

# HOUSE BILL REPORT

## HB 2226

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### As Reported By House Committee On:

Government Operations

**Title:** An act relating to state government reorganization.

**Brief Description:** Abolishing the department of social and health services and dividing its functions among newly created and existing agencies.

**Sponsors:** Representatives Reams, Mulliken, D. Sommers, Carrell, Campbell, Horn, L. Thomas, Sheahan, D. Schmidt, Elliot, Johnson, Thompson, Stevens, Goldsmith and Backlund.

### Brief History:

#### Committee Activity:

Government Operations: 1/10/96, 1/31/96 [DPS].

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## HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives Reams, Chairman; Cairnes, Vice Chairman; Goldsmith, Vice Chairman; Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Conway; R. Fisher; Honeyford; Hymes; Mulliken; Scheuerman; D. Schmidt; Van Luven and Wolfe.

**Staff:** Charlie Murphy (786-7135).

**Background:** The Department of Social and Health Services (DSHS) was established in 1970. It was created by merging the former Department of Health, Department of Public Assistance, Department of Institutions, the Veterans' Rehabilitation Council, and the division of Vocational Rehabilitation of the Coordinating Council on Occupational Education. DSHS was designed to "integrate and coordinate all those activities involving provision of care for individuals who, as a result of their economic, social or health condition, require financial assistance, institutional care, rehabilitation, or other social and health services."

In 1981, the Department of Corrections (DOC) was established. The responsibilities of DSHS for adult correctional programs and institutions were transferred to DOC at that time. In 1989, the Department of Health was established. The responsibilities of DSHS for programs relating to public health, personal health, environmental health,

parent and child health, and other health services were transferred to the Department of Health.

In the 1995-97 biennium, DSHS programs accounted for approximately 25.9 percent of the \$17.2 billion dollar state general fund operating budget. The total operating budget of DSHS in the 1995-97 biennium, including federal and other funds, was \$9.9 billion. DSHS currently has approximately 16,700 full-time employees.

The executive head of DSHS is the Secretary of Social and Health Services. The secretary is required to appoint a deputy secretary, a department personnel director, and such assistant secretaries as needed, including an assistant secretary for juvenile rehabilitation. The secretary is responsible for dividing the department into divisions, including a division of vocational rehabilitation, that are approved by the Governor.

The Employment Security Department administers programs that provide unemployment insurance, job placement, and employment and training services.

The Department of Labor and Industries manages a diverse set of programs involving employers and employees. The department manages claims and provides services to injured workers. Vocational rehabilitation is one of the services that can be provided to the injured worker.

**Summary of Substitute Bill:** All the children's administration functions of the Department of Social and Health Services (DSHS) are transferred to an independent agency effective July 1, 1997. Certain other children and youth program functions are transferred to this new agency from the Department of Community, Trade and Economic Development. The Juvenile Rehabilitation Administration of DSHS is also transferred to this new agency and the Department of Corrections based on an allocation plan to be developed by November 15, 1996.

A 15-person task force, consisting of legislative and citizen members, is established to make policy recommendations by November 1, 1997 for restructuring DSHS into three new departments: (1) medical assistance; (2) transitional services; and (3) long-term care and health. The task force will also examine a range of other related restructuring issues, including other state health care functions, as well as children's protective services.

An Office of Citizen Complaints is to be established and is intended to supply an independent review over allegations of abuse, neglect, and fraud concerning children and family services in state programs and state-licensed related operations.

Program fraud and internal investigative functions from DSHS are transferred to the Washington State Patrol, effective July 1, 1997. Program fraud functions may be undertaken by contract with local law enforcement at their option.

The existing named departments of state government involved in this initial restructuring of functions must develop a reorganization plan based on the effective date of the changes. The implementation plan must include recommendations for restructuring the administrative functions of DSHS and the family policy councils. The plan for changes effective July 1, 1997, must be submitted to the Governor by November 15, 1996, and necessary implementing legislation must be submitted to the Governor and the Legislature by December 15, 1996.

**Substitute Bill Compared to Original Bill:** Only one agency, the new Department of Children, Family Services is established. A task force is created to study and make recommendations for three other agencies from the remaining DSHS functions. An Office of Citizens Complaint is to be established and is intended to review allegations of abuse, neglect, and fraud in children and family services provided by state programs and state-licensed related operations.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on February 2, 1996.

**Effective Date of Substitute Bill:** The bill contains several effective dates. Please refer to the bill.

**Testimony For:** Clients of the current DSHS are being hamstrung by conflicting federal laws and the absence of published DSHS procedures, including administrative, civil and criminal procedures. The closed-door adjudications in support enforcement should not be allowed.

**Testimony Against:** The effects of future federal cuts are not known at this time. What about the automated client eligibility system? Organizations for human services are by their nature complex. Reorganizing would not solve the current operational problems. Moving the Division of Juvenile Rehabilitation to the Department of Corrections was opposed as it should be with the Children, Family Services Department. If the transfer of functions away from DSHS doesn't improve service, isn't cost-effective, or doesn't improve accountability, then the Legislature should not make changes. Internal structural issues should be addressed first: the overwhelming caseload and necessary training.

**Testified:** Representative Reams, prime sponsor; Frank Winslow, Alzheimer Society of Washington; Mark Lundgren, DSHS service consumer; Lonnie Johns-Brown, Washington Association for the Education of Young Children; George LeClair, Children's Alliance; Greg Devereau, Washington Federation of State Employees; Lyle Quasim, Secretary, Department of Social and Health Services; Ellie Menzies, citizen; Lisa Pearce, League of Women Voters of Washington; Laurie Lippold, Children's Home Society; Dave Wood, Action for Residential Habilitation Centers; Ruth Kagi,

Fatality Review Committee; Doug Connell, Department of Labor and Industries; and Michele Delo and Jamaica Filgo, Washington Families.