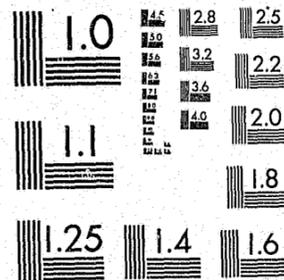


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WASHINGTON STATE'S NEW JUVENILE CODE, IV:
CONTRACTING OUT FOR CRISIS INTERVENTION
SERVICES UNDER HB 371

Submitted to:

National Institute for Juvenile Justice and
Delinquency Prevention
Office of Juvenile Justice and Delinquency
Prevention

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THE ISSUE

HB 371 removed status offenders (runaways, truants, etc.) from the jurisdiction of juvenile court and placed upon the Department of Social and Health Services (DSHS) the responsibility for providing certain social services to these youths. Specifically, DSHS was to provide:

- A. Crisis intervention services, on a voluntary basis (no youth or his/her family had to avail themselves of these services), to families in conflict with the intent of keeping the family unit intact.
- B. Temporary non-secure residential care, when the youth was unable or unwilling to return home.

In Section 22 of HB 371, that sets forth the responsibility of DSHS to provide crisis intervention services and temporary residential care, the bill states that the department shall:

cooperate with other public and voluntary agencies and organizations in the development and coordination of programs and activities in behalf of children including but not limited to contracting with private and public entities to provide basic education and vocational training and crisis intervention services.

Immediately after passage of the bill, as the department began the arduous task of planning for implementation, the issue of who would provide crisis intervention services to status offenders became a major controversy. The controversy centers around several points.

1. What does the bill require?

The language in this section is not clear. It has been interpreted by DSHS as allowing (but not necessitating) purchase

of service (contracting with private agencies for services). It is read by private agencies as dictating purchase of service by DSHS.

2. What was the legislative intent?

Although the language may not be clear, did the legislature in fact intend that crisis intervention services be purchased from private, community-based agencies?

3. If services are to be purchased, which ones?

Crisis intervention services are defined in the bill as "an interview or series of interviews with the child or his or her family, as needed, conducted within a brief period of time by qualified professional persons, and designed to alleviate personal or family situations which present a serious and imminent threat to the health or stability of the child or the family." DSHS, historically, has not purchased out-patient counselling services. Their previous contracting experience has involved facility-related services such as child care, group home care, etc.

4. Are the services called for "new" services?

The bill clearly gives new responsibility to DSHS. Do these new responsibilities call for new services? DSHS's contract with the state employees' union stipulates that they won't purchase services which are currently provided by state personnel. Private agencies contend that the services under 371 have not been provided by DSHS in the past.

5. How should duplication of services be best avoided?

The argument to avoid duplication of service is advanced by both sides in the controversy. DSHS feels that crisis intervention services are an extension of services they currently provide and to contract out would unnecessarily duplicate existing services. Private agencies argue that they are already providing crisis

intervention services and for DSHS to expand into this area would duplicate existing community resources.

On the most simplistic level, the issue of contracting out for crisis intervention services arose because a number of groups which had supported (lobbied for) the bill had experience in providing those kinds of services to youths (most notably, the Youth Service Bureaus and COPA, an arm of United Way which indirectly represents many private, non-profit agencies), but it goes much deeper than that. At issue is what kind of service will best serve these kids in trouble, who can provide services most effectively, who can provide services least expensively, who can provide services of quality, what services are already in existence and should/would they be duplicated, and at base, the philosophical conflict between public and private provision of services.

In order to understand this controversy, it is helpful to review the context out of which the bill emerged.

HISTORICAL CONTEXT

During the discussions that preceded the passage of 371, there was consensus among those who supported removing status offenders from institutions, and from the jurisdiction of juvenile court that providing community-based services was preferable, as a way of helping these kids, to sending them to a state institution. However, it is noteworthy that "community-based" services is rarely defined.

In his paper "Responding to the Youthful Offender: An Overview and Critique of the Juvenile Justice and Correction System," Bob Naon discusses the value of services from community institutions,

defined to mean institutions other than juvenile court. He also talks about the "access to legitimacy" which is provided by community agencies. The "most effective social control occurs only when young people are linked to and have a stake in the community." He indicated that evaluation of community-based programs shows that they are at least as effective as incarceration and could result in cost savings.

The background paper prepared for the participants in the Providence Heights Conference on December 16-17, 1976 included a number of recommendations from the Institute of Judicial Administration/American Bar Association Standards Project closely resembling the provisions in 371. Recommendations regarding private provisions include:

- A. A strong endorsement of community youth service bureaus-- youth service agencies entirely independent of juvenile justice system.
- B. Services to families in conflict should be provided by a broad spectrum of voluntary agencies.

At the conference itself a speaker recommended that status offenders should be referred on a voluntary basis to community resources and general conference discussion supported this notion. DSHS's role should be to refer juveniles to community organizations, provide primary funding for these organizations, and establish statewide program and treatment guidelines and standards, and support and evaluate the programs.

Conferees dealt with the question, "If not the courts (to provide services to status offenders), then who?" It was generally agreed that if the courts were to have no further jurisdiction over status

offenders, then responsibility would fall to DSHS, more specifically to the Bureau of Social Services. Discussion indicated dissatisfaction with DSHS/BSS programs and a consensus was reached on the need for local control of programs (also not clearly defined).

In summary, there was a general feeling that, if status offenders were removed from institutions, services should be provided to them; these services should be community-based (available to the youth in the community in which he lived); that services provided by DSHS had not always been satisfactory in the past; that services could be state-funded following state guidelines and standards but locally controlled and run.

LEGISLATIVE INTENT REGARDING CONTRACTING OUT FOR PROVISION OF SOCIAL SERVICES DURING 1977 LEGISLATIVE SESSION

The actual language of HB 371 regarding how crisis intervention services should be provided and by whom is not clear, and is subject to different interpretations. During the legislative session, little was done to spell out legislative intent on this subject. Different legislators have different opinions on what the intent was.

Several factors must be considered in attempting to define legislative intent regarding purchase of service (DSHS contracting out--another term which describes the same thing). For one thing, the House of Representatives did not participate in shaping, through committee discussion and discussion and amendment on the floor, the portion of the bill relating to status offenders. The bill (or what became that portion of 371) had been written and

discussed only in the Senate. Senator Frank Woody was the chief architect and overseer of the bill and he was very ill during the 1977 session. (He died in the fall of 1977.) Because of his frequent illnesses and absences from the Senate during that session, the Senate had not acted on their bill before the legislative cut-off on consideration of a bill which is developed within that house. The House bill (371, which at that time focussed on determinate sentencing for juvenile offenders) had survived much committee work including a side trip to the Appropriations Committee and had been discussed, amended, and passed out of the House and sent to the Senate for action. The status offender part of the bill, however, still remained in the Senate Judiciary Committee. Unless the Senate could find a vehicle for passage of their own bill (status offender bill) out of committee, it would die. They got around this procedural problem by amending the House Bill dealing with juvenile offenders to include the Senate portion dealing with status offenders. The whole bill including all four parts (Juvenile Court Act, Runaway Youth Act, Dependent Child and Termination of parental/child relationship Section, and a Juvenile Justice Act) was debated at length in the Senate and withstood a barrage of amendments. It was passed out of the Senate and sent to the House where they had two choices: accept the Senate version intact (concurrence) or refuse to concur with the Senate version and work out a compromise in the conference committee. Supporters felt that if the bill went to conference committee it would not survive. Therefore, the House voted to concur, with most House members not well informed about the

the details relating to status offenders.

More discussion of the issue of provision of services to status offenders might have occurred between DSHS and the legislature had the Bureau of Social Services of DSHS taken a more active role during the legislative session. One DSHS staff member said DSHS personnel took the attitude that if it had to do with juvenile justice, it must be the responsibility of the Bureau of Juvenile Rehabilitation. BSS personnel attended meetings sporadically after BJR staff would come back from legislative hearings and as a BJR staff member said, "scream at them." Another fact which did not encourage BSS involvement was that DSHS had taken no official stand as an agency. They did not support some aspects of the legislation but did not work openly to attempt to shape the laws. (Also, many private agencies did not get involved in lobbying because they either did not realize the import or they didn't think the bill would pass.)

Although the House members had not participated in developing the legislation dealing with status offenders, the members of the House Institutions Committee became the interpreters of legislative intent following passage of 371. (As noted above, Senator Frank Woody, chairman of sub-committee dealing with this issue had died shortly after the 1977 session and Senator Pete Francis, who had been chairman of the Senate Judiciary Committee, retired from the legislature in the fall of 1977). A key House member would later relate that they would not have written the bill giving this kind of responsibility to the Department. In fact, this same House member indicated that s/he had not been aware of the crisis intervention section of the bill when it had

passed the House. It was "you buy our part, we'll buy your part."

Interviews with key legislators revealed the following:

One Senator, when asked about legislative intent, talked first about the importance of juvenile offenders being accountable for their crimes (this was the portion of the bill developed by the House).

A Representative indicated that s/he would not have supported the bill had s/he not been told that it assured community provision of services. Another indicated that s/he would not have supported the bill if s/he had not been assured by DSHS that they would maintain control over intake and referral of kids to crisis intervention services, rather than contracting this out. The language of the bill is not clear on this subject and given the kind of differing opinions expressed above, it seems possible to draw the conclusion that the specifics of how services would be provided were not the subject of a great deal of clear discussion. There may well have been a general sense that services should be community-based, but did this mean the local ESSO of DSHS or did it mean local voluntary agencies or did it mean entities of other local units of government?

DSHS: DEVELOPING A PURCHASE OF SERVICE POLICY

An early pre-disposition on the part of DSHS to provide the crisis intervention services directly rather than contract out for them (counselling services are referred to here rather than group and foster care shelter services) can be guessed from two early pronouncements. In testimony before a legislative subcommittee on September 9, 1977, a DSHS official referred to the need to shore

up present child welfare services and adapt them to the needs of 371. On October 10, 1977 a workplan setting forth goals of the Bureau of Social Services (BSS) in planning for implementation of 371 defined specific strategies to meet the goals as "Revitalization of Existing Services." Improvement of child welfare services was discussed.

Early Olympia office instructions to the regions did not exclude the possibility of contracting out for all crisis intervention services. Regional responses which outlined the plans of each of the 6 DSHS regional offices for implementing 371, due in to the Olympia office on November 15, 1977 gives insight into the options which the regions felt were available to them. One regional report stated: "We do not totally view TSHB 371 as a new program, but rather an expansion of those services presently being provided to children, and their families through our Title XX Planning Process."

On the specific of contracting out, this regional report stated their intent to provide services for runaway youth and children in conflict with their parents who would otherwise have been served by County Probation Departments. Under each category of planning (crisis intervention services, 24 hour intake, consultation services, training, services to children in their own home, etc.) they set forth their intention to:

- a. Explore possibility that DSHS will totally provide service
- b. Explore possibility that they will provide service in conjunction with third party contractors
- c. Explore possibility that third party contractors will totally provide service

This policy to consider purchase of selected services, rather than provide them directly by DSHS staff was based on the following reasons:

- a. To enhance and compliment [sic] the total array of services provided by DSHS
- b. To augment the services presently offered
- c. To achieve a pooling of public and private resources

On December 13, 1977 the Bureau of Social Services disseminated a policy statement on Purchase of Service. In a preface to this policy, and others established at the same time, they stated: "The Bureau of Social Services of the Department will be providing counselling, supervision and ancillary services for 'status offenders' and dependents who are referred by parents, schools, police, courts, and by self-referral."

"It is the position of the Department of Social and Health Services that other public and private agencies provide services and continue to assume responsibility for local community program planning, funding and direct services to children and their families. The Department will assume continued program and fiscal responsibility for child welfare services for the neglected, abused, homeless and dependent children. In addition, the Department will provide services for runaway youth and children in conflict with their parents who would otherwise have been served by County Probation Departments."

PURCHASE OF SERVICE POLICY

"It is the policy of DSHS to purchase selected services, rather than provide them directly, for the following reasons:

1. To enhance and compliment the total array of services provided by DSHS
2. To augment the services presently offered
3. To achieve a mix of public and private resources

The criteria for purchase of service was the following:

- a. Service is available in the private sector and not provided by DSHS personnel
- b. Service is needed and need is documented
- c. Service which does not duplicate nor conflict with existing service
- d. Purchase of service is more cost effective than DSHS provision of same

"The department shall not contract for services where such action would lead to the elimination or supplanting of classified positions in state service."

On December 14, 1977 the Division of Community Services (of which BSS was a part) prepared a status report on 371 implementation. One of the 7 responsibilities they outlined was the responsibility of this division to provide alternatives to status offenders. They note that the capacity to deliver the services will not be adequate. Present staff assigned to the Department's Title XX programs (Services to Children in their own home, Foster Care, and Children's Protective Services) cannot handle the increase in referrals.

They noted that the BSS plan for crisis intervention had defined five levels of service allowing for varying intensity to deal with various degrees of problem severity.

Level I: short-contact 24 hour crisis line.

Level II: allows for an average of 3 hours per case.

Level III: allows an average of 15 hours per case. More intensive counselling.

Level IV: extremely intensive services in a final effort to avoid placement for severely disturbed families. 6 weeks worth of counselling.

Level V: 90 days ongoing contact, support, follow-up.

On January 10-11, 1978 DSHS sponsored a statewide meeting of community agencies to discuss plans for 371 implementation. At this time, according to a community participant, a DSHS administrator announced that DSHS planned to contract for all services for "Status Offenders" where:

1. Those services currently existed in the community
2. Those services could be provided as cost-effectively as they could be provided if done by DSHS.

At that same meeting it was announced that certain planning would be done regionally, involving citizens, so that the service provided would reflect regional differences and unique circumstances.

Following this January 10-11 meeting, Region IV put together a committee of citizens representing all sectors of the community who devised a plan for 371 crisis intervention services which called for all levels of crisis services to be contracted out. This proposal reflected the bias of the committee members and also the considerable resources that currently exist in Region IV (King County).

On February 27, the night before the Region IV committee was

to present its plan for crisis intervention services to the youth-serving agencies of King County, the committee was informed that DSHS had decided to purchase only Level III services, that DSHS would do the intake/assessment, referral (Levels I & II) services themselves. This turned the February 28 meeting into an angry meeting with considerable discussion of why DSHS would do Levels I & II themselves. The whole Region IV planning effort was felt to have been ignored, which caused great dissatisfaction.

For their part, DSHS was concerned about contracting out for several reasons: they felt that authority and responsibility for services in the law were specifically given to DSHS, but they had been given no money for service provision. On one hand, they were under political pressure from some legislators to contract out for services. On the other, DSHS was under considerable pressure from the state employees union not to contract because of existing contract stipulations. Further, DSHS felt the language in the bill was clearly permissive, providing them the option of contracting out, but not necessitating it. DSHS felt they could control the program within their budgetary constraints far better if they controlled intake.

DSHS HISTORY OF CONTRACTING OUT

In a study of DSHS just completed by the Child Welfare League of America, Inc. ("Report of the Survey of the Child Welfare Services of the State of Washington," 1978, pp. 33-34), the following statement occurs: "It has been the public social policy of the Washington Department of Social and Health Services to purchase only "hard" (facility-related) services, i.e., group care and day care. A

nationwide movement toward deinstitutionalization and the rapid development of a variety of community-based programs suggests an urgent need for reconsideration of purchase of service policy."

Historically, DSHS has sought out specific agencies which had the facilities with related services which were needed for DSHS programs and entered into contract with them to provide services such as child care.

United Way has maintained an interest over the years in the posture of DSHS toward contracting out for social services, not facility-related. A United Way administrator noted that Title IV A of the Social Security Amendments of 1967 provided options for the Office of Family, Child and Adult Services (office of the Bureau of Social Services of DSHS) to contract out for family and children services. They did not. United Way, and their planning arm, Council of Planning Affiliates (COPA) were interested, on the level of broad policy, in HB 371 as the first major opportunity since 1967 to implement a change in DSHS's policy regarding purchase of services.

The decision by DSHS to purchase at least some Level III crisis intervention services and to do so through a competitive bid process represented two changes. First, they had not historically contracted for out-patient counselling; second, they had only once before allowed agencies to compete for a contract. (The exception had been when they had contracted for homemaker services after a competitive process.) A DSHS administrator indicated that they made the decision to purchase Level III services because of political pressures.

PROCESS FOR DSHS DEVELOPING REQUEST FOR PROPOSALS

On February 3 a DSHS staff member was directed to develop a competitive bid process for crisis intervention services. This would involve a Request for Proposal (RFP) made by DSHS to agencies (essentially a description of the work to be done and specific instructions to agencies on how to describe how they would perform the work) and a process for reviewing and accepting the proposals. The staff member was specifically instructed to develop the RFP only for Level III. (This was several weeks before the February 27 announcement.)

This represented new ground for DSHS since competitive bidding by agencies for provision of social services was not the usual method by which DSHS let contracts. In fact, this process had occurred only once before. DSHS therefore had little experience to guide it. The staff member noted that had they known of the pool of potential providers, they wouldn't have gone the competitive route.

A workplan was established by DSHS for this process which included developing a draft RFP, review and rewrite, review with regional administration, present RFP package to union, mail RFP to potential bidders, hold pre-bid conference, redraft RFP as needed, evaluate bids, send acceptable ones to regional offices, send letters of intent to bidders selected, and execute contracts. This workplan lasted from February 3 to July 28, 1978.

The Olympia office asked regional offices to identify potential bidders on the RFP. They did not advertise, but rather relied on word of mouth.

The RFP which was mailed to potential bidders on April 14 contained a description of terms which DSHS would adhere to and standards which would have to be met by providers.

THE REQUEST FOR PROPOSAL

The introductory section of the RFP contains an extremely reserved commitment to contracting out: "The department is responsible for the provision of crisis intervention on a statewide basis. In certain areas the department may contract for such services in selected cases when it is determined appropriate" (my emphasis).

The bidder is to indicate their ability to service families with children who are in serious conflict and where there is danger of out-of-home placement of a child/children.

Further, bidders should indicate willingness to:

- a. Accept all DSHS referrals (no minimum number guaranteed)
[this later modified--see p. 15, Q #4]
- b. Respond to referral within time specified by DSHS (may be 7-day-a-week, 24-hour-a-day basis in some cases)
- c. Expend major time in face-to-face contact with family/child
- d. Deal with cases in which out-of-home placement does not occur. If placement is made, case referred back to CSO of DSHS.

e. Prepare and submit reports to DSHS

f. Maintain records

g. Refer families to other appropriate resources.

Of these conditions, DSHS felt that response time was one of the most critical. Agencies were concerned, on their part, about the need to accept all DSHS referrals (even though they might specialize in working with one kind of problem) and that they would be guaranteed no minimum number. From the agency point of view, they have constant costs for staff, rent, overhead and it may be difficult for them to face a widely fluctuating client population, without some kind of retainer or assurance of regular base cost reimbursement.

It should be noted that the issue of the requirement for agencies to accept all DSHS referrals was one mentioned by a number of different people. DSHS feels that private agencies sometimes want the "cream of the crop"--kids who will best benefit from their particular type of program while leaving all of the "really difficult" kids for someone else to worry about. Private agencies may take another point of view altogether, feeling that they have worked hard to put together a staff and program which best serves kids with certain problems and that to take all comers might be damaging to their total client population.

On the subject of required staff training and experience for contractors, the RFP set rather vague but high standards: at least 50% of the staff employed by the contractor who are directly providing crisis intervention services are to have, at a minimum, a Masters of

Social Work plus one year direct casework experience, or equivalent degree and experience. Other direct service staff must have a BA in behavioral science plus two years direct casework experience.

The bidder was not required to submit a cost proposal since DSHS had already decided to pay \$15 an hour, up to a maximum of 10 hours (amount DSHS estimated it would cost them to provide service directly).

A pre-bid conference was held on April 28. Prospective bidders submitted written questions concerning the RFP before the conference.

Some 40 agencies attended the conference from all over the state. After discussion at the meeting, many pulled out of the bid process because they felt \$15/hour per child was not sufficient. They also expressed considerable anger that only Level III was being contracted out.

Some questions from potential bidders and DSHS answers follow:

1. Outline the commitment of DSHS to performance since DSHS is not committing itself to a minimum number of referrals. Answer: DSHS cannot guarantee a number since the total number of cases requiring service is not known. DSHS will refer appropriate cases when the service is not available within DSHS (my emphasis).

2. What considerations were given to preserving continuity of services in Levels I-V, and the utilization of existing community agencies? Answer: there will be no duplication of present services being provided or future services which will be provided by community agencies. The department does not want to interfere with existing or future community services. [This answer seems quite unresponsive to the question of continuity of services, which point

DSHS personnel have used to justify not contracting out, and which agencies use to argue for contracting out of all levels. It is also not clear how DSHS can guarantee that they will not duplicate future community services.]

3. What criteria will the department use in the referral of cases to a contractor? Answer: the intake assessment specialist will gather information, make a judgment about the need for additional CIS (crisis intervention services) beyond four hours, refer the case for CIS within the department if available. If not available, case will be referred to contractor.

4. May the contractor question the appropriateness of the referral from DSHS in the first place? Answer: yes, it is expected that inappropriate referrals would be questioned. The contractor is expected to consider and evaluate all referrals. This is a modification of the RFP.

Following the pre-bid conference, the RFP was redrafted and 52 bids were received by DSHS. Once the bids were submitted, all reference to the name of the agency was concealed and a code name was given. Two of the 52 bids which were received were weeded out as non-responsive. Then a rating committee read the proposals, and rated them for quality. DSHS Olympia office decided not to disqualify any bidders based on a low score. The regional offices were then sent all qualifying bidders in their region. If the regional office chose to contract with an agency who had scored low, they had to justify it. Sometimes regional offices negotiated with the agency to improve the service they would provide. The regional offices made the final decisions on which agencies they would contract with. This was done in the middle of June. The fact that the

regional offices had to have their 371 implementation plan into DSHS by the end of May before they knew with whom they were going to contract did cause problems.

LEGISLATIVE INTENT REGARDING CONTRACTING OUT AFTER LEGISLATIVE SESSION (LEGISLATIVE BUDGET COMMITTEE)

At the April 21, 1978 meeting of the Legislative Budget Committee (LBC, a joint House/Senate, Democratic/Republican oversight committee), Chairman Frank Warnke announced the upcoming audit of HB 371, "an audit for impact upon agencies presently involved in the program, and implementation of the new juvenile code."

On May 19, 1978, LBC staff presented a working paper on the subject of crisis intervention services funded through DSHS under HB 371. (By this time you will recall, DSHS had decided only to contract for Level III (Feb. 27), and the issue had been widely discussed both in Region IV (Feb. 28 on) and by private providers statewide following the pre-bid conference (April 28). The LBC report noted that DSHS had decided to provide Levels I and II themselves and that local nonprofit agencies throughout the State have raised numerous objections to their plan.

LBC STAFF REPORT

The following represents a summary of parts of the report:

Participating parties

- a. Office of Family, Children and Adult Services (OFCAS) of DSHS: has statewide responsibility for planning and controlling crisis services
- b. DSHS regional offices; submitted preliminary plans and will be responsible for contracting with local agencies

c. DSHS Delinquency Prevention Program: staff of 24 FTE's (full-time equivalent staff persons) which currently provide counselling for families in conflict and will continue to do so

d. Law and Justice Planning Office (within Office of Financial Management of Executive Department) administers ten grants for juvenile crisis intervention services throughout state (LEAA funded grants) and serves as staff to Governor's Juvenile Justice Advisory Committee

e. Community Youth Service Agencies: many represented by Association of Washington Community Youth Services (AWCYS); provide family and youth counselling and crisis intervention

f. Community Mental Health Centers: provide crisis intervention and family counselling, often with status offender youth

g. Crisis Center Organizations: provide "hot line" telephone information and referral services, some moving toward increased "outreach," dispatching crisis intervention teams (sometimes in conjunction with mental health centers)

Current DSHS policies

1. DSHS plans to serve "only those children formerly served by juvenile courts"
2. DSHS will not interfere with, nor duplicate, nor fund, on-going programs of other agencies
3. DSHS will perform Levels I and II
4. DSHS will contract for Level III when the delinquency prevention personnel within DSHS cannot handle the situation, when private contractors are available, and the workload is large enough to justify a contract in the area.

Problems in defining target population

LBC staff auditors noted problems with DSHS's intent to serve "only those children formerly served by juvenile courts" because there is nothing in the language of the bill which makes this restriction and further, many youths eligible to be served by juvenile court receive no such service. In King County the court has anticipated HB 371 (direction for this bill was set by SB 3116 which removed status offenders from institutions) and "radically decreased the detention of incorrigible and dependent children." Also, police often themselves divert status offenders to local agencies.

DSHS planning process

Regional offices were instructed to present plans for implementation of HB 371 before major policy decisions were made. In Region IV, the local planning committee decided to contract out for all crisis intervention services, then DSHS decided to contract only for Level III. This caused particularly strong protest from King County.

Local agency funding

Youth Service Bureaus have existed for years with tenuous funding sources. "From their standpoint, HB 371 contracting decisions can have either a highly beneficial or catastrophic result." If DSHS contracts with them for services, it may represent a stable funding base for them; if DSHS provides the services internally, it may cause a drastic reduction of their program with an attendant "drying up" of revenue sources. Mental Health Centers already have about 50% of their budget coming from DSHS so their concern is not as directly fiscal.

Major arguments for contracting Levels I and II out

1. Local agencies currently provide similar services and duplication should be avoided.
2. Local agency unit costs are lower.
3. Local agency utilize extensive voluntary help.
4. Continuity of treatment will be broken if DSHS performs Levels I and II then contracts for III.
5. Local agencies are community-based, more responsive to local needs.

Major arguments for DSHS performance of Levels I and II

1. DSHS will have firm cost and administrative control of program by controlling client intake.
2. Control of client intake assures better program costs control.
3. Through direct client intake control, DSHS can achieve greater integration of services.
4. A segment of the target population is mentally disturbed.
5. The existing children's protective services program already works closely with families and communities in the prevention of child abuse.
6. The various legal requirements placed upon DSHS do not lend themselves to contractor performance.

Cost comparison of services

An inconclusive discussion of cost comparison suggests that private agencies might have a unit cost (cost of serving one youth) advantage and DSHS might have a program (total services cost) advantage.

Law and Justice Planning Office/Law Enforcement Assistance Administration (LJPO/LEAA) GRANTS

LJPO has let out ten grant contracts totalling over \$400,000

throughout the State to perform crisis intervention and shelter functions for status offenders. This money has been channeled directly from LEAA (a federal entity) through LPJO to the contractors. LEAA funding of these programs is about to expire and the contractors are keenly interested in 371 implementation. LBC staff criticizes the LJPO/LEAA process which "circumvents the Legislature's policy-making and funding authority, and presents the Legislature with an in-place "program" complete with agencies, their employees, a client group, community advocates, etc., all lobbying for State funding upon expiration of the Federal grant."

A tentative agreement has been reached between LJPO and DSHS not to duplicate existing crisis intervention projects funded with LEAA funds and not to interfere with crisis intervention projects providing Level I and II services that have a solid and continuing funding base.

Discussion at the LBC meeting followed the staff report. Representatives of the youth services bureaus indicated they were already providing services DSHS was planning to undertake. A Senator requested that LBC provide "philosophical" direction to DSHS regarding crisis intervention services to include commitment to: no duplication of existing agency services; contract for all possible service; contract for all levels of crisis intervention. The Senator further requested that DSHS prepare an alternate implementation plan for 371 if the LBC adopts a resolution setting forth the above direction.

The LBC meeting on June 16 included an extensive discussion of provision of crisis intervention services with a number of legislators

concerned that the state might take over funding of services by private agencies that had been funded from other sources previously. A number of private agencies also spoke, as well as the director of the Washington Federation of State Employees. He addressed the concern over jobs and quality of service provided and noted that WFSE had been negotiating this issue with DSHS.

LBC then passed out the following resolution:

"Be it resolved, that the Legislative Budget Committee recommends that crisis intervention services as defined by Substitute House Bill No. 371, Section 22, be accomplished by local nonprofit social service agencies under contract by the Department of Social and Health Services, subject to reasonable intake criteria to be established and periodically reviewed by the department.

Be it further resolved, That the Department of Social and Health Services is urged to contract with local agencies for all levels of crisis intervention services to the maximum extent feasible and to avoid duplicate service delivery systems for crisis intervention services wherever possible."

The fact that LBC decided to review the issue of contracting out for crisis intervention services drew two letters, one from each of the key House legislators on the House Institutions Committee who were overseeing implementation. The two letters indicate opposing points of view. One was written in April to support LBC looking into the matter and expressing concern about the few ways open to legislators to influence DSHS planning with no legislative session. The second was written just before LBC adopted the resolution at their June 16 meeting and urged the support of the

LBC for DSHS's implementation plan, noting that the population to be served was unknown, and emphasizing that this fact was combined with minimum resources and fear that private agencies might "cream" the target population. This letter pointed out that all new DSHS hires would be provisional employees only, leaving both DSHS and the legislature flexible to change the approach during the next session. (The effect of the LBC resolution was that a hiring freeze within DSHS went into effect re 371 until LEAA monies were received.)

SUMMARY OF THE ISSUES RELATING TO CONTRACTING OUT

1. From DSHS point of view

A. Authority and responsibility given by law to DSHS. DSHS felt responsible not only for providing services to status offenders, but also felt keenly their statutory responsibility for child protective services, and court reports and testimony for status offenders should they be placed out of home. By controlling intake/assessment (Levels I & II) DSHS could assure these responsibilities were carried out promptly and thoroughly.

B. The effect of lack of funds. Since DSHS had no budget (new money) to provide these services and only the promise of LEAA grant money, they felt it was very important to maintain control over the client population served. They also wanted to be sure that they would not be looked to by private agencies for funding for cases which the private agency had served from other sources of funds in the past.

C. Pressure from state employees union: DSHS, by terms of their contract with the union, is not supposed to purchase services which are currently being provided by union members. Certainly the

argument could be made that a number of services already being provided by DSHS personnel, pre-371, were very similar (CPS intake, child welfare services counselling, Delinquency Prevention unit services, Foster Care), if not the same.

D. Political pressure from legislators: DSHS felt the language of the bill was permissive regarding contracting out. They felt that some legislators decided, after passage, that they did mean after all, that they wanted these services contracted out. Other legislators felt just as strongly that intake/assessment should remain with DSHS.

E. Desire to avoid duplication of services. DSHS felt they already had a 24 hour intake system in place (CPS) and that it could also serve the needs of the runaway population by simply expanding it slightly. This would also meet their need to be cost-effective.

F. Permissive language in the bill. DSHS felt that the language in the bill was permissive, allowing them to contract if necessary but not making it mandatory.

G. Intent to Contract Out: DSHS felt that they would in fact be contracting out for many services to status offenders since they contracted for foster and group home care and intended to contract out for at least some of Level III services. In testimony before the LBC, a DSHS administrator indicated that two-thirds of the dollar allocation for crisis intervention services is available for purchase of service. The concept proposal of 6-5-78 to LEAA for funding declared "DSHS anticipates making available 60% of the resources to private not for profit agencies" for crisis intervention services.

H. Intent to ensure equitable distribution of service delivery responsibility between the private and public sectors. Perhaps it is

a philosophical bent, or perhaps a method of justifying their position with the state employees union, or both, but a number of times DSHS 371 literature talks about the intent and value of maintaining a balance between public and private provision of services. DSHS appeared not to want to destroy private agency independence and funding sources by making them rely on state dollars through contracting with DSHS. Also, the number of DSHS social workers has been declining in recent years and one regional report stated that the possibility of hiring staff through 371 needs represented the first opportunity in a number of years of assembling a good professional staff.

II. From the private agency point of view

A. Authority for program and need for budget control: Private agencies argued that clients eligible for 371 crisis intervention services would need to be defined by specific criteria which could be followed by DSHS personnel. Monitoring could make sure programs meet goals. Although DSHS has authority, they may contract for it as they do for other responsibilities. Does DSHS intend to adjust eligibility requirements of clients to make them meet money at hand? Either funds exist to provide services properly or they do not, no matter who provides them.

B. Problem with state employee union's position: HB 371 services are thought not to be currently provided by DSHS since CPS has a different focus, on abused children, and Delinquency Prevention Projects were intended to be pilot projects with more limited functions than those envisioned by 371. (LBC staff report also notes that it appears that "a place is being made" for Delinquency Prevention

services under its own name and that direct provision of Level III by Delinquency Prevention staff appears to be inconsistent with DSHS intent to contract out these services.) Further, it is argued that if it is debatable pre-7-1-78 whether the services are different from those provided by DSHS personnel, once they actually start providing these services it will be difficult, if not impossible, to experiment with other methods of service.

C. Duplication of services and lack of cost-effectiveness: Private agencies have existing staff and facilities. Overhead costs can be saved by use of those services already in existence. There is no reason for DSHS to establish a hotline or do short-term counselling if these services are already being provided in the community. Also it is often easier to begin and then discontinue a program if it is contracted for, rather than have a newly hired group of staff social workers who would then have to be laid off if the projected number of clients did not materialize.

D. Other benefits of contracting for services:

i. Private agency's other sources of funds can augment services provided under contract.

ii. More services become available and are more accessible geographically to the client than only using DSHS CSO's.

iii. Direct service volunteers are often available in a private agency to augment the paid staff.

iv. Better service to client when they can deal with only one counsellor for all levels of service in their own neighborhood.

v. No institutional stigma connected with service by a private agency.

vi. DSHS bureaucracy should not be expanded when private agency can provide needed service.

CONCLUSION

The controversy that has arisen over purchase of crisis intervention services to runaways (or more broadly, status offenders) was predictable. The rather vague general preference for community-based services never received adequate legislative discussion and definition. DSHS was left to implement a plan with no funds, a history of not purchasing these kinds of services, and pressures from the union to provide the services internally. Legislative direction during the planning year was mixed, with some strong feelings in support of purchase of service (LBC resolution) and other equally persuasive support for DSHS accountability and control of intake. Review of DSHS policies and actions during the year of planning for implementation indicates their intention to limit purchase of crisis intervention services only to some Level III services which cannot be provided by DSHS personnel.

The issue will, in all likelihood, come before the 1979 legislative session for discussion and action. It is to be hoped that the question of how crisis intervention services will be provided to runaways will be answered after careful discussion of the capacity of different agencies to provide the services, the quality of service desired, cost-effectiveness, and the proper role of government agencies versus the private sector.

END