

HOUSE BILL REPORT

HB 1071

As Reported By House Committee On:
Government Reform & Land Use

Title: An act relating to state government reorganization.

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

Sponsors: Representatives Reams, Mulliken, Thompson, Boldt, Sterk, Carrell, Dunn and Backlund.

Brief History:

Committee Activity:

Government Reform & Land Use: 1/20/97, 2/20/97 [DPS].

HOUSE COMMITTEE ON GOVERNMENT REFORM & LAND USE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Reams, Chairman; Cairnes, Vice Chairman; Sherstad, Vice Chairman; Bush; Mielke; Mulliken and Thompson.

Minority Report: Do not pass. Signed by 4 members: Representatives Romero, Ranking Minority Member; Lantz, Assistant Ranking Minority Member; Fisher and Gardner.

Staff: Joan Elgee (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. The 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.—

Since its creation, several functions have been removed from the DSHS. In 1976, the Department of Veterans' Affairs was created and the functions relating to veterans was transferred. In 1981, the responsibilities of the DSHS for adult correctional

programs and institutions were transferred to the newly created Department of Corrections; juvenile corrections remain within the DSHS. The Department of Services for the Blind was established in 1983, and in 1985, the State School for the Blind and the State School for the Deaf were transferred out of the DSHS. In 1989, the Department of Health was established. The responsibilities of the 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. Many other proposals have been made to transfer functions or otherwise reorganize the DSHS.

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

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 an injured worker.

Summary of Substitute Bill: The Department of Social and Health Services is reorganized by dividing its functions among four newly created agencies and the Department of Corrections. Functions of other existing agencies are also transferred to the new agencies. The creation of the new agencies and the transfer of functions occur on a staggered timetable, following development of reorganization plans.

New Department of Medical Assistance. All functions of the DSHS relating to medical assistance are transferred to the newly created Department of Medical Assistance. This transfer takes effect July 1, 2000.

New Department of Long-Term Care Services. All functions of the DSHS relating to long-term care services are transferred to the newly created Department of Long-Term Care Services. Functions transferred include those performed by the aging and adult services administration and the health and rehabilitative services administration, except vocational rehabilitation. All functions of the Department of Health relating to boarding homes, adult family homes, and nursing homes are also transferred to the new department. These transfers take effect July 1, 2000.

The provisions relating to the new Department of Long-Term Care Services are null and void if HB 1850 (creating a Department of Long-Term Care Services) is enacted into law.

New Department of Employment Services. All functions of the DSHS relating to economic services and vocational rehabilitation are transferred to the newly created Department of Employment Services. Also transferred are all functions of the Department of Labor and Industries relating to vocational rehabilitation and all functions of the Employment Security Department. These transfers take effect July 1, 2000.

The provisions relating to the new Department of Employment Services are null and void if HB 1861 (creating a Department of Employment Services) is enacted into law.

New Department of Children and Family Services. All functions performed by the children's administration of the DSHS are transferred to the newly created Department of Children and Family Services (DCFS). Also transferred to the new department are the functions of the Department of Community, Trade and Economic Development pertaining to early childhood education assistance programs, head start programs, and youth violence contracts.

The functions of the DSHS relating to juvenile rehabilitation and the juvenile justice system are transferred to the Department of Corrections and to the new DCFS. The Legislature intends that the reorganization plan consider which state agency is best suited to address the needs of various groups of juvenile offenders and the needs of society with respect to those juveniles.

The functions of the DSHS relating to child protective services are transferred to the new DCFS and the county sheriffs. The Legislature intends that the authority to conduct child abuse investigations should be transferred to the sheriffs in the larger counties. The reorganization plan must include recommendations as to the allocation of child protective service functions between the new DCFS, the county sheriffs, and other appropriate agencies.

The transfers relating to children take place on July 1, 1998.

Reorganization Plans. The affected agencies are to develop reorganization implementation plans and any proposed legislation and submit them to the Governor and the appropriate standing committees by December 15, 1997 with respect to the new DCFS and by December 15, 1999 with respect to the other new agencies. The plans shall include recommendations for restructuring other functions of the DSHS, including the family policy council; community and legislative relations; the office of special investigations; and the divisions of administrative services, information services, finance, budget, employee services, and land and buildings.

Substitute Bill Compared to Original Bill: The functions transferred to the Department of Long-term Care Services are made consistent with the functions transferred in HB 1850 (creating a Department of Long-Term Care Services). The

divisions of mental health, developmental disabilities and alcohol and substance abuse relating to both children and adults are transferred to the new Department of Long-Term Care Services, as are the Department of Health's functions relating to boarding homes, adult family homes, and nursing homes.

The functions transferred to the Department of Employment Services are made consistent with the functions transferred in HB 1861 (creating a Department of Employment Services).

The reorganization plan must address the restructuring of the office of special investigations, rather than placing it in the Department of Employment Services.

The functions transferred to the DCFS are changed. Child support is transferred to the Department of Employment Services. Child Protective Services is transferred to the county sheriffs, the new DCFS, and other appropriate agencies, as recommended by the plan. Juvenile rehabilitation and juvenile justice is to be allocated to the Department of Corrections and the new DCFS, accordingly .

Provisions are added making certain sections null and void if either HB 1850 or HB 1861 are enacted.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The DSHS is way too big and needs to be broken down into smaller pieces. Clients get pushed from person to person, and it's very hard to get answers. Many people have reported that an incident with the DSHS has destroyed their family. There are no advocates to help get through the system.

Testimony Against: Of those served by the DSHS, 75 percent are served by more than one department. An umbrella organization makes it easier to respond to such changes as welfare reform. Recent studies (Deloitte Touche, Washington Institute for Public Policy) and the Governor's Roundtable do not recommend reorganization. Reorganization will keep dollars away from services. Don't do form before function. Integration is more important than fragmentation.

Testified: Lyle Quasim, Secretary, and Rosie Oreskovich, Assistant Secretary of Children's Administration, Department of Social and Health Services (concerns); Lonnie Johns-Brown, Washington Association for Education of Young Children (concerns); Randy Parr, Washington State Federation of State Employees (concerns);

Jamaica Filgo (pro); Margaret Casey, Washington State Catholic Conference (con); Laurie Lippold, Children's Home Society (con); George Manalo-LeClair, Children's Alliance (con); and Janet Adams, ARC of Washington State (con).