



Human Services Administration

Major Findings:

- Minnesota's human services system has challenges and performance problems that are not being adequately addressed by the state or counties.
- Human services access, cost, and outcomes vary significantly around the state.
- Some counties—typically ones with very small populations—consistently fall behind others on measures of the human services system's performance.
- Minnesota's approach to funding human services contributes to inconsistencies in local tax burdens and services. More use of multi-county human services agencies could improve cost-effectiveness and consistency.
- Transferring certain human services duties to the state could improve effectiveness and administrative efficiency, but a transfer of *all* human services responsibilities to the state would be impractical and undesirable.
- Complexity in laws and administrative requirements has made service administration more burdensome, especially for small counties.

Recommendations:

- The Legislature should establish working groups to (1) streamline human services program requirements, and (2) consider changes in human services funding policy.
- The Legislature should grant the Department of Human Services (DHS) additional authority to act when counties do not meet performance benchmarks.
- The Legislature should clarify the statutes that define local human services governance duties.
- Through statutes or financial incentives, the Legislature should more strongly encourage smaller counties to jointly administer their human services agencies.
- The Legislature should authorize pilot projects in which DHS assumes responsibility for some county duties.
- DHS should develop better performance information and share it regularly with county officials.
- DHS should focus more oversight and assistance on counties struggling to deliver the full range of human services.
- County boards should improve their oversight of local human services agencies.

Minnesota's state-county human services system needs administrative reform.

Complex program requirements have reduced administrative efficiency and increased the risk of noncompliance.

Some small counties are struggling to provide adequate services across multiple programs.

Report Summary

The federal and state governments set major policies for income support, health care, and social services for needy Minnesotans, and they pay for a large majority of costs. Counties have front-line administrative authority for these services—determining client eligibility, contracting with local service providers, and referring clients to services. Minnesota’s human services system is often described as “state-supervised, county-administered,” reflecting this division of responsibilities. However, in our view, the state and counties are not adequately addressing significant challenges facing the human services system.

Inconsistencies in quality, cost, and access weaken Minnesota’s human services system.

State and county officials agree that the array and quality of human services should be reasonably consistent around the state. But past Office of the Legislative Auditor reports and an analysis of statewide performance data indicate that there have been significant differences in program implementation. This has contributed to inconsistencies in program quality, cost, and access.

For example, participation in the food support program by eligible residents ranges from 20 percent in one county to 97 percent in another. Similarly, there is wide variation among counties in child support dollars collected per dollar of program spending—from \$1.70 to \$9.35. Many factors account for differences in program performance, some within counties’ control and some not. While there are not always clear benchmarks for judging whether service quality, cost, and access are acceptable, wide variations in program implementation raise important questions.

A county’s low ranking (relative to other counties) on one indicator may be a cause for concern, but low rankings across multiple programs may indicate systemic problems that need special attention. The performance of the human services system

in some counties—including a disproportionate number of counties with small populations—consistently ranks behind others on program costs, outcomes, and service levels.

Program complexity and funding need the Legislature’s attention.

To improve performance and reduce inconsistencies, policymakers should address the challenges facing the human services system. For example, the complexity of Minnesota’s human services programs—caused largely by requirements imposed by the Legislature—has reduced administrative efficiency and increased the risk of noncompliance.

Counties of all sizes are concerned about program complexity. For example, 85 percent of county human services directors said that state health care eligibility requirements could be simplified without harming program integrity. Complex requirements often place particular burdens on small agencies, which typically do not have specialized staff to monitor frequent changes in laws and rules.

In addition, Minnesota’s human services funding system contributes to inconsistencies in local tax burdens and services. For example, statutory requirements for counties to pay for certain shares of human services rarely take into account differences in counties’ spending needs or ability to raise local revenues. Also, in one major program area (child welfare services), a Department of Human Services (DHS) task force recently concluded that Minnesota’s heavy reliance on local funding results in widely varied service outcomes among counties.

Simplifying the human services system and ensuring adequate, equitable funding are important goals that require additional discussion by state and local officials. The Legislature should establish an ongoing work group that annually identifies ways to streamline existing requirements, and it should require DHS to comprehensively assess options for improving the human services financing structure.

Strengthening accountability in the human services system will require actions by the Department of Human Services, county boards, and the Legislature.

DHS and county governing boards should enhance oversight.

DHS is ultimately accountable for the statewide delivery of human services. However, DHS's supervision of counties' performance has been inadequate. The department has developed useful performance measures, benchmarks, and program review procedures for some programs but not for others. Also, DHS rarely examines performance of the human services system across multiple programs for the purpose of flagging counties that need special attention, and it has not provided enough county-specific data to local agencies and their governing boards. In addition, DHS has limited means of influencing county actions when it identifies performance problems.

County governing boards should also play a key role in overseeing the performance of local human services agencies. However, most county human services directors said that their boards do little human services performance monitoring or goal setting. This may partly reflect the boards' lack of sufficient data for comparing performance among counties.

Improving the human services accountability system will require actions by DHS, county boards, and the Legislature. DHS should develop better performance measures, distribute more performance information to counties and the Legislature, and improve its technical assistance to counties. DHS and county boards should hold local human services agencies more directly accountable for those aspects of service delivery within the agencies' control. The Legislature should also provide DHS with additional authority to act when counties are unable to meet standards.

DHS and counties should also pay additional attention to contracting practices to better ensure accountability of private organizations that provide many types of human services. For example, there is room to improve the quality and public availability of data on managed care organizations' performance. Also, most county human services directors said they need more assistance with contract management.

More counties should manage human services through multi-county agencies.

The 1973 Legislature passed the Human Services Act partly to encourage voluntary development of multi-county administrative agencies in small counties. Since then, many of Minnesota's smallest counties have lost population. But today, Minnesota has only two multi-county human services administrative agencies, serving 5 of the state's 87 counties. A variety of reasons explain why other counties have not consolidated: lack of requirements or financial incentives to do so; lack of information about local experiences with mergers; and the difficult administrative and governance choices that may be required by mergers.

However, past experience with multi-county agencies in the human services, community corrections, and public health fields has been mostly favorable. Carefully-implemented agency consolidations could improve the human services system's effectiveness, consistency, and administrative efficiency. For example, consolidations have enabled small counties to develop specialized expertise in certain program areas and expand the services they offer.

The Legislature should more strongly encourage small counties to merge their human services agencies by (1) specifying minimum population thresholds for agencies seeking state funding, (2) authorizing consequences (including consolidation, in some circumstances) for counties failing to meet minimum levels of performance, or (3) appropriating funding for local studies of merger feasibility.

DHS and counties need to realign some responsibilities and have a more collaborative working relationship.

Only 11 states (including Minnesota) rely to a large degree on county agencies to administer human services. While Minnesota's county-administered system has contributed to service inconsistencies around the state, there is no strong evidence that an entirely state-administered system

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Minnesota is among a minority of states that rely significantly on counties to administer human services, but there is no evidence that a completely state-run system would be better.

would be better. Reassigning all administrative duties to DHS would require the state to assume hundreds of millions of dollars in additional costs, and a transition from county to state administration in a large number of programs would require extensive planning. Also, such a change would eliminate the role of local elected officials in human services decision making and oversight.

It would be more realistic and desirable to consider smaller changes in administrative responsibilities. Many local officials said that certain programs now administered by counties—such as adoption services, child support enforcement, or child care licensing—might be good candidates for DHS to administer directly, in whole or in part. To test the merits of such realignments, the Legislature should authorize pilot projects in which DHS

assumes responsibility for certain duties, perhaps in a limited number of counties.

The state-county working relationship in Minnesota's human services system must be improved. DHS and the counties share responsibility for improving the relationship, but DHS should play a leading role in establishing better channels of communication.

In addition, DHS should help the Legislature better understand the impact that human services policy changes may have on counties. Most county human services directors said that DHS has not adequately solicited county views before proposing legislation. Also, DHS typically has not presented legislators with information on county-level fiscal impacts when analyzing proposed legislation.

The full evaluation report, *Human Services Administration*, is available at 651-296-4708 or:

www.auditor.leg.state.mn.us/ped/2007/hsa.htm

Summary of Agency and County Responses

In a letter dated January 12, 2007, Commissioner of Human Services Cal Ludeman said: "Overall, we agree with almost all of the report's major findings," while noting that some recommendations might require additional resources to implement. Commissioner Ludeman said that DHS strongly supports additional efforts to collect and use information on program performance, adding that the Legislature should support "any authority granted to DHS to hold counties accountable for results." The Commissioner favors additional analysis to determine (1) whether Minnesota's approach to funding human services contributes to inconsistencies in tax burdens and services, and (2) the relationship between a county's population and its ability to deliver adequate human services.

In a letter dated January 12, 2007, Bob Fenwick (president of the Association of Minnesota Counties) and Kathleen L. Johnson (president of the Minnesota Association of County Social Service Administrators) said the report was "thoughtful" and "objective," and its findings regarding program complexity and funding parallel their organizations' own conclusions. The county officials said they support efforts to evaluate the human services system's performance, but they cautioned that existing measures do not always reveal the unique challenges faced by individual counties. Mr. Fenwick and Ms. Johnson described the report's recommendations as "quite compelling," particularly recommendations for improving DHS-county working relationships, incorporating local impacts into state "fiscal notes," and ensuring that counties receive sufficient information and assistance from DHS.