY 2010 – Payments to Vendors* on page 58 of Appendix 3 documents this.

***DJJS expenditures regarding clients and services***

DJJS has several budget units where payments are made to private providers or vendors on behalf of client services through its USSDS system. In FY 2010, \$28.3 million was paid on behalf of DJJS clients through USSDS. There were 89 clients (of 3,840 total clients) or 2.3% who had over \$50,000 spent on their behalf totaling \$5.9 million or 20.8% of total payments. No clients had more than \$100,000 paid on their behalf (see the table on page 115 of Appendix 2). For the highest cost community placements, the majority of the yearly payment is for some form residential care. A youth might also receive

ancillary services such as individual psychotherapy or group therapy (see the table on page 116 of Appendix 2).

When looking at the different services offered, 8 of 44 services make up \$24.2 million or 85.3% of total expenditures (see the table on page 119 of Appendix 2).

### ***Clients served by several different divisions***

USSDS is the payment system utilized by DJJS as well as DSPD and DCFS. FY 2010 USSDS data indicated that 2,505 individuals had payments made for services on their behalf by two of these three different divisions and 13 individuals had payments made by all three different divisions.

### ***DJJS expenditures regarding providers***

In FY 2010, DJJS paid 1,300 providers through its USSDS payment system. Thirty-six providers (27.7%) were paid \$100,000 or more totaling \$27.1 million (95.7%) of all provider payments. Nine of the 1,300 providers were paid over \$1 million each for a total of \$18.9 million (see the table on page 118 of Appendix 2).

### ***DJJS use of building space***

Outside of the main administration building in Salt Lake City, DJJS utilized 57 buildings in FY 2010. Forty-four of these buildings are state-owned and 11 leased. Of the state-owned buildings which are more than three times more likely, 28 are associated with detention and secure care. The Analyst observed that at the Decker Lake Youth Center, management takes care of and encourages personal responsibility in the upkeep of the facilities. These practices have kept a 30 year old structure housing juvenile offenders in good condition. With regard to the 11 leased buildings, they represent total square footage of 68,392 for 178 FTE averaging \$4,504 cost per FTE for the year at a total cost of \$801,657. The average cost per square foot for leased space was \$11.72. The rates paid varied between \$1.38 per square foot (Archway in Ogden) to \$21.63 per square foot in a leased Tooele building.

### ***DJJS use of staff***

DJJS spent \$52.2 million, or 52% of its FY 2010 budget on staff. FTE counts have gone down in DJJS from 974.1 in FY 2007 to 909.9 (64.2 FTE or 6.6% reduction) as of the August 20, 2010 payroll (see the *DHS FTE Count* on page 46 in Appendix 1).

### ***DJJS use of vehicles***

DJJS had 138 motor pool vehicles under its control in FY 2010 [see the Vehicle section of this report and the vehicle tables on pages 40 through 45 in Appendix 1]. For FY 2010, 7% or \$43,200 of all DJJS expenditures for vehicle use was for private vehicle mileage reimbursement.

**OFFICE OF RECOVERY SERVICES (ORS)**

**PURPOSE**

The Office of Recovery Services (ORS) is responsible for collecting funds owed to the state in the Human Services and Medical Assistance areas. ORS is also charged with collecting child support payments from non-custodial parents on behalf of custodial parents. If the custodial parent is receiving public assistance, the child support payments are used to reimburse the state and federal governments for assistance given to the custodial parent. If the state has custody of the child, the non-custodial parents are still required to pay child support to the state.

Federal law also requires the office to provide child support collection services to families not receiving public assistance. The Department of Health also contracts with ORS to provide insurance identification and third party collection services for medical assistance programs such as Medicaid.

For additional detailed information on ORS, see the Compendium of Budget Information prepared for the 2010 General Session at:

[http://le.utah.gov/lfa/reports/cobi2010/sctte\\_17.htm](http://le.utah.gov/lfa/reports/cobi2010/sctte_17.htm)

**BUDGET ORGANIZATION**

ORS is organized for budgetary purposes in the following manner:

Office of Recovery Services FY 2010 Budget Organization		
Budget Unit	Amount	Percent
KGD Child Support Services (331 FTE)	\$22,828,364	47%
KGC Electronic Technology (16 FTE)	\$10,290,277	21%
KGB Financial Services (28 FTE)	\$5,842,705	12%
KGG Attorney General Contract	\$4,319,584	9%
KGM Medical Collections (39 FTE)	\$2,402,413	5%
KGF Children in Care Collectns (27 FTE)	\$1,783,224	4%
KGA ORS Administration (9 FTE)	\$1,268,010	3%
Total Recovery Services (450 FTE)	\$48,734,576	100%

Table 13

**RESOURCES AVAILABLE**

ORS had the following resources available to it for FY 2010 (see chart in Appendix I4 for more detail):

Office of Recovery Services FY 2010 Resources Used		
Resource	Amount	Percent
Federal Funds	\$23,869,962	49%
General Fund	\$13,201,400	27%
Federal ARRA Funds	\$5,809,747	12%
Dedicated Credits	\$3,314,122	7%
Medicaid Transfers	\$2,418,694	5%
Other Transfers	\$122,373	0%
Lapsing Funds	(\$1,722)	0%
Total Resources	\$48,734,576	100%

Table 14

### USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES

ORS utilized its resources in the following manner for FY 2010:

Office of Recovery Services FY 2010 Use of Resources		
Use	Amount	Percent
Salary and Benefits (450 FTE)	\$29,805,510	61%
Current Expense	\$10,192,123	21%
Data Processing Current Expense	\$8,713,657	18%
In-State Travel	\$19,130	0%
Out-of-State Travel	\$4,157	0%
Total Uses	\$48,734,576	100%

Table 15

### MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011

- The Office of Recovery Services budget did not change significantly between the years FY 2010 and FY 2011 due to the *American Recovery and Reinvestment Act* funds the legislature allowed ORS to draw for FY 2011. This has allowed the ORS to take advantage of upgrading critical computer systems such as its Document Generation System which will improve efficiency and mitigate some of the FTE reduction that will be necessary for FY 2012.

### STATUTORY AUTHORITY

The authority and responsibilities of the Office of Recovery Services are enumerated in the Utah Code Annotated 62A-11 et al. Other related Utah code sections include Chapters 12 (Utah Child Support Act) and 15 (Utah Uniform Parentage Act) of 78B, 26-19 (Medical Benefits Recovery Act), 62A-1-117 (Assignment of support – children in state custody), and 78A-6-1106 (Child support obligation when custody of a minor is vested in an individual or institution).

The Analyst reviewed all detailed programs for consistency with statutory authority and found no occurrences of programs without supporting statutory authority. See page 38 in Appendix 3 to view detailed links between ORS statutory authority and the detailed programs it operates.

### ORS RECOMMENDATIONS

This section summarizes the Analyst's recommendations for the division. An explanation of the recommendations is provided afterward under "Explanation of Recommendations."

### TRANSPARENCY

- 1. The Analyst recommends the Office of Recovery Services annually provide total direct and overhead costs per collection unit compared to actual collections for the same unit. The collection units are: 1) Child Support and Children in Care, 2) Medical Collections - Cost Recovery, 3) Medical Collections - Torts (auto accidents, etc.), 4) Medical Collections - Probate (estates), 5) Disability Recovery for Workforce Services, and 6) State Hospital Collections.***  
The Office of Recovery Services budget is not set up to show total costs compared to total collections by each collection unit.

### FACILITIES RESOURCES

- 2. The Analyst recommends ORS and the Division of Facilities Construction and Management (DFCM) plan to exit the HK Tower lease when it comes due in FY 2014 and explore options in state-owned facilities.***  
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.
- 3. The Analyst recommends DFCM assist the Office of Recovery Services to find other state agencies to share 23,000 feet of vacant lease space in the HK Towers.***  
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.

### OTHER RESOURCES

- 4. The Analyst recommends ORS, in conjunction with the Department of Health, study the use of the industry standard approach to cost recover Medicaid pharmacy, which includes more cost avoidance at the time of payment for services rather than the current approach of "pay and chase" and report its findings to the Legislature by November 1, 2011.***  
The Office of Recovery Services currently follows the Medicaid directive on cost recovery of Medicaid payments regarding pharmacy that allows for initial payment of the pharmacy claim and then review, after the fact, information regarding potential third party payers.
- 5. The Analyst recommends ORS, in conjunction with the Department of Health, explore methods to encourage large Utah health insurance providers to provide online membership access.***  
Online membership access would allow ORS to improve cost recovery and avoidance efforts now requiring much more timely methods such as telephone and letter.

- 6. The Analyst recommends ORS, in conjunction with the Department of Workforce Services, review the cost and benefit of examining for supplemental health insurance products and provide a recommendation to the Legislature by September 1, 2011.**

The state does not automatically check for supplemental health insurance products (assurance) which impact income determinations for Medicaid. Currently, Medicaid clients must report if they participate in a supplemental health plan, but there is no automatic check to verify that information. If there is under-reporting of this information by Medicaid clients currently, then developing a system to check this information may result in savings to the state.

- 7. The Analyst recommends the Office of Recovery Services consider the cost and benefit of electronically accessing Department of Workforce Services' income information into its system in order to automate required calculations now performed manually and report its findings to the LFA.**

Nearly all cases viewed required the employee to manually access Department of Workforce Services' income data and then manually calculate what the information meant relative to potential annual income.

- 8. The Analyst recommends the Public Utilities and Technology Interim Committee review whether the Department of Technology Services is fulfilling its obligation to coordinate projections under UCA 63F-1-201(4) regarding the Medicaid Management Information System.**

In order to ensure that the Medicaid Management Information System replacement project is coordinating with state/non-state users to maximize efficiencies in the redesign for all major players, a referral has been made to the Public Utilities and Technology Interim Committee to investigate whether the Department of Technology Services is fulfilling its obligation to coordinate projections under UCA 63F-1-201(4) and this committee has put this item on its November 17, 2010 agenda.

#### ACCOUNTABILITY: STATE DELIVERED SERVICES

- 9. The Analyst recommends ORS follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this area in the department.**

For outcome measures of state provided services, DCFS is the best example. They have meaningful measures, compare different regions, publish them on their publicly-accessed website, and benchmark against other states.

#### ACCOUNTABILITY: REPORTING

- 10. The Analyst recommends ORS 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.**

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand.

#### ORS EXPLANATION OF RECOMMENDATIONS

##### TRANSPARENCY

- 1. The Analyst recommends the Office of Recovery Services annually provide total direct and overhead costs per collection unit compared to actual collections for the same unit. The collection units are: 1) Child Support and Children in Care, 2) Medical Collections - Cost**

**Recovery, 3) Medical Collections - Torts (auto accidents, etc.), 4) Medical Collections - Probate (estates), 5) Disability Recovery for Workforce Services, and 6) State Hospital Collections.**

The Office of Recovery Services budget is not set up to show total costs compared to total collections by each collection unit. As programs with the central purpose of collections, there is value in reviewing the Office of Recovery Services collection components comparing annual collections to annual costs. For example, the State Hospital Collections unit has not paid for itself in collections since for the past two years. The Legislature may want to consider options to make the State Hospital Collections unit more self-sustaining or in eliminating the unit’s statutory obligations if self-sufficiency cannot be obtained. The table below shows the return on investment (dollars collected vs. dollars spent) for FY 2009 and FY 2010:

<b>State Hospital Collections</b>	<b>FY 2009</b>	<b>FY 2010</b>
Expenses	\$ (240,700)	\$ (240,000)
Revenue Collected	\$ 137,100	\$ 223,800
Gain/(Loss)	\$ (103,600)	\$ (16,200)

Table 16

By having annual summary information comparing revenue collections to costs by collection unit, the information would be helpful to determine return on investment as well as inform what the most successful units are doing which could then be applied to other collection units.

**FACILITIES RESOURCES**

**2. The Analyst recommends ORS and DFCM plan to exit the HK Tower lease when it comes due in FY 2014 and explore options in state-owned facilities.**

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 in nine floors at 515 East and 100 South in Salt Lake City. 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 (see additional narrative on this issue in the Building section of this report). ORS recently renewed the lease for five more years with an annual rent of \$1,944,920 in FY 2010 with 2.5% annual increases through FY 2014. ORS first leased the building in May of 1994.

**3. The Analyst recommends the Division of Facilities Construction Management (DFCM) assist the Office of Recovery Services to find other state agencies to share 23,000 feet of vacant lease space in the HK Towers.**

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. ORS has vacated almost two entire floors within the HK building through management policies which include:

- digitizing records and removing scores of filing cabinets
- moving IT infrastructure to Capitol Hill
- telecommuting policies that include sharing office space between 4 to 8 FTE
- downsizing staff to meet budget reductions

Even though ORS has made considerable efforts to downsize space utilization, these efforts may not translate into any appreciable cost savings until the lease expires, a lease modification is successfully negotiated with the landlord, or another agency moves into the space to cost-share.

#### OTHER RESOURCES

4. ***The Analyst recommends ORS, in conjunction with the Department of Health, study the use of the industry standard approach to cost recover Medicaid pharmacy, which includes more cost avoidance at the time of payment for services rather than the current approach of "pay and chase" and report its findings to the Legislature by November 1, 2011.***

Current Utah practice for Medicaid pharmacy is a pay and chase reimbursement approach to cost avoidance. Public Employee's Health Plan does not consider pay and chase for pharmacy an industry standard. A pay and chase approach to cost avoidance means that more cost avoidance could be done at the time of payment for services, but Medicaid currently chooses to err on the side of caution to provide the benefit first and thoroughly verify the benefit later. The Department of Health stated, "Additionally, the Department of Health's Point of Sale (POS) system is not currently set up to handle this function. As one of the first pieces of the MMIS replacement, The department is looking to replace the current POS system with one that will have this capability."

5. ***The Analyst recommends ORS, in conjunction with the Department of Health, explore methods to encourage large Utah health insurance providers to provide online membership access.***

Online membership access would allow ORS to improve cost recovery and avoidance efforts now requiring much more timely methods such as telephone and letter. There are some large Utah health insurance providers that do not provide online access to their membership information. This means that Medical Collection workers face delays in their cost recovery and avoidance work for members where they have to verify membership via other means (telephone, letter, etc.). Having more insurance providers provide online access to membership information would help the Medical Collection cost avoidance and recovery groups do its work faster.

6. ***The Analyst recommends ORS, in conjunction with the Department of Workforce Services, review the cost and benefit of examining for supplemental health insurance products and provide a recommendation to the Legislature by September 1, 2011.***

The state does not automatically check for supplemental health insurance products (assurance) which impact income determinations for Medicaid. Currently, Medicaid clients must report if they participate in a supplemental health plan, but there is no automatic check to verify that information. If there is under-reporting of this information by Medicaid clients currently, then developing a system to check this information may result in savings to the state.

7. ***The Analyst recommends the Office of Recovery Services, in conjunction with the Department of Workforce Services, consider the cost and benefit of electronically accessing Department of Workforce Services income information into its system in order to automate required calculations now performed manually and report its findings to the LFA.***

During a day of LFA job shadowing at ORS, nearly all the cases viewed by employees required the employee to manually access DWS income data and then manually calculate what the information meant relative to potential annual income. ORS should consider the cost and benefit of automatically pulling DWS income information into their system for all clients and making the needed calculations automatically.

**8. *The Analyst recommends the Public Utilities and Technology Interim Committee review whether the Department of Technology Services is fulfilling its obligation to coordinate projections under UCA 63F-1-201(4) regarding the Medicaid Management Information System.***

The Department of Health received \$3.0 million one-time General Fund in FY 2011 to begin replacement of the Medicaid Management Information System (MMIS). It is not clear that the MMIS System project is coordinating with state/non-state users to maximize efficiencies in the redesign for all major players. The MMIS System replacement directly impacts the work of ORS, which is responsible for over \$150 million in cost avoidance and recovery for Medicaid. As per UCA 63F-1-201(4), the Department of Technology Services is required to prepare an interbranch information technology coordination plan and submit it to the Public Utilities and Technology Interim Committee for comment. Additionally, UCA 63F-1-205 says that the Chief Information Office (of the Department of Technology Services) shall approve acquisition of hardware, software, or IT services by an executive branch agency. In order to ensure that the Medicaid Management Information System replacement project is coordinating with state/non-state users to maximize efficiencies in the redesign for all major players, a referral has been made to the Public Utilities and Technology Interim Committee to investigate whether the Department of Technology Services is fulfilling its obligation to coordinate projections under UCA 63F-1-201(4).

**ACCOUNTABILITY: STATE DELIVERED SERVICES**

**9. *The Analyst recommends other agencies in the department follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this area in the department.***

For outcome measures of state provided services, DCFS is the best example. They have meaningful measures, compare different regions, publish them on their publicly-accessed website, and benchmark against other states. ORS provided the LFA with 12 measures for the in-depth budget review, 4 of which are associated with the ORS contract with the Attorney General (see the summary of all agency outcome measures on page 65 of Appendix 3). Three of the 12 measures are output measures representing in each instance the number of cases handled or court appearances made by the Attorney General. Of the remaining measures, they are useful, but not fully satisfying. As might be expected, five measures are collection amounts shown year over year. Collections are certainly the key function of what ORS does – so actual collection amounts provide valuable information. Development of other measures could also be helpful in providing valuable program information. The two measures provided by ORS that fit this pattern are: 1) *% of child support paid* and 2) *child support collections compared to costs*.

**ACCOUNTABILITY: REPORTING**

**10. *The Analyst recommends all program areas 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.***

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand. The Analyst reviewed a sample of ORS management reports used on a routine basis. As shown in Table 13, ORS has six major components (other than Administration) in its \$48.7 million budget:

The Analyst identified reports linked to all of the ORS budget categories. Reports provided included:

- *Financial Services Report* reviewing cash collections associated with Workforce Services cases provided public assistance.
- *Allocation of Direct and Indirect Costs Report* showing various expenses and their allocations to the various functional units within ORS.
- *Fee History Report* showing actual fee collections month over month by various collection units.
- *Payroll Analysis Report* showing actual payroll expenditures pay period over pay period and cumulative compared to projected payroll expenditures using high and low estimates.
- *Accounts Receivable Analysis Report* showing open case balances, estimated net receivables, and estimated free revenue.
- *Administrative Hearings Cost Report* showing various types of hearing and associated costs.
- *Monthly Net Return Report* showing summarizing significant detail coming from Workforce Services, and tax withholding information summarized month over month and by various functional units.

The management reports submitted to the LFA from ORS indicate routine and thorough review of all major budget components in order to track and assess program status. These programs are often complex and difficult to explain to the public as well as policy makers. The division can improve by creating easily understood reports regarding major budget areas and routinely sharing them with the Legislature, the Governor's Office, and the public by publishing them on public websites.

## ORS ADDITIONAL OBSERVATIONS

### ***Transparency of financial information***

FINET is the state's primary accounting system and as such is the main vehicle used to populate the Transparency website ([transparent.utah.gov](http://transparent.utah.gov)). Because all ORS transactions are recorded and paid through FINET, all ORS transactions are being posted to the Transparency website.

### ***ORS self-reported ongoing interaction with other state agencies***

ORS interacts and coordinates with a number of other state agencies (see the table on page 55 of Appendix 3). Some of these relationships are closer than others. Close relationships with other agencies and other programs include the Medicaid and CHIP programs administered by the Department of Health; Workforce Services; the State Hospital and the State Developmental Center; the divisions of Child and Family Services and Juvenile Justice Services; the Office of the Attorney General; and the Courts.

### ***ORS major expenditures in FY 2010***

ORS, outside of salary and benefit costs for its employees, expends a substantial amount of the resources provided to it on: office rents, state mail charges, and genetic testing costs. The table titled *Department of Human Services – FY 2010 – Payments to Vendors* on page 58 of Appendix 3 documents this.

### ***ORS use of building space***

ORS utilized 5 buildings in FY 2010 with a total square footage of 153,512 for 518 FTE averaging \$4,663 cost per FTE for the year. The average cost per square foot was \$15.73 with costs divided between 3 leased buildings and 2 state-owned buildings. The rates paid varied between \$5.37 per square foot for

state-owned maintenance costs to \$20.14 per square foot in the HK Tower leased building in Salt Lake City for a total yearly cost of \$1.9 million.

***ORS a model for the department with regard to minimizing space usage and creative use of telecommuting***

ORS has made significant progress towards minimizing office space. ORS has vacated almost two entire floors within the HK building through management policies which include: 1) digitizing records and removing scores of filing cabinets, 2) moving IT infrastructure to Capitol Hill, 3) telecommuting policies that include sharing office space between 4 to 8 FTE, and 4) downsizing staff to meet budget reductions. Even though ORS has made considerable efforts to downsize space utilization, these efforts may not translate into any appreciable cost savings unless another agency moves into the space to cost-share. ORS is working to vacate 33% of its leased space. It has already accomplished half of that goal. When the time comes to renew leases, this should result in lower rent costs.

ORS has several initiatives in progress/recently completed to use resources effectively:

1. **Reduction in building square footage needed in HK building** - ORS is working to vacate 33% of its leased space. It has already accomplished half of that goal. When the time comes to renew leases, this should result in lower rent costs.
2. **Teleworking policies of cost neutrality and office usage** - ORS estimates that it has 34% of its staff telecommuting some of the time and 27% of staff telecommuting all of the time. Those employees that telecommute part-time share an office with other employees.
3. **ORS closed one of its offices in the summer of 2009** – employees were reassigned to vacated spaces in the buildings nearest to their home.

An on-site walk-through of the HK Tower building indicates that the space is well-used by the division. The space complies with the state policy that employees have open office workstations with few exceptions. All but one of the seven floors had six or seven private offices (for managers) for 12,651 square feet – the rest being open office cubicles. The only exceptions to this were in the areas that housed Technology Services staff and the Attorney General staff.

***ORS use of vehicles***

ORS had 7 motor pool vehicles under its control in FY 2010 (see the Vehicle section of this report on page X and the vehicle tables in Appendix X). For FY 2010, 38% or \$13,600 of all ORS expenditures for vehicle use was for private vehicle mileage reimbursement. ORS is not an agency that has reason to use vehicles significantly.

***ORS has 428 FTEs***

ORS spent \$29.8 million, or 61.2% of its FY 2010 budget on staff. FTE counts have gone down in ORS from 520.7 in FY 2007 to 428.4 (92.3 FTE or 17.7% reduction) as of the August 20, 2010 payroll [see the table of FTE counts in Appendix X].

***ORS effectively uses technology***

ORS uses a number of different technology systems to fulfill its mission. Considering the age of the technology being used, ORS has done well with automating many parts of the information gathering and storing systems. For example, the digitized imaging system appears to be providing efficiencies and savings in several areas. The DocGen project has been a good use of non-State funding to accomplish long term efficiencies.

The program has successfully leveraged automation and partnerships with several groups (i.e. – Vital Records, Tax Commission, federal bankruptcy courts, and the Internal Revenue Service). This has

resulted in a reduction in time to complete certain processes and a reduction in mailing costs for some instances.

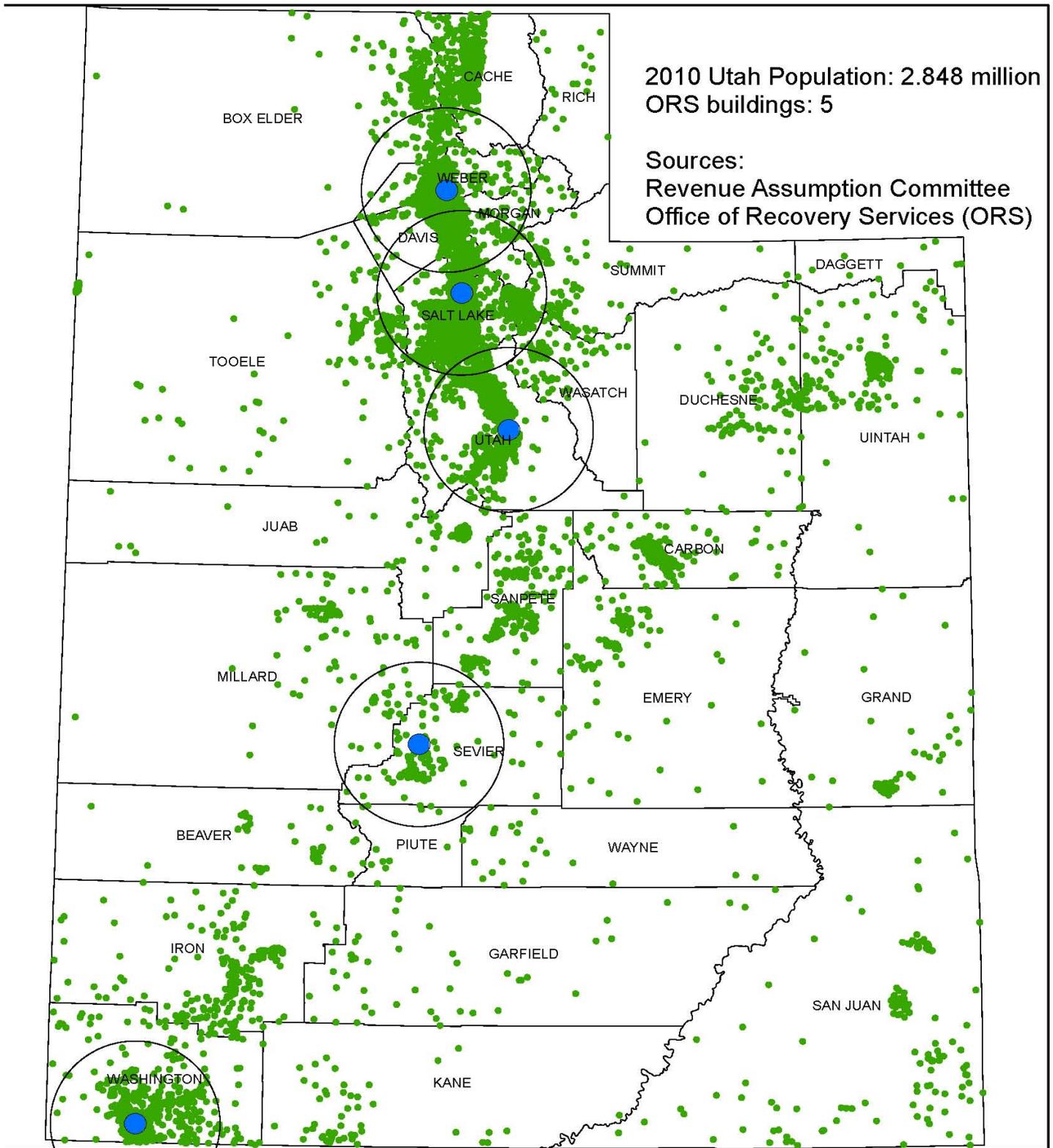
***When ORS replaces its data entry system, the redesigned system should include a more user-friendly, intuitive system for data entry***

The current data entry system is not very intuitive and has several areas where potential unnecessary data entry is required. When ORS replaces its data entry system, the redesigned system should include a more user-friendly, intuitive system for data entry. This is a common feature of most updated computer systems.

***ORS physical office locations not always convenient for in-person contact***

Although ORS provides services statewide, the agency has only five physical locations if someone is required to deal with ORS in person (St. George, Richfield, Provo, Salt Lake, and Ogden). ORS has chosen to close some locations in the past few years due to budget reductions. For most services, ORS offers phone, internet, fax, e-mail, and mail contact. ORS has indicated that “in situations where a citizen’s presence is required—for example, if DNA testing is requested or required, or the citizen is stipulating to an order [or] reviewing payment history with an agent . . . we have the citizen go to the office nearest to their home”. Eighty-five percent of Utah’s population lives within 25 miles of an ORS building. The building distribution is shown in the map below.

Location of Office of Recovery Services Buildings



One green dot represents 150 people;  
one blue circle represents 1 ORS center;  
the radius around each ORS center is 25 miles;  
84.8% of the population lives within 25 miles of an ORS center

Figure 3

**DIVISION OF AGING AND ADULT SERVICES (DAAS)****PURPOSE**

The Division of Aging and Adult Services (DAAS) is the designated state agency authorized to coordinate all state activities related to the *Older Americans Act of 1965* (later amended in the year 2000). DAAS contracts for services, oversees state and federal programs, and advocates for the elderly. The programs are administered by the state's twelve local Area Agencies on Aging (AAA) under the direction of DAAS. Programs funded through the *Older Americans Act* are distributed to AAAs through an approved funding formula. The division is also responsible, through its Adult Protective Services (APS) program, for the protection of abused, neglected, and exploited adults and elderly.

For additional detailed information on DAAS, see the Compendium of Budget Information prepared for the 2010 General Session at: [http://le.utah.gov/lfa/reports/cobi2010/sctte\\_17.htm](http://le.utah.gov/lfa/reports/cobi2010/sctte_17.htm)

**BUDGET ORGANIZATION**

DAAS is organized for budgetary purposes in the following manner:

<b>Aging and Adult Services FY 2010 Budget Organization</b>		
<b>Budget Unit</b>	<b>Amount</b>	<b>Percent</b>
KKB Local Government Grants	\$12,792,586	55%
KKF Aging Alternatives (1 FTE)	\$4,015,395	17%
KKD Adult Protective Services (37 FTE)	\$2,823,188	12%
KKC Non Formula Funds	\$1,373,727	6%
KKA Aging & Adult Services Admin. (13 FTE)	\$1,228,625	5%
KKE Aging Waiver Services (2 FTE)	\$902,190	4%
Total Aging and Adult Services (53 FTE)	\$23,135,711	100%

**Table 17**

**RESOURCES AVAILABLE**

DAAS had the following resources available to it for FY 2010:

Aging and Adult Services FY 2010 Resources Used		
Resource	Amount	Percent
General Fund	\$12,461,400	54%
Federal Funds	\$10,187,920	44%
Federal ARRA Funds	\$937,216	4%
Medicaid Transfers	\$445,444	2%
Medicaid ARRA Funds	\$330,776	1%
Dedicated Credits	\$30,000	0%
Lapsing Funds	(\$270,324)	-1%
Other Transfers	(\$986,721)	-4%
Total Resources	\$23,135,711	100%

Table 18

**USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES**

DAAS utilized its resources in the following manner in FY 2010:

Aging and Adult Services FY 2010 Use of Resources		
Use	Amount	Percent
Other Charges/Pass Through	\$18,690,311	81%
Salary and Benefits (53 FTE)	\$3,636,932	16%
Data Processing Current Expense	\$386,646	2%
Current Expense	\$371,893	2%
In-State Travel	\$43,004	0%
Out-of-State Travel	\$6,925	0%
Total Uses	\$23,135,711	100%

Table 19

**MAJOR CHANGES IN THE DAAS BUDGET BETWEEN FY 2010 AND FY 2011**

- Staffing for Adult Protective Services (APS) has been reduced by roughly one fifth since FY 2009. In response, the program has eliminated certain services and functions and has also softened organizational borders between the three APS regions to allow more flexibility in coverage to better respond to clients. This has, in some cases, increased travel for individual APS investigators but reduced overall travel statewide.
- In the 2010 legislative session, intent language was adopted that cancelled on-site monitoring of Aging programs during FY 2011. This has led the division to develop a remote monitoring program in which documents reviewed are scanned or faxed, and interviews are conducted via telephone. This has allowed the division to meet its monitoring requirements, but has resulted in some additional duties to local county area agencies.

- DAAS will have the following changes in its FY 2011 budget compared to the FY 2010 detail presented in this report: 1) \$296,200 in one-time backfill provided for local aging authorities will not continue into FY 2011 and 2) a reduction of \$36,500 in state funding to DAAS State Administration (5 percent).

### STATUTORY AUTHORITY

The Analyst reviewed all detailed programs for consistency with statutory authority and found no occurrences of programs without supporting statutory authority. See page 47 of Appendix 3 to view detailed links between the DAAS statutory authority and the detailed programs it operates.

The authority and responsibilities associated with the DAAS Line Item are enumerated in the Utah Code Annotated at Title 62A, Chapter 3 authorizing and describing DAAS programs. Utah Code 76-5-111 describes the penalties associated with abuse, neglect, or exploitation of a vulnerable adult.

### DAAS RECOMMENDATIONS

This section summarizes the Analyst's recommendations for the division. An explanation of the recommendations is provided afterward under "Explanation of Recommendations."

#### ACCOUNTABILITY: STATE PROVIDED SERVICES

1. ***The Analyst recommends DAAS follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this in the department.***  
For outcome measures of state provided services, DCFS is the best example. They have meaningful measures, compare different regions, publish them on their publicly-accessed website, and benchmark against other states. DAAS reported no outcome measures for its state provided services.

#### ACCOUNTABILITY: CONTRACT PROVIDED SERVICES

2. ***The Analyst recommends DAAS follow best practice for contract provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across providers as well as against other states. DSAMH is the best example for this in the department.***  
For outcome measures of contract-provided services, DSAMH is the best example. They have meaningful measures, compare different providers, publish them on their public website, and benchmark against other states. DAAS reported no outcome measures for its contract provided services, but did report output measures such as numbers served.

#### ACCOUNTABILITY: REPORTING

3. ***The Analyst recommends DAAS 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.***  
Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand.

## DAAS EXPLANATION OF RECOMMENDATIONS

## ACCOUNTABILITY: STATE PROVIDED SERVICES

- 1. *The Analyst recommends DAAS follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this in the department.***  
For outcome measures of state provided services, DCFS is the best example. They have meaningful measures, compare different regions, publish them on their publicly-accessed website, and benchmark against other states. DAAS reported no outcome measures for its state provided services.

DAAS provided the LFA with nine measures for the in-depth budget review (see the summary of all agency outcome measures on page 65 of Appendix 3). Of the nine measures provided, all nine were output measures representing in each instance the number served for various programs. One example of this is the *number of APS investigations conducted*. While this information helps frame program discussions, it does not provide any indication of performance. Although DAAS has not been previously required to benchmark any of its measures, it has indicated that on three of the nine measures, information can be benchmarked to other states. Given the nationwide nature of most DAAS programs, the Analyst recommends DAAS look to benchmark more of its measures to data from other states.

## ACCOUNTABILITY: CONTRACT PROVIDED SERVICES

- 2. *The Analyst recommends DAAS follow best practice for contract provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts across providers as well as against other states. DSAMH is the best example for this in the department.***

For outcome measures of contract-provided services, DSAMH is the best example. They have meaningful measures, compare different providers, publish them on their public website, and benchmark against other states. DAAS reported no outcome measures for its contract provided services, but did report output measures such as numbers served. DAAS provided the LFA with nine measures for the in-depth budget review (see the summary of all agency outcome measures on page 65 of Appendix 3). Of the nine measures provided, all nine were output measures representing in each instance the number served for various programs. One example of this is the *number of persons served home meals*. While this information helps frame program discussions, it does not provide any indication of performance. Although DAAS has not been required to benchmark any of its measures, it has indicated that on three of the nine measures, information can be benchmarked to other states. Given the nationwide nature of most DAAS programs, the Analyst recommends DAAS look to benchmark more of its measures to data from other states.

DAAS states that it uses established monitoring criteria to determine the quality of services provided and that the criteria are developed by the state with input from the local AAAs and based on federal requirements (see the document on DHS Providers on page 14 of Appendix 1). DAAS also indicates it does not rank AAA services, but instead assesses only whether an AAA is in or out of compliance. The Analyst recommends DAAS move to rank AAAs based upon program performance. The Analyst found that the Division of Substance Abuse and Mental Health (DSAMH) is a good example and should be used as the pattern for DAAS. DSAMH provides a public ranking of the provision of services by local authorities and puts this information on its public website. Information of this nature assists policy makers in assessing why some areas perform better than others and creates an incentive for program improvement in lower ranked programs.

**ACCOUNTABILITY: REPORTING****3. *The Analyst recommends DAAS 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.***

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand.

The Analyst reviewed a sample of DAAS management reports used on a routine basis. As shown in Table 17, DAAS has five major components (other than administration) in its \$23.1 million budget:

The Analyst identified reports linked to all major DAAS expenditure categories except Aging Alternatives. Reports provided included:

- Funding and expenditure “to-date” reports for the various Area Agency on Aging (AAA) contracts with a statewide summary including numerous breakouts of subcomponents identifying the various programs for which DAAS has contracts. This report also includes the detailed breakout of the various federal funding streams.
- Monitoring instruments established to determine the quality of services provided. Criteria for monitoring instruments are developed by the state with input from the local AAAs and based on federal requirements. DAAS determines whether AAAs are either in or out of compliance with the criteria.
- Case reports regarding Adult Protective Services showing mostly caseload activity and case status with some information comparing regions and timelines. No financial management reports for this area were provided.
- Summary information regarding the Aging Waiver program showing total slots, current clients, and state and federal funding mix breakouts by the various AAAs. No management reports providing further detail were offered for the Aging Waiver.

The management reports submitted to the LFA from DAAS provided a significant amount of detail regarding its programs. These programs are often complex and difficult to explain to the public as well as policy makers. The division can improve by creating easily understood reports regarding major budget areas and routinely sharing them with the Legislature, the Governor's Office, and the public by publishing them on public websites.

**DAAS ADDITIONAL OBSERVATIONS*****Transparency of financial information***

FINET is the state’s primary accounting system and as such is the main vehicle used to populate the Transparency website (*transparent.utah.gov*). Because all DAAS transactions are recorded and paid through FINET, all DAAS transactions are being posted in detail to the Transparency website.

***DAAS and related government agencies***

DAAS interacts and coordinates with a number of other state agencies (see the table on page 55 of Appendix 3). Some of these relationships are closer than others. Close relationships with other agencies and other programs include the Medicaid program located in the Department of Health, the Department of Workforce Services, Services for People with Disabilities, the Courts, and counties. There is a particular similarity of program purposes between the Medicaid Aging Waiver and the

Alternatives program in DAAS and Medicaid long term care programs operated by Health Care Financing in the Department of Health.

***DAAS major expenditures***

DAAS expends the majority of the resources provided to it on pass through contracts with AAAs. The table titled *Department of Human Services – FY 2010 – Payments to Vendors* on page 58 of Appendix 3 documents this.

***DAAS use of building space***

Outside of the main administration building in Salt Lake City, DAAS utilized 12 buildings in FY 2010 with a total square footage of 7,722 for 27 FTE averaging \$2,640 cost per FTE for the year. The average cost per square foot was \$9.29 with costs evenly divided between 6 leased buildings and 6 state-owned buildings. The rates paid varied between \$5.27 per square foot for state-owned maintenance costs to \$21.63 per square foot in a leased Tooele building.

***DAAS use of staff***

DAAS spent \$3.6 million, or 16% of its FY 2010 budget on staff. The majority of staff costs are associated with Adult Protective Services. FTE counts have gone down in DAAS from 63.4 in FY 2007 to 50.6 (12.8 FTE reduction or 20.2%) as of the August 20, 2010 payroll (see the *DHS FTE Count* on page 46 in Appendix 1).

**EXECUTIVE DIRECTOR OPERATIONS (EDO)****PURPOSE**

The Executive Director Operations (EDO) division includes the department director's office as well as bureaus that serve other divisions in the department or provide administrative support such as Fiscal Operations, Legal Affairs (including the Office of Public Guardian), and the Office of Licensing. EDO also includes the Utah Developmental Disabilities Council, a program that operates independently of the department, but for which the department provides administrative support.

For additional detailed information on EDO, see the Compendium of Budget Information prepared for the 2010 General Session at: [http://le.utah.gov/lfa/reports/cobi2010/sctte\\_17.htm](http://le.utah.gov/lfa/reports/cobi2010/sctte_17.htm)

**BUDGET ORGANIZATION**

EDO is organized for budgetary purposes in the following manner:

<b>Executive Director Operations FY 2010 Budget Organization</b>		
<b>Budget Unit</b>	<b>Amount</b>	<b>Percent</b>
KAE Fiscal Operations (38 FTE)	\$3,338,894	21%
KAL Office of Licensing (38 FTE)	\$2,675,157	17%
KAC Information Technology	\$2,320,372	15%
KAF Human Resources	\$1,737,569	11%
KAB Legal Affairs (10 FTE)	\$1,336,995	9%
KAA DHS Executive Director (9 FTE)	\$1,261,350	8%
KAG Local Discretionary	\$1,232,775	8%
KAK Services Review (13 FTE)	\$1,047,027	7%
KAM Disabilities Council (5 FTE)	\$580,800	4%
Total Exec. Director Ops. (113 FTE)	\$15,530,940	100%

**Table 20**

**RESOURCES AVAILABLE**

EDO had the following resources available to it for FY 2010:

Executive Director Operations FY 2010 Resources Used		
Resource	Amount	Percent
General Fund	\$7,966,600	51%
Federal Funds	\$6,550,246	42%
Medicaid Transfers	\$1,320,762	9%
Governor's Stabilization ARRA Funds	\$154,300	1%
Other Transfers	\$134,202	1%
Other State Funds	\$8,868	0%
Dedicated Credits	\$2,000	0%
Lapsing Funds	(\$606,038)	-4%
Total Resources	\$15,530,940	100%

Table 21

**USE OF RESOURCES TO ACCOMPLISH STATUTORY PURPOSES**

EDO utilized its resources in the following manner in FY 2010:

Executive Director Operations FY 2010 Use of Resources		
Use	Amount	Percent
Salary and Benefits (113 FTE)	\$8,861,648	57%
Current Expense	\$2,806,633	18%
Data Processing Current Expense	\$2,269,650	15%
Other Charges/Pass Through	\$1,504,201	10%
In-State Travel	\$64,132	0%
Out-of-State Travel	\$24,676	0%
Total Uses	\$15,530,940	100%

Table 22

**MAJOR CHANGES IN THE BUDGET BETWEEN FY 2010 AND FY 2011**

- Reduced rent due to completion of the new Multi-Agency State Office Building.
- Reduced Data Processing Current Expense due to Department of Technology Services' server consolidation.
- Reduced Department of Human Resource Management Internal Service Fund costs due to Human Resources rate reduction and Human Services FTE count reduction.
- EDO will have the following changes in its FY 2011 budget compared to the FY 2010 information presented in this report:
  - A reduction in state funding between 5 to 10 percent to most of its administrative offices except the Office of Licensing which was given \$95,300 in one-time backfill for FY 2011;
  - A General Fund reduction of \$144,600 as a result of building rent savings;

- A General Fund reduction of \$430,000 due to building operations and maintenance savings.

#### STATUTORY AUTHORITY

The Analyst reviewed all detailed programs for consistency with statutory authority and found no occurrences of programs without supporting statutory authority.

The authority and responsibilities associated with the EDO Line Item are enumerated in the Utah Code Annotated at:

- 62A-1-108 describes the appointment, qualifications, and responsibilities of the Executive Director
- 62A-1-110 defines the authority of the Executive Director over division and office directors
- 62A-2 sets up the process for licensing human service programs and facilities
- 62A-14 creates the Office of Public Guardian

See page 50 in Appendix 3 to view detailed links between the EDO statutory authority and the programs it operates.

#### EDO RECOMMENDATIONS

This section summarizes the Analyst's recommendations for the division. An explanation of the recommendations is provided afterward under "Explanation of Recommendations."

#### TRANSPARENCY

1. ***As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department work with the Division of Finance and the Utah Transparency Advisory Board to record USSDS transactions showing vendor/payee detail on the Transparency website, taking into account any privacy or security issues. USSDS contains information that is private and may not be published.***

The USSDS (Unified Social Services Delivery System) is a 29-year-old vendor payment system that currently posts only summary data to FINET; as a result, almost \$250 million in payments goes on the Transparency website without detailed information. The USSDS is slated for replacement in April of 2011.

2. ***The Analyst recommends the department disclose to the Legislature all federal block grant information, including available balances, authorized federal amounts, a detailed schedule of projected expenditures, and changes to that plan on an ongoing basis.***

Federal SSBG (Social Security Block Grant) funding is highly flexible funding that can be used for many social services needs. Given its flexibility, the Legislature should be kept apprised in order to weigh all resource allocations options.

#### ACCOUNTABILITY: STATE DELIVERED SERVICES

3. ***The Analyst recommends EDO follow best practice for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this in the department.***

Current EDO performance measures provide helpful information; however, more and better outcome measures will help to assess the extent to which programs are achieving their intended results.

## ACCOUNTABILITY: REPORTING

- 4. The Analyst recommends EDO 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.***

Programs operating within the department record and collect detailed financial information which is often difficult for outsiders to understand. Current management reports provide the director with good financial and performance information, and help the EDO monitor the Licensing and Public Guardian programs. By placing these key data on a management information system or "dashboard," the information could more readily be shared with state leadership and the public.

## EDO EXPLANATION OF RECOMMENDATIONS

## TRANSPARENCY

- 1. As it completes its USSDS Rewrite by April 2011, the Analyst recommends the department work with the Division of Finance and the Utah Transparency Advisory Board to record USSDS transactions showing vendor/payee detail on the Transparency website, taking into account any privacy or security issues. USSDS contains information that is private and may not be published.***

Of the \$678.8 million spent in FY 2010 by DHS, \$534.6 million, or 78.8 percent, has no vendor/payee name showing in FINET. FINET is the state's accounting system, and it populates the state's Transparency website ([transparent.utah.gov](http://transparent.utah.gov)). A lack of detail in FINET carries forward to a lack of detail in the Transparency website.

The \$534.6 million with no vendor/payee name can be summarized in the following four categories:

- a. USSDS transactions:*** USSDS (Unified Social Services Delivery System) is a 29-year-old DHS-run vendor payment system totaling \$246.1 million in FY 2010. USSDS transactions are transferred to FINET in summary form only. These summary entries are in turn recorded on the Transparency website without vendor/payee names. USSDS is currently being rewritten with an estimated completion date of April 2011.
- b. State Payroll System transactions:*** These transactions are recorded in FINET in summary form and do not include the employee name. However, the employee name and payroll information are transferred directly to the Transparency website. The total of payroll related information for FY 2010 was \$244.1 million.
- c. Transactions between state departments or within departments:*** These transactions do not include a vendor/payee name in FINET and therefore do not show a vendor/payee name on the Transparency website. The Transparency website does include three levels of expenditure descriptions, which may help a user understand the nature of the transactions or who was paid. The total of these transactions for FY 2010 was \$42.5 million.
- d. Protected transactions:*** Certain vendors/payees have been determined to be protected according to the Government Records Access Management Act (GRAMA) or other federal statutes. These names are included in FINET but are removed when recorded on the Transparency website. The total of these transactions for FY 2010 was \$1.9 million.

**2. *The Analyst recommends the department disclose to the Legislature all federal block grant information, including available balances, authorized federal amounts, a detailed schedule of projected expenditures, and changes to that plan on an ongoing basis.***

Two major sources of federal funding for DHS are the Social Security Block Grant (SSBG) and Temporary Assistance to Needy Families (TANF) transfer to SSBG. The Analyst has observed that SSBG funding is highly flexible, in some cases even more so than the General Fund, in that it can be transferred across line items, departments, and subcommittees, as long as it meets qualifying purposes.

Federal SSBG funds allow each state to furnish social services best suited to meet the needs of the state. Such services may include daycare, protective services, special services to persons with disabilities, adoption, case management, health-related services, transportation, foster care, substance abuse, housing, home-delivered meals, independent/transitional living, employment services or any other social services found necessary by the state. Funds may also be used for staff training, administration, planning, evaluation, and to purchase technical assistance in developing, implementing, or administering a state social service program.

Funds are allocated to the states based on population and do not require a state match. Annual SSBG allotments are for two years. States are given wide discretion to determine the services to be provided and the groups that may be eligible for services, usually low income families and individuals. States decide what amount of the federal allotment to spend on services, training, and administration.

In addition to regular SSBG funding, federal law allows up to ten percent of the Temporary Assistance to Needy Families (TANF) block grant, a Department of Workforce Services program, to be transferred to SSBG each year, and then used for any approved SSBG purpose.

Records indicate that DHS has not requested the full ten percent TANF transfer to SSBG with the exception of FY 2010 and FY 2011. This is not due to a lack of eligible projects in DHS, but rather a reluctance to rely on this funding source (the federal government has considered reducing the percentage that can be transferred).

The department is using \$2,784,500 from SSBG to finance most of the \$3,717,200 USSDS replacement, with the majority of that funding (\$2 million) coming in FY 2011 and FY 2012. A history of SSBG and TANF transfers to SSBG is provided on page 57 of Appendix 3. The funding increase for USSDS replacement is included in the Information Technology Program under the EDO. The majority of the department's SSBG funds are used in DCFS (\$14.2 million out of \$20.7 million, or 69 percent in FY 2010).

Given the flexibility of federal block grants, the Legislature should be kept apprised in order to weigh all resource allocations options.

#### **ACCOUNTABILITY: STATE DELIVERED SERVICES**

**3. *The Analyst recommends EDO follow best practices for state provided services by measuring things that matter, focusing on outcomes first and then outputs, and comparing efforts internally as well as against other states. DCFS is the best example for this in the department.***

The entities in the EDO line item provided the LFA with 21 measures for this review (see the summary of all agency outcome measures on page 65 of Appendix 3). Nine of the 21 measures are

output measures, each representing the number of cases handled. Of the remaining 12 measures, most are shown as a percentage, such as:

- % of noncustodial parents served who saw their parenting time increase
- % of department contracts reviewed for contract compliance during each fiscal year
- % quality case reviews judged satisfactory
- % compliance in issuing a license within 30 days
- % completion of background screenings within 15 days of receipt of application

The Analyst believes these measures are providing helpful information. However, more and better outcome measures will help assess the extent to which programs are achieving their intended results on society.

#### ACCOUNTABILITY: REPORTING

4. ***The Analyst recommends EDO 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.***

As shown in Table 20, the EDO has nine major components in its \$15.5 million budget. The Analyst requested the management reports used by EDO on a routine basis. Reports provided included:

##### Agency-wide Reports

- *Conditions of Appropriations Report* tracking current year revenues and expenditures for each line item and program, and comparing to the previous year.
- *Balanced Scorecard* showing agency progress in meeting 28 metrics.
- *Working 4 Utah Scorecard* tracking 62 outputs compared to a baseline set prior to implementation of the 4-day workweek.
- *Count of Active Employees by Schedule* tracking the number of department employees.

##### Line Item Specific Reports

- *Office of Licensing Dashboard Measures Report* showing monthly performance measures such as license turnaround time in days and clearance turnaround time in days.
- *Office of Licensing Foster Care Statistics Report* showing month over month, by region, various measures of activity such as new and completed applications and licenses at various stages in the process.
- *Office of Licensing Screening Approval Study Report* showing month over month, by worker, approval turnaround times, items processed, and number of days behind currently received applications.
- *Office of Licensing Treatment Statistics Report* showing month over month statistics for initial licenses, renewals, closures, and total licenses.
- *Office of Public Guardian Provider Billing Report* showing by month the number of active clients, the rate paid for clients, and the total amount due to the provider.
- *Office of Public Guardian Time Study Report* showing the amount of time spent for various functions provided by the office along with the Medicaid eligibility rate for clients served.

These management reports provide the director with good financial and performance information, and help the EDO monitor the Licensing and Public Guardian programs. By placing these key data on a management information system, the information could more readily be shared with state leadership and the public.

## EDO ADDITIONAL OBSERVATIONS

### ***Transparency of financial information***

FINET is the state's primary accounting system and as such is the main vehicle used to populate the Transparency website (*transparent.utah.gov*). Because all EDO transactions are recorded and paid through FINET, all EDO transactions are being posted to the Transparency website.

### ***EDO self-reported ongoing interaction with other state agencies***

The Analyst observed the Executive Director Operations line item consists of support functions to the department as well as several unique functions such as public guardianship and conservatorship, local discretionary grant pass-through, and the Utah Developmental Disabilities Council (UDDC). The UDDC was established by executive order in compliance with federal law. The purpose of the Council is to advocate for individuals with disabilities and their families. All funding for the UDDC comes from federal sources, and the Executive Director's Office has little to no management control over the council.

The various offices and functions in this line item interact and coordinate with a number of other state agencies (see the table on page 55 of Appendix 3). Close relationships with other agencies and other programs include the Medicaid program administered by the Department of Health, the Department of Workforce Services, the State Office of Education, the Office of the Attorney General, the Courts, and local county authorities.

### ***EDO major expenditures***

The Analyst observed that outside of salary and benefit costs for its employees, EDO expends a substantial amount of resources on:

- Pass through of block grant funds to local authorities
- In FY 2010, payments for furnishings, fixtures, and equipment for the new office building, which were later reimbursed by the Division of Facilities Construction and Management
- State mail charges
- Employee UTA Eco-Passes
- Office of Public Guardian payments to contract providers
- Building maintenance costs
- Phone charges, office supplies, and copy center charges

The table titled *Department of Human Services – FY 2010 – Payments to Vendors* on page 58 of Appendix 3 documents this.

### ***EDO use of building space***

Outside of the main administration building in Salt Lake City, entities in the EDO line item utilized thirteen buildings in FY 2010 with 12,778 total square feet for 34 FTE. The average cost per FTE was \$4,329 for the year. The average cost per square foot was \$11.52. Of the thirteen buildings, seven were leased and six were state-owned. Rates paid varied between \$3.87 per square foot for state-owned

maintenance costs to \$21.73 per square foot in a state-owned Ogden building. The use of this space was primarily for additional Office of Licensing and Human Resource Management staff.

***EDO use of staff***

The EDO spent \$8.9 million, or 57 percent of its FY 2010 budget, on staff. This line item's FTE counts have gone down from 137 in FY 2008 to 111 as of the October, 2010. This is a decline of 26 FTE (19 percent) since FY 2008 (see the *DHS FTE Count* on page 46 in Appendix 1).

## **DHS BUILDINGS**

The Department of Human Services owns or leases 243 buildings across the state. Appendices B1 through B8 provide details on each of these buildings. Budgets related to facilities are included in each line item under the current expense category of use and are not broken out separately.

## **DHS BUILDINGS RECOMMENDATIONS**

This section summarizes the Analyst's recommendations for the division. An explanation of the recommendations is provided afterward under "Explanation of Recommendations."

## **RESOURCES: BUILDINGS**

**1. DHS should explore options on how to best utilize the remaining vacant building space and farm land at the Developmental Center.**

The State Developmental Center has 62,400 square feet of vacant facility space. Recently the Center leased 9,000 square feet to the Division of Child and Family Services for \$103,500 – increasing their revenue and allowing DCFS to exit a more expensive lease.

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

The current space standards are more than 16 years old and contain outdated information. This places DFCM and agencies in the position of guessing how to apply the standards.

**3. ORS should plan to exit the HK Tower lease when it comes due in 2014 and explore options in state-owned facilities.**

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.

**4. DFCM should assist ORS to find other state agencies to share vacant office space.**

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 their efforts.

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

The Division of Child and Family Services currently houses case workers and support staff in single, private offices. While this practice conforms to current state space standards, the mobile nature of case workers provides opportunities for alternatives such as shared-space, telecommuting, and open offices. The Office of Recovery Services provides a good example of how to make such changes.

**6. DSPD, in conjunction with DFCM, should sell off or lease its five group homes at market rates to providers.**

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

**DHS BUILDINGS EXPLANATION OF RECOMMENDATIONS**

**1. DHS should explore options on how to best utilize the remaining vacant building space and farm land at the Developmental Center.**

The Utah State Developmental Center (USDC) operates approximately 543,600 square feet in 57 separate buildings. The majority of that space (70%) is dedicated to residential operations and services for those housed at the Center. Administration and maintenance facilities each comprise roughly 5% and 7%, respectively, of the total space. Eleven and a half percent of the current facility space is vacant. In addition to the land on which the facilities reside, the Developmental Center also owns approximately 250 acres of undeveloped farmland and seven farm-related buildings.

<b>Building Type</b>	<b>Sq. Ft.</b>	<b>% Sq. Ft.</b>	<b>Count</b>
Client Housing/Services	384,346	70.70%	24
Vacant	62,374	11.47%	9
Maintenance	38,652	7.11%	13
Administration	26,672	4.91%	3
Farm	22,602	4.16%	7
DCFS Lease	9,000	1.66%	1
<b>Grand Total</b>	<b>543,646</b>	<b>100.00%</b>	<b>57</b>

**Table 23**

Like the State Hospital, most of the facility space at the Developmental Center is used to house and serve its special needs population. The facilities at the Developmental Center are more spread out and more residential in nature than those at the Hospital. There are more than twice as many residential facilities at the Developmental Center than the State Hospital and the average square footage for each residential facility at the Developmental Center is 38% smaller than that of the State Hospital.

Until recently 71,400 square feet of facility space sat vacant at the USDC. However, as a result of reduced budgets, the division chose to remodel a 9,000 square foot building on the southeast side of the campus (label A on the map in Appendix B12) to replace an American Fork lease expiring for the Division of Child and Family Services. The remodeled building reduces the amount of vacant space at the USDC and saved the state in annual lease costs.

Of the 62,400 square feet of remaining vacant space at the USDC, at least 20,700 square feet is unusable and at some point should be demolished. The other 41,700 square feet is probably usable and includes:

1. four 900 square feet movable temporary classroom buildings (label B on the map in Appendix B12)
2. a 19,300 square feet auditorium in very good condition with stage, lighting, and audio/ visual equipment (label C)
3. a 6,400 square feet residential building that could be remodeled into office space (label D)
4. a 12,400 square feet central kitchen that could possibly be remodeled into office space (label E)

The Analyst recommends that the Department of Human Services and the Division of Facilities Construction and Management (DFCM) should explore options on how to best utilize vacant facilities and the 250 acres of vacant farmland.

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

Programming determines the actual space requirement of a new building or lease. It includes deciding who gets offices and who should have cubicles, how many conference rooms are needed, and other operational requirements like secure file rooms or libraries. DFCM requires programming to abide by space standards created in 1994 by the State Building Board that contain office layouts and square footage allotments. The standards require open cubicles and conference rooms as the primary space in state buildings with exceptions granted as necessary for an agency to transact business – “it is State policy that employees will have open office workstations with few exceptions.”

With the help of an architect the departments of Human Services (DHS) and Environmental Quality (DEQ) used state space guidelines to program the multi-agency building approved by the 2008 Legislature. DFCM reviewed the programming plans, which were then used to design and construct the building. Table 24 below shows how the space planning differed between DEQ and DHS.

Type of Space	DHS Portion			DEQ Portion		
	Square Feet	% of Sq. Ft.	Quantity	Square Feet	% of Sq. Ft.	Quantity
Enclosed	21,810	26%		30,580	37%	
Open	30,558	36%	289	39,092	47%	454
Private	33,080	39%	236	12,830	16%	82
Grand Total	85,448	100%	525	82,502	100%	536

Table 24

While DEQ has the majority (47%) of its office space as Open or cubicle, DHS has the majority (39%) of its office space as Private office. Enclosed rooms include libraries, conference rooms, break rooms, and work rooms. Though DFCM affirms that the DHS portion of the multi-agency building conforms to state space standards, the portion contains more private office space than expected.

Table 25 identifies the size of open offices in both portions of the multi-office building (81 square feet being the state standard for a typical full-time professional). 91% of DEQ’s open offices are 81 square feet cubicles; while less than 4% of DHS’ open offices are 81 square feet. The majority of DHS’ open offices are 100 square feet. While DHS does have 57 cubicles measuring 64 square feet, all but one of them are for Department of Technology Services’ employees servicing DHS. Open offices measuring more than 200 square feet are typically libraries or workstations not allocated to a single individual.

Size (sq ft)	DHS Open Office		DEQ Open Office	
	Quantity	Total Square Feet	Quantity	Total Square Feet
64	57	3,648	1	64
80	-	-	4	320
81	10	810	416	33,696
100	181	18,100	4	400
120	10	1,200	6	720
130	6	780	6	780
150	3	450	5	750
162	-	-	1	162
200	17	3,400	11	2,200
230	2	460	-	-
270	1	270	-	-
340	1	340	-	-
1100	1	1,100	-	-
	289	30,558	454	39,092

Table 25

DFCM affirms that both DEQ and DHS space planning followed state building standards. DFCM says that officials at both DEQ and DHS presented rationales for needing specific office space and that the guidelines allow for larger offices for individuals needing privacy.

There exists a need for greater state-wide planning and updated office space standards. The current space standards are more than 16 years old and contain outdated information. An appendix in the standards lists square footage requirements for every position in state government; however, most positions are outdated and do not tie to the current job classification. This places DFCM and agencies in the position of guessing which positions pertain to which standard. The Analyst recommends the development of new space standards based on current needs and employee information and that DFCM strictly adhere to the new standards when allocating space.

**3. ORS should plan to exit the HK Tower lease when it comes due in 2014 and explore options in state-owned facilities**

The Office of Recovery Services (ORS) holds the highest cost lease in the state for the 97,246 square feet in nine floors of the HK Tower at 515 East and 100 South in Salt Lake City. ORS recently renewed the lease for five more years with an annual rent of \$1,944,920 in FY 2010 with 2.5% annual increases through FY 2014. ORS first leased the building in May of 1994.

The state should look at alternatives to leasing this high-cost building. Twenty years of lease payments could have built a sizeable state-owned building. If the state had included ORS in the new multi-agency building in 2009, the lease payments could have covered half of the cost of the \$51.5 million state-funded building. A lease revenue bond issued at today’s rates using the FY 2010 lease payments for twenty years would generate \$26.1 million for the construction of a new state-owned building with approximately 100,000 square feet of space (see Appendix B9 for more information). The debt service on a 75,000 square foot facility (as opposed to a 100,000 square foot facility) would be \$570,000 less than the current lease of the HK Tower based on current rates and a 20 year bond (see Appendix B10 for more details).

Space in existing state-owned facilities would be much less expensive than the current lease cost or even a lease revenue bond. State-owned facilities require only the annual cost of operation and maintenance as opposed to the capital component of a lease to recompense the cost of construction. The reduction in used space by ORS (described below) makes a high cost lease even less desirable.

The Analyst recommends that ORS vacate the HK tower at the end of the lease in 2014 and that ORS begin now to work with DFCM to explore options in state-owned facilities.

**4. DFCM should assist ORS to find other state agencies to share vacant office space**

An on-site walk-through of the entire building indicates that the space is well-used by the division. The space complies with the state policy that employees have open office workstations with few exceptions. All but one of the floors had six or seven private offices (for managers) for 12,651 square feet – the rest being open office cubicles. The only exceptions to this were in the areas that housed Technology Services staff and the Attorney General staff. Likewise ORS has made significant progress towards minimizing office space.

ORS has vacated almost two entire floors within the HK building through management policies which include:

- digitizing records and removing scores of filing cabinets
- moving IT infrastructure to Capitol Hill
- telecommuting policies that include sharing office space between 4 to 8 FTE
- downsizing staff to meet budget reductions

Even though ORS has made considerable efforts to downsize space utilization, these efforts may not translate into any appreciable cost savings until the lease expires, a lease modification is successfully negotiated with the landlord, or another agency moves into the space to cost-share. At the time ORS renewed the lease it had a commitment from another agency to move into one floor of the building and share the lease cost, but budget reductions precluded that agency from moving. The approximately 23,000 square feet of currently vacant office space highlights the need for statewide facility planning at a higher level than individual agencies or divisions. The Analyst recommends that ORS work with DFCM to find other state agencies to help share the vacant office space in the near term until the lease expires in 2014.

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

The Division of Child and Family Services (DCFS) occupies 47 buildings spread throughout the state. Of those buildings, nine are state-owned, 29 are leased, and nine are shelters, community centers, or space for Attorney General staff. The average square footage for DCFS leased space (7,732) is almost half the size of DCFS state-owned space (14,585) and 60% more expensive, which is typical of leased buildings. DCFS also occupies three times more leased buildings than owned. Table 26 details the costs for different types of DCFS space (see Appendix B6 for more information).

<b>Type of Space</b>	<b># Bldgs</b>	<b>Sq Ft</b>	<b>Cost</b>	<b>FTE</b>	<b>%Sq Ft</b>	<b>%FTE</b>	<b>Cost per</b>	<b>Cost per</b>
							<b>sq ft</b>	<b>FTE</b>
Domestic Violence/ Other	9	24,503	\$99,324	41	6%	4%	\$4.05	\$2,423
Leased DCFS Buildings	29	224,238	\$4,290,549	566	59%	58%	\$19.13	\$7,580
State-Owned DCFS Buildings	9	131,265	\$1,665,491	368	35%	38%	\$12.69	\$4,526
	47	380,006	\$6,055,364	975	100%	100%		

Table 26

The Riverton office of DCFS occupies 13,684 square feet with 51 FTE at a lease cost of \$312,000. DCFS began this 5 year lease in October 2009. The cost per square foot (\$22.80) of this lease exceeds the division’s average lease costs of \$17.53 per square foot. Most of the usable space in the

building is for private offices for each caseworker, supervisor, and support staff; which was a requirement of the lease.

The allocation of private office space for case workers and other personnel is likely common throughout DCFS. Similar space utilization is present in the multi-agency building in Salt Lake and the recently renovated building at the State Developmental Center. When the space utilization guidelines were first created by the Building Board in 1994 it listed “Case Worker” as an example of an employee that should receive an 81 square foot open cubicle. In 1995 DHS made a formal recommendation of the State Building Board that resulted in private offices becoming the working standard for most DCFS Case Workers.

While the practice of housing case workers and support staff in single, private offices conforms to current state space standards, the mobile nature of case workers provides opportunities for alternatives such as shared-space, telecommuting, and open offices. The Office of Recovery Services (as detailed above) provides a good example of how to make such changes. The Analyst recommends DCFS explore other alternatives to housing case workers in single, private offices and analyze the space it leases statewide for opportunities for consolidation.

**6. DSPD, in conjunction with DFCM, should sell off or lease its five group homes at market rates to providers.**

The Division of Services for People with Disabilities (DSPD) owns five group homes that it leases to private providers. The homes are located throughout the state in Layton, North Ogden, Sandy, Spanish Fork, and St. George. Each home contains about 4,600 square feet and cost the state roughly \$450,000 to build.

Typically DSPD contracts with providers to house and provide services for persons with disabilities. Those providers either lease or own property on which to house their clients. The five group homes owned by the division are a unique situation where the providers provide services but do not pay rent on the buildings. The state pays for improvements and structural repairs on those properties and also reimburses providers 50% of maintenance on the buildings if sufficient funds are not contained in the provider’s reserve account.

As the benefit to state ownership of these group homes is not readily apparent, the Analyst recommends that the division sell off these assets or lease them at market rates to the providers.

**DHS BUILDINGS ADDITIONAL OBSERVATIONS**

***State Hospital***

The Utah State Hospital (USH) operates approximately 450,000 square feet in 28 separate buildings. The majority of that space (80%) is dedicated to residential operations and services for those housed at the hospital. The remaining space houses administration, maintenance, utilities, and storage. The USH appears to fully utilize existing buildings and a few older buildings have increasing repair needs.

	Sq Ft	% Sq Ft	Count
Client Housing/Services	358,049	79.60%	12
Maintenance	45,360	10.08%	13
Administration	37,000	8.23%	1
Other	9,413	2.09%	2
Grand Total	449,822	100.00%	28

Table 27

For the last several years the State Hospital has requested funding to replace three older buildings. The USH would like to replace the Medical Services building (built in 1955), the Youth Center (1950), and the Beesley Building (1985). The state has allocated approximately \$1.1 million over the last three years to improve and repair these three buildings. Maintenance issues such as rusting pipes, asbestos, dated electrical systems, worn out HVAC systems, and aging concrete are observable in the MS and Youth Center buildings. The \$30 million project would house 26 adolescent girls (from Beesley), 24 adolescent boys (from the newer Rampton building), and 22 children (from Medical Services) as well as medical and programmatic services for all of the 359 patients at the Hospital.

Figure 4 below depicts the current occupancy of the 72 beds currently allocated to pediatrics for which the Hospital requests a new building. In Fiscal Year (FY) 2010 the State Hospital filled an average of 50 of the 72 beds each month (70 percent of the bed space). This is an increase over the 44 beds occupied on average in Fiscal Year 2009.

Each of the three populations (girls, boys, and children under 12) served by the Hospital's pediatrics programs exhibit different growth trends. The children's unit showed a slight decline in bed occupancy from FY 2009 to FY 2010, while both the boys' and girls' units showed increases. The boys' unit is currently close to maximum occupancy and exhibits the most volatility (jumping between 16 and 23 beds occupied in FY 2010). The children's unit also exhibits some volatility while the girls' unit currently has the least volatility and the most capacity of bed space on average.

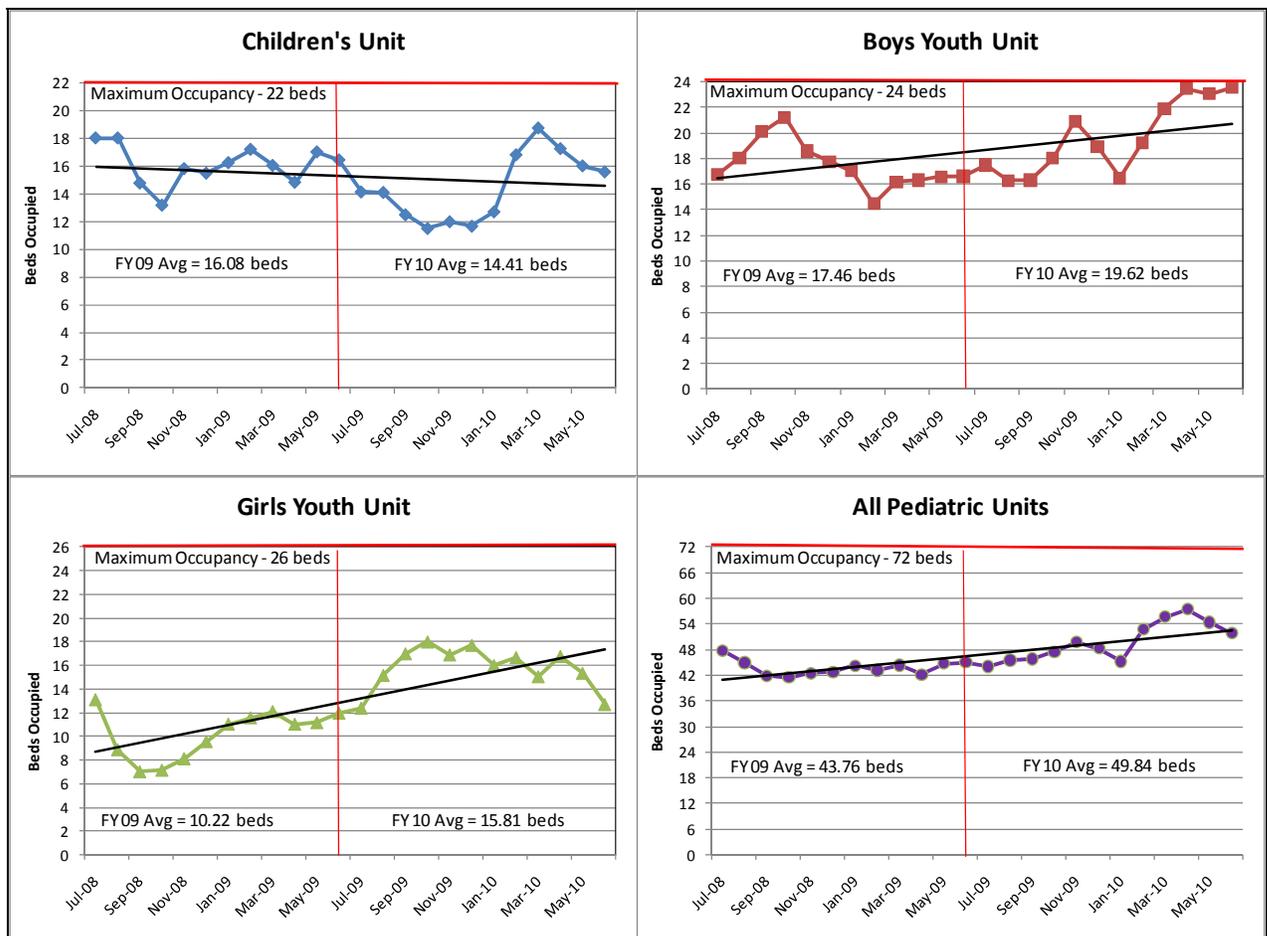


Figure 4

Juvenile Justice Services occupies primarily state-owned space. State-owned correctional facilities for juveniles account for nearly half of all JJS building space. Mostly state-owned rural programs account for another quarter of building space. The remainder of JJS building space is split between Community Programs and Early Intervention Services (half of which is state-owned and the other half leased). Table 28 shows the detail of JJS space by program area.

Program	# Bldgs.	FTE	Sq. Feet	Cost
Administration	1	29	10,497	\$ 30,336
Community Programs Leased	5	94	38,898	\$ 362,223
Community Programs State-owned	4	60	36,327	\$ 22,549
<i>Community Programs Total</i>	<i>9</i>	<i>154</i>	<i>75,225</i>	<i>\$ 384,771</i>
Correctional Facilities	22	301	318,759	\$ -
Early Intervention Services Leased	3	74	19,486	\$ 311,608
Early Intervention Services State-Owned	7	58	47,063	\$ -
<i>Early Intervention Services Total</i>	<i>10</i>	<i>132</i>	<i>66,549</i>	<i>\$ 311,608</i>
Rural Programs Leased	3	10	10,008	\$ 127,826
Rural Programs State-Owned	12	300	170,146	\$ 5,071
<i>Rural Programs Total</i>	<i>15</i>	<i>310</i>	<i>180,154</i>	<i>\$ 132,898</i>
<b>Grand Total</b>	<b>57</b>	<b>926</b>	<b>651,184</b>	<b>\$ 859,613</b>

Table 28

The few buildings JJS leases are contracted at a reasonable price (on average \$11.72 per square foot). The most expensive lease is for the Salt Lake Observation and Assessment space for which JJS pays \$286,600 for 19,235 square feet (\$14.90 per square foot); which is less than the average DHS lease of \$17.53 per square foot.

An on-site visit of the Decker Lake Youth Center demonstrated the quality of maintenance with which JJS maintains their buildings. The building appears in very good condition considering that the building is approximately 30 years old and houses potentially violent occupants. The condition of the building is a result of a concerted effort by maintenance staff and administrative staff. The correctional staff impresses on the occupants the importance of caring for the building and requires reparation for any damage done to the building. Instituting a culture of care for state facilities translates into improved working conditions and prolonged life for state assets. Other state agencies and employees should learn from this example to take personal responsibility in caring for facilities.

**HUMAN SERVICES VEHICLES**

The Division of Fleet Operations and Surplus Services issued its *Fiscal Year 2010 Fleet Efficiency Report Draft* during September 2010 containing fleet information for various state and Higher Education entities. This report can be found at the website of the Division of Fleet Operations and Surplus Services: <http://fleet.state.ut.us>. The following information summarizes State Motor Pool vehicles used by DHS in FY 2010:

- Utilized 495 motor pool vehicles
- Drove 5,955,531 miles
- Used 238,457 gallons of fuel
- Used 1,907 gallons of alternative fuel
- Averaged 25.0 miles per gallon across all motor pool vehicles
- Averaged \$0.256 cost per mile driven across all motor pool vehicles

**DHS MOTOR POOL COST CENTERS WITH HIGH COST PER MILE VEHICLES**

Motor Pool vehicles are managed in DHS by 62 different cost centers. The DHS average cost per mile driven for FY 2010 was \$0.256. Six of the 62 DHS costs centers had an average cost per mile (CPM) driven equaling twice the department average. These six cost centers are listed below accompanied by the agency explanation for the higher CPM:

Human Services Motor Pool Cost Centers for FY 2010			
Where the Average Cost Per Mile Was More Than Twice the Department Average of \$0.256			
FY 2010 Motor Pool Cost Center	FY10 Motor Pool Vehicles	Avg Cost Per Mile	Agency Explanation
Utah State Hospital	36	\$ 0.515	As an institution, we have more vehicles identified for on-campus use which have low mileage such as: maintenance vehicles, snow removal, building repairs, etc. Food services also have vehicles with low mileage which transport meals from a central kitchen to patients in other buildings on campus. This is much less expensive than having food prepared in each building. Other vehicles are used for low mileage to take patients off and on-campus to clinic appointments. We have multiple appointments daily which require more vehicles to accommodate the transportation needs. We have also limited activity travel in vans to shorter distances for safety and liability reasons.
Developmental Center - Motor Pool	42	\$ 0.519	These vehicles are required for Title XIX programming but are rarely used to go long distances so the miles are relatively low which increases the average cost per mile. In addition there are several low mileage maintenance vehicles that are used almost entirely right at the USDC.
Juvenile Justice Services - Copper Springs Outreach	2	\$ 0.635	These vehicles were the 15 passenger vans and were used less due to safety concerns. Therefore they had a high average cost per mile rate. These vans have since been traded in and replaced with two mini vans.
Juvenile Justice Services - Decker Lake Youth Center	3	\$ 0.810	Cage car, truck, and car are used for staff training, transporting youth and facility maintenance needs. Cage car for 40 bed secure care facility: Used for transporting youth, especially violent and high-risk youth--handcuffed and shackled, for medical and hospital visits, court hearings, and transfer to and from other secure facilities. Vehicle must be available for youth transport at all times. Truck: Used for hauling repair and maintenance equipment, material and supplies. Staff use car for attending training and meetings, picking-up supplies, and other errands, and as youth transport back-up when the cage car is in use. The two cars frequently are in use at the same time.
Juvenile Justice Services - Salt Lake Observation and Assessment	4	\$ 0.745	Vehicles are used to transport residents to Court, detention, and service projects.
Juvenile Justice Services - Springville Observation and Assessment	1	\$ 0.574	Vehicle is used to transport residents to Court, detention, and service projects.

Source: Cost per mile taken from the 2010 Fleet Efficiency Report Draft found at: <http://fleet.state.ut.us>

Note: The Division of Juvenile Justice Services (DJJS) is higher, in general, in all areas compared to other areas of the department. With regard to this observation, DJJS offered the following explanation: "JJS vehicles are often used to transport youth to Court, medical care, etc. These transports are required to be via a State vehicle and often are for relatively short distances, yet these activities can require the vehicle for most of the day. Also, some maintenance vehicles are needed at facilities, but they are not often driven far distances.

Table 29

**LOW MILEAGE MOTOR POOL VEHICLES**

Of Motor Pool vehicles used by DHS that were in service for longer than one year, the Fiscal Analyst identified 123 vehicles in FY 2010 it considered low mileage vehicles based upon a standard of being used less than 7,500 miles per year or 625 miles per month. These 123 vehicles were associated with the following agencies or divisions:

Department of Human Services Motor Pool Vehicles and Low Mileage Vehicles		
Motor Pool Cost Center	FY10 Motor Pool Vehicles	FY10 Low Mileage Vehicles
Executive Director Operations	30	1
Utah State Hospital	48	34
Utah State Developmental Center	47	41
Div. of Services for People with Disabilities	23	4
Office of Recovery Services	7	3
Div. of Child and Family Services	193	3
Div. of Aging and Adult Services	9	1
Juvenile Justice Services	138	36
<b>Total Human Services</b>	<b>495</b>	<b>123</b>

Table 30

The LFA reviewed all low mileage vehicles identified and requested an explanation regarding each vehicle in this category. Vehicles at the Utah State Hospital, the Utah State Developmental Center, and 19 of the Juvenile Justice Services vehicles are associated with institutional settings that may contribute to lower mileage. Some of these vehicles are for specialized use. For example, a grounds maintenance truck associated with the State Hospital may see significant use but low mileage due to the limited distances involved with a campus setting. One value of a review is heightened attention by managers to areas under review. One administrator offered the following comment during the review:

*Since your last request we have been reviewing usage of all vehicles by day, by unit and by mileage. Based upon this review we are looking at decreasing fleet by 2 vans and having units share the use of vans. If this is successful we will consider decreasing fleet even further.*

**PRIVATE VEHICLE MILEAGE REIMBURSEMENT**

For FY 2010, 20 percent or \$507,800 of all DHS expenditures for vehicle use was for private vehicle mileage reimbursement (PVMR). \$204,300 of the total PVMR was spent to reimburse 140 staff yearly amounts of \$1,000 or more with the highest reimbursement being \$5,117. Of the 140 employees, 88 were in the Division of Child and Family Services. DHS reimburses all private vehicle use at 36 cents per mile (*DHS Policy and Procedures 01-12*). At the 36 cents per mile reimbursement rate, these 140 employees were reimbursed for yearly mileage totals ranging between 4,053 and 14,214 miles. State policy provides the following:

*If reasonably available, the employee should use an agency vehicle. If an agency vehicle that meets their needs is not reasonably available, the agency may approve the traveler to use either a daily pool fleet vehicle or a private vehicle. . . . If a trip is estimated to average 100 miles or more per day, the agency should approve the traveler to rent a daily pool fleet vehicle if one is reasonably available. Doing so will*

*cost less than if the traveler takes a private vehicle. If the agency approves the traveler to take a private vehicle, the employee will be reimbursed at the lower rate of 36 cents per mile (Rule R25-7-10 (3) – Reimbursement for Transportation).*

With regard to all private vehicle mileage reimbursements beyond 100 miles, DHS stated: “exceptions granted when vehicle is not reasonably available”.

Using cost data from the Division of Fleet Operations and Surplus Services, the Fiscal Analyst determined that the cost breakeven point between private vehicle mileage reimbursement and a motor pool vehicle was between 708 miles and 1,076 miles driven per month depending upon whether the vehicle being used was a compact sedan or a full size sedan (see the table on page 45 of Appendix 1). The Analyst reviewed a number of selected *Private Vehicle Usage Report for Reimbursement at .36 per Mile* sheets for individual employees with higher mileage reimbursements. These sheets have a brief space for the employee to describe the “Business Purpose of Miles Driven” where the descriptions provided frequently do not address the reason for “exceptions granted when vehicle is not reasonably available”.

#### **HUMAN SERVICES VEHICLES RECOMMENDATIONS**

This section summarizes the Analyst’s recommendations for the division. An explanation of the recommendations is provided afterward under “Explanation of Recommendations.”

#### **RESOURCES: VEHICLES**

- 1. The Analyst recommends that for all PVMR exceeding a calculated breakeven point between PVMR and state motor pool vehicles (708 miles in a given month), the department annually report the reimbursement exceeding that total.***

For FY 2010, 20 percent or \$507,800 of all DHS expenditures for vehicle use was for private vehicle mileage reimbursement (PVMR). \$204,300 of the total PVMR was spent to reimburse 140 staff yearly amounts of \$1,000 or more with the highest reimbursement being \$5,117. The breakeven point between PVMR and state motor pool vehicles is 708 miles per month.

#### **HUMAN SERVICES VEHICLES EXPLANATION OF RECOMMENDATIONS**

#### **RESOURCES: VEHICLES**

- 1. The Analyst recommends that for all PVMR exceeding a calculated breakeven point between PVMR and state motor pool vehicles (708 miles in a given month), the department annually report for FY 2011 the reimbursement exceeding that total.***

For FY 2010, 20 percent or \$507,800 of all DHS expenditures for vehicle use was for private vehicle mileage reimbursement (PVMR). \$204,300 of the total PVMR was spent to reimburse 140 staff yearly amounts of \$1,000 or more with the highest reimbursement being \$5,117. Of the 140 employees, 88 were in the Division of Child and Family Services. The Analyst determined the cost breakeven point between PVMR and a motor pool vehicle is 708 miles and 1,076 miles driven per month depending upon whether the vehicle being used was a compact sedan or a full size sedan. The Analyst recommends that for all PVMR exceeding 708 miles in a given month, DHS document the reimbursement exceeding that total for FY 2011, the location of the employee involved, the reason for the mileage exceeding that total, and the specific authorization for exceeding the total, and report this to the Office of the Legislative Fiscal Analyst by January 1, 2012.