

HOUSE BILL REPORT

HB 1187

As Reported By House Committee On:

Government Operations

Title: An act relating to state government organization.

Brief Description: Dividing the department of social and health services into five agencies.

Sponsors: Representatives Reams, Fuhrman, Van Luven, Stevens, Carrell, Campbell, Thompson, Blanton, Boldt, Koster, Sheahan and Huff.

Brief History:

Committee Activity:

Government Operations: 1/27/95, 2/7/95 [DPS].

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Reams, Chairman; Goldsmith, Vice Chairman; L. Thomas, Vice Chairman; Hargrove; Honeyford; Hymes; Mulliken; D. Schmidt and Van Luven.

Minority Report: Do not pass. Signed by 6 members: Representatives Rust, Ranking Minority Member; Scott, Assistant Ranking Minority Member; Chopp; R. Fisher; Sommers and Wolfe.

Staff: Bonnie Austin (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 1993-95 biennium, DSHS programs accounted for approximately 24.8 percent of the \$16.3 billion dollar state general fund budget. The total operating budget of DSHS in the 1993-95 biennium, including federal and other funds, was \$9.1 billion. DSHS currently has approximately 16,500 full time employees. According to the department, DSHS provides services to approximately one million people per year, 47 percent of whom are children under the age of 18.

The executive head of DSHS is the Secretary of Social and Health Services (Secretary). 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.

Summary of Substitute Bill: The Department of Social and Health Services (DSHS) will be abolished effective September 15, 1996. Four new state agencies are created from the divisions within DSHS: The Department of Income and Medical Assistance; the Department of Long-Term Care; the Department of Children, Youth, and Family Services; and the Department of Health and Rehabilitative Services. The executive division of DSHS, including the Office of the Secretary, will be eliminated.

By July 1, 1995, the Speaker of the House of Representatives and the Governor will appoint a Committee on the Restructuring of DSHS. The seven member committee will consist of: (1) The Speaker or the Speaker's designee; (2) four other members of the House of Representatives, two from each political party, appointed by the Speaker; and (3) two ex officio nonvoting members representing the Office of Financial Management and DSHS, appointed by the Governor. The committee is directed to divide the existing functions and responsibilities of DSHS into the new departments, or propose another method of restructuring the department into separate agencies. The committee is directed to submit proposed legislation implementing its recommendations to the 1996 Legislature. The Senate and the Governor will appoint a similar Senate committee that has the same responsibilities.

Substitute Bill Compared to Original Bill: The creation of the Central Support Agency is deleted. The directive that the Department of Corrections use the Central Support Agency is deleted. The transition team is replaced with House and Senate Committees on the Restructuring of DSHS. The effective date is moved from July 1, 1996 to September 15, 1996.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect September 15, 1996, except for Sections 503 and 504 which take effect immediately.

Testimony For: DSHS has been around for 24 years and has still not fulfilled its original mission of integrating and coordinating social service delivery. Blue ribbon panels and executive branch transition reports going back to Governor Rosellini have expressed concern with the ability of DSHS to fulfill its mission as an umbrella agency. The bureaucracy in DSHS is staggering. It is very difficult to know who is responsible for any given subject area. The administrative costs of running a mega-agency are greater than the costs of operating separate agencies.

Testimony Against: Creating new agencies does not achieve the objective of integrating service delivery. There are links between many of the DSHS programs that need to be preserved to ensure successful client outcomes. Most clients use more than one DSHS service. Clients will be put at risk due to "buck passing" between the new agencies. Resources should be focused on making DSHS more integrated.

Creating a Central Support Agency reduces accountability and gives managers fewer tools to work with. The recent trend has been toward decentralizing authority to the departments. The Central Support Agency will increase the number of employees needed in the newly created agencies.

Testified: Representative Bill Reams, prime sponsor; Representative Cooke, Chairman, Children & Family Services Committee; Peter Bernhour, Margaret Casey and Pat Ditter, Catholic Community Services (con); Jean Soliz, Department of Social and Health Services (con); Chase Riveland, Director, Department of Corrections (con); Bob Williams, Freedom Foundation (pro); and Tony Lee, Childrens Alliance (con).