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NEWS RELEASE

Human Services Reorganization Not Beneficial to Youth Services

JACKSON, Miss. (June 24, 1992)--In a report released today, the Legislative PEER Committee says that the merger of the state's Youth Services function into the Department of Human Services (DHS) umbrella agency has not yielded most of the promised benefits of the 1989 executive branch reorganization.

For sixteen years, the Department of Youth Services, which treats and rehabilitates troubled youth, functioned as an autonomous agency. Since 1989, when the agency became the Office of Youth Services, a part of the Division of Family and Children's Services of the Department of Human Services, its annual administrative costs for personnel have increased by \$109,900 and daily functions have been hampered by multiple levels of management control.

Youth Services' merger into an agency directly controlled by a gubernatorial appointee has diminished its ability to focus on its primary mission of serving delinquent youth. Youth Services personnel now find themselves in a large, complex agency competing with divisions of the former Department of Public Welfare for resources. Furthermore, Youth Services must compete for resources with other statewide priorities of the Governor, such as education or economic development.

One of the chief reasons suggested by the 1988 Governor's Reorganization Commission for the merger of Youth Services into DHS was reduced duplication and fragmentation of children's services. However, other than sharing administrative office space, the divisions operate basically the same as before reorganization.

The reorganized system has created more problems for the court system, the most notable of which is the added layers of bureaucracy that judges must deal with when corresponding with DHS. Frustration with the reorganized system recently prompted the Mississippi Council of Youth Court Judges (a statutory group consisting of judges and referees with youth court jurisdiction) to call for the removal of Youth Services from DHS.

For comments :

Senator William Canon, Chairman, Columbus, 601-328-3018

Representative Ashley Hines, Vice Chairman, Greenville, 601-378-3400

Report copies are available at 222 North President Street. For full copy by return mail or executive summary by return FAX, telephone: Ava Welborn, 601-359-1226

Report To

The Mississippi Legislature



A Review of Management of the Office of Youth Services by the Department of Human Services

May 26, 1992

The Department of Human Services (DHS) incorporated the formerly independent Department of Youth Services as a result of 1989 legislation reorganizing certain executive branch agencies.

The merger of Youth Services did not reduce duplication and fragmentation of children's services, as was suggested by the 1988 Governor's Reorganization Commission proposal.

- Youth Services' annual administrative personnel costs increased by \$109,900.
- Multiple levels of DHS management control hampered the Office of Youth Services, with personnel, purchasing, and budgeting functions becoming more complex.
- Youth Services' control by a gubernatorial appointee diminished the office's ability to focus on serving delinquent youth. Youth Services must compete for resources with other statewide priorities of the Governor (e.g., education, economic development).
- The level of in-service training provided to Youth Services employees decreased.

The PEER Committee

PEER: THE MISSISSIPPI LEGISLATURE'S OVERSIGHT AGENCY

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

An extension of the Mississippi Legislature's constitutional prerogative to conduct examinations and investigations, PEER is authorized by law to review any entity, including contractors supported in whole or in part by public funds, and to address any issues which may require legislative action. PEER has statutory access to all state and local records and has subpoena power to compel testimony or the production of documents.

As an integral part of the Legislature, PEER provides a variety of services, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

A Review of Management of the Office of Youth Services
by the Department of Human Services

May 26, 1992

The PEER Committee
Mississippi Legislature

The Mississippi Legislature
Joint Committee on Performance Evaluation and Expenditure Review

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May 26, 1992

HONORABLE KIRK FORDICE, GOVERNOR
HONORABLE EDDIE BRIGGS, LIEUTENANT GOVERNOR
HONORABLE TIM FORD, SPEAKER OF THE HOUSE
MEMBERS OF THE MISSISSIPPI STATE LEGISLATURE

At its meeting of May 26, 1992, the PEER Committee authorized release of the report entitled **A Review of Management of the Office of Youth Services by the Department of Human Services.**

A handwritten signature in cursive script that reads "Bill Canon".

Senator Bill Canon, Chairman

**This report does not recommend increased
funding or additional staff.**

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A Review of Management of the Office of Youth Services by the Department of Human Services

May 26, 1992

Executive Summary

Introduction

The PEER Committee received a legislative request to determine "how Department of Human Services management has incorporated the programs of the former Department of Youth Services."

Background

Since 1918, Mississippi has operated facilities and services to treat and rehabilitate troubled youth. From 1973 to 1989, the Department of Youth Services functioned as an autonomous agency of the executive branch of state government. The Mississippi Executive Reorganization Act of 1989 created, among others, a new agency identified as the Mississippi Department of Human Services (DHS).

The Department of Human Services is an umbrella agency anchored primarily by the former Department of Public Welfare. Several smaller agencies, including the Department of Youth Services, were placed under the new umbrella agency. The former Department of Youth Services is now referred to as the Office of Youth Services and is located within the Division of Family and Children's Services of DHS.

A five-member governing board, appointed by the Governor, serves as the policymaking body for DHS. (At the time of this report, legislation had passed both houses that would abolish the Board of Human Services and place the agency under the direct control of the Governor.) An executive director manages the day-to-day operations of the agency and serves at the will and pleasure of the Governor.

Upon reorganization, the former executive director of the Department of Youth Services became the director of the Office of Youth Services and reports to the director of the Division of Family and Children's Services. Accounting, personnel, training, and other administrative staff were transferred to the administrative division of DHS as part of reorganization.

Overview

Most of the promised benefits of reorganization have not materialized for Youth Services. Youth Services' annual administrative costs for personnel have increased by \$109,900. The DHS administrative division charges the Office of Youth Services more for administrative support (e.g., personnel, purchasing, accounting) than the cost of the administrative positions that were transferred to DHS under reorganization.

The daily functions of the Office of Youth Services have been hampered by multiple levels of management control present in DHS. Administrative functions such as personnel, purchasing, and budgeting have become more complex, as up to six layers of management may be involved in administrative decisions at DHS.

Youth Services' merger into an agency directly controlled by a gubernatorial appointee has diminished its ability to focus on its primary mission of serving delinquent youth. Prior to reorganization, Youth Services' complete focus was on providing services to Mississippi's delinquent youth. Subsequently, Youth Services has found itself in a large, complex agency competing with divisions of the former Department of Public Welfare for resources. Furthermore, Youth Services must compete for resources with other statewide priorities of the Governor (e.g., education, economic development).

The level of in-service training provided to Youth Services employees has decreased since its reorganization into DHS. In addition, the merger of Youth Services has not reduced duplication and fragmentation of children's services as was suggested by the Governor's reorganization proposal in 1988.

Findings

The merger of the Department of Youth Services into DHS has resulted in significant changes in the administrative structure and operations of Youth

Services. The changes have produced additional administrative personnel costs, multiple levels of management control, and less independence and visibility for the agency with responsibility for providing services to delinquent juveniles.

Youth Services' annual administrative costs for personnel have increased by \$109,900 as a result of its reorganization into the Department of Human Services.

The Department of Human Services provides the services of seven administrative positions lost by Youth Services during the reorganization, and the Office of Youth Services reimburses DHS for the cost of the services. The annual reimbursement is based on DHS's cost allocation plan, which charges each office and division for its pro rata share of the agency's overall administrative expense. As a result of its reorganization into the Department of Human Services, the Office of Youth Services spends 55% more for administration than it did as an autonomous agency, and these costs are expected to increase by at least another 77%, according to DHS consultants.

Daily functions of the Office of Youth Services have been hampered by multiple levels of management control since its reorganization into the Department of Human Services.

The 1989 reorganization transformed the Department of Youth Services from a relatively small autonomous agency with a \$10 million budget, 408 employees and its own governing board to an office within a division in an umbrella agency dominated by welfare programs with a total budget of \$300 million, four thousand employees, and subject to direct control by the Office of the Governor. Administrative tasks (such as personnel actions, budgeting and purchasing) that were once handled by the Youth Services central office staff are now channelled through as many as six layers of management, including the office of the executive director of DHS.

Youth Services' merger into an agency directly controlled by a gubernatorial appointee has diminished its ability to focus on its primary mission of serving delinquent youth.

Youth Services must compete for resources with other DHS divisions, most of which are former divisions of the Department of Public Welfare. Further-

more, because the director of DHS serves at the will and pleasure of the Governor, Youth Services must also compete for resources with other statewide priorities pursued by the Office of the Governor (e.g., education, economic development).

In some instances, the Office of Youth Services has not been allowed to represent its actual fiscal needs to the Legislature. For example, the Governor's staff directed DHS management to submit budget requests to the Legislature for fiscal year 1992 that understated the true needs of the agency, including the needs of the Office of Youth Services. Yet two years later, DHS officials blamed the Legislature for not recognizing DHS's needs and for providing inadequate funding for DHS.

DHS management's lack of attention to Youth Services' needs has continued under the new administration. Despite the fact that Youth Services had sixty-six vacancies (forty-eight vacancies representing direct care positions) due to a lack of funding, the new interim executive director of DHS attempted to place an associate into a management position within the Office of the Youth Services within days of being appointed by the Governor. Subsequent to PEER's request for documentation from the State Personnel Board regarding these activities, DHS officials ceased attempts to employ the individual in the Office of Youth Services and have not employed any additional staff in the targeted position or any other position.

The only notable achievement touted by DHS officials in regard to Youth Services since reorganization is a reduced escape rate from Oakley Training School, despite nothing in the statutory mission statement for Youth Services regarding escape rates. While not discounting the seriousness of the escape problem at Oakley, PEER noted no similar fervor on the part of DHS officials to approach other needs (increased employee vacancy rate, training, etc.) of Youth Services.

The level of in-service training provided to Youth Services employees has decreased since its reorganization into the Department of Human Services.

Youth Services' training specialist position was transferred to DHS's Office of Personnel and Staff Development as a part of reorganization. However, the Office of Personnel and Staff Development does not provide in-service training to Youth Services staff. As a result, the level of training provided to individual Youth Services staff has decreased by up

to sixteen hours per year due to the loss of the training specialist position. DHS also does not compile records from training reports to provide a basis for monitoring the level and quality of training provided to staff. Thus there is no assurance that Youth Services staff receive adequate training to carry out their responsibilities of providing care to delinquent youth. Inadequate training represents a potential liability for the state should an incident occur resulting in legal action against DHS or its officials.

The merger of the Department of Youth Services into the Department of Human Services has not reduced duplication and fragmentation of children's services, as was suggested by the Governor's reorganization proposal in 1988.

DHS staff with responsibility for delivery of children's services acknowledged that little progress has been made in the area of coordination of services between Youth Services and Social Services (child abuse, neglect, etc.) since reorganization. Other than sharing administrative office space, the divisions operate basically the same as before reorganization with separate counselors and supervisors out in the field providing services independently of each other.

In October 1991, frustration with the reorganized system prompted the Mississippi Council of Youth Court Judges (a statutory group consisting of all judges and referees with youth court jurisdiction in Mississippi) to call for the removal of Youth Services from the Department of Human Services. If anything, reorganization has created more problems for the court system, the most notable of which is the added layers of bureaucracy that judges must deal with when corresponding with DHS.

Conclusion and Recommendations

Many of the difficulties of managing Youth Services could be solved by additional funding; however, in light of the recent statewide funding crisis, the provision of a substantial funding increase for Youth Services in the near future is not likely. As such, the importance of focusing all of Youth Services' resources and attention on its primary mission of serving delinquent youth has increased substantially.

Most of the promised benefits of reorganization have not materialized for Youth Services. Instead, Youth Services has experienced commonly cited

disadvantages of being in a consolidated agency: unmanageable bureaucracy, competition, and lack of coordination among divisions. The problems cited in this report did not necessarily occur because of DHS's organizational structure, but because of the management style of DHS officials within this complex organization structure. As such, proper management policies within DHS might have produced the benefits of reorganization that were so highly touted in 1988.

DHS management should effect the following agency policy changes/reviews:

- Continue to monitor and review the agency cost allocation plan to insure that Youth Services pays no more than its equitable share of DHS administrative costs;
- Streamline agency management practices to allow more participation and independence by Youth Services management, particularly in the areas of personnel, purchasing, and budgeting;
- Require that the DHS Office of Personnel and Staff Development establish and monitor a recordkeeping system for training that would permit management to evaluate whether individual staff are receiving adequate training annually; and,
- Review the potential for more coordination between the Office of Social Services (child protection) and the Office of Youth Services by first determining to what extent the philosophies of the two offices can be merged.

DHS officials should initiate these changes and reviews immediately, and provide a written report to the Legislature by December 1992 as to the agency's progress in these areas. The report should include specific steps taken to implement each recommendation and the impact of such changes on the structure and operations of the Office of Youth Services.

If DHS officials do not make progress toward effecting these recommendations, PEER recommends that the Legislature re-create a separate state agency for Youth Services by removing the Office of Youth Services from DHS and restoring the administrative positions lost by Youth Services during the 1989 reorganization.

DHS officials prepared fiscal notes during the 1991 and 1992 legislative sessions that projected substantially different estimates of the cost to re-

store lost administrative positions to Youth Services should it become a separate agency again. The 1991 estimate was less than the original cost of the lost positions, while the 1992 estimate almost doubled the original cost of lost positions. PEER reviewed

both fiscal notes and concludes that a separate Youth Services agency could be created with all former administrative positions reinstated at an annual cost of \$200,761, which is substantially less than the amount Youth Services paid DHS in FY 1992 for administrative services (\$310,661).

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A Review of Management of the Office of Youth Services by the Department of Human Services

INTRODUCTION

The Office of Youth Services of the Division of Family and Children's Services, Mississippi Department of Human Services, has been the subject of considerable legislative attention during the last two years. During the 1991 legislative session, Senate Bill 2563, which would have made the Office of Youth Services a separate agency, passed the Senate but died in a House committee. Legislators introduced at least five bills to create a separate agency for youth services during the 1992 legislative session. During 1991, the PEER Committee received a legislative request to determine "*how Department of Human Services management has incorporated the programs of the former Department of Youth Services.*"

Authority

The PEER Committee initiated this review at its October 3, 1991, meeting, pursuant to MISS. CODE ANN. Section 5-3-57 (1972).

Scope and Purpose

In responding to this legislative request, PEER sought to:

- compare the organizational structure of the former Department of Youth Services to that of the current Office of Youth Services of the Department of Human Services; and,
- analyze the management practices of the Department of Human Services as they relate to the Office of Youth Services (hereafter referred to as Youth Services), particularly in the areas of budgeting, purchasing, and personnel.

Methodology

While conducting this review, PEER performed the following tasks:

- reviewed relevant literature on the subject of administration of youth services;
- reviewed applicable Mississippi statutes and pending legislation;
- reviewed and analyzed organizational charts, personnel listings, budget requests, board minutes, agency correspondence, and other documentation relative to the Office of Youth Services;

- interviewed agency officials and county youth court judges; and,
- held a public hearing relative to the Division of Family and Children's Services of the Department of Human Services.

Overview

Most of the promised benefits of reorganization have not materialized for Youth Services. Youth Services' annual administrative costs for personnel have increased by \$109,900 as a result of its reorganization into the Department of Human Services. The DHS administrative division charges the Office of Youth Services more for administrative support (e.g., personnel, purchasing, accounting) than the cost of the administrative positions that were transferred to DHS under reorganization.

The daily functions of the Office of Youth Services have been hampered by multiple levels of management control present in DHS. Administrative functions such as personnel, purchasing, and budgeting have become more complex, as up to six layers of management may be involved in administrative decisions at DHS.

Youth Services' merger into an agency directly controlled by a gubernatorial appointee has diminished its ability to focus on its primary mission of serving delinquent youth. Prior to reorganization, Youth Services' complete focus was on providing services to Mississippi's delinquent youth. Subsequently, Youth Services has found itself in a large, complex agency competing with divisions of the former Department of Public Welfare for resources. Furthermore, Youth Services must compete for resources with other statewide priorities of the Governor (e.g., education, economic development).

The level of in-service training provided to Youth Services employees has decreased since its reorganization into DHS. In addition, the merger of Youth Services has not reduced duplication and fragmentation of children's services as was suggested by the Governor's reorganization proposal in 1988.

BACKGROUND

History of Youth Services in Mississippi

The Legislature established Mississippi's first correctional facility for troubled youth at Columbia in 1918. In 1942, the Legislature established another facility at Raymond which is now referred to as Oakley Training School. The Legislature merged the institutions under a single board of trustees with the Mississippi Training School Act of 1970. In 1973, the Legislature significantly broadened the responsibilities of the training school board and established a new emphasis on rehabilitation while renaming it the Department of Youth Services.

During the 1989 Regular Session, the Legislature passed House Bill 659, the Mississippi Executive Reorganization Act of 1989, which provided for the restructuring of the executive branch of state government. This legislation created, among others, a new agency identified as the Mississippi Department of Human Services. The Department of Human Services is an umbrella agency anchored primarily by the former Department of Public Welfare. Several smaller agencies, including the Department of Youth Services, were placed under the new umbrella agency. The former Department of Youth Services is now referred to as the Office of Youth Services and is located within the Division of Family and Children's Services of DHS. (See Exhibit 1, page 4, for the Department of Human Services organization chart.)

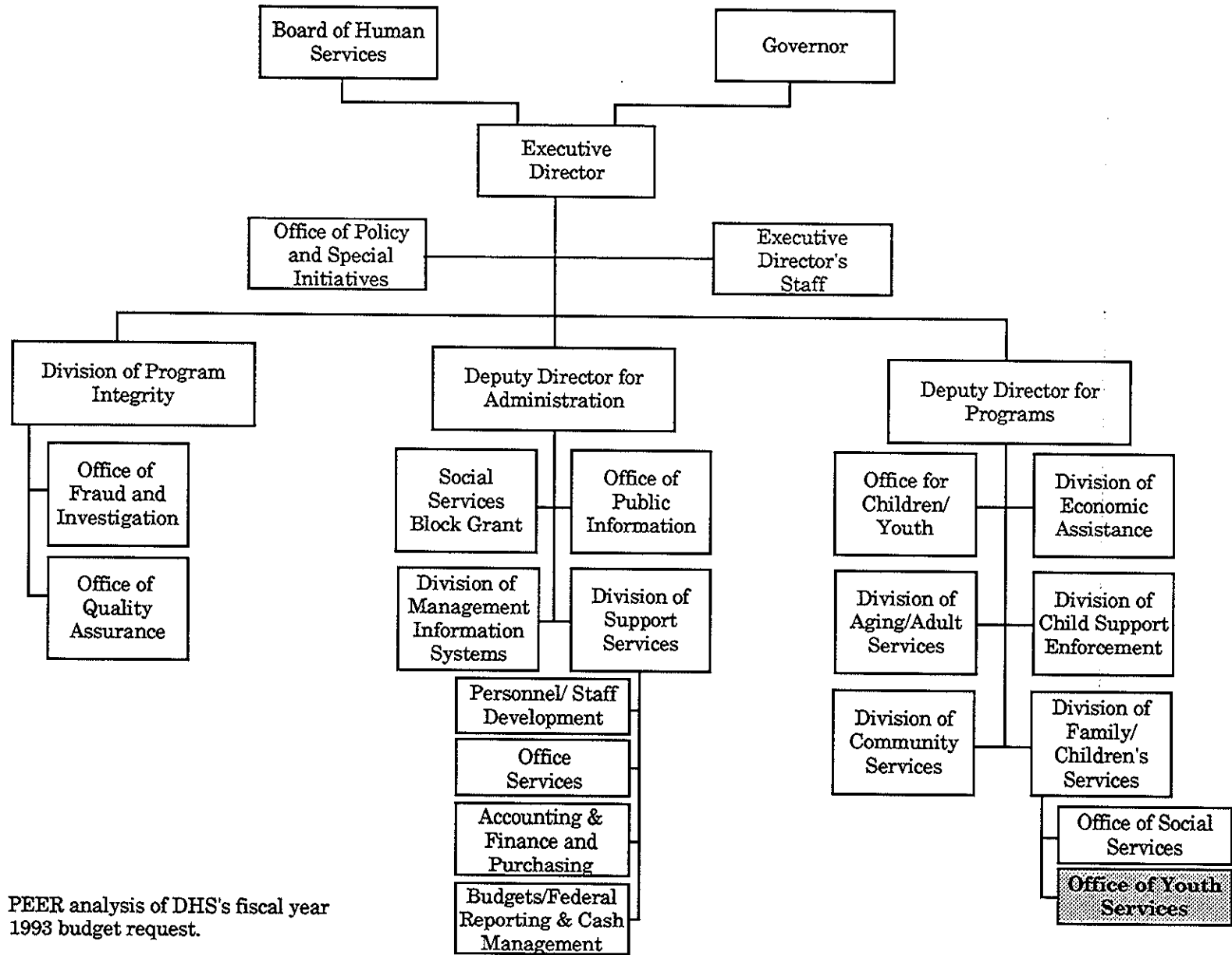
Department of Youth Services Prior to Reorganization

The Department of Youth Services functioned as an autonomous agency of the executive branch of state government prior to reorganization. A governing board of five members, each appointed for staggered terms by the Governor, served as the policymaking body for the agency. The board employed an executive director to oversee the day-to-day operations of the agency. The executive director served solely at the will and pleasure of the governing board.

The executive director oversaw an administrative staff, a community services division staff, and an institutional staff (see Exhibit 2, page 5). The administrative division handled accounting, personnel, training and research functions. The community services division provided youth services staff to serve the various youth courts as counselors and probation workers. The institutional staff was distributed between Columbia Training School, Oakley Training School and the Ironwood maximum security unit at Oakley.

EXHIBIT 1

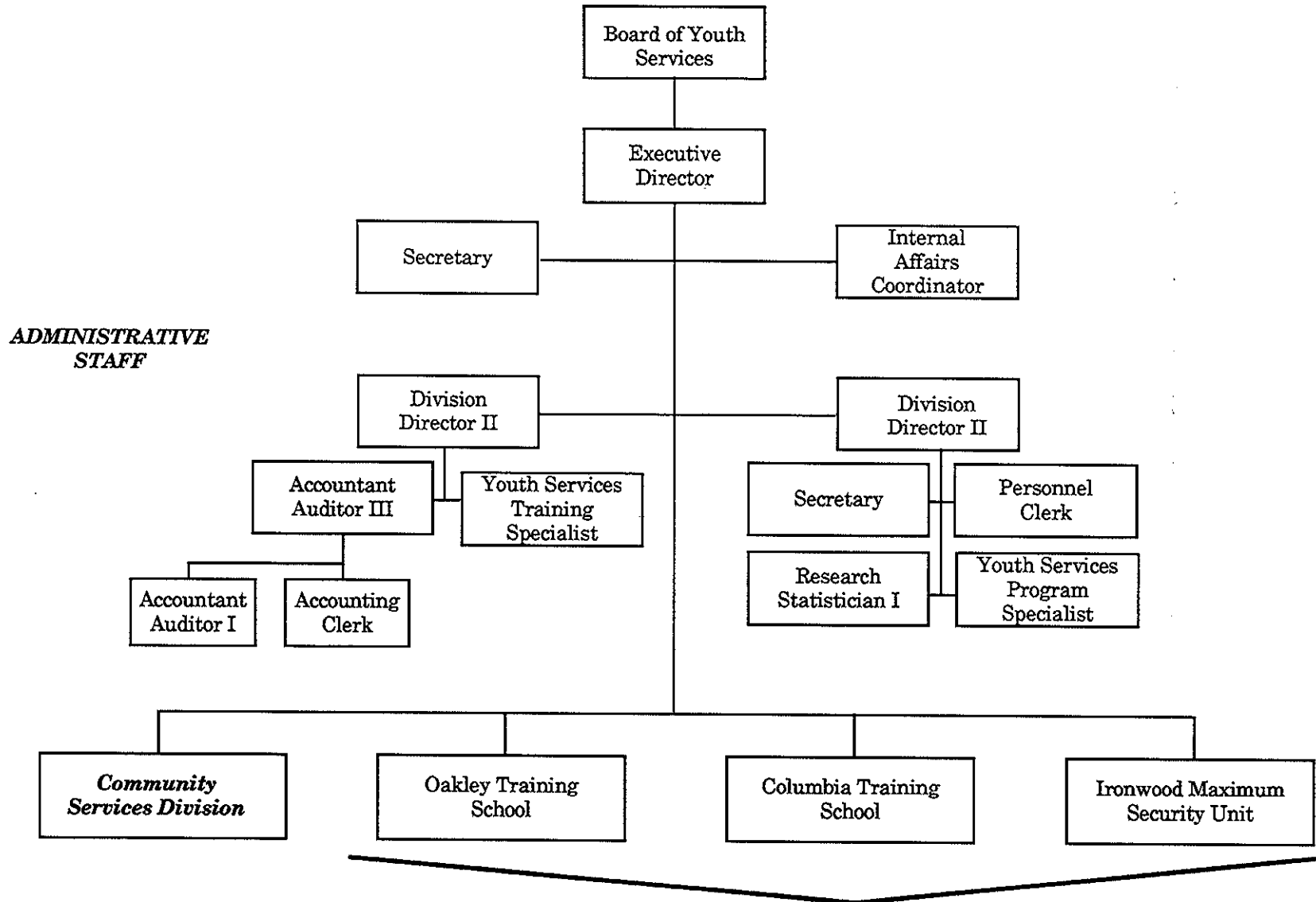
**DEPARTMENT OF HUMAN SERVICES
ORGANIZATION CHART**



SOURCE: PEER analysis of DHS's fiscal year 1993 budget request.

EXHIBIT 2

DEPARTMENT OF YOUTH SERVICES
ORGANIZATION CHART
PRIOR TO 1989 REORGANIZATION



SOURCE: PEER analysis of former Department of Youth Services budget requests.

INSTITUTIONAL STAFF

During its last year (fiscal year 1989) as an autonomous agency, the Department of Youth Services received state appropriations of \$9.4 million, federal and other funds of \$.74 million and had total expenditures of \$10.2 million. Personnel costs represented 85.7% of the agency's total budget for the year. The agency had 436 authorized full-time positions and an annual vacancy rate of 6.2%.

Office of Youth Services After Reorganization

In order to understand the structure of the Office of Youth Services within the Department of Human Services (DHS), one must first understand the structure of DHS. While DHS has experienced a few minor structural changes since reorganization, the agency structure has, for the most part, remained the same.

A five-member governing board, appointed by the Governor, serves as the policymaking body for DHS. (At the time of this report, legislation had passed both houses that would abolish the Board of Human Services and place the agency under the direct control of the Governor.) An executive director manages the day-to-day operations of the agency and serves at the will and pleasure of the Governor. In addition to a personal staff, the executive director oversees a program integrity section, an administrative section, and a program section (see Exhibit 1, page 4). The program section, by far the largest of the three sections, consists of the following:

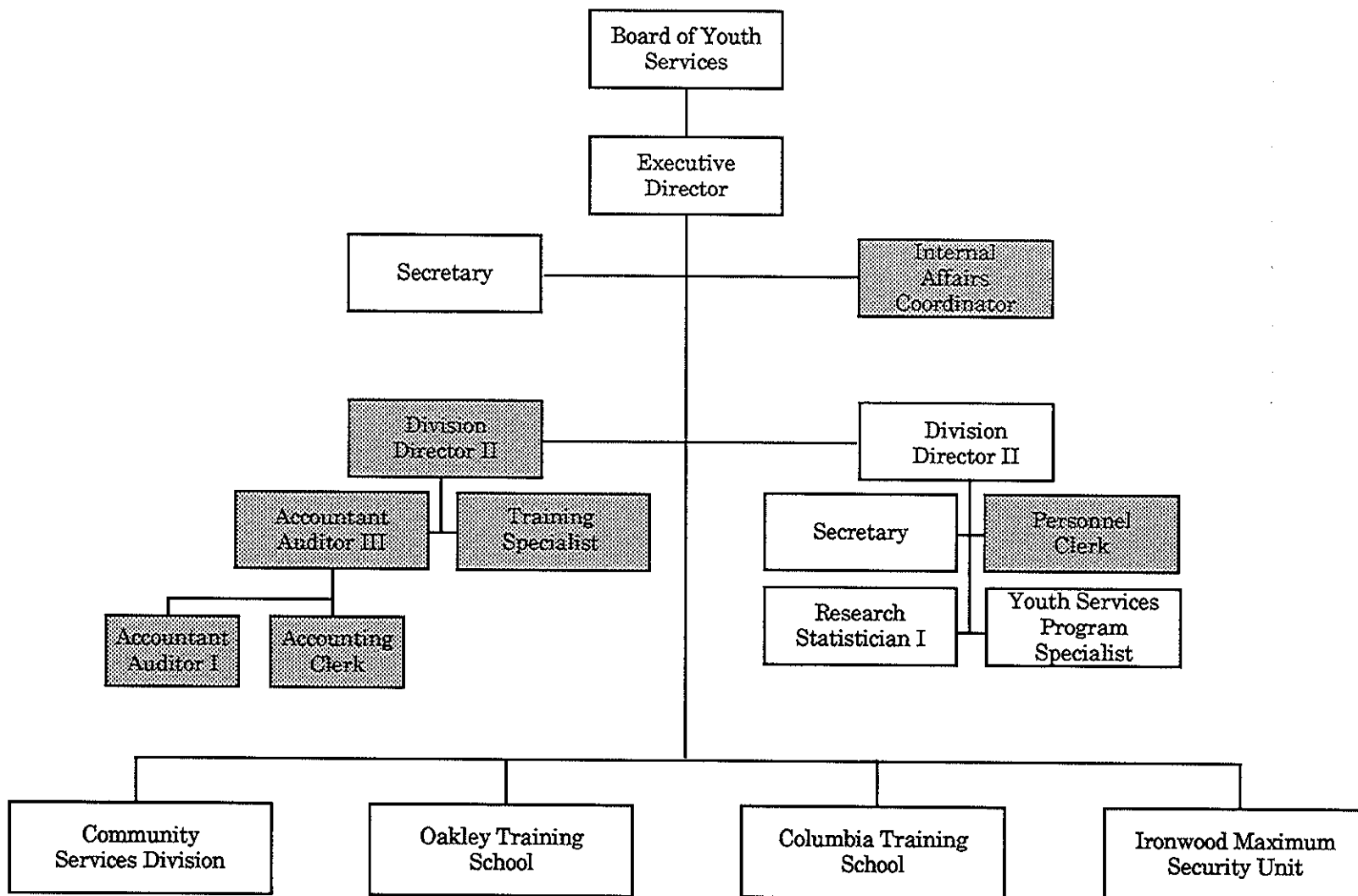
- *Division of Economic Assistance*--includes Aid to Families with Dependent Children, Food Stamp Program, Food Distribution Program, Job Training, and Expanded Medicaid;
- *Division of Child Support Enforcement*--establishes, enforces and collects support obligations;
- *Division of Aging and Adult Services*--provides grants to ten area agencies on aging for transportation, nutrition, and other programs for the elderly;
- *Division of Community Services*--administers assistance programs in rural communities such as weatherization assistance and housing for the homeless;
- *Office for Children and Youth*--administers programs to enhance and expand child care on a statewide basis; and,
- *Division of Family and Children's Services*--administers prevention, protection, and placement programs for children and families; administers institutional and community programs for juveniles adjudged delinquent.

The Office of Youth Services is within the Division of Family and Children's Services. The former executive director of the Department of Youth Services became the director of the Office of Youth Services and reports to the director of the Division of Family and Children's Services. Accounting, personnel, training, and other administrative staff were transferred to the administrative division of DHS as part of reorganization (see Exhibit 3, page 8). The structure of the community services section of Youth Services and the institutions did not change under reorganization.

The Office of Youth Services receives most of its funding from the state general fund (\$9.6 million of \$10.3 million for fiscal year 1991). Virtually all other DHS divisions rely on federal funding to a great extent. As shown in Exhibit 4, page 9, Youth Services' total expenditures for fiscal year 1991 represented significantly less of DHS's total expenditures (3.5%) than Youth Services' general fund appropriations represented of DHS's total general fund appropriations (16%).

EXHIBIT 3

DEPARTMENT OF YOUTH SERVICES POSITIONS TRANSFERRED
TO DEPARTMENT OF HUMAN SERVICES
UNDER 1989 REORGANIZATION ACT



SOURCE: PEER analysis of former Department of Youth Services budget requests.


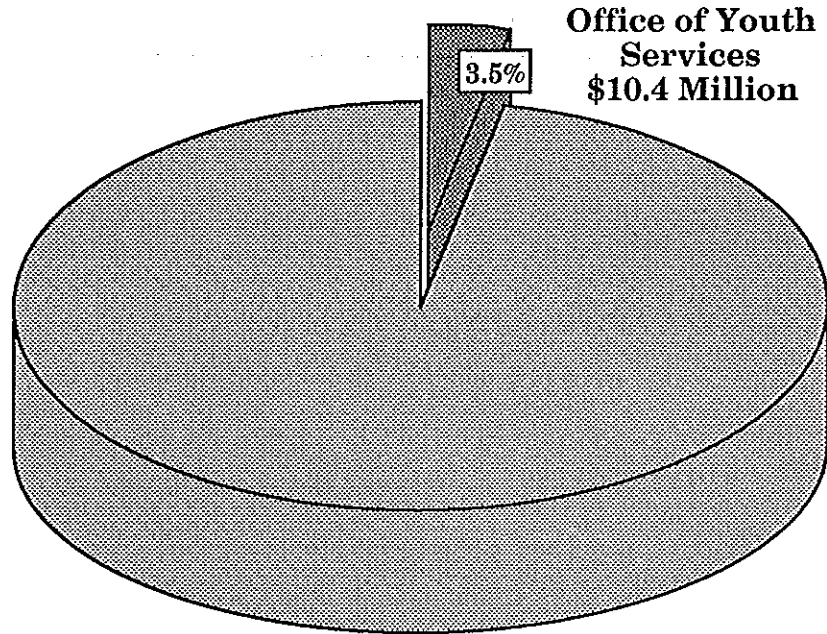
 - Positions transferred to DHS under reorganization.

EXHIBIT 4

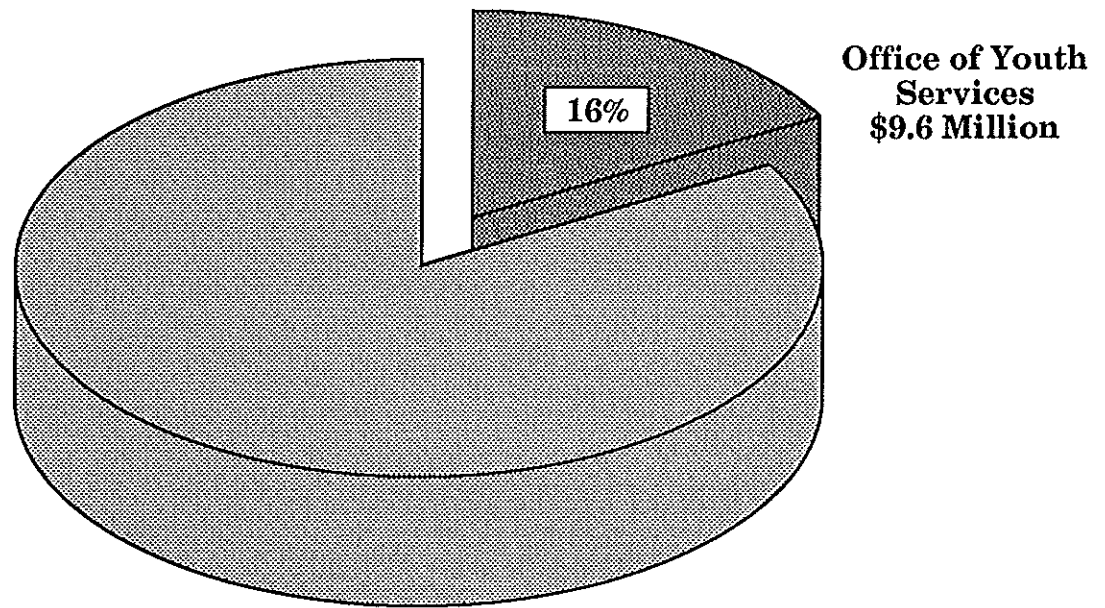
**OFFICE OF YOUTH SERVICES AS COMPARED TO
DEPARTMENT OF HUMAN SERVICES**

FY 1991 EXPENDITURES



Total-\$297.2 Million

FY 1991 GENERAL FUND APPROPRIATIONS



Total-\$56.9 Million

SOURCE: PEER analysis of FY 1993 budget requests

FINDINGS

PEER was asked to review how DHS had incorporated the programs of the former Department of Youth Services. PEER determined that the merger of the Department of Youth Services into DHS resulted in significant changes in the administrative structure and operations of Youth Services. The changes have produced additional administrative personnel costs, multiple levels of management control, and less independence and visibility for the agency with responsibility for providing services to delinquent juveniles.

Youth Services' annual administrative costs for personnel have increased by \$109,900 as a result of its reorganization into the Department of Human Services.

The Department of Human Services administrative division charged the Office of Youth Services \$310,661 for providing administrative support for fiscal year 1992. DHS's charges exceed by \$109,900 the cost of the former administrative positions of Youth Services that provided the same support functions.

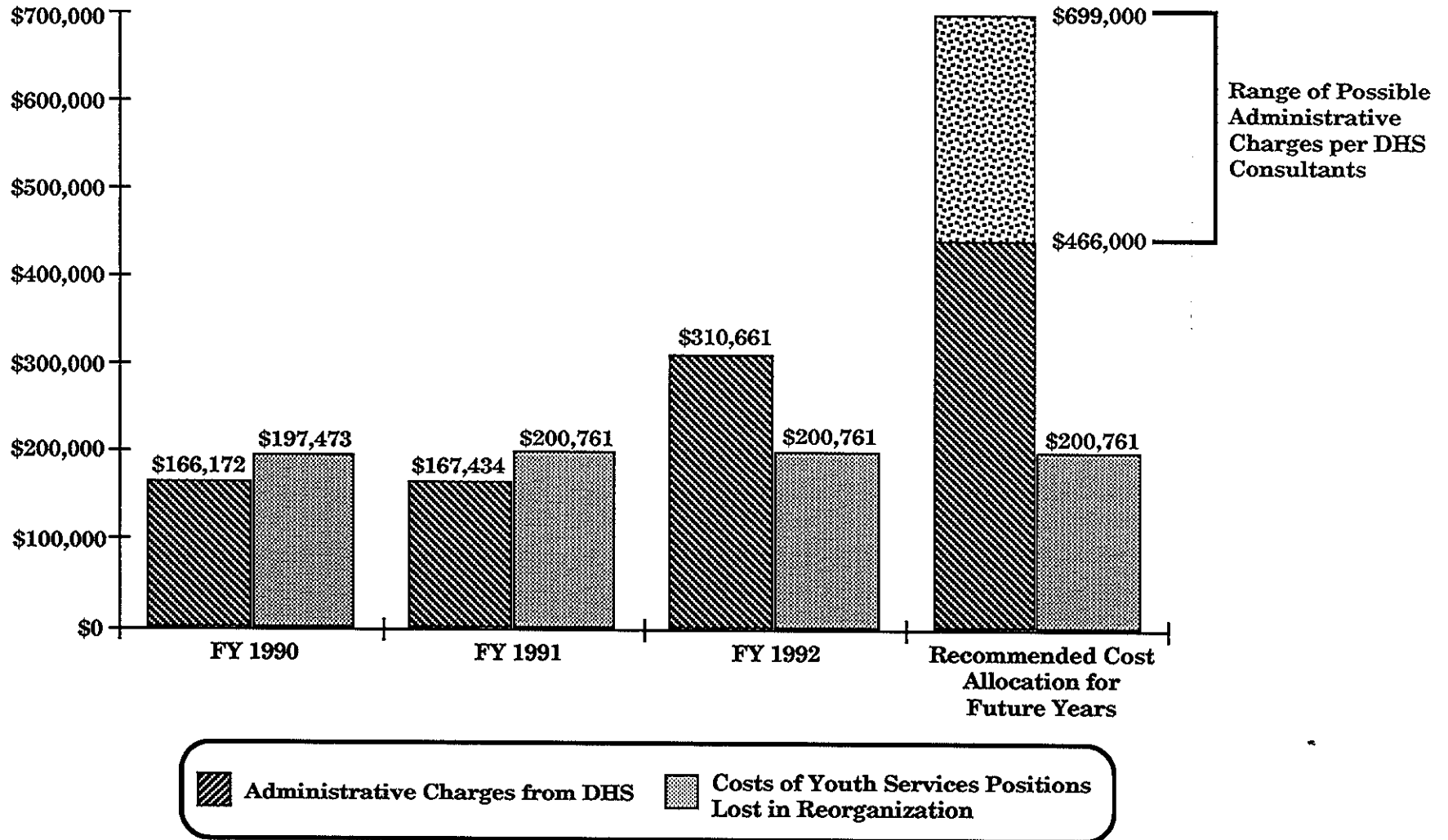
As illustrated in Exhibit 3, page 8, the functions of seven administrative positions within the Department of Youth Services were transferred to DHS during reorganization. Youth Services' annual cost of funding the the positions, including fringe benefits, was \$187,610 during fiscal year 1989. (Annual cost would have increased to \$200,761 by FY 1992 due to October 1990 pay increases.) Under reorganization, the Department of Human Services provides the services of the lost administrative positions, and the Office of Youth Services reimburses DHS for the cost of the services. The annual reimbursement is based on DHS's cost allocation plan, which charges each office and division of DHS for its pro rata share of the agency's overall administrative expense.

During the first two years after reorganization (fiscal years 1990 and 1991), DHS charged the Office of Youth Services \$166,172 and \$167,434 respectively for administrative costs (see Exhibit 5, page 11). For fiscal year 1992 DHS officials increased the amount charged to Youth Services to \$310,661. While the increase was very substantial (86%), DHS officials contend that DHS should have charged Youth Services more than \$700,000 according to the DHS cost allocation plan. However, DHS officials stated that they did not charge Youth Services for its full share because the division's funding was barely sufficient to pay its salaries, and DHS budget officials were also concerned about the accuracy of the cost allocation plan.

Because of concern about the accuracy of its cost allocation, DHS contracted with a consulting firm to analyze the cost allocation plan during the three months ended September 30, 1991. The consultants concluded

EXHIBIT 5

OFFICE OF YOUTH SERVICES: COMPARISON OF ADMINISTRATIVE CHARGES FROM DHS TO COSTS OF POSITIONS LOST IN REORGANIZATION



SOURCE: PEER analysis of budgets, consultants' reports and DHS financial records.

that DHS's cost allocation plan overcharged the Office of Youth Services by thirty-three to one hundred percent during this period. However, implementation by DHS of even the consultants' lowest estimate of allocable costs would translate to annual charges of \$466,000 for Youth Services. As such, it appears that Youth Services' annual costs for administrative support will increase in future years (see Exhibit 5, page 11).

As a result of its reorganization into the Department of Human Services, the Office of Youth Services, with its history of funding shortages, spends 55% more for administration than it would as an autonomous agency, and these costs are expected to increase by at least another 77%, according to DHS consultants. However, PEER noted no relative increase in the level or quality of administrative services such as personnel, purchasing, budgeting, or accounting which are provided by the DHS administrative support divisions.

Daily functions of the Office of Youth Services have been hampered by multiple levels of management control since its reorganization into the Department of Human Services.

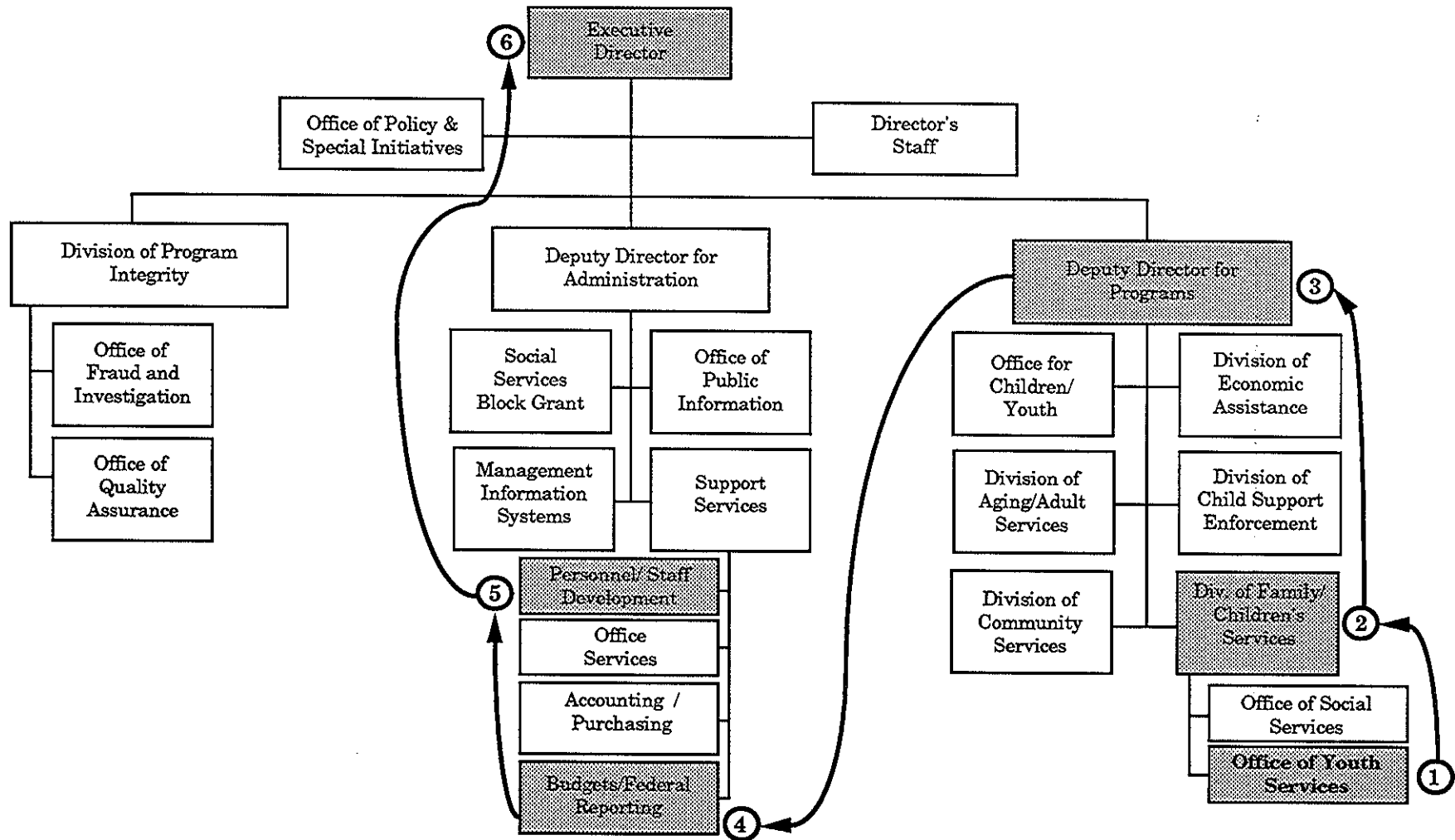
The passage of the Mississippi Executive Branch Reorganization Act of 1989 transformed the Department of Youth Services from a relatively small autonomous agency with a \$10 million budget, 408 employees and its own governing board to an office within a division in an umbrella agency dominated by welfare programs with a total budget of \$300 million, four thousand employees, and subject to direct control by the Office of the Governor. Administrative tasks that were once handled by the Youth Services central office staff are now channelled through as many as six layers of management, including the office of the executive director of DHS.

Personnel--The personnel process to fill a supervisory position within Youth Services represents an example of the multiple layers of management that are encountered for an otherwise routine action (see Exhibit 6, page 13). In addition, PEER noted policies requiring that employee grievances be channelled to the executive director's office. As a result, most Youth Services personnel actions take longer than before reorganization.

Purchasing--Youth Services' purchasing process also changed substantially as a result of its reorganization into DHS. Prior to reorganization, the training schools purchased most goods and services directly from vendors without need to obtain prior authorization from the Youth Services central office. Initially after reorganization, DHS required the schools to order goods and services through the DHS purchasing offices in Jackson. The schools encountered numerous problems relating to the timeliness of receipt of essential purchases such as food. As a result, DHS now permits the schools to purchase necessities such as food directly from vendors as they had in the past. This change in policy eliminated the most

EXHIBIT 6

PROCESS FOR THE FILLING OF A NON-STATE-SERVICE POSITION IN THE OFFICE OF YOUTH SERVICES



NOTE: Shaded box denotes office involved in employment process.

SOURCE: Office of Youth Service Personnel

serious problem resulting from the loss of purchasing authority by Youth Services. However, Youth Services officials have had to adjust to the fact that most purchases, other than essentials such as food for the schools, that are channelled through the DHS purchasing office take from three weeks to a month to complete rather than a few days as before reorganization.

Budgeting--Youth Services' budget preparation process became significantly more complex after reorganization. Prior to reorganization, Youth Services staff prepared each annual budget request and submitted it to the board for approval prior to submission to the Legislature. Under DHS, Youth Services' staff prepares the initial budget request and submits it to the Division of Family and Children's Services director, who in turn submits the request to the deputy director for programs. Subsequently, the DHS office of budgets reviews Youth Services' budget request and submits it to the executive director of DHS. The executive director submits Youth Services' budget request to the Governor's staff for review. After the budget request clears review/alteration by all of these officials, DHS submits the budget request to the Legislature (see Exhibit 7, page 15).

The most notable effect of the increase in layers of management control on the Office of Youth Services appears to be in the area of employee morale. PEER noted a substantial amount of frustration among many Youth Services employees in dealing with the DHS administrative process. Frustrations stem from the fact that DHS is primarily a welfare agency and there is a feeling that upper management at DHS is preoccupied with public assistance and social services issues and out of touch with the daily operations of Youth Services. Youth Services staff cited examples where they interacted with administrative staff at DHS who were not familiar with the functions or locations of Youth Services' facilities.

Youth Services' merger into an agency directly controlled by a gubernatorial appointee has diminished its ability to focus on its primary mission of serving delinquent youth.

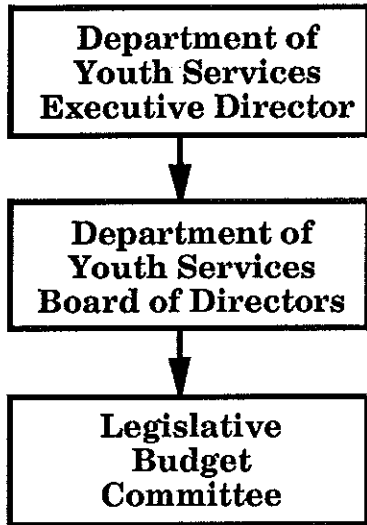
Prior to reorganization, the complete focus of the Department of Youth Services was on providing services to the delinquent youth of Mississippi. By statute, the board and management of Youth Services focused all efforts on this single agenda.

Subsequent to reorganization, Youth Services has found itself in a large, complex agency and must compete for resources with other divisions, most of which are former divisions of the Department of Public Welfare. Furthermore, because the director of DHS serves at the will and pleasure of the Governor, Youth Services must also compete for resources with other statewide priorities pursued by the Office of the Governor (e.g., education, economic development).

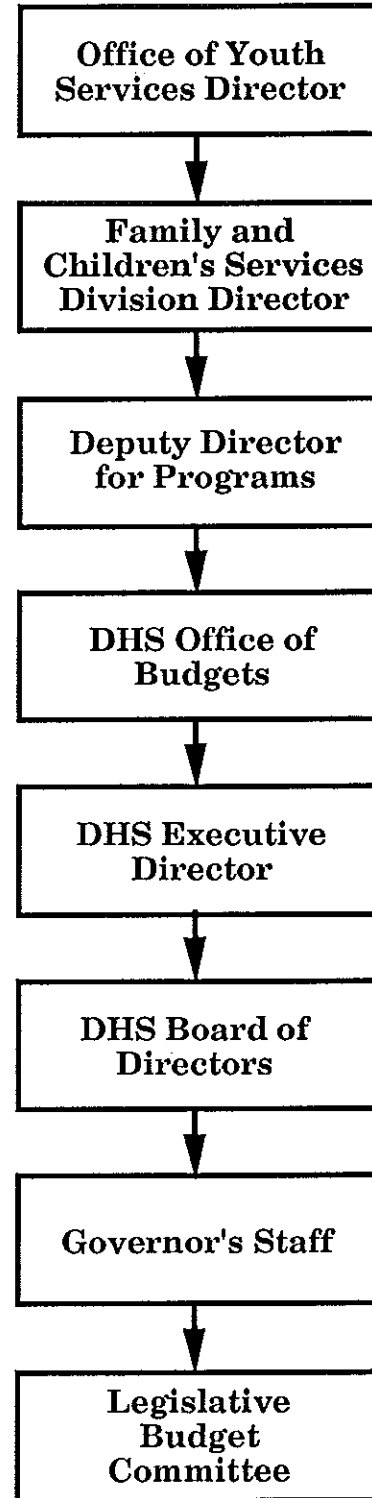
EXHIBIT 7

ANNUAL BUDGET REQUEST PROCESS

***FORMER
DEPARTMENT OF YOUTH SERVICES***



***CURRENT
OFFICE OF YOUTH SERVICES***



SOURCE: Interviews with DHS officials.

In some instances, DHS has not allowed the Office of Youth Services to represent its true fiscal needs to the Legislature. For example, according to DHS board minutes and testimony by the executive director and a DHS board member at a PEER Committee hearing, the Governor's staff directed DHS management to submit budget requests to the Legislature for fiscal year 1992 that understated the true needs of the agency, including the needs of the Office of Youth Services. This direction from the Governor's staff came despite a DHS board resolution "requiring" budget requests that reflected the agency's true needs. The Governor's staff overruled the board's actions and required no-growth budgets. As such, budget information presented to the Legislature reflected an agency that was adequately funded. Yet two years later, DHS officials were blaming the Legislature for not recognizing DHS's needs and providing inadequate funding for DHS.

DHS management's lack of attention to Youth Services' needs has continued under the new administration. Despite the fact that Youth Services had sixty-six vacancies (forty-eight vacancies represented direct care positions such as counselors, teachers, security, etc.) due to a lack of funding, the new interim executive director of DHS attempted to place an associate into a management position within the Office of the Youth Services within days of being appointed by the Governor. Subsequent to PEER's request for documentation from the State Personnel Board regarding these activities, DHS officials ceased attempts to employ the individual in the Office of Youth Services and have not authorized Youth Services to employ any additional staff in the targeted position or any other position.

The only notable achievement touted by DHS officials in regard to Youth Services since reorganization is a reduced escape rate from Oakley Training School, despite nothing in the statutory mission statement for Youth Services regarding escape rates. While not discounting the seriousness of the escape problem at Oakley, PEER noted no similar efforts on the part of DHS officials to approach any other needs (increased employee vacancy rate, training, etc.) of Youth Services with the same fervor as the escapes. Subsequent to the publicity surrounding the Oakley escapes, the DHS executive director immediately sought to determine the security needs at Oakley, and even authorized the expenditure of Food Stamp Retention Funds (unrestricted welfare funds awarded to DHS from successful fraud investigations) to upgrade communication equipment for the training schools. Unfortunately, DHS officials have made no substantive needs analyses of Youth Services since.

Youth Services placement within DHS has transformed it to an entity whose overall mission and commitment to serving the delinquent youth of the state has been diminished by a lack of substantive, positive, and proactive attention from DHS management. This is not to say that DHS officials have not been and are not committed to serving delinquent youth, but rather to establish that the concerns have not been matched by actions.

The level of in-service training provided to Youth Services employees has decreased since its reorganization into the Department of Human Services.

Prior to reorganization, the Department of Youth Services required direct care staff (counselors, counselor aides, academic staff, security staff, psychologists, and administrators) to receive forty-eight hours of in-service training annually. Non-direct care staff (clerical, accounting, general services and maintenance) were required to receive twenty-four hours of training annually. The Department of Youth Services employed a training specialist to monitor training activities of the agency and to provide a portion of the training (sixteen hours annually to direct care staff and eight hours annually to other staff).

Youth Services' training specialist position was transferred to DHS's Office of Personnel and Staff Development as a part of reorganization. However, the Office of Personnel and Staff Development does not provide in-service training to Youth Services staff. As a result the level of training provided to individual Youth Services staff has decreased by up to sixteen hours per year due to the loss of the training specialist position.

DHS policies state that the Office of Personnel and Staff Development is responsible for monitoring DHS training activities. PEER determined that while the DHS Office of Personnel and Staff development requires DHS divisions to submit training reports relating to staff training, DHS does not compile records from the training reports that would provide a basis for monitoring the level and quality of training provided to staff. As such, PEER was not able to determine whether Youth Services staff have received training equivalent to the level required by DHS policy. DHS staff stated that the monitoring of training is left up to each individual division director, who in the case of Youth Services no longer has a training specialist to handle that function.

Because DHS does not monitor training activities of Youth Services and requires fewer training hours than before reorganization, there is no assurance that Youth Services staff receive adequate training to carry out their responsibilities of providing care to delinquent youth. Inadequate training represents a potential liability for the state should an incident occur resulting in legal action against DHS or its officials.

The merger of the Department of Youth Services into the Department of Human Services has not reduced duplication and fragmentation of children's services, as was suggested by the Governor's reorganization proposal in 1988.

In pushing for reorganization and placement of Youth Services in DHS, the Governor's Study Commission on Executive Branch

Reorganization proposed that such a merger would reduce fragmentation and duplication of children's services and result in a "more efficient use" (not operationally defined by the commission) of the juvenile courts in Mississippi. The study commission stated that the delivery of services to children by separate agencies represented one of the greatest areas of fragmentation in the state's service delivery system.

DHS staff with responsibility for delivery of children's services acknowledged that little progress has been made in the area of coordination of services between Youth Services and Social Services (child abuse, neglect, etc.) since reorganization. Other than sharing administrative office space, the divisions operate basically the same as before reorganization with separate counselors and supervisors out in the field providing services independently of each other.

The fragmented system of providing these children's services has continued subsequent to reorganization with little notable improvement. In October 1991, frustration with the reorganized system prompted the Mississippi Council of Youth Court Judges (a statutory group consisting of all judges and referees with youth court jurisdiction in Mississippi) to call for the removal of Youth Services from the Department of Human Services. According to PEER interviews with five youth court judges from different parts of the state, the merger of Youth Services into DHS has not improved the relationship between the courts and the agency. If anything, reorganization has created more problems for the court system, the most notable of which is the added layers of bureaucracy that judges must deal with when corresponding with DHS.

CONCLUSION AND RECOMMENDATIONS

PEER has identified several problems encountered by Youth Services since its reorganization into DHS. (This report should not be interpreted as implying that Youth Services had no problems prior to reorganization.) Most individuals interviewed by PEER stated that Youth Services has faced funding problems/shortages for several years. As such, many of the difficulties of managing Youth Services could be solved by additional funding. However, in light of the recent statewide funding crisis, the provision of a substantial funding increase for Youth Services in the near future is not likely. As such, the importance of focusing all of Youth Services' resources and attention on its primary mission of serving delinquent youth has increased substantially.

The findings of this report reflect that most of the promised benefits of reorganization have not materialized for Youth Services. Instead, Youth Services has experienced commonly cited disadvantages of being in a consolidated agency: unmanageable bureaucracy, competition, and lack of coordination among divisions. The problems cited in this report did not necessarily occur because of DHS's organizational structure, but because of the management style of DHS officials within this complex organization structure. As such, proper management policies within DHS might have produced the benefits of reorganization that were so highly touted in 1988.

DHS management should effect the following agency policy changes/reviews:

- Continue to monitor and review the agency cost allocation plan to insure that Youth Services pays no more than its equitable share of DHS administrative costs;
- Streamline agency management practices to allow more participation and independence by Youth Services management, particularly in the areas of personnel, purchasing, and budgeting;
- Require that the DHS Office of Personnel and Staff Development establish and monitor a recordkeeping system for training that would permit management to evaluate whether individual staff are receiving adequate training annually; and,
- Review the potential for more coordination between the Office of Social Services (child protection) and the Office of Youth Services by first determining to what extent the philosophies of the two offices can be merged.

DHS officials should initiate these changes and reviews immediately, and provide a written report to the Legislature by December 1992 as to the

agency's progress in these areas. The report should include specific steps taken to implement each recommendation and the impact of such changes on the structure and operations of the Office of Youth Services.

If DHS officials do not make progress toward effecting these recommendations, PEER recommends that the Legislature re-create a separate state agency for Youth Services by removing the Office of Youth Services from DHS and restoring the administrative positions lost by Youth Services during the 1989 reorganization.

DHS officials prepared fiscal notes during the 1991 and 1992 legislative sessions that projected substantially different estimates of the cost to restore lost administrative positions to Youth Services should it become a separate agency again. The 1991 estimate was less than the original cost of the lost positions while the 1992 estimate almost doubled the original cost of lost positions (see Exhibit 8, page 21). PEER reviewed both fiscal notes and concludes that a separate Youth Services agency could be created with all former administrative positions reinstated at an annual cost of \$200,761, which is substantially less than the amount Youth Services paid DHS in FY 1992 for administrative services (\$310,661).

EXHIBIT 8**OFFICE OF YOUTH SERVICES
COMPARISON OF ESTIMATED ADDITIONAL PERSONNEL COSTS
FOR SEPARATE YOUTH SERVICES AGENCY**

POSITION	COST OF LOST POSITIONS	FISCAL NOTE 1991	FISCAL NOTE 1992
Accountant Auditor III	\$35,503	\$26,089	\$30,138
Accountant Auditor I	19,992	19,640	22,457
Accounting Clerk/Auditor I	15,275	13,839	22,457
Division Director II	30,908	34,146	56,520
Internal Affairs Coordinator	25,231		23,731
Personnel Clerk/Officer	13,856	13,775	23,146
Youth Service Training Specialist	22,455	20,329	28,114
Secretary			19,243
Executive Director			60,005
TOTAL SALARIES	\$163,220	\$127,818	\$285,811
FRINGE BENEFITS	37,541	29,398	71,453
TOTAL SALARIES & BENEFITS	\$200,761	\$157,216	\$357,264

SOURCE: PEER analysis of DHS financial records.

AGENCY RESPONSE



**STATE OF MISSISSIPPI
DEPARTMENT OF HUMAN SERVICES**

KIRK FORDICE
GOVERNOR



April 15, 1992

Mr. John W. Turcotte
Executive Director
PEER Committee
222 North President Street
Jackson, Mississippi 39201

Dear Mr. Turcotte:

This letter has been prepared as a response to the PEER draft document related to the 1992 review of the management of the Office of Youth Services by the Department of Human Services. Having carefully and dutifully considered the information shared with me at the April 8 conference, I am sufficiently satisfied that the subsequent discussion adequately answered my concerns; therefore, I have no other responses at this time.

In the spirit of cooperation for the betterment of services to juvenile delinquents, their families, and the victims of delinquency and crime, I want to express to you my intent to work toward compliance with the recommendations your agency has developed. Further, I want to thank your staff for their investment in this project.

Sincerely,

A handwritten signature in cursive script that reads "Sue Hathorn".

Sue Hathorn
Interim Executive Director

SH: CWG: td

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