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Report to the

North Carolina General Assembly

Commission on the Reorganization of the Department of Human Resources

A Culture of Collaboration: Reorganizing North Carolina's Department of Human Resources

Final

Report to the Commission on the Reorganization of the Department of Human Resources

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Chapter 1
BACKGROUND TO THE STUDY

The North Carolina Department of Human Resources (DHR)—and the environment in which it operates—has changed dramatically since the 1970s, when it was created. During that time:

- DHR has grown into an agency with a $7.1 billion annual budget and over 18,000 employees
- Health and human services have moved into the limelight of the national agenda
- Medicaid has exploded into a billion dollar enterprise
- And welfare reform has transformed the role of human service organizations

Yet despite this profound shift, DHR has not undergone a major reorganization in more than two decades.

The North Carolina General Assembly created the Independent Study Commission on the Reorganization of DHR in 1996, charging it to provide *"a plan for an alternative and improved approach to the organization and delivery of human services to the citizens of North Carolina."* The Commission is made up of 16 public and private leaders and chaired by State Senator Bill Martin and State Representative Charlotte Gardner. DHR Secretary Dr. David Bruton serves as an ex officio member.

To help in this massive undertaking, the Commission asked KPMG Peat Marwick LLP to serve as its management consultant. We have spent the last four months assessing the organization, on paper and in practice. Our journey has taken us from the Adams Building to Burke County; from interviews with employees, to focus groups with constituents; from the analysis of operations here and elsewhere, to the conclusions outlined in the following pages.

Taking our lead from the Commission's "Guiding Principles," we have focused our efforts on designing a more integrated, client-focused approach to human service delivery. Our report represents:

- A comprehensive plan to reorganize DHR to improve service delivery *not* a downsizing exercise
- A high level review of state and local service delivery operations, *not* a detailed study of state-operated facilities or technology systems
- An independent effort to do what is best for the state, *not* a concession to what is politically expedient
- A bold, long-range strategy, *not* a quick fix
- A plan for implementing that strategy

The detailed implementation plan will allow North Carolina to put into action our recommendations and become a model for other states. But it will not be easy. To get where it needs to go, the Department of Human Resources will need to create a new organizational culture—a culture of collaboration—from top to bottom. In the rest of this report, we show how.

Inside DHR

Like 12 other states, North Carolina operates a *state-supervised, locally-administered* human services program. In other words, the Department generally plays a management role—develops programs, establishes standards, allocates moneys, interacts with the federal government, and licenses facilities—while local agencies actually provide the services. DHR also delivers direct services in selected areas, including vocational rehabilitation, services for the blind, and services for the deaf and hard of hearing.

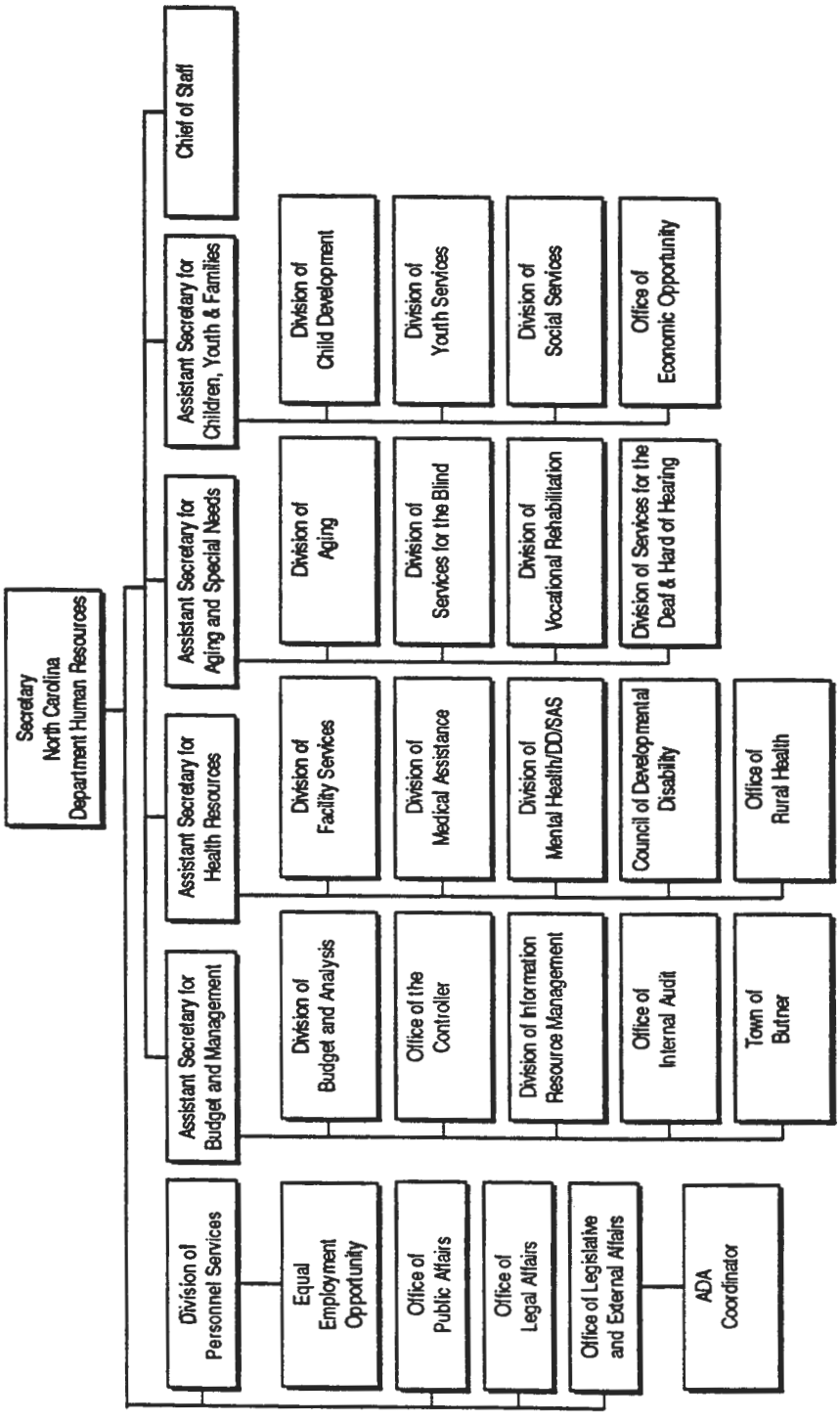
Figure 1.1 on the following page depicts the current DHR organization as of September 1, 1996. DHR has approximately 18,446 positions on state payroll; 76% are employed in institutions, 13% are based in Raleigh, and 11% are employed in field offices. Since FY 1991, DHR has eliminated 741 positions, many from administrative areas. In the same period, approximately 1,005 positions have been added for special program initiatives of the administration and the legislature.

DHR's Central Administration includes the Secretary's Office, four Assistant Secretary's Offices, the Office of Personnel Services, the Office of Public Affairs, the Office of Legal Affairs, the Office of Legislative and External Affairs, the Division of Budget and Analysis, the Office of the Controller, and Division of Information Resource Management.

At the state level , DHR is organized into a central administration with support functions and 10 program service divisions serving particular program areas:

- Aging
- Child Development
- Services for the Deaf and Hard of Hearing
- Facility Services
- Services for the Blind
- Social Services
- Vocational Rehabilitation Services
- Youth Services
- Medical Assistance
- Mental Health, Developmental Disabilities and Substance Abuse Services

"As Is" DHR Organization Chart



The General Assembly is responsible for adopting and funding programs, determining what services counties must provide, and defining Counties' responsibilities in areas ranging from child support enforcement to adult protective services.

In addition, several commissions—Social Services; Medical Care; Day Care Licensing; Mental Health, Developmental Disabilities, and Substance Abuse; Blind are involved in setting policy for the department's various programs.

This complex web of services plays out at the local level, where citizens receive direct services. In every county except Mecklenburg and Wake, which were granted exclusions, the Board of County Commissioners establishes a County Social Services Board to oversee service delivery, hire county Social Service Director, and supervise management of County Social Service Department. These boards are also responsible for advising local authorities on establishing plans and policies to improve the county's social condition, and for helping to establish county social service budgets. Each is a distinct entity, with different challenges, perspectives and personalities.

Forty-one Area Mental Health Boards (AMHB) oversee the delivery of mental health, developmental disabilities, and substance abuse services in designated areas. The boards constitute authorities which are legally constituted jurisdictions in North Carolina, thereby operating as independent entities. The area for which the boards are responsible for services may range from a single county to a multi county jurisdiction. The relationship of the AMHB to the boards of County Commissioners varies, often in relation to the number of counties encompassed within a board, but always by virtue of the unique local conditions which prevail. AMHBs both purchase service and provide direct client services.

DHR's total budget was $7.1 billion for fiscal year 1997, 42% of the state's total. Where does all this money go? Most of the Department's budget—nearly 60 percent—goes to pay for Medicaid obligations. Of the remainder, a large chunk goes to operate the state's mental health and other institutions. Figure 1.2 depicts DHR's overall budget expenditures for FY 96 and Figure 1.3 depicts the number of personnel in each division.

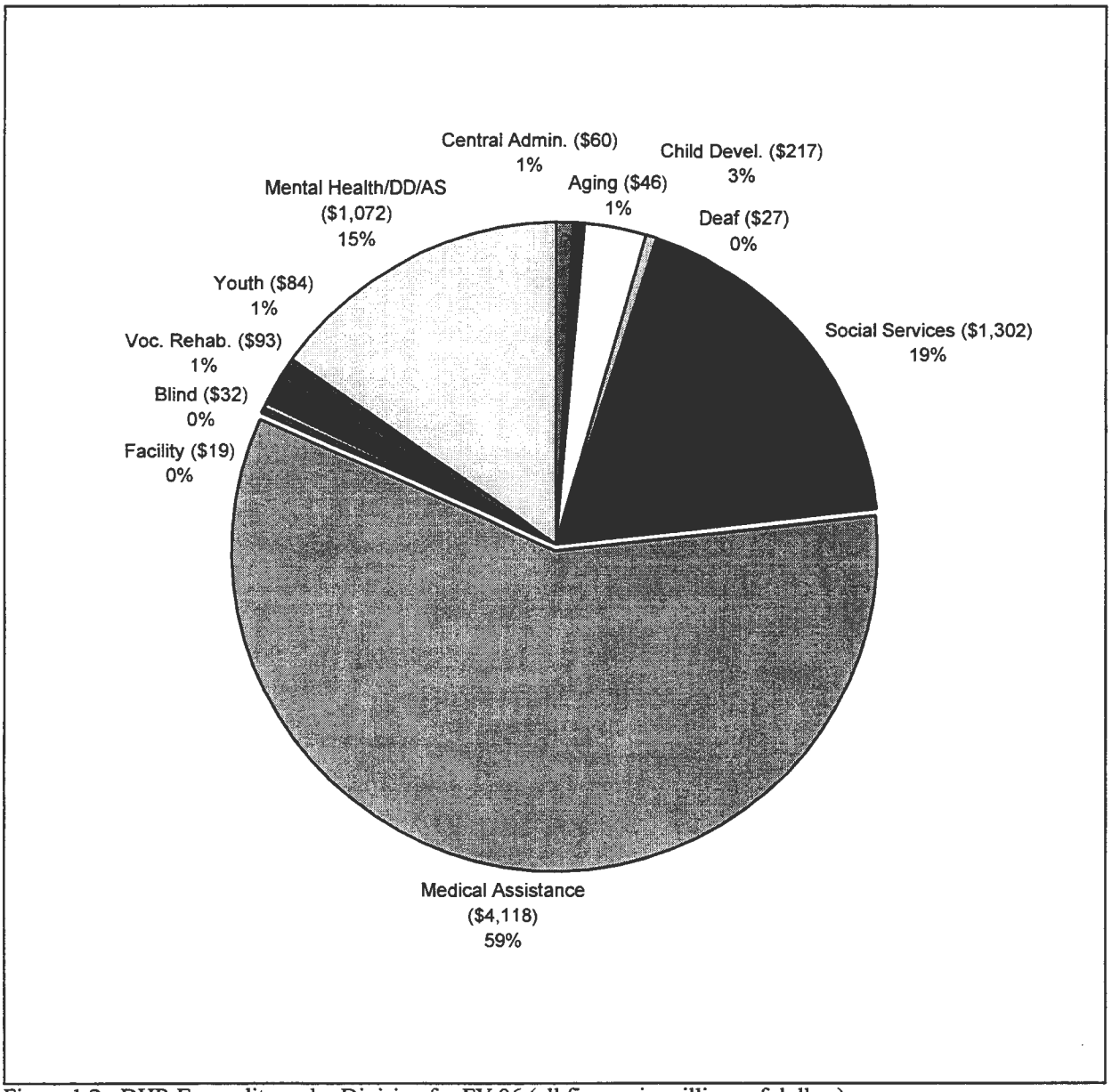


Figure 1.2: DHR Expenditures by Division for FY 96 (all figures in millions of dollars)

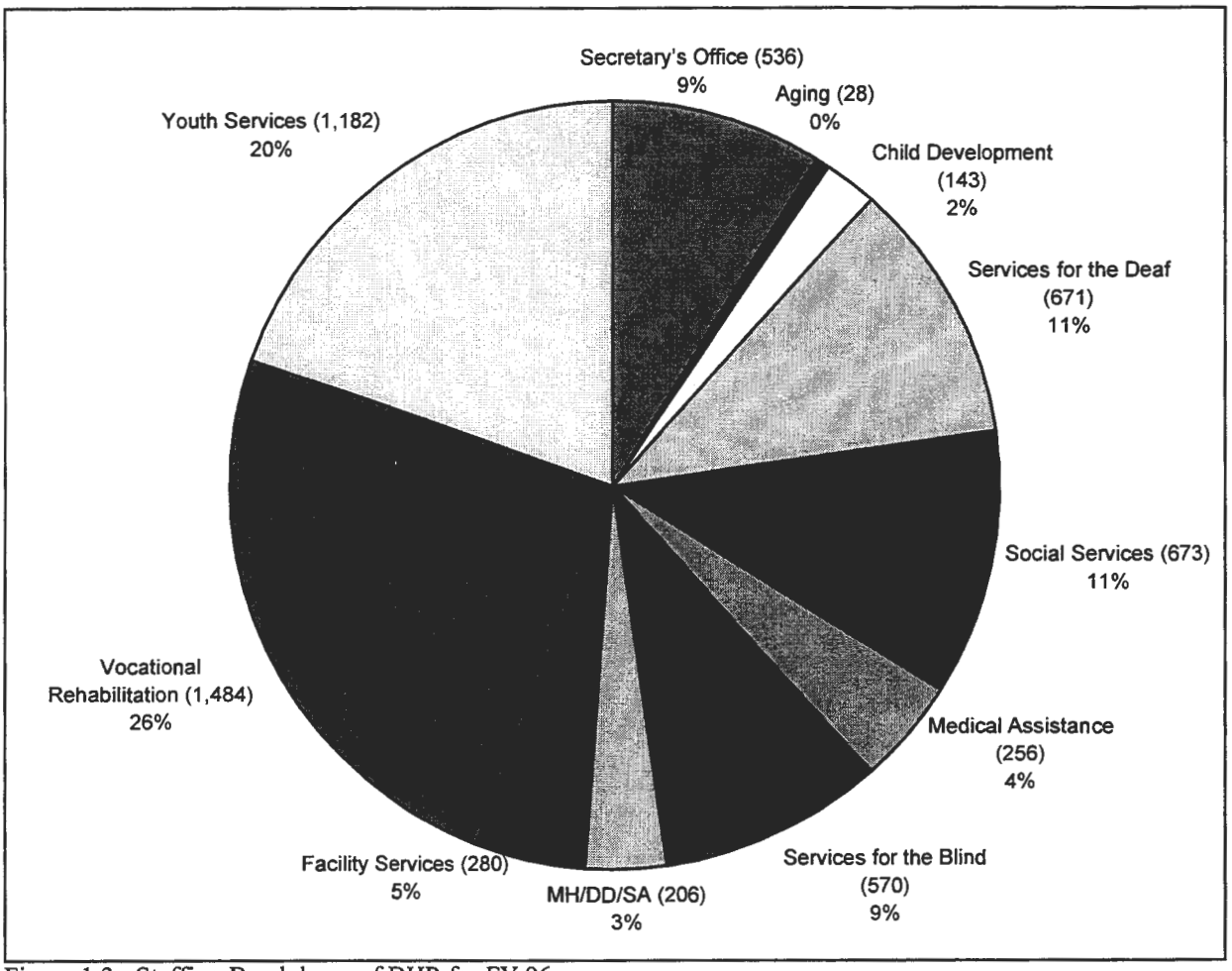


Figure 1.3: Staffing Breakdown of DHR for FY 96

*The Secretary's Office includes the Office of the Secretary and Assistant Secretaries, Personnel Services, Public Affairs, Legal Affairs, EEO/ADA, Legislative and External Affairs, Budget and Analysis, Controller, Information Resource Management, Internal Audit, Council on DD, Rural Health and Economic Opportunity.
*Personnel in Youth Services includes detention centers.
*Personnel in Services for the Deaf include schools.
**Excludes all institutional personnel.

A Brief History

In the 1960s, a number of independent boards and commissions—Social Services, Health Services, Medical Care, Youth Services, Aging, Vocational Rehabilitation—provided related services. Although these commissions were appointed by the Governor and Legislature, they operated with a great degree of independence and authority. Each set its own policies, prepared and submitted its own budget, appointed its own agency director and managed the agency's operations.

As part of the Reorganization Act of 1971 and the Organization Act of 1973, the state brought all of these agencies together under a management authority appointed by the Governor. The idea was to reduce the number of boards, commissions and agencies; to assure collaboration and coordination; and to focus executive accountability.

DHR was created by the Reorganization Act of 1971 and the Organization Act of 1973, which brought disparate, independent agencies under a management authority appointed by the Governor. The idea was to reduce the number of boards, commissions and agencies; to assure collaboration and coordination; and to focus executive authority.

The creation of a single Department of Human Resources represented a major shift in human service delivery, taking away the commissions' responsibility for managing programs and making the directors executive employees, accountable to the Secretary. However, the division directors frequently maintained their ties to advocacy networks, rule-making bodies, and the General Assembly.

The difficulty of putting an executive stamp on the new Department's activities quickly became apparent. While the programs were now housed in an umbrella organization and were obviously related, they had all come about at different times, for different purposes. Each represented different communities, which saw the world very differently.

From the beginning, the Secretary's Office tried to reconcile these priorities and reduce the centrifugal force created by various divisions, groups, and interests spinning in different directions. One result was that each administration added staff and layers of control to the Secretary's Office. Over the years, the line functions were centralized, budgets became ironclad, levels of approval were required for minor changes—and the divisions looked for new ways to get around them.

The Department has evolved from 1973 to the present as a result of work of the General Assembly; provider interest groups; local boards of health, social services, and MH/DD/SAS; as well as, the Secretary's Office.

The National Perspective

DHR is dealing with the same challenges as other health and human services organizations across the country:

- Budget constraints on the one hand, with growing service demands on the other
- Shift in responsibility from Washington to state and local governments
- Philosophical repositioning from "entitlement"—in which people are entitled to public assistance as long as they meet the criteria—to "personal responsibility," in which temporary assistance helps people become self sufficient
- High visibility in the nation's political debate, placing human services under the media's spotlight
- Technological advances, which make new strategies possible but require significant investments

These hcanges represent radical shifts for state and local governments with diferent rules, objectives, and targets. And most are finding that the sudden shift to a new approach is an extremely complex and difficult to accomplish for the organization itself, and its clients.

An Opportunity to Reorganize for the Future

The North Carolina General Assembly to create the Independent Study Commission on the Reorganization of DHR in 1996. The Commission is made up of five members of the North Carolina Senate, five members of the House of Representatives, five citizens appointed by the Governor, and DHR Secretary Dr. David Bruton, who serves as a non-voting member. It is chaired by Senator Bill Martin and Representative Charlotte Gardner. Figure 1.4 on the following page shows the Commission membership.

MEMBER	APPOINTMENT
Senator Bill Martin, Cochair	President Pro Tempore Appointment
Representative Charlotte Gardner, Cochair	Speaker's Appointment
Senator Betsy Cochrane	President Pro Tempore Appointment
Senator J. Richard Conder	President Pro Tempore Appointment
Senator Charlie Smith Dannelly	President Pro Tempore Appointment
Senator Jeanne Hopkins Lucas	President Pro Tempore Appointment
Representative Cherie Berry	Speaker's Appointment
Representative Lyons Gray	Speaker's Appointment
Representative Julia Howard	Speaker's Appointment
Representative Edd Nye	Speaker's Appointment
Mr. Robert Behn	Governor's Appointment
Ms. Janis Dempster	Governor's Appointment
Mr. Sammy Haithcock	Governor's Appointment
Mr. William Kress	Governor's Appointment
Mr. Vernon Malone	Governor's Appointment
Dr. David Bruton	Secretary, Ex Officio
Karen Hamonds-Blanks	Staff

Figure 1.4: Independent Study Commission on the Reorganization of DHR

In the enabling legislation, the Commission was directed to present the General Assembly with "a plan for an alternative and improved approach to the organization and delivery of human services to the citizens of North Carolina, one which challenges traditional organizational assumptions and offers innovative approaches." Specifically, the Commission was asked to consider ways to achieve family-centered services, identify gaps in services across special needs groups, improve access to programs and services, reduce fragmentation, enhance accountability and provide leadership at the state level.

Toward this end, the Commission began its work by establishing "Guiding Principles" for the study. These principles set clear objectives that shaped the way the study was conducted, as well as the conclusions that were reached. Figure 1.5 outlines the Guiding Principles

Guiding Principles

Facilitation of an integrated approach to the delivery of human services and programs, which focuses on an entire individual or family unit.

Delivery of programs and services which are coordinated, planned and evaluated on the basis of client needs and desired outcomes.

Management of public resources which achieves appropriate administrative costs; maximizes revenue; develops cost-effective services; administers services which are streamlined; combines duplicative programs; and utilizes existing family and local community supports and resources, including privatization, whenever appropriate and possible.

Maintenance and further development of a workforce consisting of competent, valued and committed employees who are encouraged and rewarded for being innovative and creative in developing programs and designing solutions.

Provision of leadership and support to facilitate optimum performance and quality outcomes at the state and local levels.

Planning in support of automated systems at the state and local levels, which will enhance work processes, eliminate duplicative approval and decision-making levels and improve client services.

Figure 4: The Guiding Principles

Developing This Study: Scope and Methodology

The Commission selected KPMG as its management consultant and partner in conducting the study. A team of KPMG professionals with experience and expertise in the human services arena spent three months gathering data for this report. Along the way, we gained an:

Understanding the DHR organization through interviews, functional reviews, document reviews, walkthroughs, site visits, and process mapping.

Understanding local service delivery through site visits to five counties to view their operations, interviews with their staff, and client interviews.

Understanding the perspective of various stakeholders in the North Carolina Human Services system by conducting stakeholder focus groups, meeting with representatives of various associations, groups, and concerned citizens.

Understanding the DHR employee perspective by surveying employees, establishing an employee comment line, and conducting employee focus groups.

Specifically the things we did were:

- Interviewed more than 150 state leaders, public employees and customers of DHR
- Held focus groups in particular service areas
- Gathered employee feedback through surveys, focus groups and an employee comment line
- Conducted three employee focus groups
- Maintained an employee comment line on which received over 250 calls.
- Made site visits to Burke, Durham, Duplin, Halifax and Rockingham Counties
- Reviewed plans, budgets and other documentation
- Evaluated information technology systems
- Benchmarked the Department against peer states
- Prepared "as is" and "to be" models for service delivery
- Developed recommendations and an implementation plan
- Held two internal presentations for the Commission

Toward A Culture of Cooperation

Reorganizing DHR offers an opportunity to change the model of the past and charge into the future. But just moving boxes on an organizational chart will not produce the results North Carolina is looking for. Instead, the state's public officials, managers, employees, advocacy groups and their local counterparts work together to create a new approach to human service delivery. Creating that culture of collaboration will require a major investment in training, team building and the technology to link all the pieces into an integrated whole.

This report outlines a plan for making this shift and creating a climate suited to the needs of the 21st century. In the following pages, KPMG presents our "as is" model—an in-depth analysis of the organization's current operations; and the "to be" model that builds on our analysis to create an organization that is responsible to the Guiding Principles, and a plan of action to move forward to a new model of human service delivery in North Carolina.

Chapter 2
MISSION

In this chapter we discuss DHR's mission statement, its relevance to workers' day-to-day activities, and its effectiveness providing the necessary guidance and vision to a large, complex, and critical organization.

Current Mission

To understand the complex responsibilities, operations, and impact of DHR, the KPMG team began our review with an assessment of the organizational mission and its relevance to staff, their daily activities, and the customers they serve. We began this assessment by studying the current mission statement and the process by which it was developed, along with the agency's overall goals and objectives.

DHR's current mission statement, adopted February 1996, states:

"Building a stronger North Carolina by creating and continuously improving opportunities for health, social and economic well-being, and dignity for individuals, families, and communities. To accomplish this mission, DHR will focus on consumers, outcomes, employees, and transforming our workplace and relationships."

The mission statement provides overall direction for Department activities, which are configured and staffed to accomplish six primary goals:

- To support the development of children and families and encourage their independence
- To encourage stable, nurturing and self-reliant families and individuals and give special emphasis to the needs of infants, children, and teenagers; and to ensure that children are prepared to successfully enter and remain in school
- To enable older adults to secure and maintain maximum independence and dignity
- To increase the self-sufficiency of physically, mentally, and developmentally disabled populations
- To ensure geographic and economic access to high quality, affordable health care by all citizens of the state; to assist in reducing infant mortality and to prevent and treat drug and alcohol abuses
- To provide appropriate, meaningful, and challenging educational programs and services which enable at-risk and special needs children to succeed in a changing world

These goals reflect DHR's largest and most significant program responsibilities.

Issues Related to Mission

In reviewing DHR's mission, and its relationship to day-to-day activities, we identified a number of issues which may affect the effectiveness of the mission in establishing clear, understandable guidance for management, employees, and consumers. Issues include:

- The process to revisit DHR's strategic orientation and direction appears to have started and ended with the recasting of the mission statement in 1995 and in 1996. DHR has not followed the new mission with a more comprehensive strategic assessment process.

- DHR has not adopted nor implemented an ongoing strategic assessment process that would enable the agency to regularly assess customer needs, state policy guidance, programs to reconfigure resources, and activities to meet changing needs. DHR's mission statement must become the starting point for a continuous review and reengineering process.

- While the mission statement establishes general direction and focus for the agency, the stated goals only reiterate individual, historic program activities. Effective goals should reflect overall success factors or performance measures, rather than specific program activities.

- Individual managers and staff we interviewed indicated confusion regarding the organizational mission and its relevance to their specific responsibilities, customers, and day-to-day activities.

- The established mission and goals do not appear to reflect critical policy guidance from the legislative and executive branches. For example, the Guiding Principles, adopted by the Independent Commission to Study the Reorganization of DHR, are not clearly incorporated in the organization's mission or goals.

To-Be Mission and Planning Process

Effective organizations incorporate the creation of a mission and its attendant goals and objectives into an ongoing strategic planning and assessment process. The goal is not a single, one-time mission statement and strategic assessment, but an established process that provides continuous improvement to DHR programs and services in terms of quality, relevance, efficiency, and effectiveness.

Figure 2.1 highlights the to-be mission and planning process. DHR should establish a structured course that incorporates policy from the legislative and executive branches. The policy, for example the Guiding Principles, drives the ongoing mission and strategic

planning process. The mission and strategic planning, in turn, will drive programs and services by translating established program/service needs and resources. The programs and services are utilized by North Carolinians. North Carolina's citizens influence DHR's mission and strategy, as well as, the legislative and executive process.

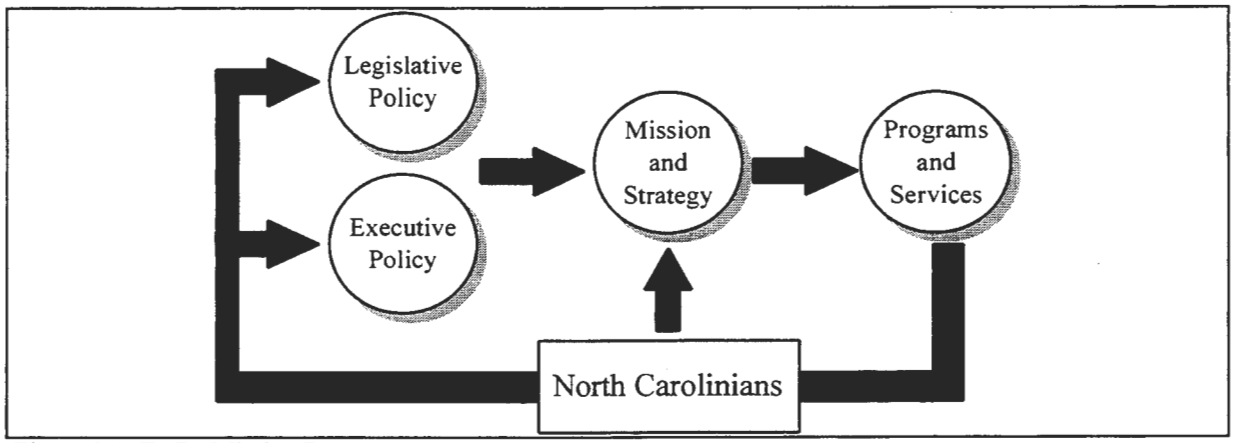


Figure 2.1 To Be Mission Process

Findings and Recommendations

The following findings and recommendations relate to DHR's mission statement.

Finding 2.A: The linkage between DHR's mission and its activities is unclear to those involved in North Carolina's human services delivery system.

DHR's mission statement, and in particular the goals associated with that mission, do not reflect the orientation of the Guiding Principles to a client-focused system which links like functions into a rational approach to service delivery. While the Guiding Principles present a system-wide approach to human services delivery, the mission and goals are essentially program-based with no framework for how services interact to meet the needs of DHR clients. Under the framework set out in DHR's mission and goals it is difficult for the components of DHR to see how they fit within common functions and into the overall whole, and how they relate to one another.

KPMG frequently heard from employees and other constituents that they do not have a clear understanding of DHR's mission and how they relate to it. A clear, compelling mission statement is a critical part of any organization's operation, but it is even more so in North Carolina's human services arena, which is a massive, multi-faceted organization. In this

Recommendation 2B: DHR should consider legislation that would rename DHR to the Department of Human Services (DHS).

Changing the name of DHR to the Department of Human Services (or the Department of Health and Human Services should public health functions be moved to the Department at a future date) would provide an opportunity for DHR to reintroduce itself to North Carolinians as a service organization. Although the name change alone will not change the public's perception of the organization, it is an important first step. DHR should consider developing a complete public relations campaign around its new identity to develop advocates for the legislation authorizing the change and to focus the public eye on the good works performed by the organization.

Chapter 3
ORGANIZATION

The purpose of this chapter is to describe the "as-is" model for the current North Carolina Department of Human Resources (DHR) organization. A brief overview of each division within DHR is provided, including the programs and services they administer and a statistical summary of the clients they serve. We include a functional review that presents the general functions carried out within the DHR organization and the percentage of staff performing those functions.

Current Organization Structure

DHR provides aging services, social services, mental health services, developmental disability services, substance abuse services, institutional facility services, rural health services, services for the blind, deaf and hard of hearing, vocational rehabilitation services, child care services, and youth services. Youth services, vocational rehabilitation services, and services for the blind, and deaf and hard of hearing are directly administered by the state, whereas social services are administered through 100 county DSS offices under the direction of four regional offices. Mental health, developmental disabilities, and substance abuse services are administered through 41 Area Programs, comprised of single county and multi-county area programs. Aging services are administered through 18 Area Agencies on Aging.

The table of organization at Figure 3.1 on the next page details the current organization of DHR as of February 1997. DHR now has approximately 18,446 positions on the state's payroll. Seventy-six percent are employed in institutions, 13% are based in Raleigh and 11% are employed in field offices. Since FY 1991, DHR has eliminated 741 positions, many of them from administrative areas. In the same period, approximately 1,005 positions have been added for special program initiatives of the administration and or the Legislature.[1]

There are 10 operating divisions within DHR, not including its central administration units. Divisions include:

- Division of Aging Services
- Division of Services for the Blind
- Division of Child Development
- Division of Mental Health/Developmental Disabilities/Substance Abuse
- Division of Medical Assistance
- Division of Facility Services
- Division of Services for the Deaf and Hard of Hearing

[1] Overview of the Department, Section D "DHR Program and Services By Division" - Submitted by the NC Fiscal Research Office, November 1996.

"As Is" DHR Organization Chart

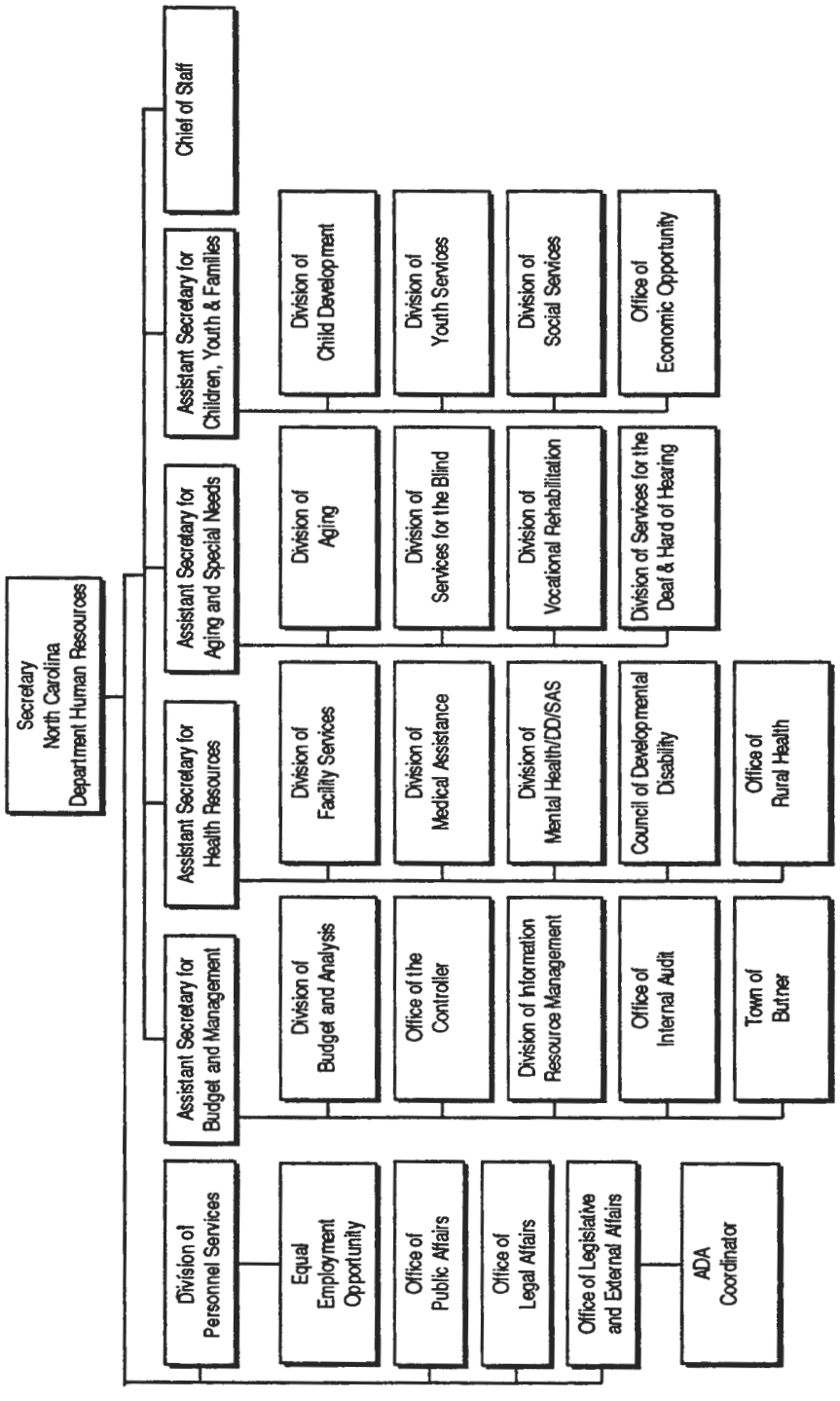


Figure 3.1

- Division of Social Services
- Division of Vocational Rehabilitation
- Division of Youth Services

There are three additional operating units which are service related;

- Council on Developmental Disabilities
- Office of Rural Health
- Office of Economic Opportunity

DHR's Central Administration includes the Secretary's Office, four Assistant Secretary's Offices, a Chief of Staff, the Division of Personnel Services, the Office of Public Affairs, the Office of Legal Affairs, the Office of Legislative and External Affairs, the Division of Budget and Analysis, the Division of the Controller, the Division of Information Resource Management, and the Office of Internal Audit.

Executive Management Team

The current executive management team includes the Secretary of DHR, the Assistant Secretary of Budget and Management, the Assistant Secretary for Health Resources, the Assistant Secretary for Aging and Special Needs, and the Assistant Secretary for Children, Youth and Families. (See Figure 3.2)

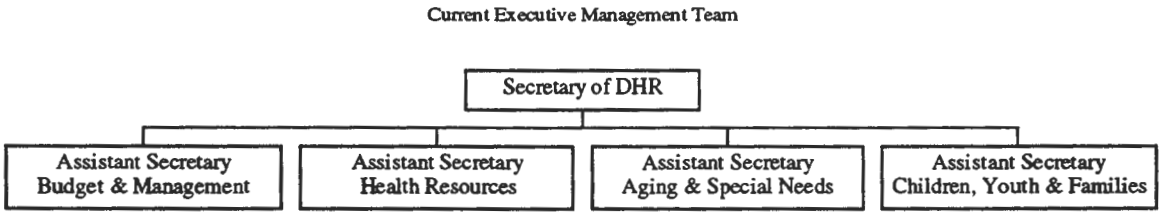


Figure 3.2: DHR Executive Management Team

The reporting relationships of the Secretary and Assistant Secretaries are outlined below.

Secretary of DHR. The Secretary of DHR has eight direct reports constituting the following units: four Assistant Secretaries, Division of Personnel Services, Office of Public Affairs, Office of Legal Affairs, and Office of Legislative and External Affairs.

Assistant Secretary of Budget and Management (ASBM). The Assistant Secretary for Budget and Management is responsible for the management of four of the Department's administrative functions. Units reporting to the ASBM include the Division of Budget and Analysis, Division of the Controller, Division of Information Resource Management, and Office of Internal Audit.

Assistant Secretary for Health Resources. The Assistant Secretary for Health Resources includes five units: Division of Facility Services, Division of Medical Assistance, Division of Mental Health, Development Disabilities, and Substance Abuse (MH/DD/SA), Council on Developmental Disabilities, and Office of Rural Health.

Assistant Secretary for Aging and Special Needs. The Assistant Secretary for Aging and Special Needs oversees four directors that manage the following divisions: Division of Aging, Division of Services for the Blind, Division of Vocational Rehabilitation, and Division for the Deaf and Hard of Hearing.

Assistant Secretary for Children, Youth and Families. The Assistant Secretary for Children, Youth and Families has five direct reports who manage the following divisions: Division of Child Development, Division of Youth Services, Division of Social Services, and Office of Economic Opportunity.

Division Descriptions and Clients

The following section describes the mission, organization structure, types of services, and the clients served by each Division within DHR.

Division of Aging Services

The mission of the Division of Aging Services (DAS) is to promote the independence of and enhance the dignity of North Carolina's elderly citizens and their families through advocacy; leadership and innovation in policies, programs, and services; and efforts for increased protections and opportunities for older adults. The Division is responsible for planning, administering, coordinating, and evaluating the activities, programs, and services developed under the Older Americans Act and related programs for the older adult population.

The service delivery structure for DAS is three-tiered, including the Division of Aging in Raleigh, 18 Area Agencies on Aging throughout North Carolina, and local offices/councils on aging and service providers. Major service categories of the DAS include in-home services, nutrition, medical and other transportation, senior centers, and elderly rights.

Figure 3.3 lists the Division of Aging Services' clients by number and service category:

Division of Aging Services	
In-Home Aid	8,327
Nutrition	47,727
Ombudsman	2,910
Senior Center	91
Transportation	20,092
Adult Day Care	786
Care Management	322
Home Care	95
Housing and Home Improvement	1,011
Legal	5,278
Information and Case Assistance	1,100
Senior Companion	43
Institutional Respite Care	72

Figure 3.3: Division of Aging Clients
Source: Division of Aging Service Levels, February 21, 1997

Division of Services for the Blind

The Division of Services for the Blind (DSB) provides services to legally blind and visually impaired North Carolinians. Services include:

- Education
- Independent Living Services
- Medical Eye Care
- Employment/ Vocational Rehabilitation

DSB operates the Governor Moorehead School, a residential school for blind and visually impaired youth, preschool programs throughout the state, and the North Carolina Central University's Masters Degree in Visual Impairments Education Program. DSB also coordinates educational outreach services by providing consultation, evaluation, and teacher training to local educational agency (LEA) staff through a cooperative agreement with North Carolina's Department of Public Instruction.

The Division provides many independent living services that help blind and visually impaired persons learn daily living skills and obtain the assistance needed to become and maintain self-sufficiency. Services are provided by DSB social workers located in each county, independent living teachers, and vocational rehabilitation counselors.

DSB also provides medical eye care services, through regionally based nurses, to low-income blind and visually impaired persons.

DSB provides employment and vocational rehabilitation services, services enable blind and visually impaired individuals to learn skills, retrain, or receive employment search assistance. Specific programs include: Rehabilitation services, Vocational evaluations, Work Adjustment Training, Adjustment to Blindness and Prevocational Services, Deaf-Blind Services, Assistive Technology and Rehabilitation Services, Employment Support Programs, Rehabilitation Center for the Blind, and the Evaluation Unit.

Figure 3.4 lists the Division of Services for the Blind's clients by number and service category:

Division of Services for the Blind	
Special Assistance for the Blind	243
Medical Eye Care	43,702
Personal Care Services	123
Independent Living Services	7,280
Vocational Rehabilitation	5,246
Business Enterprises	99
Governor Moorehead School	1,193

Figure 3.4: Division of Services to the Blind Clients
Source: DSB reported data under memo dated February 25, 1997

Office of Economic Opportunity

The Office of Economic Opportunity (OEO) administers grant programs (i.e., Community Services Block Grants) that provide financial resources to community action agencies and limited purpose agencies for programs that will assist low-income individuals and families. EO receives applications from community action agencies, awards grants to agencies, and monitors grant recipients to ensure federal and state policies are upheld.

Figure 3.5 lists the Office of Economic Opportunity's clients by number and service category:

Office of Economic Opportunity	
Community Services Block Grant	18,630
Community Action Partnership Program	2,612
Emergency Homeless Program	870
Emergency Shelter Grant	2,672
Supplemental Assistance for Facilities to Assist Homeless	86

Figure 3.5: Office of Economic Opportunity Clients
Source: EO reported data under memo dated February 25, 1997

Division of Child Development

The Division of Child Development (DCD) works to ensure consistent and developmentally appropriate child care for preschool children. Responsibilities of DCD include licensing, monitoring, regulating, assisting, and investigating abuse and neglect for child care centers throughout North Carolina.

DCD aids low-income working parents in accessing affordable child care through federal and state subsidy programs. Eligible families are permitted to utilize child care subsidies at any licensed child care center. Application and eligibility determination takes place at county DSS offices.

DCD also administers the Family Resource Centers. It was instrumental in the development of the Smart Start program. SOS provides after-school activities for youth through community programs. Family Resource Centers provide information and services to assist families reach self-sufficiency.

Figure 3.6 lists the Division of Child Development's clients by number and service category:

Division of Child Development	
Children in Regulated and Non-Regulated Child Care	N/A
Care Arrangements Receiving Subsidy Services	136,054
Children Impacted by TEACH Scholarship Participation	40,108
Children Receiving Head Start Wrap Around Services	3,383
Children in Regulated Child Care Arrangements served by DCD	193,341

Figure 3.6: Division of Child Development Clients
Source: DCD reported data under memo dated February 25, 1997

Division of Mental Health/Developmental Disabilities/Substance Abuse Services (MH/DD/SA)

The Division of MH/DD/SA is responsible for the development of services for North Carolinians with mental illnesses, developmental disabilities, and substance abuse problems. Mental health services are available to all North Carolinians regardless of ability to pay. Sliding fee-for-service pay scales are available for individuals with the means to pay, in the pilot Carolina Alternatives program provides funding for Medicaid-eligible children up to 17 years of age, and state funds provide the remaining operating budget.

The Division operates 4 regional inpatient psychiatric hospitals, 5 mental retardation centers, and 3 residential and outpatient alcohol and drug abuse treatment centers. It oversees 41 Mental Health Boards (Area Authorities).

Primary responsibilities at the state level include:

- Interpretation of legislation
- Development of policies and rules
- Oversight of Area Authorities
- Supervision of grants
- Supervision and operation of state institutions

Area Authorities are the primary providers of community mental health services. Area Authorities may provide services directly or contract with other public or private entities to provide these services. Services provided by Area Authorities include:

- Outpatient services
- Emergency or crisis services
- Case management services
- Inpatient psychiatric services
- Psychosocial rehabilitation services (this can include partial hospitalization if available)
- Developmental day programs for preschool children
- Early childhood intervention
- Adult developmental day programs
- Respite care
- Inpatient hospital detoxification
- Outpatient detoxification services
- Psychological and developmental screening and evaluation
- Case management and services for dually diagnosed individuals
- Alcohol and drug education and traffic schools
- Employee assistance programs
- Specialized foster care, group homes and supervised apartment living programs
- Transportation

Figure 3.7 lists the number of person served by the Area Programs by service category:

Division of MH/DD/SA - Served by Area Programs	
Mentally Ill	157,020
Developmental Disabilities	16,997
Substance Abuse	72,022

Figure 3.7: Division of MH/DD/SA Clients
Source: North Carolina Area Programs Annual Statistical Report - 1996

MH/DD/SA also manages two specialized programs: Willie M. and Thomas S. The primary focus of Willie M. is to provide services to children with dual diagnosis where traditional

placements and treatment have not been effective. Services include: alternative placements (i.e., group homes), therapy, and anger management classes. The primary focus of Thomas S. provides services (usually in the form of less restrictive living situations) for individuals with developmental disabilities that have been placed in institutional facilities.

Division of Medical Assistance

The Division of Medical Assistance (DMA) administers North Carolina's Medicaid program. Policy development and program oversight are handled at the state level while eligibility determination for Medicaid is performed by county DSS staff.

Medicaid provides funding for health care services to individuals meeting federal and state eligibility requirements. Some of the services available to Medicaid-eligible clients include:

- Doctor visits
- Hospital stays
- Prescription drugs
- Eye care
- Dental care
- Nursing home and other residential services
- In-home services

Since DMA is a major funding source for many of the services offered by other DHR divisions, one of its primary concerns is providing services efficiently and, thus, containing costs. In response to federal mandates and in an effort to control program costs, DMA manages the following initiatives:

- The Community Alternatives Program, which is designed to provide in-home and community-based services that help elderly or disabled clients remain in their homes while preventing costly residential placements.
- The Carolina Alternatives managed care pilot program, which provides funding for mental health and substance abuse services to Medicaid-eligible children up to 18 years of age. DMA is responsible for the funding of the program, not the management.
- The Carolina ACCESS and Patient Access and Coordinated Care system, which designates primary care physicians to manage services for Medicaid-eligible individuals. By establishing stable doctor-patient relationships, the state hopes to promote continuity of care and reduce unnecessary and costly hospital stays and emergency room visits.

Division of Facility Services

The purpose of the Division of Facility Services (DFS) is to ensure safe facilities that meet standards, including: health facilities, mental health facilities, and home care programs. DFS ensures that these facilities are available to North Carolinians. DFS has three primary roles pertaining to the needs of DHR:

- Determining the need for health facilities, mental health facilities, and home care services, then developing a state facilities plan to ensure that the facilities in greatest demand are built.
- Ensuring licensure, certification, and ongoing inspections of mental health facilities, hospitals, nursing homes, group care homes, and home care services.
- Administering tax-exempt revenue bonds to nonprofit health care facilities authorized under the Health Care Financing Act.

In addition to these major functions, DFS is responsible for the following activities:

- Oversight and technical assistance to counties for the state's emergency medical services system
- Issuance of ambulance permits
- Certification of local EMS personnel
- Inspection, compliance enforcement, and construction approval for all local jails
- Regulation of charitable solicitations
- Regulation of bingo

DFS staff conduct direct periodic licensure reviews. Interim monitoring activities can be performed by local authorities or DFS consultants. DFS has minimal direct contact with facility residents or families of residents. The primary consumers of DFS services are the local workers who perform periodic licensing and monitoring functions and the facilities themselves. DFS does not have a local counterpart for health care facilities and adult care homes.

Office of Rural Health

The principal mission of the Office of Rural Health is to strengthen and reinforce health services in the state's rural areas by recruiting physicians and other health professionals to work in medically underserved communities. The Division helps communities attract and recruit health care providers through the National Health Services Corps.

The Office of Rural Health supports rural hospitals with technical assistance and consultative services. Since its founding in 1973, the Division has helped organize 71community-based

rural health centers and has recruited more than 1,300 doctors and other health care providers.

Division of Services for the Deaf and Hard of Hearing

The Division of Services for the Deaf and Hard of Hearing (DSD/HH) provides a continuum of services for youth and adults who are deaf or hard of hearing, and their families. Regional family resource centers aid families dealing with a hearing loss. The centers ensure access to educational, communication, counseling, and hearing evaluation services.

DSD/HH operates 3 schools for the deaf and 23 preschool programs. It also consults and assists LEAs in the education of deaf and hard of hearing children who opt to attend their local school district.

The Division of Services for the Deaf and Hard of Hearing also provides:

- Interpreter services
- Technology (low- and high-tech) access
- Medical information
- Advocacy
- Human service coordination

Services are available to all deaf and hard of hearing individuals and their families in North Carolina. For FY 1996, the Division of Services for the Deaf and Hard of Hearing served 116,287 clients.

Division of Social Services

County governments operate county DSS offices under the supervision of the state Division of Social Services (DSS) to assist low-income families. Included in DSS's organization are four regional offices.

DSS comprises four sections:

- Economic Independence
- Adult Services
- Children's Services
- Child Support Enforcement

The responsibilities of the regional offices are to provide:

- Technical assistance and consultation to county departments of social services, county boards of social services, and boards of county commissioners

- Monitoring of administration and operation of local departments of social services
- Supervision of local departments in accordance with statutory requirements

Economic Independence is responsible for overseeing WorkFirst (North Carolina's Welfare Reform effort), Food Stamps, Emergency Assistance (EA), and other cash assistance programs. The section is also responsible for the supervision of employment and training for WorkFirst participants in an effort to lead families to self-sufficiency.

Adult Services is responsible for overseeing aid to indigent elderly and disabled adults. Program focus includes residential care, Special Assistance (SA), adult day care, and Adult Protective Services.

Children's Services is responsible for handling child welfare services, including Children's Protective Services (CPS), foster care, and adoption.

The state is responsible for the administration of 30 county Child Support Enforcement programs. The remaining programs are county administered. The section processes child support payments for all North Carolinians.

Figure 3.8 lists the clients served at local DSS offices by number and service category:

Division of Social Services	
Medicaid	1,158,659
AFDC	275,982*
Food Stamps	587,907*
Low Income Energy Assistance	464,207
Child Support Enforcement	435,402
Child Abuse and Neglect and Protective Services	110,433
Children's Services, Adoption Services and Subsidy	7,774*
Children's Services, Child Placement and Custody	12,382*
Day Care Services for Children	56,207*
Adult and Family Services	23,246*
Work First Program	35,826*

Figure 3.8: Division of Social Services Clients
* Monthly Average
Source: Statistical Journal - 1996

Division of Vocational Rehabilitation

The Division of Vocational Rehabilitation is divided into four regional service areas, each with a regional director. There are four regional offices responsible for 50 locally based service delivery units, including: 32 local vocational rehabilitation offices, 16 independent living offices, and two regional facilities.

Vocational Rehabilitation performs two primary services: Independent Living and Vocational Rehabilitation. Independent Living services encourage and reinforce independent living for the disabled to help individuals become self-sufficient. Vocational Rehabilitation is aimed at helping individuals enter or return to the workplace following an injury or a bout with a debilitating disease.

There are 446 rehabilitation counselors which are distributed statewide. Counselors have offices within schools, prisons, hospitals, and other locations to make contact with and provide service to eligible individuals. Counselors are the point of entry and the case managers for individuals in need of independent living or vocational services.

Figure 3.9 lists the Division of Vocational Rehabilitation clients by number and service category:

Vocational Rehabilitation	
General VR Program	53,790
Independent Living Program	3,107
Disability Determination Services (# of claims completed)	132,490

Figure 3.9: Vocational Rehabilitation Clients
Source: VR reported data under memo dated February 21, 1997

Division of Youth Services

The mission of the Division of Youth Services (DYS) is to encourage productive and responsible behavior and an abiding respect for the law in North Carolina's youth. To achieve its mission, the Division provides grants to community and private organizations, and delivers services directly to its clients—undisciplined and delinquent juveniles between the ages 6 and 16. DYS also serves "boundovers," or youth over the age of 16 awaiting trial in Superior Court.

DYS administers and oversees a range of services designed to give North Carolina's troubled youth a second chance. "Front end" services focus on prevention, intervention, and treatment, and are generally provided by community programs that receive DYS grants. Mid-range services serve as an alternative to institutionalization. They require youth to be

removed from their communities and placed in residential settings, including wilderness camps and group homes. "Deep end" services place juvenile offenders in secure settings: detention centers and training schools.

Figure 3.10 lists the Division of Youth Service's clientele by number and service category:

Division of Youth Services	
Training Schools	1,803
Detention	5,592
CBA	30,921
SOS	6,037
Governor's One-on-One	1,542
Multipurpose Homes	240
Eckerd Camps	313

Figure 3.10: Division of Youth Services Clients
Source: DYS reported data under memo dated February 25, 1997

Functional Review

KPMG performed a functional review of DHR that unitized data collected through interviews with DHR staff and personnel listings provided by the State Office of Personnel Management. The review is intended to assess areas where there may be duplication of core functional activities.

The review was carried out through an analysis of common functions performed within organizational components at DHR. Additionally, the analysis assessed the percentage of total department staff performing core functions.

	Number of Divisions Performing Function (22 Organizational Units Reviewed)	Percent of Total Department FTE Performing Functions
Accounting	9	6.8%
Administrative Support	21	13.9%
Advocacy	2	.15%
Audit	1	.13%
Budget and Finance	8	.62%
Communications	1	.03%
Department Administration	1	.13%
Division Administration	21	1.6%
Grants and Contracting	1	.03%
Institutional Administration	3	.39%
Institutional Maintenance	2	1%
Institutional Services	3	.77%
Legal	1	.05%
Legislative and External Communications	2	.05%
Mail	2	.18%
Personnel	11	2.47%
Planning	8	.64%
Professional Services	6	21.63%
Program Coordination	13	2.37%
Program Management	10	5.30%
Program Policy and Planning	2	.36%
Program Reps/Specialists/Consultants	10	24.67%
Program Support	6	2.75%
Public Information	1	.18%
Public Health	1	.46%
Purchasing	2	.18%
Quality Assurance	2	1.11%
Statistical Research	5	.67%
Staff Development	6	.62%
Technology Administration	5	.70%
Technology Development	6	2.24%
Technology Support	11	7.76%
Warehousing	3	.15%
TOTAL		**100%**

Figure 3.11: Functional Review Summary
Source: State Office of Personnel Management Listings

The preceding table suggests that there are a number of areas of duplication which might be combined to allow for a more functional orientation of the DHR organization, and better support DHR activities in a manner consistent with the desired services integration approach under the Guiding Principles. These include:

Institutional Functions. Institutional administration, institutional maintenance, and institutional services functions are found in more than one division (Facility Services). These include:

- Institutional Administration: Services for the Blind, Mental Health/Developmental Disabilities/Substance Abuse, and Youth Services
- Institutional Maintenance: Services for the Blind, Mental Health/Developmental Disabilities/Substance Abuse, and Services for the Deaf and Hard of Hearing
- Institutional Services: Services for the Blind, Mental Health/Developmental Disabilities/Substance Abuse, and Services for the Deaf and Hard of Hearing.

Personnel. In addition to the state personnel office and a Department personnel office, there are 11 divisions that are performing personnel functions. The personnel function constitutes 2.47% of the total staff at DHR. The personnel function can be found in the following divisions:

- Division of Services for the Blind
- Division of Child Development
- Division of Services for the Deaf and Hard of Hearing
- Division of Facility Services
- Division of Information Resource Management,
- Division of Medical Assistance
- Division of Mental Health, Developmental Disabilities, and Substance Abuse
- Division of Social Services
- Division of Vocational Rehabilitation
- Division of Youth Services

Professional Services. Professional services constitute 21.63% of the total staff at DHR, mostly found in Services for the Blind and Vocational Rehabilitation. Professional services include those positions that provide a direct professional service to clients (e.g., doctor, pharmacist). This allows for an understanding of the magnitude of the direct service provision activity at DHR.

Program Representatives/Specialists/Consultants. Program representatives, program specialists, and program consultants constitute 24.67% of the total staff at DHR. This function was found in the following ten divisions within DHR: Aging Services; Services for the Blind; Child Development; Economic Opportunity; Facility Services; Medical Assistance; Mental Health, Developmental Disabilities, and Substance Abuse Services; Social Services; Vocational Rehabilitation; and Youth Services. This is particularly significant in that it identifies a core staff who currently provide consultant/liaison services that could be utilized to form an effective local liaison function to enhance partnership with local service providers under a reorganized DHR.

Quality Assurance. The quality assurance function was found in two divisions at DHR, constituting 1.11% of the total personnel for this function. Not surprisingly, the two divisions performing the quality assurance function are Divisions of Medical Assistance and Social Services. This again suggests a core function that could be built upon in for a reorganized DHR.

Technology Support. The technology support function was found in 11 divisions at DHR, constituting 7.76% of the total staff. This suggest a significant base for future coordination of system functions at the division level under an integrated services structure. The divisions with technology support functions include:

- Division of Aging Services
- Division of Services for the Blind
- Division of Child Development
- Division of Services for the Deaf and Hard of Hearing
- Division of Facility Services
- Division of Information Resource Management
- Division of Medical Assistance
- Division of Mental Health, Developmental Disabilities, and Substance Abuse
- Division of Social Services
- Division of Vocational Rehabilitation
- Division of Youth Services

Findings and Recommendations

The following findings and recommendations relate to the current organizational structure at DHR. These findings reflect interviews at DHR, with stakeholders, local service providers, and clients.

Restructuring the North Carolina Human Services Delivery System

The following findings and recommendations relate to restructuring North Carolina's human services delivery system and the role of the Department of Human Resources.

Finding 3A: The North Carolina human services delivery system is fragmented between the "Department," the DHR Divisions, and local service deliverers. There is also little collaboration between Divisions.

The North Carolina services delivery system is fragmented from top to bottom. The Secretary's office stands apart from the rest of the services delivery system and is seen by most in the system as the "Department" which is differentiated from other components of the services system. This sentiment was expressed in many of our focus groups. In one of our interviews, a participant corrected a statement by the interviewer saying, "No, *DHR* doesn't do that, *the Division* does that."

Currently, DHR organizes its Divisions around funding streams rather than an integrated approach to service delivery. The effect is to create:

- **Stand-alone divisions.** There are 10 service delivery divisions that have many similar clients and provide many similar services, yet they are organized as stand-alone divisions. The divisions are so independent of one another that the state cannot report data showing where clients overlap in the human services system.

- **Fragmented policy development and dissemination.** Currently, policy development is performed within each division and, in most cases, independent of other divisions. There is no Department-wide policy dissemination procedure. Each division decides and communicates policy and procedures in a different manner. The structure promotes fragmentation of policy development and dissemination because there is no system of coordination and integration.

DHR does not present a single face to local service deliverers and clients - each Division has its own set of relationships and approaches to interaction between organizations within the services delivery system. Interaction with DHR by outside agencies frequently involves multiple points of contact across various Divisions.

Those providing direct services at the local level represent the third, non-integrated component of the service delivery system. Service are split at the local level between Department of Social Services and Area Mental Health functions. As we learned when we spoke to clients who use the system, few look at human services in North Carolina as a range of coordinated services that might be enlisted to serve their needs..

DHR has not established a framework for policy leadership and collaboration, and supervision of local service delivery that is oriented to an integrated, client-focused approach at the statewide level. At the local level, the program silo effect is further institutionalized through the organizational split between the local Departments of Social Services and the Area Mental Health Boards.

Recommendation 3A: DHR must fundamentally change the nature of its internal and external relationships, moving from a role as regulator and program manager to one which focuses on policy development, leadership, and collaboration to create an integrated system that facilitates service delivery through outcomes-based performance.

DHR should reorient itself to a new role in the North Carolina human service delivery system. That role should center on the development of policy, standards, and outcome measure by which the effectiveness of service delivery can be assessed. DHR can facilitate the actions of the service deliverers creating a framework in which what they must do is specified, not necessarily how they must do it. DHR must take a leadership role in fusing together the fragmented elements of the service delivery system through improved policy leadership and collaboration. Key elements of this would include:

- Integrating program policy within groups of services (Service Domains)
- Partnering with local service deliverers to create a total human services delivery system
- Assessing effectiveness in terms of outcomes rather than process

DHR's role should be structured around high level functions and Service Domains (natural groupings of services to meet client needs) rather than individual programs tied to particular funding mechanisms. Responsibility for the success of the system must be devolved to include the role of local service deliverers in partnership with the state.

To implement this strategy, DHR should form work teams with state and local representation to jointly explore the opportunities for collaboration in developing and implementing policy and standards, as well as outcome measures.

DHR Executive Management

The following findings and recommendations relate to the current structure of the DHR executive management team.

Finding 3B: DHR's executive management team is not structured to promote cross-divisional integration.

DHR's executive management team includes the Secretary, a Chief of Staff, and four Assistant Secretaries. One Assistant Secretary is responsible for managing administrative support divisions such as budgeting and information services, while 3 Assistant Secretaries manage 13 service delivery and related divisions. Operations under each Assistant Secretary are not strongly oriented to creating cross-divisional teaming or promoting integrated service delivery solutions.

Additionally, interviews with DHR staff indicated that the Secretary and Assistant Secretaries are frequently involved with lower management-decision making. For example, the Secretary and Assistant Secretaries are involved in approving low-dollar expenditures and personnel decisions for managers who are several layers down in the organization. In the past, decisions have been tabled at the Assistant Secretary level, creating additional responsibilities for the Secretary. The only "go-between" coordinating activities of Assistant Secretaries has been the Secretary (although the newly created Chief of Staff position may help in resolving this situation). Problems that cannot be resolved between Assistant Secretaries have frequently ended up on the desk of the Secretary.

Recommendation 3B(1): DHR's executive staff should be structured with an orientation toward strategic issues and high-level decision making.

The structure of the executive team should reflect the functions needed to provide strategic planning, financial and operational oversight. Modification of the functions performed at the executive level, would push decision about how to implement strategy to lower levels in the organization.

Benefits of creating a tighter, more focused executive structure include:

- Creating a more effective executive office at the highest level of the organization.
- Better facilitating coordinated planning and goal setting.

- Allowing the Secretary access to operational and financial information through a single set of sources
- Diverting small decisions from the Secretary
- Helping push decision-making down to the lowest appropriate level of the organization.

Recommendation 3B(2): DHR should create an executive management team that includes the Secretary, an Assistant Secretary for Administration and Finance, and a new Assistant Secretary for Operations.

DHR must coordinate services internally if it expects integrated delivery of services at the local level. This executive team is responsible for integrating the administrative needs of the DHR with the operational needs of programs and services. This integration should occur in the planning process which originates the Strategic Planning Office. The benefits of DHR adopting the recommended executive structure include:

- Providing coordinated operational and strategic planning
- Allowing the Secretary to have access to operational and financial information through two sources, instead of four
- Diverting appropriate decision-making from the Secretary and Assistant Secretaries
- Helping push other appropriate decision-making to lower levels of DHR

Secretary of DHR. The roles of the Secretary should be to provide representation of DHR to the general public, participate in the high-level decisions that impact the Department, and promote the mission and vision of DHR internally and externally.
The Secretary of DHR should manage the following units:

- Office of Public Information
- Office of Strategic Planning
- Office of Administration and Finance
- Office of Operations

Assistant Secretary for Administration and Finance (CAO). The roles of the Assistant Secretary for Administration and Finance should include serving as the single point of contact for Department financial and staffing information for the Secretary and Assistant Secretary of Operations; integrating Department financial management; and assisting the Assistant Secretary of Operations in developing a five-year business plan. The Assistant Secretary should manage the following units:

- Controller's Office
- Revenue Management and Maximization Office
- Purchasing and Contracts Office

- Budget and Analysis Office
- Financial Audit Office
- Legal Office
- Personnel Office
- Infrastructure Management

Assistant Secretary for Operations (COO). The roles of the recommended Assistant Secretary for Operations position should include integrating the service domains of DHR, providing operational oversight, conforming to DHR's strategic plan, and diverting small issues away from the Secretary. The Assistant Secretary for Operations should manage the following units:

- Division of Information Services
- Division of Performance Improvement
- Division of Health Care Financing
- Division of Services
- Division of Institutional Management Services
- Division of Education Services
- Division of Regulatory Services

Benefits of the proposed executive structure include:

- Promoting at the highest levels the development and implementation of an integrated services approach and integrated policy
- Promoting and developing at the highest levels an integrated approach to local service delivery and partnership with local service deliverers
- Enabling DHR to conduct a planning process that is connected, coordinated, and effective in translating the mission into targeted goals and outcomes
- Minimizing crisis management at the highest levels of DHR
- Establishing a commonly accepted vision for all internal constituencies
- Assisting in defining the roles and responsibilities of the Secretary and Assistant Secretaries more clearly
- Ensuring that DHR functions are structured to provide maximum assistance to the service deliverers at the local level

Service Coordination

The following finding and recommendation relate to implementing an approach to improve services coordination.

Finding 3C: Service divisions are structured around funding streams, creating "silos" of services.

The structure of DHR fosters a silo mentality between service divisions, which limits cross-divisional teaming and integrated service delivery. The "silo effect" creates fragmented policy, neglecting the true needs of DHR's customers.

DHR's structure creates vertical silos of information and administration. For example, services for children are developed and provided by a variety of entities within DHR, which makes it difficult to ensure a continuum of care and prevents service gaps.

Recommendation 3C: A single Services Division should be established for service policy development and delivery coordination.

Collaboration should be fostered at every level of organization, from the state level to the level at which the family meets front-line service workers. DHR needs to step beyond the narrow provision of individual services to look at the total needs of clients. It should be organized around Service Domains that reflect major areas of client need and DHR skills to meet those needs. These Service Domains include the:

- Economic Services
- Health Services
- Children's Services
- Aging and Adult Services
- Special Needs Services

Current program fragmentation is largely a result of separate funding streams. Creating a single Services Division to develop policies and services would provide a more integrated approach to planning and service delivery. Also, this will facilitate coordinated policy development and allocation of funds for the comprehensive array of services necessary to meet the needs of clients.

An integrated Services Division will help:

- Promote the implementation of coordinated service delivery at the local level
- Eliminate fragmented functions of service delivery components
- Allow services to be integrated by similarities, not "siloed" by funding streams

Economic Services

The following finding and recommendation relate to the role of Economic Services in the reorganized DHR.

Finding 3D: The current DHR Division of Social Services structure does not encourage counties to establish a simpler client- and family-focused approach to the delivery of economic independence (cash assistance) services.

North Carolina has many programs to meet the economic needs of families, including food stamps, WorkFirst, Medicaid, and child care subsidies. These and other federal, state, and county programs are means tested, signifying that the client's or family's economic state is the basis for the reception and continuation of services.

Services can range from:

- Longer term cash assistance and job placement
- Single, one-time services
- Short-term emergency assistance
- Public assistance prevention including public assistance programs such as child care subsidies and Child Support Enforcement

With the implementation of North Carolina's welfare reform waiver, WorkFirst, DHR has changed its emphasis from providing assistance to encouraging self-sufficiency. The program includes provisions for training and work. Collaborative efforts to assist people to achieve self-sufficiency have been reported throughout the state between community organizations, private sector business, community colleges, and county DSS offices.

However, the state structure for the economic independence programs is fractured. Multiple state-level divisions are responsible for the supervision of economic programs (see Figure 3.11). County DSS offices must contact several divisions or sections within divisions to get answers to questions. Potentially, a county may have to make five or more inquiries at the state to assist one family.

Program	Division
Medicaid (application)	Division of Medical Assistance
Food Stamps	DSS -- Economic Independence
WorkFirst	DSS -- Economic Independence
Child Support Enforcement (application)	DSS -- Child Support
Child Care Subsidy	Division of Child Development

Figure 3.12: County DSS Programs by Current DHR Division

While the county DSS offices are responsible for program administration and client intake, the organization of the state impacts the structure of service delivery at the county level. The state-level economic program fracture makes it necessary for counties to adopt similar

fractured approaches to intake and service delivery. The fractured approach means that in many counties, when a new family or client walks in the door to apply for services, they must meet several individuals and often provide the same eligibility information.

Recommendation 3D: Consolidate North Carolina's economic programs into an Economic Services Section to promote a holistic approach to delivering financial support services.

DHR should create an Economic Services Section which includes the following program components:

- TANF/WorkFirst
- Food Stamps
- Child Care
- Child Support Enforcement

Consolidation of economic programs will result in a structure that allows the state and counties to assist families to improve their economic situation in a more family-focused manner. Each program recommended for inclusion in an Economic Services Section has ties involving financial eligibility considerations and impacts individual clients in terms of their ability to work and become self sufficient. Additionally, since the need for child support is a root cause for economic dependency, it can serve as an entry point for economic services, as we saw demonstrated during our site visits. Inclusion of child care allows mothers with young children to work knowing their children are receiving proper care and supervision. Linkage of these programs reflect the key factors necessary for preparation and support of an individual moving toward self sufficiency.

The proposed State structure would supervise the following programs, including:

Program	Current Division	Recommendation
Food Stamps	DSS -- Economic Independence	Economic Services Section
WorkFirst	DSS -- Economic Independence	Economic Services Section
Child Support Enforcement	DSS -- Child Support	Economic Services Section
Child Care Subsidy	Division of Child Development	Economic Services Section

Figure 3.13: Economic Services Programs by Current Division

Responsibilities

The responsibility of units in the proposed Economic Services Section would include:

- All the DSS programs relating to economic independence and temporary assistance would be supervised by persons already conducting those duties.

- Technology has the potential to facilitate an efficient intake process. DHR could develop a system which determines eligibility for all programs within DHR. This would significantly streamline the intake process.

The proposed Section would provide counties with a simplified supervisory structure and a framework for delivering more family-centered economic services.

Consolidating the economic programs under one section will allow for greater communication, collaboration, and innovative program changes. The reorganization creates the program management environment that will allow for an outcomes-based system, by incorporating all the factors that impact the success of the state's economic assistance programs.

Child and Youth Services

The following finding and recommendation relate to the proposed changes to services for children and youth.

Finding 3E: DHR does not present a holistic service-delivery structure for children and youth that allows for a continuum of services.

The mission of both Children's Services and front-end Youth Services is the safety and well-being of minors. The current administrative and service-delivery structure prevents:

- Proper foster care and aftercare preparation and placement, integrating aftercare services for troubled and at-risk youth with the existing locally-based child welfare services
- Tracking of at-risk family data across both program components

Recommendation 3E: Combine the program planning and policy component of Children's Services and the front-end Youth Services to create a Child and Youth Services Section.

The new section should include:

- Child Protective Services (CPS)
- Foster care
- Adoption
- Support Our Students (SOS)
- Eckerd Therapeutic Wilderness Camps
- Multi-purpose juvenile homes
- Governor's One-on-One mentoring program
- Community Based Alternatives (CBA) -- grants to community youth services.

The creation of a new Child and Youth Services would address the following organizational shortcomings which currently exist:

- The section will be able to ensure that policies and procedures are in place to facilitate the best possible placement for youth preparing for aftercare. Under the new section all aftercare placement options would be administered by the same program area. Services for at-risk youth in foster care (i.e., One-on-One mentoring, CBA programs, and SOS) will be linked. Youth may need to return to a foster care placement, or CPS may need to monitor a "united" family to prevent abuse or neglect.
- Aftercare service and monitoring will be connected. All aspects of the child's aftercare will be included. The new section will provide CPS, family preservation, and appropriate programs for troubled and at-risk youth. This section will be responsible for case management, using all available children and youth services.
- The combined section will be able to track non-confidential, at-risk family data to prevent further problems in families known to both systems.

The creation of the Child and Youth Services Section would improve service delivery to all at-risk children and youth in North Carolina.

Adult and Aging Services

The following finding and recommendation relate to provision of adult and aging services.

Finding 3F: The current Adult Services Section in the Division of Social Services and the Division of Aging are providing similar services to similar populations.

Currently there are two divisions that assist adults and senior citizens within DHR. These divisions are the Division of Social Services through the county DSS offices and the Division on Aging through Area Agencies on Aging. The Area Agency on Aging (AAA) is a federally mandated program required under the Older Americans Act.

The AAA currently performs a variety of roles including:

- Service provider
- Service contractor
- Contract administrator
- Consultant
- Quality assurance

DSS serves disabled adults and provides services that are means tested through each county. This dual structure has resulted in some duplicative services. The prominent reasons for the present structure include: various funding streams, mandated administrative systems, and potential stigma attached to many programs.

Recommendation 3F: Combine the Division of Aging with DSS's Adult Services section to form an Adult and Aging Services Section.

The proposed Adult and Aging Services Section should include information and referral services, provide both home and community-based services, take the policy lead in the area of long-term care, and provide necessary adult protective services.

To maintain a high standard of adult and senior services, the proposed Adult and Aging Services Section should provide administrative oversight for any contracted and community-based organization. Currently, many counties contract through the Area Agencies on Aging for senior citizen assistance. Some counties have discovered that this is cost-effective and service-effective. Hence, this administrative decision should be based on the needs of each community.

Under the proposed organization the contracting of services could continue. Community-based assistance, such as religious organizations, are also an important provider of senior services. Therefore, community-based programs could continue under the proposed organization, dependent on the services available and the needs of the community.

The mandated Area Agencies on Aging would continue to exist throughout North Carolina, but they would serve in a consultative role to the proposed Aging and Adult Services Section. Disabled adults will continue to be included in the Aging and Adult Services Section using the same assistance they presently receive from the County DSS offices.

Many services offered by Aging are similar to programs available from County DSS offices. Potential problems caused by the current split organization include:

- Two organizations performing similar functions causes coordination problems and reduces the dollars that go toward service delivery.
- Senior citizens' programs are often limited in size due to smaller funding allocations or shared funding appropriations. Splitting programs limits the funds available through either program.

- The economic situation of many senior citizens rests close to the poverty line. Based on a senior citizens' economic situation, eligibility for Adult Services programs may change, causing the client to begin a new intake process.
- Mobility and transportation become barriers to older adults receiving services. Separating programs into multiple divisions makes accessibility for many senior citizens difficult, time consuming, and confusing.

The new Adult and Aging Services will address the current organizational shortcomings:

- Combining the divisions would allow programs to accommodate additional senior citizens because funding streams would be joined, especially since the number of senior citizens in North Carolina continues to increase at a rapid pace.
- Combining all programs for senior citizens will allow older adults to access and continue services despite borderline economic difficulties or a changing economic situation. Many programs will continue to be means tested, however, workers will be able to assist older adults to access appropriate services.
- Combining service delivery under one organization will improve accessibility to programs and reduce the number of inquiries older adults and their families must make to arrange for services.

Reducing the fragmentation of senior citizen-based programs and the number of service providers will provide older adults and families with better assistance and accessibility by reducing the number of locations and the number of people that must be contacted to receive services. Combining the overall services provision into one administrative body ensures that services gaps will be easier to spot and remedy.

Service Coordination and Delivery

The following finding and recommendation relates to the proposed Service Coordination and Delivery Section in the Services Division.

Finding 3G: There is no coordination between regional consultants.

Currently, regional consultants are allocated individually to regions by divisions. However, there is no coordination between program consultants in each region. The role of the regional consultants for the divisions are similar in that they provide support in policy interpretation, training, and information dissemination and sharing. The majority of county DHR employees we interviewed were supportive of the regional consultant role because of their specific knowledge of their county.

Recommendation 3G: DHR should create a Policy Coordination and Service Delivery Section to coordinate DHR policy across Service Domains and provide a single face of DHR through the use of regional teams of consultants that represent DHR to local service deliverers in assigned regions.

The Policy Coordination and Service Delivery Section should include:

- Policy Coordination Bureau
- Policy Dissemination Bureau
- Local Liaison Bureau
- Regional Operations Bureau
- Direct Services Bureau
- Economic Opportunity Bureau

This Section would be charged with coordinating the development of policy across service domains, ensuring that it is disseminated to local service deliverers in a coordinated fashion. Acting in an advisory and consultative fashion through local liaison teams, this Section is the link for coordination of services and collaboration with local service deliverers. Its activities would include:

- Jointly developing and agreeing to a set of common goals and directions
- Sharing responsibility for obtaining those goals
- Working together to achieve those goals, using the expertise of each bureau

Education Services

The following finding and recommendation relates to the proposed organization of education services through DHR.

Finding 3H: The current focus of the DHR-administered schools is on service delivery, not education.

The residential schools for the blind and visually impaired and the deaf and hard of hearing in North Carolina share a proud history of educating North Carolina's children with sensory difficulties.

Nationwide there has been a shift in the education focus of blind and visually impaired and deaf and hard of hearing children. Many families choose to keep children at home and attend local schools. North Carolina is no exception. However, for many children with sensory difficulties, residential schools are still the best and preferred education option.

The current administrative structure for DHR administered schools is:

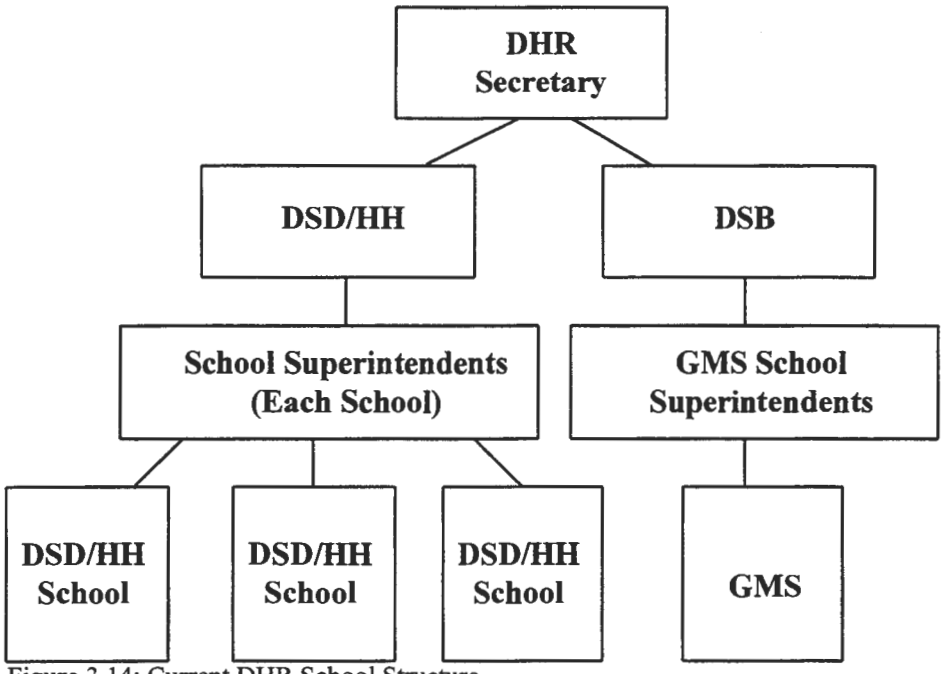


Figure 3.14: Current DHR School Structure

Under this structure, DHR-administered schools have been excluded from many important education directives in the state, including:

- North Carolina's new education standards and requirements, the ABC plan, does not apply to DHR-administered schools. The rewards and assistance for meeting North Carolina's basic education standards as well as the adverse consequences for failure to meet standards does not apply to DHR-administered schools. In turn, this does not encourage DHR schools to reach for higher education standards.
- Salary structure held by DPI applies to DHR-administered schools. However, salary differentials which may be applied to base salaries by LEAs does not apply to DHR schools located in the same counties/cities. This impacts the DHR schools abilities to attract and retain teachers and educational administrators.
- DHR-administered schools must compete for funding with all of the non-education programs and divisions within the DHR
- DHR-administered schools do not fall under DPI's criminal record check for teachers and residential staff.
- Research indicates that communication, technology, and medical options are often not encouraged or are limited at the residential schools.

DHR is also responsible for the administration of the Division of Youth Services training schools and the Division of Mental Health, Developmental Disabilities, and Substance Abuse's schools. Although the focus of these schools is radically different than the DSB and DSD/HH schools, they have one common goal: to educate North Carolina's youth.

Recommendation 3H: Create a local educational agency (LEA) under a DHR Division of Education Services to administer DHR-administered schools.

The Division of Education Services should include the:

- Governor Moorehead School (GMS)
- Schools for the Deaf and Hard of Hearing
- Education Component of the DYS Training Schools
- Education Component of the Mental Health Facilities

The GMS and North Carolina's three Schools for the Deaf and Hard of Hearing (Western, Eastern, and Central) should focus on the educational mission of their institutions. They should not be viewed solely as service delivery components. The schools should be administered through a DHR school board that functions as any other school in the state. DHR should create a local educational agency (LEA) including GMS, the deaf schools, the education components of the Division of Youth Services (DYS) training schools, and the MH/DD/SA schools. The LEA would remain in DHR under the administration of an Exceptional Children School Superintendent.

The DYS and MH/DD/SA facilities would continue to be directed by the Divisions, including treatment and counseling programs. However, the schools would be administered by the DHR LEA.

As an LEA, the non-Division Exceptional Children School Superintendent would work with a "school board." Unlike other school boards, the members would not be elected. The proposed school board would comprise:

- DPI Blind and Visually Impaired Education representative
- DPI Deaf and Hard of Hearing Education representative
- DSB representative (DHR Secretary appointment)
- DSD/HH representative (DHR Secretary appointment)
- DYS representative (DHR Secretary appointment)

- MH/DD/SA representative (DHR Secretary appointment)
- DHR-administered schools representative (DHR Secretary appointment)
- Deaf School representatives -- three (DHR Secretary appointments)
- Training School representatives -- two (DHR Secretary appointments)
- MH/DD/SA school representatives -- W/W schools (DHR Secretary appointments)
- DHR-administered schools parent (DHR Secretary appointment)
- Deaf school parents -- two (DHR Secretary appointments)
- MH/DD/SA school parent (DHR Secretary appointments)

The school board would function as all LEA schools boards currently function. It would provide oversight and guidance in the administration of schools. The school board would meet regularly, and the representatives would serve two year terms.

Benefits of creating an LEA include:

- Ability to make DHR-administered schools eligible for all education standards and requirements, rewards, assistance, and penalties that all of North Carolina's LEAs must meet
- Ability to increase salaries
- Ability to enjoy a unified advocate within DHR
- Ability to make school staff eligible for the required criminal record check
- Ability for independent LEA leadership to encourage and guide families who must make vital choices

Finding 3I: The current DHR structure is not sufficiently flexible to incorporate the magnitude of changes recommended.

The organizational recommendations contained in this section represent a radical departure from the manner in which human services are delivered in North Carolina and the way in which DHR currently does business. The current organization in not sufficiently flexible to incorporate the level of change which has been recommended. Additionally, the underlying fragmentation of key functions at DHR mitigates against implementation of these recommendation except through a radical restructuring of DHR.

Recommendation 3I: DHR should implement a "To-Be" organizational model that reflects the full range of recommendations contained in this chapter.

Figure 3.14 provides the vision for a new "To-Be" model for DHR. As further detailed in Chapter 7, the recommended organization provides the structure necessary to successfully implement the Commission's Guiding Principles and significantly improve the delivery of human service in North Carolina.

Figure 3.15: To-Be DHR Model

The "To-Be" Organization

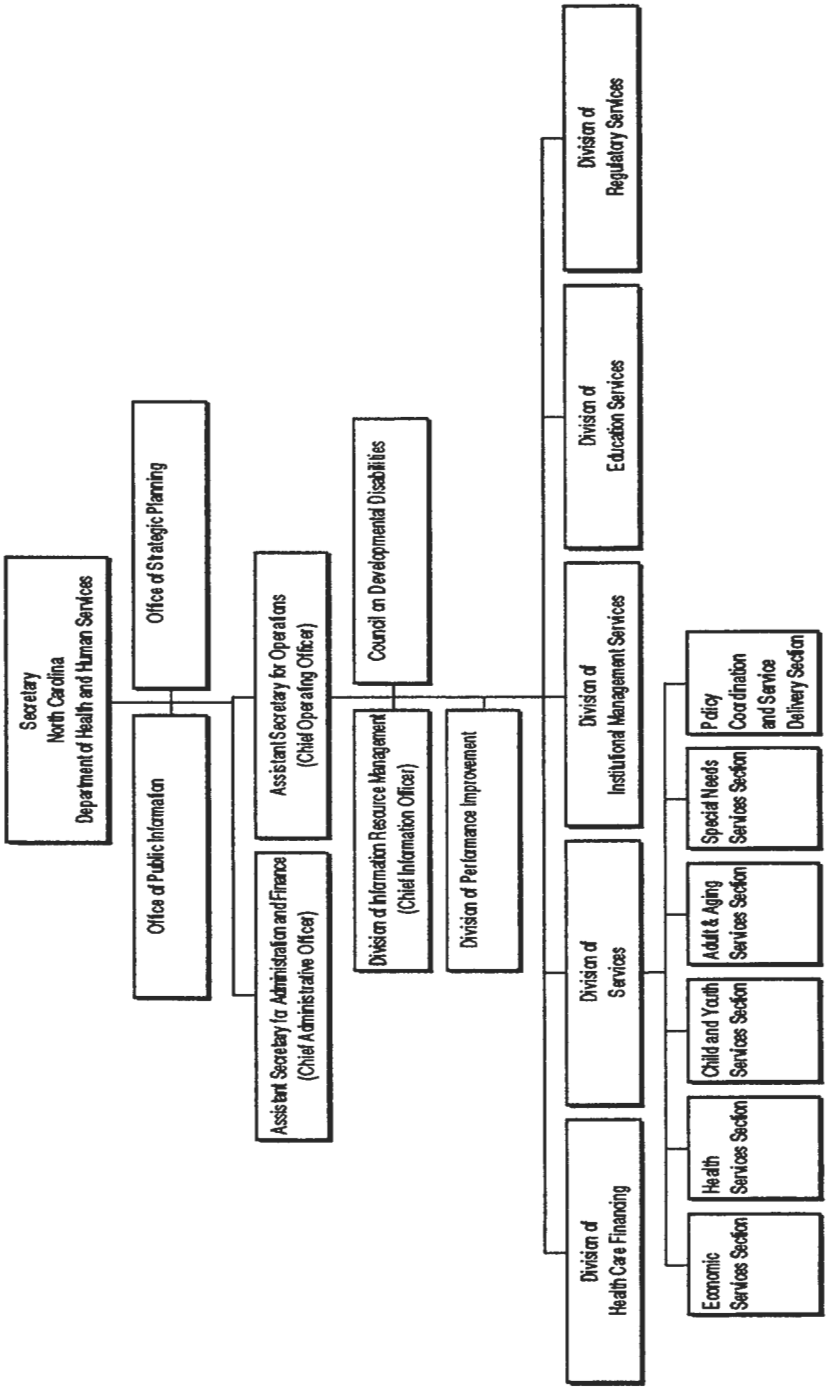


Figure 3.15

Chapter 4
STATE SERVICE DELIVERY

This chapter discusses the as is organization and processes for state delivered services. Most of the human services provided in North Carolina, DHR plays a supervisory role, while local service providers deliver services. Some services are better provided by the state due to economies of scale, specialized skill requirements, and need for specialized facilities.

As a result, DHR provides direct services in five key areas:

- Services for the Blind
- Services for the Deaf and Hard of Hearing
- Mental Health/Developmental Disabilities/Substance Abuse Services
- Vocation Rehabilitation Services
- Youth Services

The direct services provided by MH/DD/SAS institutions were not included in KPMG's study.

KPMG did not find any compelling reasons to shift the responsibility for these programs to the local level. However, there are opportunities to improve communications among programs, and to pool resources to leverage that effect power and make services more accessible to the populations they serve.

The section which follows provides detail of analysis for state delivered services and our recommendations for an improved structure through which those services can be delivered.

As Is Model: Services for the Blind

The Division of Services for the Blind (DSB) provides services to all legally blind and visually impaired North Carolinians.

Intake Methods

There are many methods of intake into the DSB "system". The most prevalent process is a referral. Intake methods include:

- Direct client contact to the DSB Central Office
- Direct client contact to a DSB Social Worker at the county

- Referral from an ophthalmologist
- Referral from another DHR division, such as a county DSS office
- Referral from a local educational agency (LEA), the Governor Morehead School (GMS), or DSB preschools

Intake Points

The following are examples of prevalent intake points:

- ***School System.*** Clients who enter from an education point (LEA, GMS, or preschool) are counseled on education choices, as well as blind and visually impaired medical, technological, and communication options. They are given information regarding all of DSB's services. Families may be referred to a county DSB social worker or other DSB employees who can address the family's needs.

- ***Area or District Offices..*** Clients who enter from the Central Office intake point are provided with information regarding all possible DSB services, as well as community-based services for the blind and visually impaired (i.e., Lions Clubs). Referrals to the appropriate areas made.

- ***DSB Social Worker.*** A DSB social worker provides information regarding all DSB programs, including independent living, vocational training, education, medical eye care, and other services. Social workers assess the client's needs and begin to administer appropriate services or make referrals to the proper channels, such as a Medical Eye Care R.N. or a DSB Vocational Rehabilitation Counselor for job training.

Services

DSB provides many services for the blind and visually impaired of North Carolina. DSB administrative offices, and the Rehabilitation Center are on the Governor Morehead Campus in Raleigh. DSB provides many services through regionally based workers, programs include: Medical Eye Care Program and county-based social work. Formal independent living and mobility assistance are provided in Raleigh, however many of the social workers provide informal teaching aid for their clients.

- ***School System.*** Services provided include: information, guidance, assessment, referral, preschool, elementary school, and high school.

- ***Independent Living.*** Through the Independent Living Services all blind and visually impaired persons can learn daily living skills, and obtain the assistance needed to become self-sufficient. Services provided include:

1. Family Adjustment Services,
2. Health Support Services,
3. In-Home Aide Services,
4. Children's Services,
5. Adjustment Services,
6. Safe Travel Skills, and
7. Older Adult Learning Centers

- ***Medical Eye Care Program.*** The Medical Eye Care Program delivers corrective and preventative services. Services are available in all counties, and are provided by a registered nurse. Eligibility or the Medical Eye Care Program is based on income. Services include for example: glaucoma screenings and low vision aids or glasses.

- ***Employment/ Vocational Rehabilitation Services.*** DSB's Vocational Rehabilitation Program is administered out of seven field offices throughout the State. Services include:

1. Rehabilitation services: Services are available to blind and visually impaired persons who wish to retain, return, or find employment.
2. Vocational Evaluations
3. Work Adjustment Training
4. Adjustment to Blindness and Prevocational Services: Persons with a visual loss need comprehensive services to develop vocational and personal skills in order to work and live independently
5. Deaf-Blind Services
6. Assistive Technology and Rehabilitation Services: Acquisition and training for use of adaptive equipment
7. Employment Support Programs.
8. Rehabilitation Center for the Blind
9. Evaluation Unit

As Is Model: Services for the Deaf and Hard of Hearing

The Division of Services for the Deaf and Hard of Hearing (DSD/HH) provides a continuum of services for the deaf and hard of hearing North Carolinians.

Intake Methods

Although there are many methods of intake into the DSD/HH "system," The most prevalent process is a referral. Intake methods include:

- Direct client contact to the DSD/HH Central Office
- Direct client contact to a DSD/HH family regional center
- Referral from a doctor or audiologist
- Referral from another DHR division, such as a county DSS office
- Referral from another state agency
- Referral from a local educational agency (LEA), North Carolina's Deaf School, DSD/HH preschools, or BEGINNINGS

Intake and Services

Once the initial contact is made, the intake worker assesses the client's needs and then assists or refers him/her to the appropriate place. The following are examples of prevalent intake points:

- ***School System.*** Clients who enter from an education point, such as an LEA, one of the North Carolina's Deaf School, or a DSD/HH preschool are counseled regarding education choices, as well as deaf and hard of hearing medical, technological, and communication options. They are given information regarding all of DSD/HH's services, and families are referred to other DSD/HH programs that can address their needs.

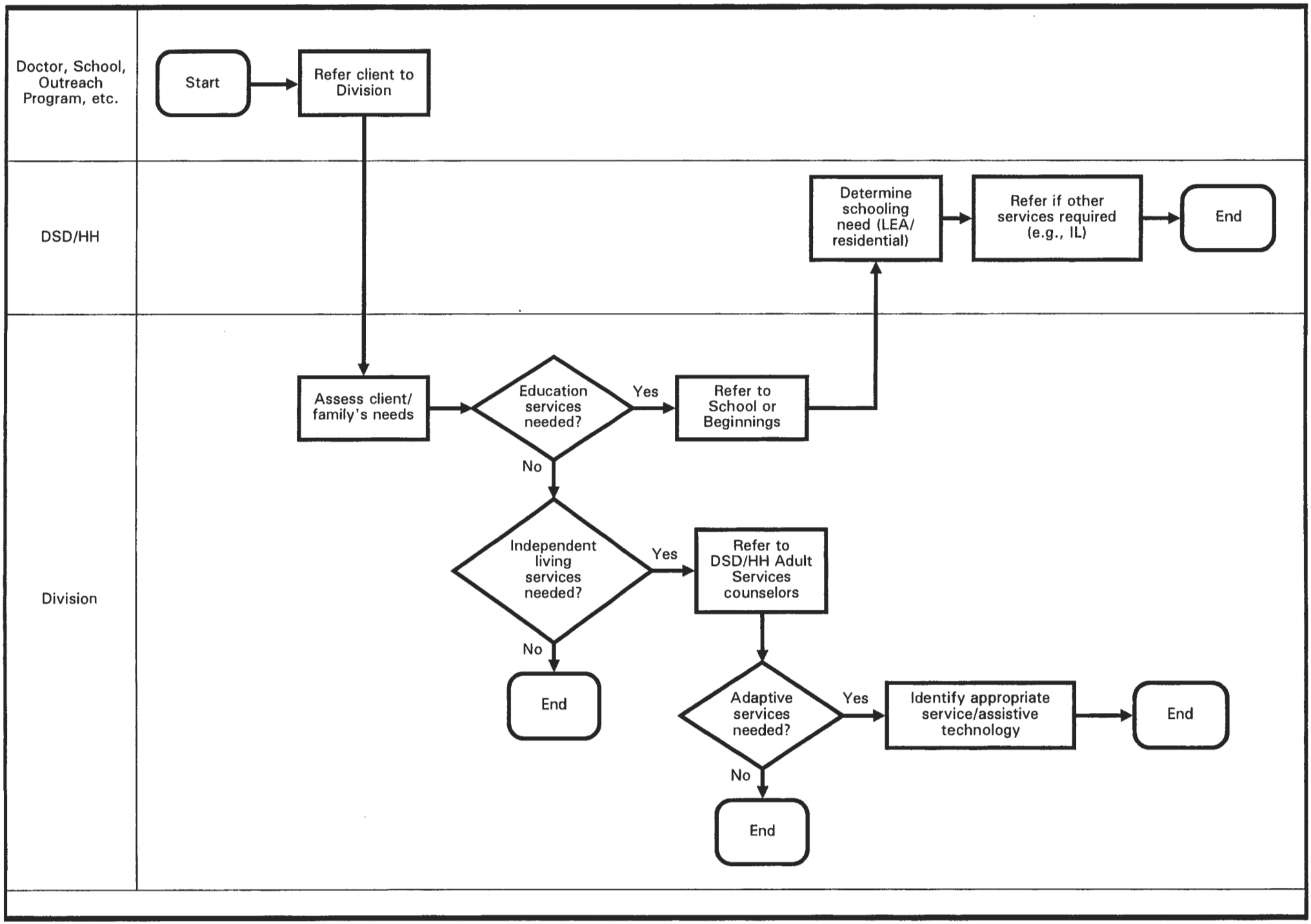
- ***Central Office.*** Clients who enter from the Central Office are provided with information regarding all of the possible DSD/HH services, as well as community-based services for the deaf and hard of hearing. Referrals to the appropriate areas are made.

DSD/HH also provides:

- interpreter services
- technology (low- and high-tech) access
- medical information
- advocacy
- human service coordination

Figure 4.2 provides a summary of the as-is service delivery process for Services for the Deaf and Hard of Hearing.

DEAF AND HARD OF HEARING



As Is Model: Vocational Rehabilitation Services

The Division of Vocational Rehabilitation provides Independent Living and Vocational Rehabilitation services to all North Carolinians.

Intake Methods

There are 446 Rehabilitation Counselors, who are distributed in 32 locations throughout the state. Counselors are located within schools, prisons, hospitals, and other locations to contact and service clients in need. The Counselor explains the services and conducts an assessment to determine the client's eligibility and needs.

- ***Assessment.*** If the Counselor believes the individual requires an assessment of skills or disabilities, the vocational evaluator program is undertaken. There are 47 Vocational Evaluators located in 4 regional offices who perform assessments of individuals and make recommendations to the Counselors.

- ***Service.*** Once the individuals independent living and training needs are met the employment search begins.

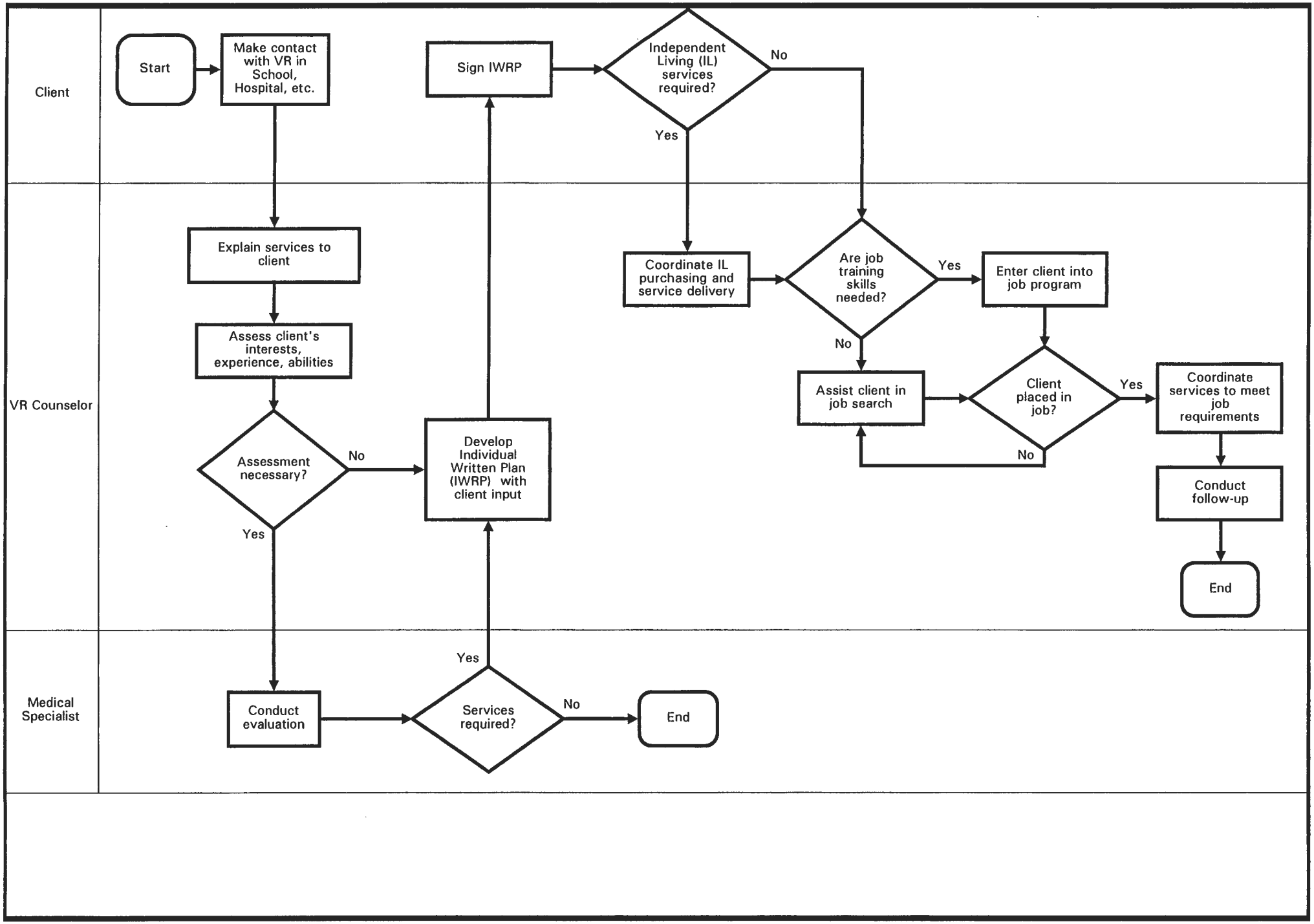
  The Counselor develops a plan to determine the client's program goals and how those goals will be achieved. This plan is recorded in an Individual Written Rehabilitation Plan (IWRP). It outlines the costs and lists time frames involved. The client amends the plan, if necessary, then signs.

  If necessary, the client is sent to a training program to match their skills with their goals, as outlined in the IWRP. Once the client receives training, the Counselor helps in their employment search. This assistance may include taking the client to prospective employers, assisting the client in where to look for employment opportunities, or scheduling transportation to interviews.

- ***Follow Up.*** After the client is placed in a job, the Counselor will follow up with the client in for a minimum of 90 days. If the client needs any services, such as a new ramp or more training, the Counselor will arrange for them.

Figure 4.3 provides a summary of the as is service delivery process for Vocational Rehabilitation.

VOCATIONAL REHABILITATION



Youth Services

The Department of Youth Services (DYS) works with the Juvenile Court System to provide services to youth offenders. The Juvenile Services Division of the Administrative Office of the Courts and DYS provide services to North Carolina's undisciplined and delinquent youth.

The Courts perform intake functions for children entering the juvenile justice system. Court Counselors are responsible for referring juveniles to DYS "alternative," or non-institutional, programs and managing individual cases (e.g., probation services). Judges have the option of committing youth offenders to training schools. Once youth are released from training school, the Court Counselors—not DYS—are responsible for aftercare services.

Community-Based Alternatives

Community Based Alternatives (CBA) grants fund two major types of services:

- ***Residential Programs.*** These include group homes, specialized and temporary foster care, runaway shelters, and temporary emergency shelters.
- ***Nonresidential Programs.*** These include restitution, counseling, crisis intervention, and prevention.

Community-Based Alternatives (CBA) Process

The process for establishing and monitoring CBA programs involves the Division, regional consultants, the County, and service providers. The CBA Section of DYS distributes annual written notices to Counties not participating in CBA grants. The notices describe the availability of community-based funds. If a County is interested in funding CBA programs, the Chairperson of the County Commissioner writes to the CBA Section, stating the County's desire to participate during the upcoming fiscal year. The response must be received by March 15 to ensure funding for July 1.

If necessary, the County establishes a Youth Services Advisory Committee (YSAC). The YSAC is the planning body that advises the County Commissioner on how to use resources most effectively to address juvenile justice needs.

The YSAC informs community organizations that serve youth about the availability of CBA funds. Public and private entities compete for funds through an annual RFP process. The YSAC identifies the successful service providers with assistance from DYS regional consultants. The YSAC also develops an annual plan for the CBA Section of DYS that explains how programs will serve juveniles. Each selected service provider enters into a Program Agreement with DYS, establishes measurable objectives, and develops a budget.

DYS regional consultants provide technical assistance, and guidance to the YSAC and service providers. They also perform minimum program standard reviews.

Funds are disbursed monthly to the County Finance Officer. The percent of state dollars the County matches is determined by its relative ability to pay for programs. The County match may equal 10, 20, or 30 percent of state allocation. The County must file projected unexpended fund reports at the end of the third quarter. If unexpended funds exist, DYS may reallocate them to other programs.

Training Schools

Once a judge commits a youth to a training school, the Court Counselor calls the DYS intake contact and provides information about the youth and the offense over the phone. Based on occupancy and the type of offense committed, DYS assigns the youth to one of five training schools. The Court transports the youth to the assigned location.

Once on campus, the youth undergoes a two-week assessment, including medical, psychological, and educational evaluations. All youths receive an Individual Treatment Plan as well as a Personal Education Plan or Individual Education Plan. Each youth is assigned a social worker and a treatment team. Youth then undergo a two-week orientation and begin attending classes.

Youth complete treatment by addressing thirteen competencies and earning sufficient behavior points. When this occurs, the treatment team generates a release recommendation to the training school Director. If the youth committed a felony, DYS must notify the victim and community law enforcement about the pending release, and receive permission to release the student from a committee and the Director of Institutions. DYS then calls a pre-release planning conference with the student's parents, school, Court Counselor, and relevant Social Service or Mental Health case workers.

The youth stays in contact with DYS for an established period of time to ensure a smooth transition back to the community. If problems occur with a youth on conditional release, the Court Counselor informs DYS, and the youth is returned to training school. The youth's aftercare is monitored by the Courts, not DYS.

Findings and Recommendations

The following findings and recommendations relate to the direct delivery of services by DHR.

Finding 4A: State-administered service delivery is dispersed at the local level.

DHR's direct service delivery divisions - Vocational Rehabilitation (VR), Division of Services for the Blind (DSB), and Division of Services for the Deaf and Hard of Hearing (DSD/HH), and Division of Youth Services provide substantial assistance and resource to their unique clientele.

Vocational Rehabilitation has 32 centers which provide comprehensive services for clients. The existence of the centers around the state is seen as key to providing appropriate access to program services while maintaining sufficient scale for administrative economies The centers are organized into regions.

Though DSB and DSD/HH have regional centers, the centers are not currently utilized by all divisional field staff. Research (including focus groups, employee surveys, and client interviews) indicated that DSB and DSD/HH regional centers are not being utilized by clients. DSB local service deliverers provide assistance from many different locations, primarily county DSS offices and small regional medical centers. Program supervision is dispersed throughout the state. Service-delivery difficulties caused by the lack of a consistent regionalized administrative approach for DSB and DSD/HH include:

- **Reliable communications is hampered by the lack of a consistent regionalized administrative approach.** Local service deliverers have reported problems with communications (top down, as well as, bottom up), information technology links (i.e., division databases, electronic mail), policy dissemination and interpretation, and reporting because they do not work within a consistent administrative structure that facilitates such communication and program interaction.

- **Acquisition of resources (i.e., technology, office supplies.) is made difficult by the lack of a consistent regionalized administrative approach.** The disbursement of field staff causes great difficulty for developing an effective technology support approach and even the simple distribution of office supplies. Input from staff identified the need for additional access to technology (i.e., printers); however, the potential cost for providing technology to individual workers in the current dispersed administrative configuration is too great.

Assistive technology resources (i.e., low-tech) currently must be ordered from Raleigh, delaying client receipt. There is no regional location to store assistive technology resources.

- **There is no easy access to locally-based sites to provide many division programs currently based in Raleigh.** Many of the programs provided by DSB and DSD/HH are delivered in Raleigh, at the central office. However, the central office programs are not easily accessible to many clients. Employees reported that clients often had long waiting periods before a Rehabilitation Center or Evaluation Unit program space open in Raleigh. The central office focus prevents many clients from obtaining needed services.

Recommendation 4A: DHR should deliver state-administered services through a regional approach that facilitates coordination of services in groups of counties which are the same across all programs.

The formation of a regional approach within which vocational rehabilitation services, local services for the blind, and services for the deaf and hard of hearing can be delivered allows for consistency in the administrative aspects of service delivery while maintaining the integrity of the individual programs. This recommendation does not combine the supervision of the VR, blind or deaf programs, nor combine the services delivered. The service needs of clients of each program is unique, and each is in the best position to aid their client base. Vocational rehabilitation workers will continue to see their clients at their local centers. Case workers for the blind will continue to see their clients in their local communities. The case workers for the blind will have the added benefit of having a "home" within an administrative structure that will allow for more connection to the DHR organization in areas such as policy dissemination, communication and technology support.

This approach would provide an administrative base from which to manage local service delivery. Program supervision and management would have an accessible location for the more localized delivery of services and training now provided in Raleigh. By virtue of serving clients in a group of counties which is consistently defined across services, this approach will allow for improved communication and integration between programs when it is appropriate for the client's needs.

All programs would also be able to maintain a supply of assistive technology resources (i.e., low-tech devices) on site, again improving service-delivery to clients.

Finding 4B: Division of Services for the Deaf and Hard of Hearing (DSD/HH) has no local county presence. This is creating service gaps within the deaf and hard of hearing community.

Though DSD/HH does have a regional component, input we received during the study from interviewees and focus group participants indicated service gaps in locally based assistance for families, deaf and hard of hearing adults, or adults losing their hearing. While families with children may be introduced to deaf and hard of hearing services through the school system, there does not seem to be similar access to services for the groups noted above.

Recommendation 4B: The Deaf and Hard of Hearing community would be better served with a DSD/HH locally based social work consultant.

A locally based consultant operating under a regional structure, and specializing in the needs of the deaf and hard of hearing will reduce the number of deaf and hard of hearing individuals and families currently not using DSD/HH services. In addition to full knowledge of DSD/HH programs, it is important that a social worker be trained in the following:

- Technology (high- and low-tech)
- Educational options
- Adaptive living techniques (hearing loss)
- Independent living techniques
- Communications options
- Familiarity with medical advances.

Locating deaf and hard of hearing social worker consultants closer to the communities where deaf and hard of hearing people reside, under a regional approach to service delivery, could close local service gaps. Outreach, information, and assistance is important for the well-being of families, deaf adults, hard of hearing adults, and adults with hearing loss. A locally-based social worker could serve as a source of information, consultation, and referrals for the increasing number of adults (especially senior citizens) experiencing hearing loss in North Carolina.

Finding 4C: Locally based services provided by DSB are highly valued by the client community they serve.

Recommendation 4C: DSB should continue to serve clients utilizing locally based social workers. Social workers would be administratively organized around regions which are consistently defined for all services.

Currently, DSB provides services through county-based social workers. The DSB social workers are based at county DSS offices. Many of the social workers circuit-ride to meet the needs of multiple county assignments. North Carolina's blind/visually impaired persons can receive extensive services in or close to their homes. Input regarding the locally based social work program has been very positive.

The proposed regional centers, including VR, DSB, and DSD/HH staff, is the logical base location for the DSB social work staff. The social workers would continue their current county assignments, the difference being that base of their local operations would be within designated regions. The regions would allow for enhanced regional program supervision, improved contact with central administration, closer proximity to other DSB services, and opportunity for interaction with other DSB social workers.

Currently counties pay 12.5% for the DSB social workers assigned to their counties. Under the new organization, counties would continue pay 12.5% of their assigned DSB social workers salaries.

Chapter 5
LOCAL SERVICE DELIVERY

This chapter discusses the as-is organization and processes for locally delivered services. Most of the human services provided in North Carolina, DHR plays a supervisory role, while local service providers deliver services.

The goal of the Commission's Guiding Principles is to provide integrated, customer-oriented services that meet the needs of North Carolina's individuals and families. To achieve these objectives and change the service delivery model, it will be necessary to make major changes at the local level, in addition to the statewide changes highlighted in other sections of this report.

The heart of human service program delivery takes place at the county or multi-county level, including the following services:

- Aging Services
- Mental Health, Developmental Disabilities, and Substance Abuse Services
- Social Services, including:
  - Economic Independence
  - Adult Services
  - Children's Services
  - Child Support Enforcement

Due to the diversity in demographics, economics, and human service needs, there is no single "right" model for all of the state's counties. The state can serve an important role, however, helping local service deliverers find the model that is appropriate for their unique situation.

In this section we detail our analysis of the local services delivery process, and present recommendations for an improved local service delivery environment that fosters adoption of the Guiding Principles at the local level.

As Is Model: Aging Services

Area Agencies on Aging (AAAs) use a variety of methods for delivering services. In some counties, the AAAs coordinate services delivered to clients by other community-based service providers. In other counties, AAAs directly provide services. There are generally four categories of services:

- In-home aid services
- Transportation services,
- Nutrition services
- Adult day care

The following describes the process flow for local service delivery.

The individual or family member calls the county AAAs to request services. The intake worker assesses the client's needs and determines whether a home visit is necessary. If a home visit is necessary, AAAs sends a counselor to the home. The intake worker completes the referral form, and the client completes the necessary paperwork for services. The counselor matches the client needs with services being offered. Usually within 10 days, AAAs notifies the client if the client:

- Qualifies for services and can begin receiving services
- Qualifies for services and are on a waiting list
- Does not qualify for services.

If the client qualifies for services, the counselor then coordinates and manages the services for the client. The AAAs counselor arranges for any changes in service or any special requests, such as transportation to pick up a prescription.

As Is Model: Mental Health / Developmental Disabilities / Substance Abuse

Services for individuals with mental illness, developmental disabilities, or substance abuse (MH/DD/SA) difficulties are delivered through Area Programs with oversight by local Area Authorities. The 41 Area Programs operate differently throughout the state, a generic high-level process flow would be inappropriate. Instead, we have provided a sample client process flow from one of the five site visits conducted by KPMG staff to illustrate the general concepts behind the delivery of MH/DD/SA services.

MH/DD/SA services in the sample area program are divided into three units: Access and Crisis Services; Adult Services; and Child, Youth and Family Services. Each of these units provide an array of mental health, developmental disability and substance abuse services to clients.

Intake and Assessment

Intake services are coordinated by the Access unit. Clients can make initial intake contacts by phone or walk in to the single access unit location. Referrals come from a variety of sources, including:

- Client's family members
- Community agencies
- Hospitals
- Courts
- Law enforcement agencies

The Access unit performs an initial evaluation and determines the urgency of the client's service needs. A crisis worker, often called the "clinician of the day," is available to assist emergency walk-ins. If a client is considered stable, an appointment will be made. Follow-ups are performed if a client misses a scheduled appointment in an attempt to prevent a more serious problem from developing.

If a client is in crisis, the mobile crisis unit can take intake information and perform an initial evaluation on site (e.g. in a hospital). If this occurs, the information is entered into the access system at the earliest opportunity. Once this takes place, the process of service provision is the same as the process for clients coming in through the Access unit.

Child, Youth and Family services are an exception in this area program because these services are contracted with local providers. A separate intake and service delivery process exists for these services. These providers provide information to the Area Program. A client needing Child, Youth and Family services is referred from the Access unit when appropriate.

Service Provision

If ongoing services are recommended, the client is referred by the access unit staff to one of the following types of services:

- Inpatient care or residential facility (usually a crisis intake)
- External service providers
- Partial hospitalization
- Adult Services unit
- Child, Youth, and Family Services unit
- Inpatient detox

These services are available to meet the consumer's MH/DD/SA needs as determined by evaluations, case managers, etc.

As Is Model: Social Services

County governments operate Social Services offices under the supervision of the state division.

The state DSS is organized into four sections:

- Child Support Enforcement
- Children's Services
- Adult Services
- Economic Independence

Though service delivery process does vary slightly from county to county, the counties employ similar as the state.

Client Contact

A client's/family's contact with the county DSS office is dependent on the section from which the client initially enters.

Child Support Enforcement (CSE)

Clients receiving WorkFirst cash assistance are directly referred to child support enforcement (CSE) by the county DSS cash assistance office as an important part of their WorkFirst responsibilities. The client's situation prior to contact with CSE impacts the method of service delivery. Low-income clients that do not receive cash assistance may initiate the CSE process on their own, or they may be referred by the county DSS cash assistance office. In the latter case, CSE may be an income alternative. Clients with higher income levels may contact the office directly, or be referred by the Courts.

Based on interviews conducted with service providers, the minimum time to initiate CSE services once the client contacts the CSE office is approximately three weeks.

The length of the process is dependent many factors such as:

- Paternity establishment
- Custodial parent data
- Non-custodial parent data (including assets, income sources, possible locations)
- Court processing

Child support payments are sent to the state, which in turn distributes the collections consistent with CSE program regulations.

Children's Services

Children's Services comprises Children's Protective Services (CPS), foster care, and adoption. Services are provided based on several different scenarios:

- CPS is notified of potential abuse or neglect, and the situation is researched. The CPS worker determines if the family could be assisted by counseling and parental classes. If CPS determines that preventative measures are the right course of action, the family proceeds with classes. If (after the initial investigation) evidence of abuse and neglect is present, the child may be removed from the home. After removal from the home, the child is placed in a foster care or group care home. If the family can be reunited, the Children's Services social worker begins work toward family reunification (i.e., supervised visits, counseling, parenting classes). If the family cannot be reunited, the social worker begins the termination of parental rights, and the adoption process begins, while the child remains in foster care. If adoption is not possible, foster care continues indefinitely.

- Voluntary termination of parental rights occurs. In this case, the child would enter the foster care process and, if possible, the adoption placement process would commence.

- Families wishing to adopt a child or become foster parents contact or are referred to the county DSS office as possible candidates. The County (with assistance from the state), investigates and researches the candidates to ensure that the family is suitable for foster care or adoption placement. Foster care and group homes must be licensed before a child may be placed. The licensing of the foster care and group homes is conducted by the county DSS, meeting state DSS and state's Division of Facility Services requirements.

Adult Services

Adult Services is responsible for overseeing aid to indigent elderly and disabled adults. Program focus includes residential care, Special Assistance (SA), adult day care, and Adult

Protective Services (APS). Clients and families can enter the system through different scenarios:

- APS is notified of a potential abuse or neglect situation, and researches the situation. The APS worker determines if this is a family that could be assisted by counseling or other assistance. If the APS determines that preventative measures are the right course, the family proceeds with the classes or other aid. If, after the initial investigation, evidence of abuse and neglect is present, the adult (senior citizen or disabled adult) may be removed from the home. After removal from the home the adult is placed in a residential home. While reunification is a possibility, long-term residential care may be the better alternative. APS also investigates potential abuse or neglect in residential and nursing homes. If abuse or neglect is determined, the adult is removed from the abusive placement and placed in another facility.

- An outside source such as a public health worker or doctor refers the adult or family. Adult Services assesses the client and family needs, including economic needs, and appropriate services begin. If the client is eligible for SSI or Medicaid, the adult services worker begins the application process.

- An internal source such as a county DSS cash assistance worker refers the client to APS. The Adult Services worker assesses the client and family needs, including economic needs, and appropriate services begin. For example, adult day care may be needed for the family to maintain self-sufficiency, and assistance is provided. If the client is eligible for SSI or Medicaid, the adult services worker begins the application process.

Many Adult Services' programs are long-term, such as residential care and adult day care. As long as the economic need remains constant, aid for clients and families continues.

Economic Independence

Counties have organized their economic independence services in different manners. Some counties have separated the eligibility workers from the social workers (counselors), while other counties have combined the functions. Some counties have combined intake of several programs, while other counties have separated all program intake, that is food stamps are handled by one section, WorkFirst by another, etc.

The intake process, however, for longer term benefits is similar across counties. First, the client is greeted by receptionist. The receptionist determines the client's need and refers the client to the appropriate worker. Then, the eligibility worker begins the application process. The application primarily used is the state's ASAP application booklet, which can be used by multiple programs. Some counties use older eligibility forms.

Eligibility is determined from eligibility data collected during one or more visits. The worker may refer the client to other cash assistance programs, which have separate eligibility processes. Depending on the program, the client may have additional responsibilities. For example, WorkFirst has many requirements: job participation, child support enforcement participation, and immunization for children.

Program assistance is coordinated in most counties by a social worker who encourages the client to move toward self-sufficiency, and assists the client to meet WorkFirst requirements. In other counties, the intake worker is a social worker who counsels the clients concerning WorkFirst responsibilities. Depending on the program, the client may have follow-up visits. Finally, the client will be notified of benefit reduction, sanctions, or benefit termination.

Short-term benefits programs include: Emergency Assistance and emergency food stamps. These programs are designed to offer one-time emergency assistance benefits. For emergency programs, the client is first greeted by the receptionist. The receptionist determines the client's need and refers client to the appropriate worker. The worker assesses need and explains benefits to the client or family. Eligibility is determined, and arrangements for benefits are made.

Findings and Recommendations

The following findings and recommendations relate to the delivery of services at the local level.

Finding 5A: DHR cannot tailor a service delivery structure for each county in North Carolina because of disparities in demographics and service needs.

A family-focused, outcome-oriented approach to service delivery requires tailoring programs to meet the needs of customers. Counties in North Carolina differ in demographics and service needs. For example, service needs for rural counties include transportation support, support for inadequate technology (hardware and software), and the need for the option to purchase services between counties. On the other hand, many urban counties state the need for more flexibility to partner with private and not-for-profit entities.

Demographics for each county in North Carolina differ in population - rural versus urban areas - and number of low-income citizens. Each of these demographics suggest different service needs.

Demographic	Number of Counties (Out of 100)
I. Population	
24,999 or less	33
25,000 to 49,999	23
50,000 to 99,999	25
100,000 to 149,999	11
150,000 to 249,000	3
250,000 to 499,999	4
500,000 or more	1
Total	**100**
II. Rural vs. Urban	
Rural Counties	66
Urban Counties	34
Total	**100**
III. Percent of Families Below Poverty Level	
0% to 5%	2
6% to 10%	40
11% to 15%	31
16% to 20%	19
21% to 25%	8
Total	**100**

Figure 5.1
County Demographics

Recommendation 5A(1): Counties should be allowed to fashion a human services delivery structure that meets local needs and conditions.

Local governments have many roles, but increasingly innovative states agree on five defining characteristics. Local government entities:

- Take sustained responsibility for designing and implementing strategies to achieve clearly defined results for families and children.
- Operate according to agreed upon principles concerning service delivery and a community's commitment to its families and children.
- Have legitimacy and credibility to adequately represent local residents, communities, and state and local government.

- Influence the allocation of resources across systems as necessary to accomplish the desired results.
- Maintain standards of accountability for individual systems, as well as for the community as a whole, concerning the agreed upon results for children and families.

The experiences of the Wake County redesign, and Mecklenberg County redesign should provide background information for other counties as they formulate their local service delivery structures. Counties should also be allowed to explore and establish greater partnerships among service providers. Private sector involvement offers several potential benefits. Specifically it may:

- Lend greater visibility to child and family issues;
- Provide seed funding for new or innovative approaches to child and family concerns; and
- Increase efficiency and effectiveness in service delivery and hold initiatives accountable to clearly stated and measurable goals.

Giving counties more flexibility should help the following transformations between the counties and DHR. Figure 5.2 shows the "to be" service delivery focus shift.

From:	To:
Single agency accountability	Shared accountability
Multiple decision-making entities	Streamlined decision-making entities
Reactive decision-making	Proactive decision-making
Diffused commitment on behalf of families and children	Focused leadership for results for families and children
Categorical silos	Coordinated agency decisions
Haphazard array of services and supports	Clear priorities for developing a service and support system

Figure 5.2
To Be County Service Delivery Focus

Recommendation 5A(2): The population minimum law set by the General Assembly for service delivery redesign should be rescinded.

The ability of counties to develop innovative approaches to local service delivery should not be reserved to only the two largest counties of the state. New legislation should be passed encouraging a fixed number of counties to develop new approaches on a pilot basis. This would maintain an orderly transition to a new social service local governance structure, and permit DHR and other interested statewide parties to focus on a manageable number of governance transitions across the state. Within five years all counties should be operating under an approach to human service delivery that meets their local circumstances.

Chapter 6
INFORMATION TECHNOLOGY

Technology is a key factor in establishing a framework and infrastructure for delivery of client-focused human services, and tracking the outcomes of those services for accountability. This chapter assesses the current DHR information technology environment in the context of its ability to support a revised service delivery model and the reorganized DHR.

The Division of Information Resource Management (DIRM) is charged with primary responsibility for providing DHR with automation services both Department-wide and to the Divisions. DIRM's stated mission is to continuously improve DHR services by being a leader in business consultation and information systems technology. DIRM is charged with responsibility for both information technology policy setting and service provision. As a service support organization, DIRM accomplishes its mission primarily in partnership with DHR program agencies, providing direct services upon request. DIRM also serves the Department as a whole by setting DHR's direction in technology matters.

DHR Divisions provide components of their own information technology services as well. Typically, individual staff or support units within a Division carry out production control and LAN administration functions. Some, however, support stand-alone PC-based systems, which are operated and maintained by Division staff. An example of this was seen in the tracking system being maintained by the Citizen Services unit within the Office of Legislative and External Affairs.

Services Provided

Services of the Division are divided into two functional areas: Information Technology (IT) services, and Information Resource Management Policy and Planning (IRMPP) services. Information Technology services include:

- Computer application systems software planning, development, transfer, maintenance, and modification
- Statewide help desk operation
- Database administration
- Computer operations, including job scheduling and control, printing, processing and distributing computer output
- Local Area Network (LAN) design, installation, and management support

- Telecommunications and network design and management support
- Technical assistance and consultation in all areas related to the acquisition and installation of computer hardware and software

IRMPP services include:

- Policy research and analysis
- Policy development and compliance monitoring
- Liaison with federal, state, and local governmental agencies regarding IRM issues
- Information resource management planning, both long term and short term
- Quality assurance/quality control
- Security and disaster recovery program administration.

Direction-Setting

DIRM incorporates local input from a Human Services Automation Policy and Planning (HAPP) Council and state input from an Automation Management Advisory Committee (AMAC). The HAPP Council was established pursuant to a Partnership Agreement between the Department and the North Carolina Association of County Commissioners. Its purpose is to promote the cooperative planning and implementation of automated systems to support the delivery of human services to the families and individual citizens of North Carolina. The HAPP Council includes in its membership county managers, county commissioners, county IRM directors, local directors of social services and health departments, as well as state staff. The Council's structure and operating procedures guarantee county staff participation in IRM design and decision-making.

The AMAC comprises the director or assistant director of each Division. The AMAC approves DHR-wide technology policies and standards, and sponsors automation projects that span multiple Divisions. Each Division within DHR has a similar group to assist the Division director in managing the Division's information technology functions. The DHR AMAC has three permanent work groups composed of staff from throughout the Department. A Networking Group makes the recommendations to the DHR AMAC related to technical hardware and software guidelines and standards for networks, LANs, and workstations. A Shared Systems Group addresses issues related to systems that can be used by more that one DHR Division. A Policy and Planning Group addresses issues related to IRM policies and plans to be adopted by the Department.

Organization

The Director of the DIRM reports directly to the DHR Assistant Secretary of Budget and Management. The Director has overall responsibility for all activities of the Division and manages these activities through the following direct reports:

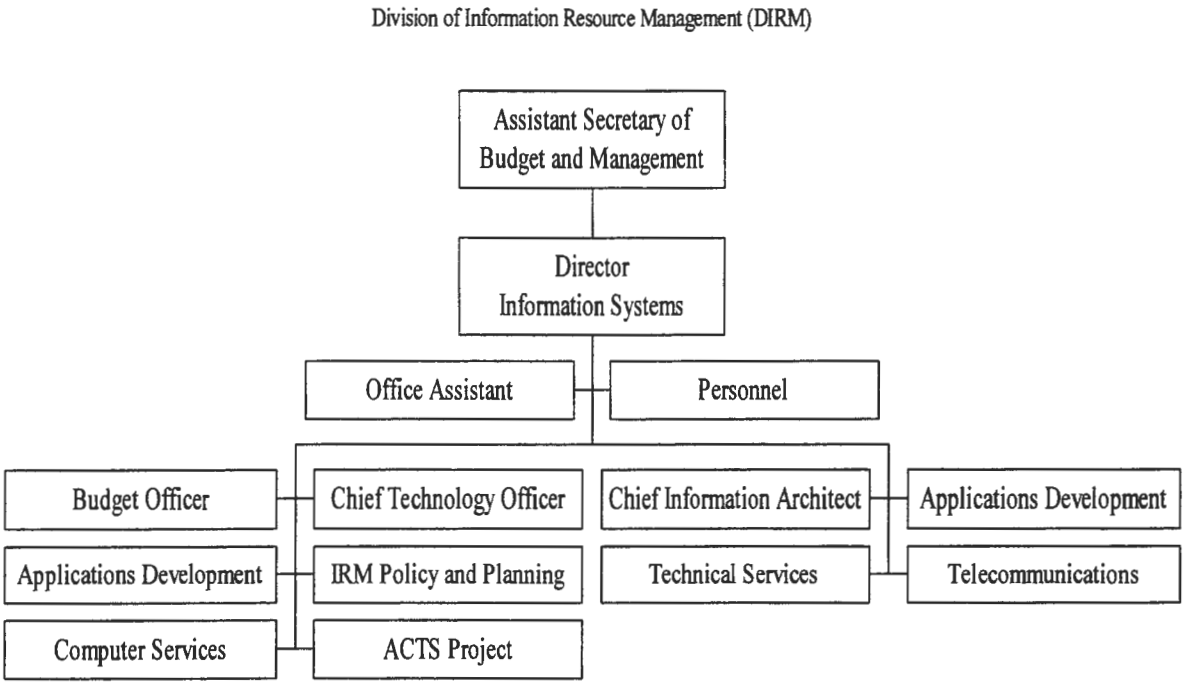


Figure 6.1

Division Descriptions

IRM Policy and Planning Section

The Policy and Planning Section provides technical consultation and support to the Division, Department, and HAPP Council in the areas of automation policy development, policy compliance monitoring, automation planning, business consultation, data administration, disaster recovery, information security, systems standards and procedures, and quality assurance.

Applications Development

The Applications Development Branch provides support to the automation strategies and service delivery objectives of DHR client agencies by planning, developing, maintaining, and enhancing information systems and services. The Applications Development Branch provides specific DHR clients with information systems and services that meet their requirements for quality and functionality by effectively applying project management principles and appropriate automation technologies.

Chief Information Architect

This program manager is responsible for applications architecture, business and data modeling, data administration, and data warehousing.

Chief Technology Officer

This position is responsible for strategic planning of information technology across DHR by moving from vertical to horizontal products, and creating liaison with SIPS (State Information Processing Services). The Chief Technology Officer and the Chief Information Architect form the DIRM architecture group.

Technical Services Branch

The Technical Services Branch establishes and maintains a technical environment by providing support, direction, consultation services, and error resolution to develop, maintain and operate applications for DHR users to meet program objectives. This branch is responsible for database support and provides technical services for applications such as CICS, IMS, DB2 and Endevor.

Technical Support Unit

The Technical Support Unit ensures that systems software operates efficiently and is used properly so that production application systems meet the performance and delivery requirements of DHR users. The unit assists developers in utilizing systems software to create efficient applications.

Telecommunications Branch

This branch is responsible for LAN design implementation and support services (centralizing DHR LAN administration), interface with SIPS for WAN services, and customer support. The branch is also responsible for the DHR Customer Support Center. This unit enables

county and state clients to effectively use automated systems by providing help desk support, computerized security support, equipment maintenance support, and data entry training. In addition, the Customer Support Center offers DHR staff a Single Point of Contact (SPOC) for system problem reporting and resolution.

Computer Services Branch

The Computer Services Branch manages RJE services for DIRM, schedules production batch jobs, sets production priorities, schedules large volume system printing, and prepares benefit documents and checks. The manager oversees three subunits (the Scheduling and Control Unit, Printing Unit, and Benefits Processing SubUnit) in conjunction with a processing assistant and a consultant. The Computer Services Branch schedules the jobs that produce the social services benefits and associated management reports, prints the benefits and associated management reports, and processes for delivery the benefits and associated management reports.

Administrative Services Section

This section provides administrative support services to the DIRM in the areas of clerical support, budget administration, personnel services support, project control administration, facility management, and software support.

Budget and Finance

Operational Expenditures

DIRM's FY 1996 expenditures totaled $15.8 million, as follows :

DIRM	FY 96 Expenditures	Percent of Total
Personnel Services	$ 7,355,797	46.5%
Purchased Services	6,585,516	41.6%
Supplies	466,584	3.0%
Property, Plant & Equipment	1,028,359	6.5%
Other Expenses	5,861	.0%
Intergovernmental Transfers	365,376	2.3%
Total Expenditures	***$ 15,807,677***	***100%***

Figure 6.2: DIRM Expenditures
Source: North Carolina DHS Division Management Budget Reports, FY 1996

Prior to October 1, 1996, DIRM was funded by the program divisions of DHR. Services such as applications development, LAN design and installation, job scheduling, and output

processing were performed on a fee-for-service basis. The result of this strategy was the development of a silo approach to system development, with information technology priorities following the availability of dollars and federal mandates - the source of much of the available funding. Few information technology initiatives were developed or implemented on a Department-wide or cross-program basis.

Funding for ongoing applications support and computer operations services is currently being transferred to DIRM's budget. The implication of this change, according to some observers, will be an increasing orientation to the core needs of the Department which cross Divisional organizational lines. This change may raise some aspects of policy and priority setting to a level that incorporates a wider departmental view. According to other observers, unless carefully implemented this strategy runs the risk of missing detailed program-specific requirements in what is viewed as a "generalist" environment.

Operational Revenue

The following chart provides an overview of the sources of DIRM's revenues:

DHR Division	FY 96 DIRM Revenue from Divisions	Percent of Total
Transfer from B.C.	$ 183,980	1.2%
Reimbursement - Dual Employee	490	0.0%
Deaf and Hard of Hearing	29,158	0.2%
Budget and Analysis	25,647	0.2%
Citizen Affairs	4,636	0.0%
Medical Assistance	597,336	3.8%
Developmental Disabilities Council	125	0.0%
Controller	757,139	4.8%
Aging	79,852	0.5%
Social Services	6,462,507	40.9%
Child Development	786,462	5.0%
Vocational Rehabilitation	503,702	3.2%
Mental Health	3,758,162	23.8%
Facility Services	174,271	1.1%
Blind Services	113,000	0.8%
Youth Services	76,752	0.5%
Disability Determination	9,170	0.1%
Executive Office	32,971	0.2%
OEO	1,079	0.0%
EIS	2,195,035	13.9%
Purchasing	9	0.0%
Total Revenue	***$ 15,811,621***	

Figure 6.3: DIRM Revenue by Source Division
Source: North Carolina DHS Division Management Budget Reports, FY 1996

Information Technology Projects

DIRM is currently involved in a wide range of projects which support infrastructure improvements as well as applications support for Division-specific programs:

- Child Welfare Information System (CWIS) - This project provides system support for child welfare services, foster care and adoptions assistance, family prevention and family support services, and independent living services.
- Area Program Connectivity - This MH/DD/SA project is designed to enhance computerization supporting area mental health programs connectivity between these programs will allow for the electronic sharing of client information and, ultimately, treatment records at the local level.
- Fiber Optic Cable & File Server - This project provides for the installation of fiber optic cable and updated file servers at 11 major MH/DD/SA institutions. It will also allow areas within each institution to connect to the State Controller's Accounting System, exchange data between the division and Department offices, and access Medicaid information.
- Update Division LAN - This represents three separate projects for MH/DD/SA: updating and enhancing the Division's LAN; re-writing the current "Form B" data system to interface with the new MMIS system; and providing an interface to the new MMIS system for non-Medicaid providers.
- Year 2000 - This project provides for the conversion of all DHR applications for Year 2000 compliance.
- Electronic Benefits Transfer Interface System (EBTIS) - This project will change the delivery of Food Stamp Benefits from a paper-based system to an electronic system.
- Case Management Software - This project will use a client management system developed for the Families for Kids program in eight pilot sites to reduce the number of out-of-home placements for children in the child welfare systems. It is also an opportunity to use the software developed for the Families for Kids program as a prototype for the Work First client management system.
- Welfare Reform - This represents system planning to support North Carolina's welfare reform initiative.
- Medicaid Management Information System (MMIS) - This project replaces the current MMIS with upgrades to existing technologies and business processes.

- Medicaid Decision Support System (DSS) - This project will provide the State with the ability to access and manipulate Medicaid data in a rapid and flexible fashion supporting program planning, policy development, and program assessment.
- HBO Upgrade - This project will upgrade an existing Mental Health system.
- Automated Collection and Tracking Systems (ACTS) - This project is for a new system to manage child support functions.
- Work Simplification - This project involves planning systems for cross-functional productivity improvements such as single application data entry, and eligibility determination.
- Enterprise Information Asset Management - This project will enhance DHR's ability to manage its business information, systems applications, work processes, and knowledge as valuable assets.
- Government Information Locator Service (GILS) - This project will adapt for human service use a federal standard for global government information locator services.

Findings and Recommendations

Finding 6A: DIRM operates the DHR information technology program in a manner that reflects the organizational silos maintained by the program divisions. This is not surprising given an information technology strategy that until only recently was driven by divisional funding streams and associated federal requirements.

DIRM's priorities have typically been set in response to the availability of funding for particular initiatives and federal program requirements. Because priorities and technology strategy have followed funding, the systems under which DHR operates have not been well integrated nor connected. DHR's systems, by and large, reflect mandates that the state receives in connection with various program funding streams, issued from the federal government without regard to their integration or client focus. Breaking out of this strategy is extremely difficult because of the ongoing single-program orientation of available funding, the single-program nature of the systems infrastructure which has been created to date, and the siloed organization structure currently in place at DHR.

Recommendation 6A: Build on recent funding and budgeting changes within and external to DHR by institutionalizing information system policy and priority-setting mechanisms that address cross-Division system issues and supporting service delivery consistent with the Guiding Principles.

Recent changes in DHR budgeting procedures have established a mechanism by which some aspects of DIRM's operations are funded through its own budget rather than through a fee-for-service arrangement. This is coupled with the shift to block grant funding associated with Welfare Reform. DIRM should use these changes as the springboard to move forward to institutionalize a new approach to system planning, development, and priority setting that creates a focus on supporting an integrated human services delivery system.

The AMAC and the HAPP Council should continue to assess and define system needs from a wider perspective. This should include an orientation to common needs and goals, creating system structures that meet identified common needs, and developing a systems infrastructure that supports the entire North Carolina human services delivery system.

One of the clear challenges under this strategy will be to ensure DIRM's responsiveness to its customers - the service domains and programs. In this regard, the role of the AMAC should be redefined as a users group that will have a significant role in setting DIRM's course. Additionally, our recommendation to place all service delivery organizations, as well as the Chief Information Officer, under the Chief Operating Officer ensures that both the programs and DIRM are oriented to a consistent set of goals and accountable to a single authority which is organizationally not far removed. Current initiatives documented in the "as-is"

DIRM model should be re-prioritized, based not only on federal and legislative mandates and State business needs, but also on their relevance and importance in supporting an integrated service delivery system at the statewide and local levels. This re-prioritization effort should be used as the forum to establish necessary relationships and gain experience in collaboration around identified common system structures.

Finding 6B: DHR's current information technology application systems and technology infrastructure do not support common business functions across programs in the manner necessary to implement the service delivery strategy envisioned under the Guiding Principles.

Information technology support provided by DIRM is oriented to individual programs and funding streams, reflecting the organizational and service delivery approach currently in place at DHR. DIRM has not focused on a holistic view of service delivery throughout North Carolina's human services system.

Many of the current systems such as AFDC, Food Stamps, and Medicaid were developed during the 1980s and focus on getting entitlement benefits to clients. These legacy systems are functionally outdated, extremely costly to maintain, and difficult to adapt to changing business requirements. They were designed to deliver entitlements and to produce required state and federal reports. They were not designed to reduce the administrative burdens of staff, empower the workforce, or support an integrated human services delivery system.

DIRM systems applications support units are likewise aligned to support vertical programs and not common business functions such as intake, eligibility determination, benefit delivery, case management, evaluation, and reporting.

Recommendation 6B: Begin planning a DHR systems infrastructure and application systems that build on common core business needs and support the entire human service delivery structure.

The DHR FY 1997-1998 and FY 1998-1999 Biennial Information Technology Strategy sets out a vision which emphasizes common structures and the integration of programs. This strategy should be used as a starting point for transitioning to an information technology infrastructure that, when implemented, will significantly improve DHR and service delivery capabilities through the development of the needed technology platform.

Functionally, DIRM must initiate an approach that focuses on common core business functions and addresses individual programmatic requirements within that context. Planning and development for system modification as well as new systems must be transitioned to a framework that centers on key DHR business functions. Examples of these include

development of a common client identification scheme and the ability to link household members; collection of common demographic information; development of common program participation identifiers; development of cross-program needs assessment mechanisms; establishment of common case management structures such as event histories; financial participation histories, tickler files, and development of core document generation capabilities.

In terms of infrastructure, DHR must develop a comprehensive automation plan that brings the benefits of automation and shared data to front-line service workers. The current infrastructure (workstations, software and network communications) will not support an integrated service delivery system at the local level. Intelligent workstations and printers will be required to support staff in DHR and the counties. Local area and wide area networks are required to support system access and the exchange of data. Interfaces between the state and county systems will be necessary to exchange data and eliminate data entry redundancy.

This strategy will require collaboration across program areas as well as across governance boundaries. While the specific plans embodied in the N.C. CAN effort were not found acceptable for funding, the service delivery structures, collaboration experience, and approach to automation as a driver of services integration were worthwhile and should be built on.

Some key areas that should be considered in a transition to a program-wide automation approach should include:

- Establishing E-Mail, word processing and other office productivity tools in all components of the human services delivery system. Experience in other human service integration efforts has shown that the simple ability to communicate electronically between program workers at all levels significantly enhances the level of service delivery coordination.

- Establishing of a common client index or master file to collect common demographic and program participation information and identify clients that are being served by more than one program. The index could be structured as a transition pathway in which current legacy systems move toward greater integration.

- Implementating of the Automated Single Application Process (ASAP) and an automated eligibility determination process would be an important step in supporting an integrated human services delivery system at the local level. This process would also be an important step in DIRM's transition strategy to replace the outdated functionality of DHR's legacy systems.

- Developing of decision support capabilities such as *ad hoc* reporting, modeling, trend analyses, and performance/outcome measurement, which currently are almost non-existent. Most *ad hoc* reporting currently is accomplished by DIRM technical staff and takes considerable time to accomplish. Available data warehousing technology would provide the DHR user community greater access to data and increased capability to rapidly turn existing data into useful information for decision-making. Warehousing would also reduce requirements for DIRM support for many current reporting activities and allow DIRM technical staff more time for the more difficult information technology support requirements of the Department.

Finding 6C: DIRM has historically had difficulty implementing major human services information systems.

The implementation of large scale human service systems has been problematic for most human services agencies throughout the country. DHR is no exception. The complexity of the systems, changing requirements, unreasonable time mandates, inexperienced management, and inadequate user involvement have all been key factors in creating this lack of success.

Current funding practices at both the federal and state levels historically have encouraged a trend toward large-scale, complex, high-risk, high-cost system efforts. Federal and state funding authorities frequently require project plans and budgets that span multiple years and include impractical leaps in levels of automation and technical sophistication by an agency. The resulting projects are high risk, with little probability of success based on the large number of contingencies and unknowns that exist at the time they are planned and initiated.

Development of a system infrastructure that supports a human service delivery system reflecting the Guiding Principles must not recreate these same structural and management issues.

Recommendation 6C: Implement system support for an integrated services delivery strategy through an "adaptive" systems approach that breaks large projects into multiple smaller ones within an overall project vision. These "adaptive" project components should be funded separately.

Most information system projects can be broken down into manageable pieces while maintaining a long-term vision of the ultimate goal. This should be the approach used for future system projects at DHR. Planning, developing and implementing information technology projects using a phased approach has the following benefits:

- The risks associated with large scale, long term systems integration projects are reduced.
- The investment in the overall project can be reduced(savings gained can be reinvested into future phases or used elsewhere).
- Meaningful business functionality can be delivered in a much shorter time frame.
- Staff can be motivated by interim successes, therefore improving morale.
- Stakeholder interest and commitment can be better fostered in the long-term vision through short-term success.
- The approach facilitates greater currency in the use of rapid changing technologies.

Under an adaptive approach, funding should be tied to measurable progress and results within an annualized time frame. Each phase of an adaptive project should be authorized based on the results of previous phases. Projects should not be conducted under multi-year plans without adequate checkpoints and re-authorizations that require demonstration of accomplishment and the ability to secure a return on previous investments.

To finance innovative service integration initiatives, an ongoing funding pool should be considered to fund systems adaptive efforts dedicated to supporting integrated service delivery at the local level. Using current budget allotments, DIRM estimates that $34 million is available from FY 1997 to FY 2002 for service delivery functionality. A portion of those funds should be identified as initial seed money for the pool. A percentage of the savings generated by the return on investment of completed systems initiatives could be reinvested in the pool to finance additional information technology initiatives, including hardware and software updates, or other uses that promote integrated service delivery.

Finding 6D: Internal and external technical staff availability and capabilities are not sufficient to meet DHR's overall information system requirements in a timely fashion.

Technology is changing rapidly such that DIRM is hard-pressed to maintain the internal state-of-the-art capabilities required to support forward-looking initiatives. Internal training efforts have not been successful in maintaining the technical currency that is required. Reasons for this include time constraints, existing project commitments, and access to training opportunities. Personnel policies also create limitations on easy access to staffing resources with the required skills. Finally, procurement policies and procedures do not adequately support the dynamic and complex needs of the organization.

Recommendation 6D: Implement a management plan for obtaining and maintaining needed information technology resources and skills.

Competencies of current staff should immediately be reviewed to form the basis of an assessment of what can reasonably be expected to be accomplished by internal staff on an ongoing basis. This should result in assignment of duties commensurate with the skill sets

available. Needed skill sets can then be specifically defined. Those that can reasonably be acquired through new hires should be targeted and pursued. Remaining skills which do not have potential as new hires should be considered as potential for outsourcing or contracting, and a plan for developing access to such skills should be developed and implemented.

A comprehensive training plan should become a focus of the DIRM. Training should be required and facilitated for all staff to maintain currency in technology and best practices. Time for training should be planned into the workloads of all staff. Training should include project management and technical courses related to defined DIRM core competency needs.

DIRM should review personnel policies and procedures and revise personnel classifications which reflect needed technology skills. Classifications should be structured such that they are not outdated by advances in technology.

DIRM should set up master service agreements that would allow it to acquire well qualified management and technical expertise on a just-in-time basis without initiating a major procurement efforts each time such capabilities are required.

Chapter 7
THE DHR "TO-BE" MODEL

During the course of this study KPMG has had the opportunity to learn in detail about North Carolina's human services system, the role of DHR and the role of the local service deliverers - local DSSs and Area Mental Health Boards. We have gained much of our understanding of the issues and opportunities for improved service delivery by interviewing people with a wide range of perspectives - legislators, executive managers, state program administrators, DHR employees, local program administrators, interest groups, advocacy groups, and even some clients. We have observed and documented how human services are planned, managed, and delivered in North Carolina at the state and local levels. We have visited local sites where services are delivered to get a sense of the environment in which a reorganized DHR and a redefined model for service delivery, ultimately must operate. Our analysis of this information has led to the formulation of findings and recommendations which were presented in previous chapters.

In this chapter we bring all this together into a new vision for the organization of DHR. This vision defines the DHR "to-be" model - the future organization we recommend fully incorporates the tenets of the Commission's Guiding Principles.

The model we propose in this chapter is radically different from the current one. It embodies a set of concepts which we believe will act to facilitate service delivery improvement. These concepts are:

- Budget, personnel, and resources must be aligned within a structure that uses an ongoing strategic planning process
- Program integration and coordination must occur at several levels within the DHR organization if it is to be successful
- DHR must continue to demonstrate strong leadership in program planning, development and policy making
- DHR must organize itself around functions and service domains rather than program silos
- Policy must be well coordinated within and across service domains *before* it is disseminated to those who must implement it - the local deliverers of services
- DHR must present a single face in its supervisory role with the local service deliverers

- The mechanism through which policy dissemination and supervision occurs must be oriented externally to its "customers" - the local service deliverers - not to the internal DHR organization

- Those parts of DHR that supervise and support local service deliverers must be empowered to make decisions within a well articulated policy framework. All decisions need not flow from the top of the organization, but they should be consistent across the state within the context of policy

- DHR's organizational structure must support and enforce collaboration through well defined feedback mechanisms

- Local service deliverers are charged with administration of the state's human service program - they must be allowed the freedom to perform that role in the ways best suited to their local environments

- DHR must put into place structures to assess program outcomes so that accountability measures can be designed, refined, and used as a basis for management

Figures 7.1 through 7.13 depict the organization of DHR at increasing levels of detail. In the chart depicting the executive level, the Department is referred to as the **Department of Health and Human Services**, the name recommended in Chapter 2 (Note: We will continue to use DHR in the balance of this report for consistency). As that Figure indicates, the Secretary will have two staff and two line direct reports under the new organization. The Secretary's staff reports will be the **Office of Public Information**, encompassing current Public Affairs and Legislative and External Affairs functions, and a newly established **Office of Strategic Planning**.

The **Assistant Secretary for Administration and Finance** (*the Chief Administrative Officer*) will be a direct line report to the Secretary. This is equivalent to the current Office of the Assistant Secretary for Budget and Management. Reporting to the Assistant Secretary for Administration and Finance will be:

- **The Office of the Controller**
- **The Office of Revenue Management and Maximization**
- **The Office of Purchasing and Contracts**
- **The Office of Budget and Analysis**
- **The Office of Financial Audit**
- **The Office of Legal Affairs**
- **The Office of Personnel Administration** (including EEO and ADA)
- **The Office of Infrastructure Management**

This structure represents a mix of current Secretary staff reports and a redistribution of functions within the current Budget and Analysis function. This structure is recommended to link administrative functions and align budget and personnel management. It will highlight key issues of revenue management and maximization (which we see as increasingly important under the TANF block grant scenario) and contracting and). DIRM, which currently reports to Budget and Management, will be moved to Operations.

The second direct report to the Secretary will be the **Assistant Secretary for Operations** (*the Chief Operating Officer*). This newly created position will be responsible for ensuring all program service aspects of the Department's operation and will subsume the role of the three Program Assistant Secretaries currently in place. The new Assistant Secretary will be responsible for coordination and integration of services under the new vision for the Department by ensuring that program and policy for all line functions are working in coordination.

The **Division of Information Services** will report to the Assistant Secretary for Operations. This reporting relationship was assigned to recognize the important role information management will play in achieving an integrated service delivery system. Naturally, Information Services will continue to support the Department's administrative systems currently in place. In light of TANF block grants, the move of the Department to integrated services delivery, and an increasing orientation to management through outcomes, we expect that support for program operations and fiscal and administrative reporting systems will become increasingly integrated.

The Division of Information Services will include all functions currently within DIRM, which we recommend be grouped as follows: Information Technology Policy and Planning; Information Technology Services; and Local Technical Assistance Services. We recommend addition of the Local Technical Assistance Section to support and guide the use of information systems by and at local service deliverer sites. This section should work closely with the Policy Coordination and Service Delivery Section under the Division of Services described below.

The **Division of Performance Services** will report directly to the Assistant Secretary for Operations. This Division will include Performance Evaluation, Quality Improvement, and Training Sections.

The **Council of Development Disabilities** will also report to the Assistant Secretary for Operations.

Five major line program Divisions will report to the Assistant Secretary for Operations:

- The Division of Services
- The Division of Health Care Financing
- The Division of Institutional Management Services
- The Division of Education Services
- The Division of Regulatory Services

The **Division of Services** will be operated through five centralized sections operated from Raleigh with responsibility for program planning and development, policy development, and policy management. The five sections, reflecting the Department's Service Domains, are:

- **Economic Services Section** - Incorporating the program planning and policy components of the current DSS Economic Independence and Child Support sections and Child Development

- **Health Services Section** - Incorporating program planning and policy components of the current Division of MH/DD/SA and the Office of Rural Health if a public health function is established in the Department. If it is not, Rural Health should be moved to align with public health functions wherever they are

- **Child and Youth Services Section** - Incorporating the program planning and policy components of the Children's Services section of DSS and the community-based aspects of the Division of Youth Services program

- **Adult and Aging Services Section** - Incorporating the program planning and policy components of the Adult Services Section of DSS and the current Division of Aging

- **Special Needs Services Section** - Including the program planning and policy components of the current Divisions of Vocational Rehabilitation, Blind Services, and Deaf and Hard of Hearing Services

The sixth section under the Division of Services will be the **Policy Coordination and Service Delivery Section**. Staff for this section will come from the program operation and local services supervision components of the existing DHR Divisions. This section will be operated through six branches:

- **Cross Service Domain Policy Coordination Branch** - A Raleigh-based unit responsible for all policy coordination. This branch will also provide policy back-up for the Local Liaison branch.

- **Policy Dissemination Branch** - A Raleigh-based unit responsible for disseminating policy in a consistent and integrated format and maintaining policy manuals and documentation.

- **Local Liaison Branch** - Operated through a regional structure in which teams with representation from all Service Domains have responsibility for policy guidance, technical assistance, partnership and feedback from the local service deliverers. The regional structure should be aligned to the regional structure through which direct services are delivered, to facilitate coordination between state and locally delivered services.

- **Direct Services Branch** - Responsible for regionally operated, state-delivered services. Vocational rehabilitation and disability determination services will continue to be delivered at 32 locations organized into regions which align with those served by the Local Liaison Branch. Services for the blind and deaf will be delivered locally with the caseworkers having administrative ties back to the same Direct Services regions.

- **Regional Operations Branch** - Responsible for administrative aspects of the regional structure.

- **Economic Opportunity Branch** - Incorporating the Office of Economic Opportunity, this unit will operate centrally and coordinate with the Local Liaison Branch.

The Division of Health Care Financing will carry out the policy, regulatory and administrative responsibilities of the Division of Medical Assistance. The organizational structure of the Division should be functionally aligned, including: a Medicaid section, Payment Processing Section, Customer Services Section, and a Program Integrity section.

The Division of Institutional Management Services will be responsible for the operations of existing DHR institutions, except for the Governor Moorehead School and the schools for the deaf. Since institutions are outside the scope of this study, DHR should develop an institution management strategy through a separate study.

The Division of Education Services will be responsible for the Governor Moorehead School and the schools for the deaf, as well as the education components of the training schools and mental health facilities. These educational institutions and components will report to a DHR School Board.

The Division of Regulatory Services will operate through three sections. All licensing functions will be incorporated into a **Licensing Section**. This will incorporate the current

The Division will contain a new **Performance Audit Section** charged with assessing local service deliverer performance based on current performance standards and migrating to performance-based standards. The performance-based standards should be developed and maintained in conjunction with the local service deliverers themselves, as well as the Program Evaluation and Quality Improvement Sections of the Division of Performance Services.

The Division of Regulatory Services will also contain the **Fraud and Abuse Section** with responsibility for program integrity operations.

The following pages contain a set of detailed Figures of Organization for the **future North Carolina Department of Health and Human Services**.

The "To-Be" DHR Organization

Executive Management

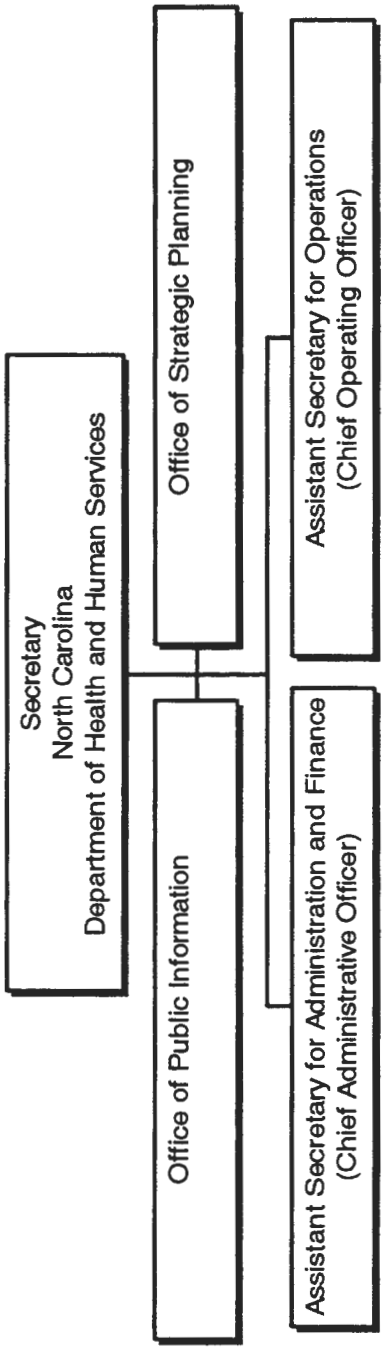


Figure 7.1

Assistant Secretary for Administration and Finance

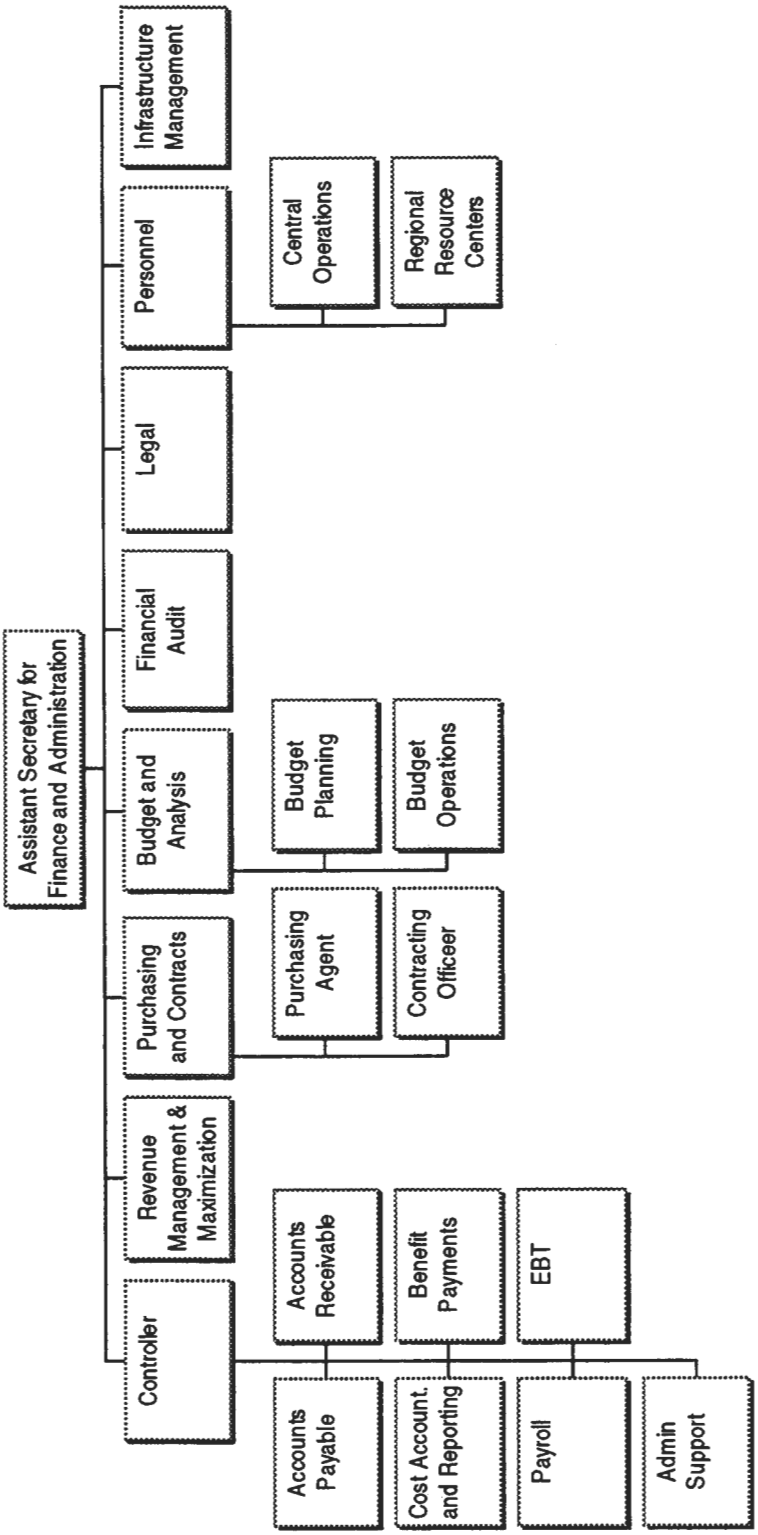


Figure 7.2

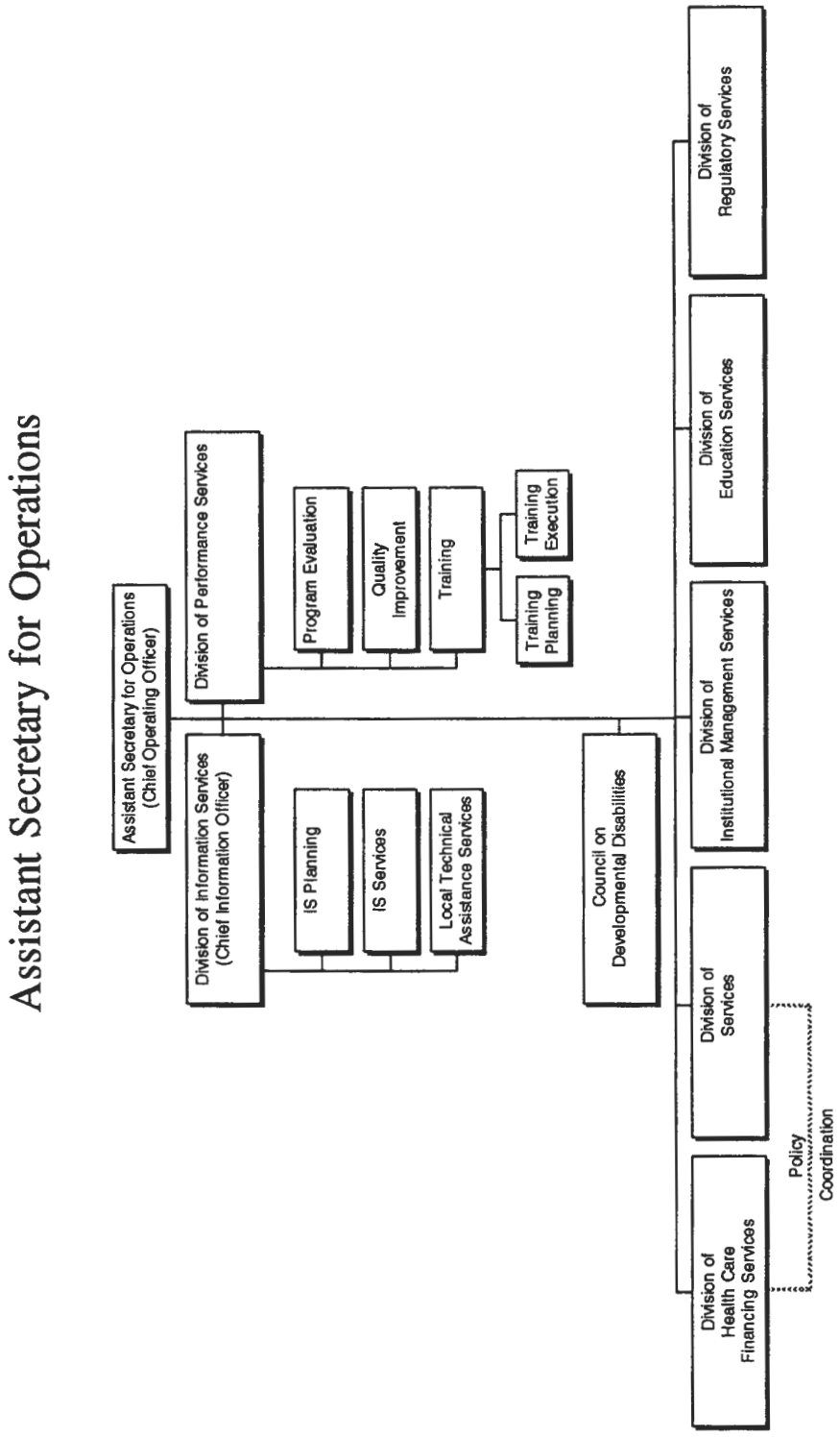

Assistant Secretary for Operations
Assistant Secretary for Operations (Chief Operating Officer)
Division of Performance Services
Program Evaluation
Quality Improvement
Training
Training Execution
Training Planning
Division of Information Services (Chief Information Officer)
IS Planning
IS Services
Local Technical Assistance Services
Council on Developmental Disabilities
Division of Institutional Management Services
Division of Education Services
Division of Regulatory Services
Division of Services
Division of Health Care Financing Services
Policy Coordination

Figure 7.3

The Division of Services

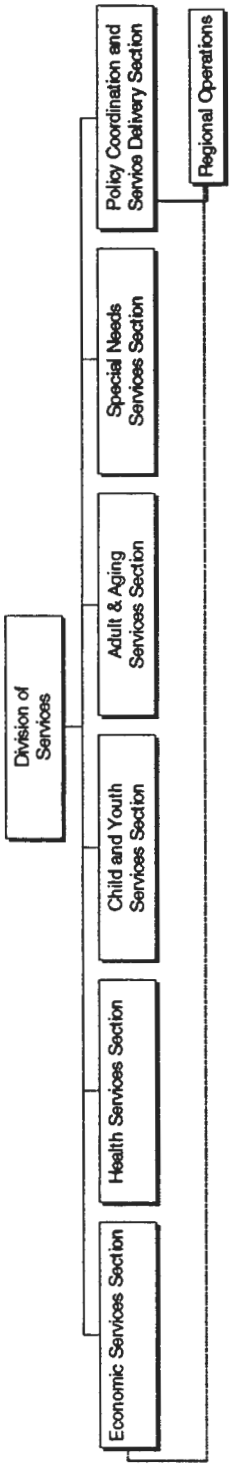


Figure 7.4

Economic Services Section

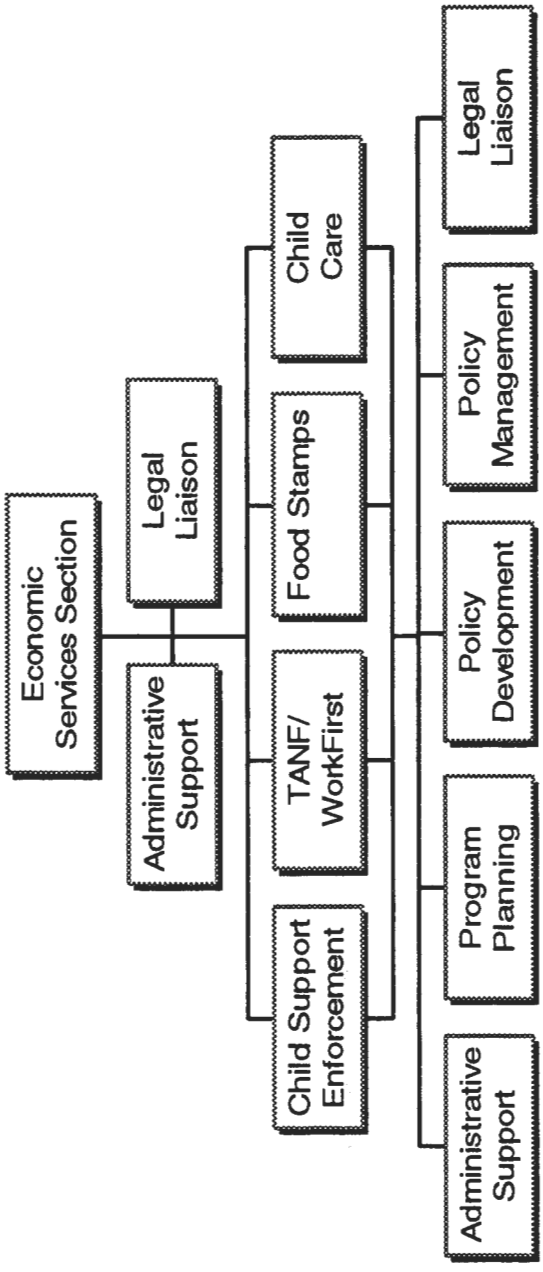


Figure 7.5

Health Services Section

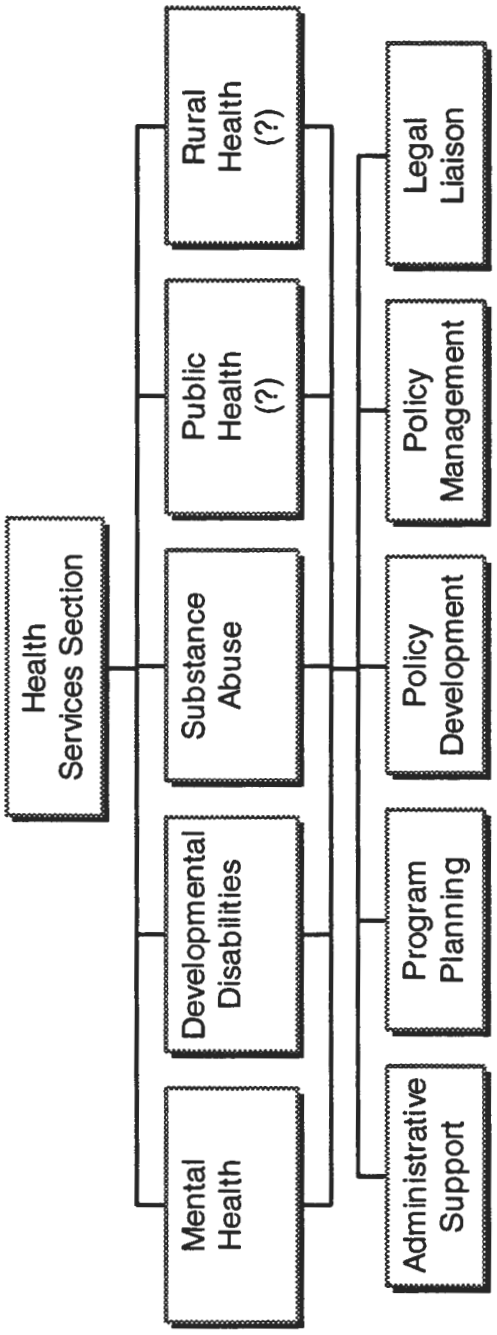


Figure 7.6

Child and Youth Services Section

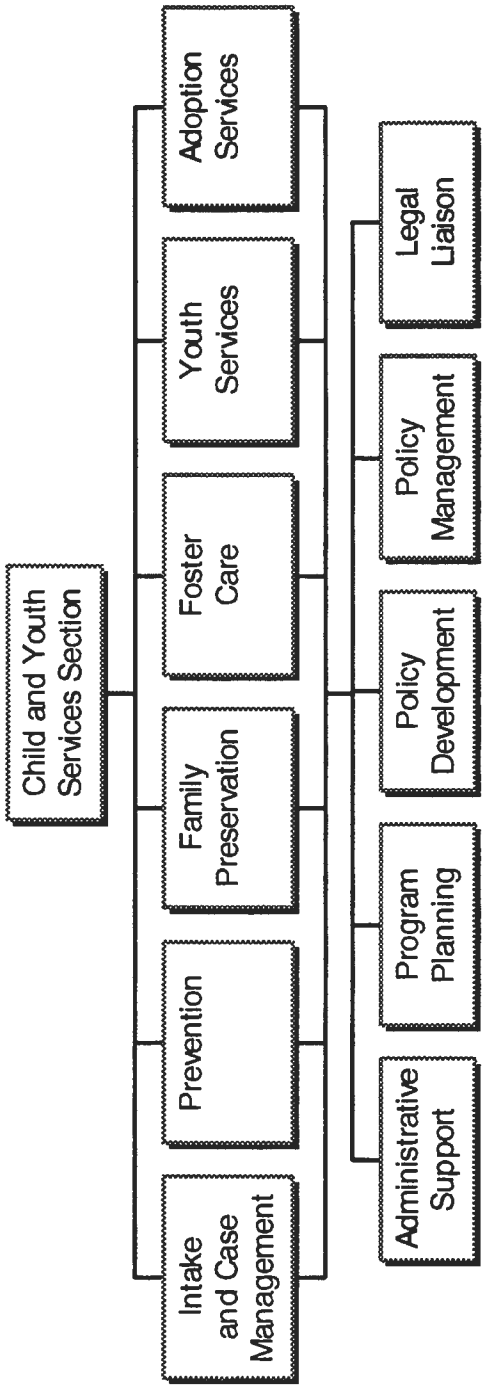


Figure 7.7

Adult and Aging Services Section

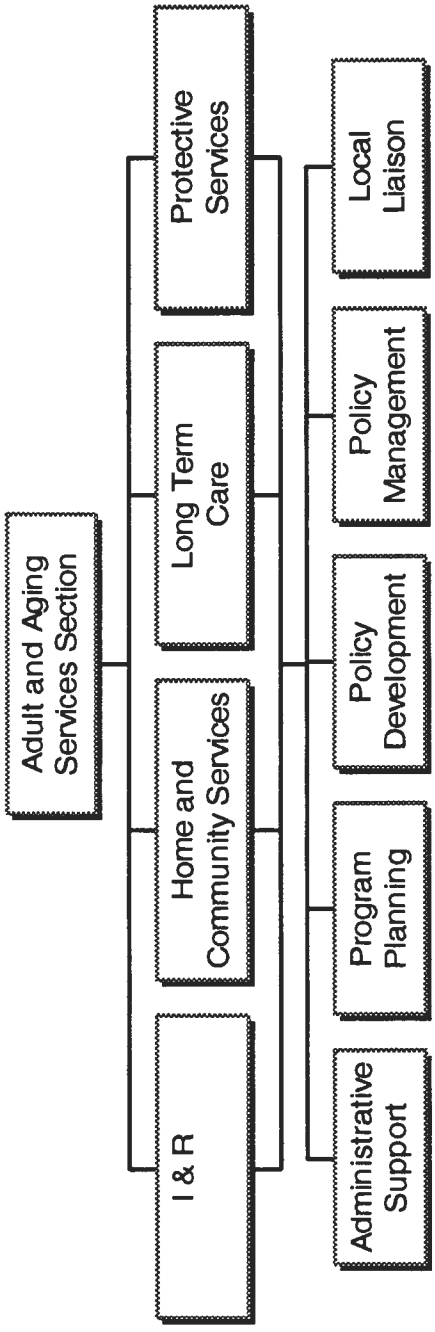


Figure 7.8


Special Needs Services Section
Administrative Support
Legal Liaison
Blind Services
Deaf and Hard of Hearing Services
Vocational Rehabilitation
Independent Living
Disabilities Determination
Program Planning and Development
Policy Development

Figure 7.9

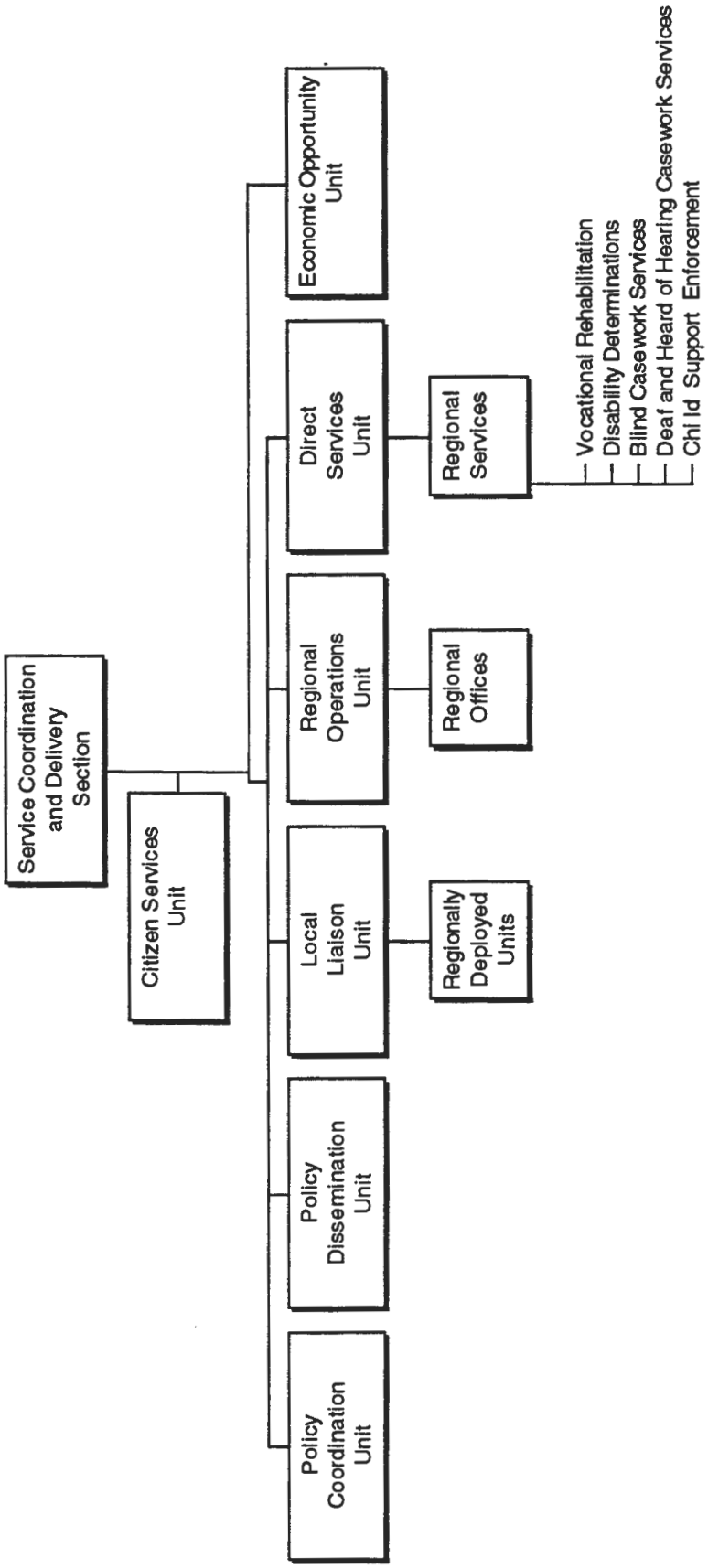

Service Coordination and Delivery Section
Citizen Services Unit
Economic Opportunity Unit
Direct Services Unit
Regional Services
Vocational Rehabilitation
Disability Determinations
Blind Casework Services
Deaf and Heard of Hearing Casework Services
Child Support Enforcement
Regional Operations Unit
Regional Offices
Local Liaison Unit
Regionally Deployed Units
Policy Dissemination Unit
Policy Coordination Unit

Figure 7.10

Division of Health Care Financing Services

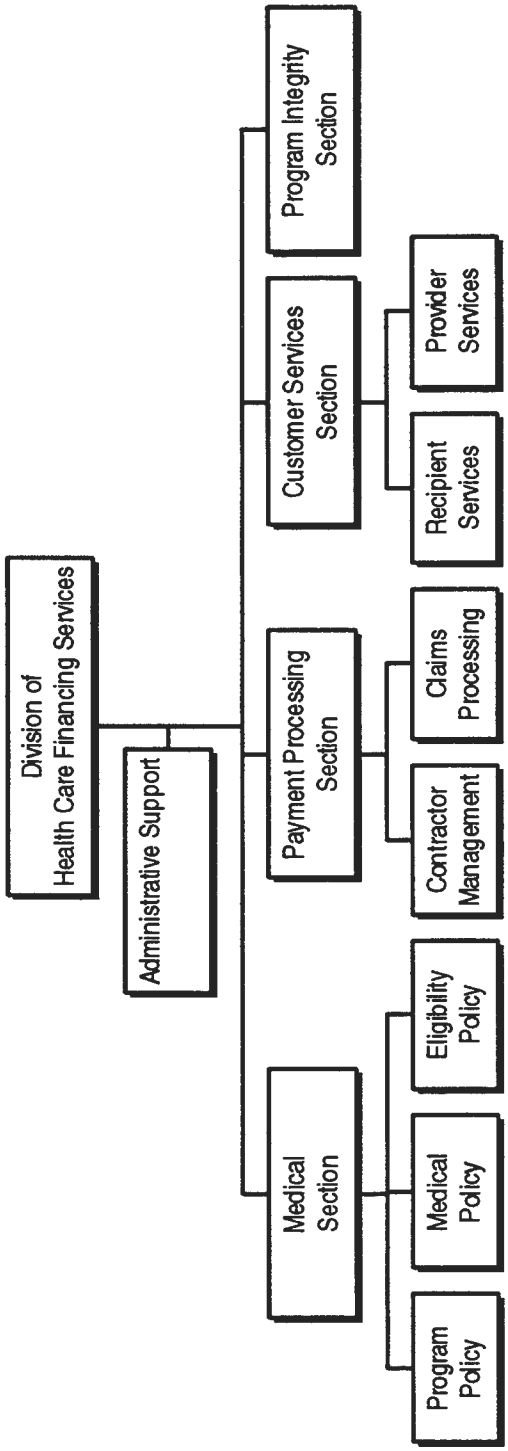


Figure 7.11

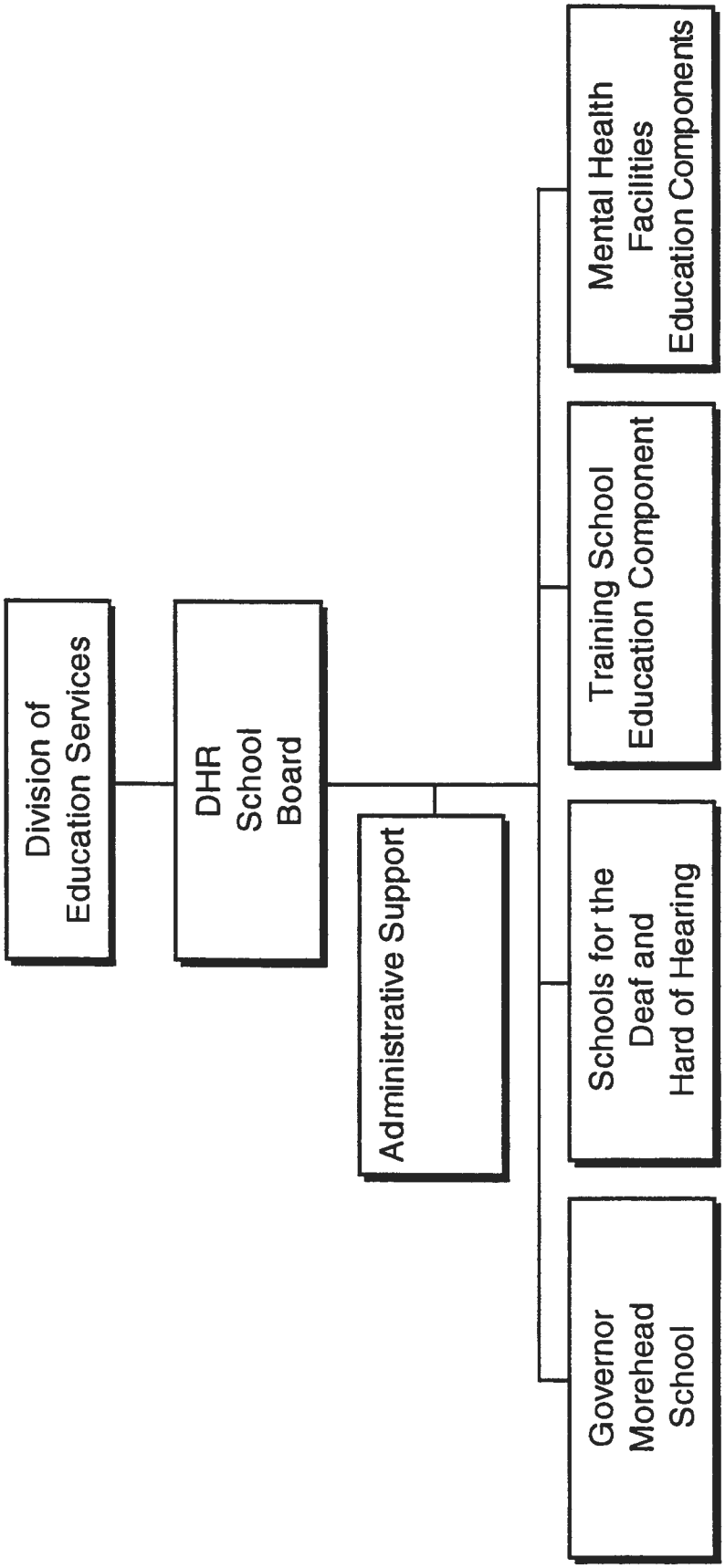

Division of Education Services
DHR School Board
Administrative Support
Mental Health Facilities Education Components
Training School Education Component
Schools for the Deaf and Hard of Hearing
Governor Morehead School

Figure 7.12

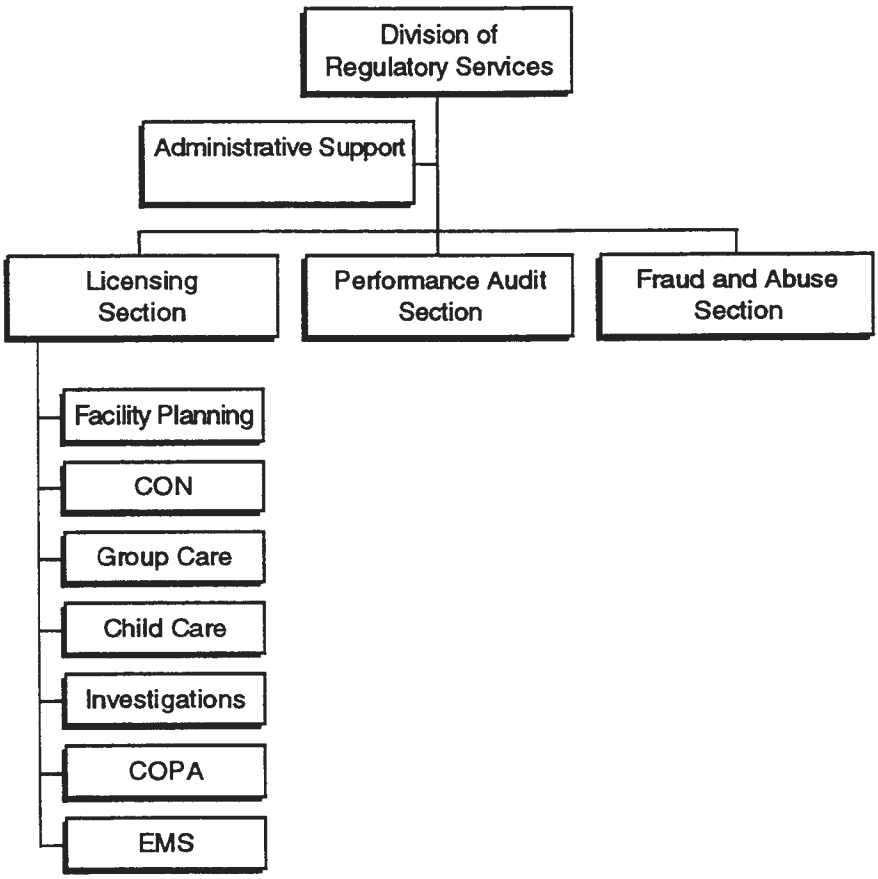

Division of Regulatory Services
Administrative Support
Licensing Section
Performance Audit Section
Fraud and Abuse Section
Facility Planning
CON
Group Care
Child Care
Investigations
COPA
EMS

Figure 7.13

Chapter 8
MANAGEMENT, IMPLEMENTATION, AND PILOT PLANS

This chapter contains the proposed management, implementation, and pilot plans for DHR.

Management Plan

When large organizations implement significant structural changes, they require an infrastructure to manage the transformation. As a $7 billion operation, DHR's ability to reorganize itself will depend on how it manages change across its divisions and programs and throughout North Carolina's 100 counties. DHR needs to establish a change management structure to lead the Department's reorganization efforts. This section recommends the composition of a change management team, defines its responsibilities, and outlines the four "critical success factors" necessary to the success of the reorganization.

Change Management Structure

The change management structure should contain two leadership teams that implement the reorganization by working with the divisions, the counties, and the public:

- The DHR Reorganization Steering Committee
- The DHR Reorganization Task Force

Figure 8.1 on the following page depicts how the temporary change management structure interacts with its stakeholders. In the following section we detail the Steering Committee and the Task Force.

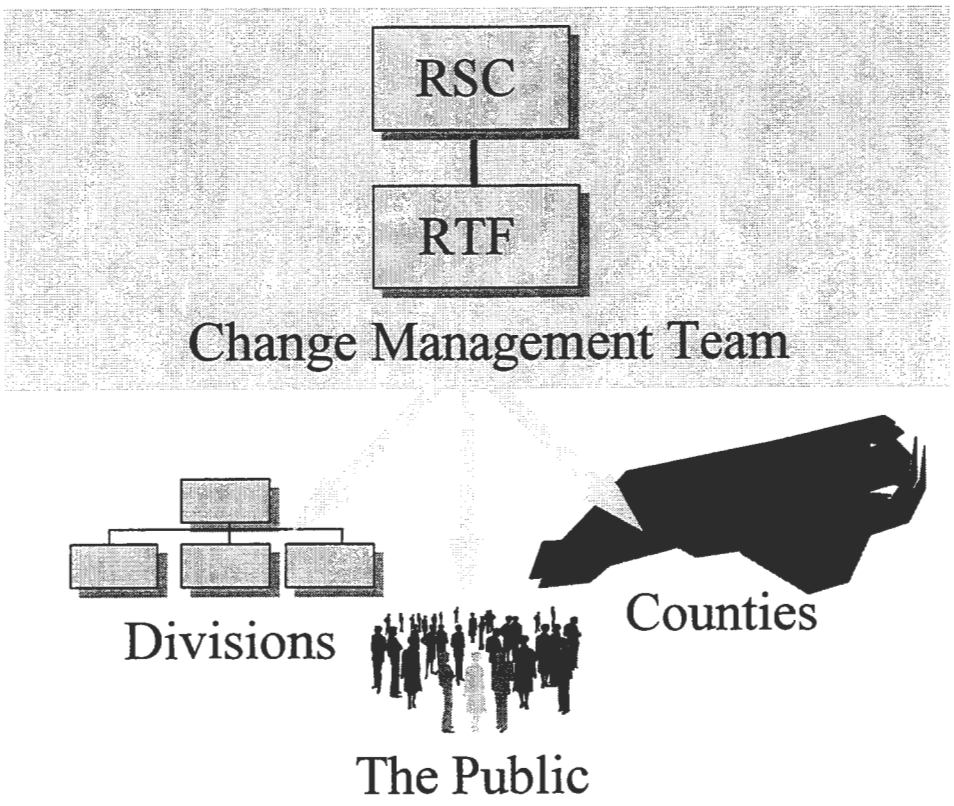


Figure 8.1: The RSC and RTF Will Coordinate Change with the Divisions, Counties, and the Public

DHR Reorganization Steering Committee (RSC) is a partnership between the Department and the State legislature. KPMG recommends the following RSC membership:

- The Secretary of DHR
- The Assistant Secretary for Administration and Finance
- The Assistant Secretary for Services
- A legislative representative appointed by the General Assembly

The RSC is ultimately accountable for the reorganization of the Department. To ensure the reorganization is successful, the committee will make strategic decisions about implementation, oversee the reorganization process, and communicate with the General Assembly. Other responsibilities are outlined in Figure 8.2.

DHR Reorganization Task Force (RTF). The RTF should be composed of eight to ten "change agents" that interact directly with divisions, counties, and the public. KPMG recommends the following RTF membership:

- Health and human services specialists from within the division and the community (i.e., the RTF could include division management, division staff, and health and human services specialists from universities, Research Triangle, etc.).
- Organizational change experts
- Change management consultants

RTF members should be assigned full-time to managing change throughout DHR and overseeing pilot programs. Members should not have additional responsibilities for managing programs or services within the Department.

Both change management teams should be in place for the duration of the reorganization and should remain available in an advisory capacity during a monitoring period following the implementation. Neither team is intended as a permanent function within the DHR organizational structure; once the final reorganization tasks are completed, the DHR RSC members will focus on running their Offices full-time and the RTF will disband.

Figure 8.2 on the following page highlights the responsibilities of the RSC and the RTF.

DHR Reorganization Steering Committee Responsibilities

- Initiate reorganization by appointing RTF members and division directors
- Provide strategic direction for reorganization
- Create a structure that obtains input from:
  - The public
  - The legislature
  - The community organizations
  - The advocacy groups
  - The policy makers
  - The business sector
  - Department management and staff
- Oversee the development of standardized policies and regulations
- Oversee the implementation of Department-wide process improvement and information management
- Provide guidance to the RTF
- Report progress to the Governor and General Assembly

DHR Reorganization Task Force

- Develop the overall change management plan including:
  - Developing the master reorganization plan with tasks and milestones
  - Tracking progress against the plan and reporting to the RSC
  - Overseeing pilot programs
- Communicate major transition processes to division management, staff, and appropriate local service providers
- Develop an internal and public communications plan
- Create task teams to perform research and make recommendations.
- Ensure that changes are made in the context of DHR as a whole to prevent fragmentation of policies and processes
- Propose necessary legislative changes to the General Assembly
- Make recommendations to RSC
- Implement directives of the RSC

Figure 8.2: RSC and RTF Responsibilities

Change Management Success Factors

The change management team must achieve four "critical success factors" to generate support for reorganization across divisions, programs, and counties. The team must:

- Communicate with all relevant parties
- Generate internal support
- Minimize resistance to change
- Anticipate cultural issues

Communicate with all relevant parties. Effective communication is the linchpin to change management. Reorganizations without a strong communications plan to facilitate action and achieve stakeholder buy-in *will not be successful.* The change management team must communicate with all affected parties to explain the reorganization, what its benefits are, and what it will mean to each stakeholder.

Generate internal support. The change management team needs to identify all key players whose support for the reorganization is vital, assess the level of involvement and support that is required from each sponsor, then work with those individuals to obtain their commitment and define the actions they must perform to enact change.

Minimize resistance to change. The change management team must recognize that everyone personally affected by the reorganization will resist the change to some degree. By anticipating the nature, sources, and strength of resistance, the team can address concerns and minimize opposition.

Anticipate cultural issues. Enacting change throughout a Department that spans across 11 "As-Is" divisions and 100 diverse counties requires change managers to be sensitive to different organizational cultures. Divisions' and counties' concerns about reorganizations will differ based on their size, internal environment, and location. The change managers must anticipate different cultural perspectives and be prepared to address issues that arise.

Implementation Plan

Implementing significant change requires managers to define discrete tasks that achieve goals in stages. KPMG recommends that the DHR change management team approach their reorganization effort in three phases:

- Phase I: Preparing for the Reorganization
- Phase II: Organizing DHR for Change
- Phase III: Changing the Way DHR Does Business

Phase I is a planning stage that requires the RSC and RTF to establish the groundwork for change. These teams must assemble core DHR leadership and achieve a consensus for reorganizing DHR. Then, the change management team must address logistical and tactical concerns before reorganization can begin.

Phase II is the actual reorganization process: creating the new divisions, establishing reporting relationships, deploying staff, assigning program responsibilities, and setting performance goals.

Phase III involves fundamentally changing the way DHR does business. It entails creating workteams and implementing pilot programs that bring high impact change to the Department.

The Gantt chart below in Figure 8.3 shows the implementation plan timeline.

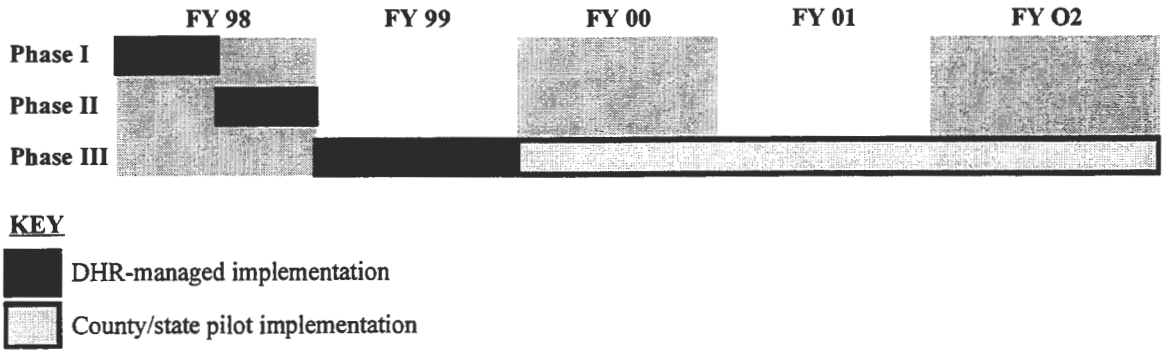


Figure 8.3: Implementation plan timeline

The following sections contain the recommended tasks for completing each phase of the DHR reorganization. Each phase contains a list of goals, a Gantt chart specifying recommended timelines and major milestones, and summary task descriptions. A detailed list of tasks appears in Appendix A of this report.

Phase I: Preparing for the Reorganization

The goals of this phase are:

- To establish the change management team
- To identify and appoint new DHR leaders
- To plan for the reorganization
- To lay the groundwork for a smooth the transition to the "To-Be" organization

Task Outline

The following tasks are required to prepare DHR for reorganization. Appendix A contains detailed task descriptions.

Task A.1: Establish the Change Management Team

The DHR Secretary's Office will establish the Reorganization Steering Committee (RSC) and the Reorganization Task Force (RTF) and provide the change management team with the information it needs to prepare for the reorganization.

Task A.2: Recommend Legislative Changes to General Assembly

RTF will identify legislative changes that the General Assembly must enact to eliminate legal barriers to reorganizing DHR.

Task A.3: Appoint DHR Division Directors

DHR Secretary selects and appoints the DHR's new division directors.

Task A.4: Mobilize Leadership for Reorganization

The RSC and RTF hold a retreat with the new division directors to mobilize DHR leadership for change. The goals of the retreat are to create buy-in for the reorganization and assign responsibilities for reorganizing divisions.

Task A.5: Initiate Strategic Planning Process

The RSC, RTF, and newly appointed DHR leadership will work with a strategic planning facilitator to produce a strategic plan that is aligned with the Department's mission and Guiding Principles.

Task A.6: Prepare Reorganization Logistics

RTF develops a master schedule, designs a tracking process to report reorganization progress, and plans for the logistical issues that will arise during the early phases of reorganization, including identifying office space requirements and services that must procured.

Task A.7: Develop Communications Plans

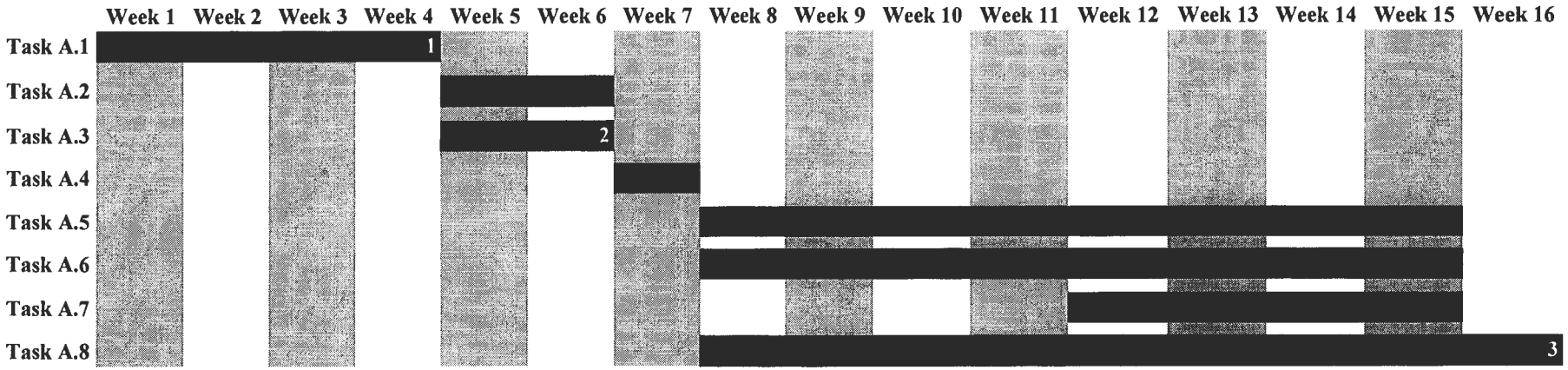
The Office of Public Information, in conjunction with RTF, will develop two communications plans—one for Department personnel, and one for the public—and establish the infrastructure to keep employees informed about the reorganization and to respond to their questions.

Task A.8: Plan Personnel and Program Reorganization

The new division directors plan for personnel allocation in the new divisions, sections, bureaus, and units; determine personnel roles and functional responsibilities; and take appropriate steps in conjunction with the RTF.

The following page contains a Gantt chart showing Phase I's timeline and major milestones. Detailed task descriptions follow the Gantt Chart.

PHASE I GANTT CHART



Assumption: Start Date July 1, 1997

MILESTONES

1. Week 4: Change management team established
2. Week 6: DHR division directors appointed
3. Week 16: Reorganization begins

Phase II: Organizing DHR for Change

The goals of this phase are:

- To reassign functions and programs to appropriate divisions, sections, bureaus, and units
- To develop new reporting relationships
- To establish organizational accountability
- To communicate expectations to new organizational units

Task Outline

The following tasks are required to prepare DHR for reorganization. Appendix A contains detailed task descriptions.

Task B.1: Organize the Office of the Secretary of DHR
The Secretary, assisted by RTF, establishes the new Office of the Secretary for North Carolina's Department of Health and Human Services, assigns personnel, and sets expectations and performance requirements.

Task B.2: Organize the Office of Administration and Finance
The Assistant Secretary for Administration and Finance, assisted by RTF, establishes the new Office of Administration and Finance, assigns personnel, and sets expectations and performance requirements.

Task B.3: Organize the Office of Operations High Level Structure
The Assistant Secretary for Operations, assisted by RTF, establishes the new Office of Operations, assigns personnel, and sets expectations and performance requirements.

Task B.4: Organize the Division of Services High Level Structure
The Division of Services Director, assisted by RTF, establishes the new Office of Operations, assigns personnel, and sets expectations and performance requirements.

Task B.5: Organize the Economic Services Section
The Economic Services Section Chief, assisted by RTF, establishes the new Economic Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Task B.6: Organize the Health Services Section
The Health Services Section Chief, assisted by RTF and the Office of Strategic Planning, establishes the new Health Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Task B.7: Organize the Child and Youth Services Section
The Child and Youth Services Section Chief, assisted by RTF, establishes the new Child and Youth Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Task B.8: Organize the Adult and Aging Services Section
The Adult and Aging Services Section Chief, assisted by RTF, establishes the new Adult and Aging Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Task B.9: Organize the Special Needs Services Section
The Special Needs Services Section Chief, assisted by RTF, establishes the new Special Needs Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Task B.10: Organize the Policy Coordination and Service Delivery Section
The Policy Coordination and Service Delivery Section Chief, assisted by RTF, establishes the new Policy Coordination and Service Delivery Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Task B.11: Organize the Division of Health Care Financing Services
The Division of Health Care Financing Director, assisted by RTF, establishes the new Division of Health Care Financing Services assigns personnel, and sets expectations and performance requirements.

Task B.12: Organize the Division of Educational Services
The Division of Education Services Director, assisted by RTF, establishes the new Division of Education assigns personnel, and sets expectations and performance requirements.

Task B.13: Organize the Division of Regulatory Services
The Division of Regulatory Services Director, assisted by RTF, establishes the new Division of Regulatory Services assigns personnel, and sets expectations and performance requirements.

Task B.14: Organize the Division of Institutional Management
The Division of Institutional Management Director, assisted by RTF, establishes the new Division of Institutional Management, assigns personnel, and sets expectations and performance requirements.

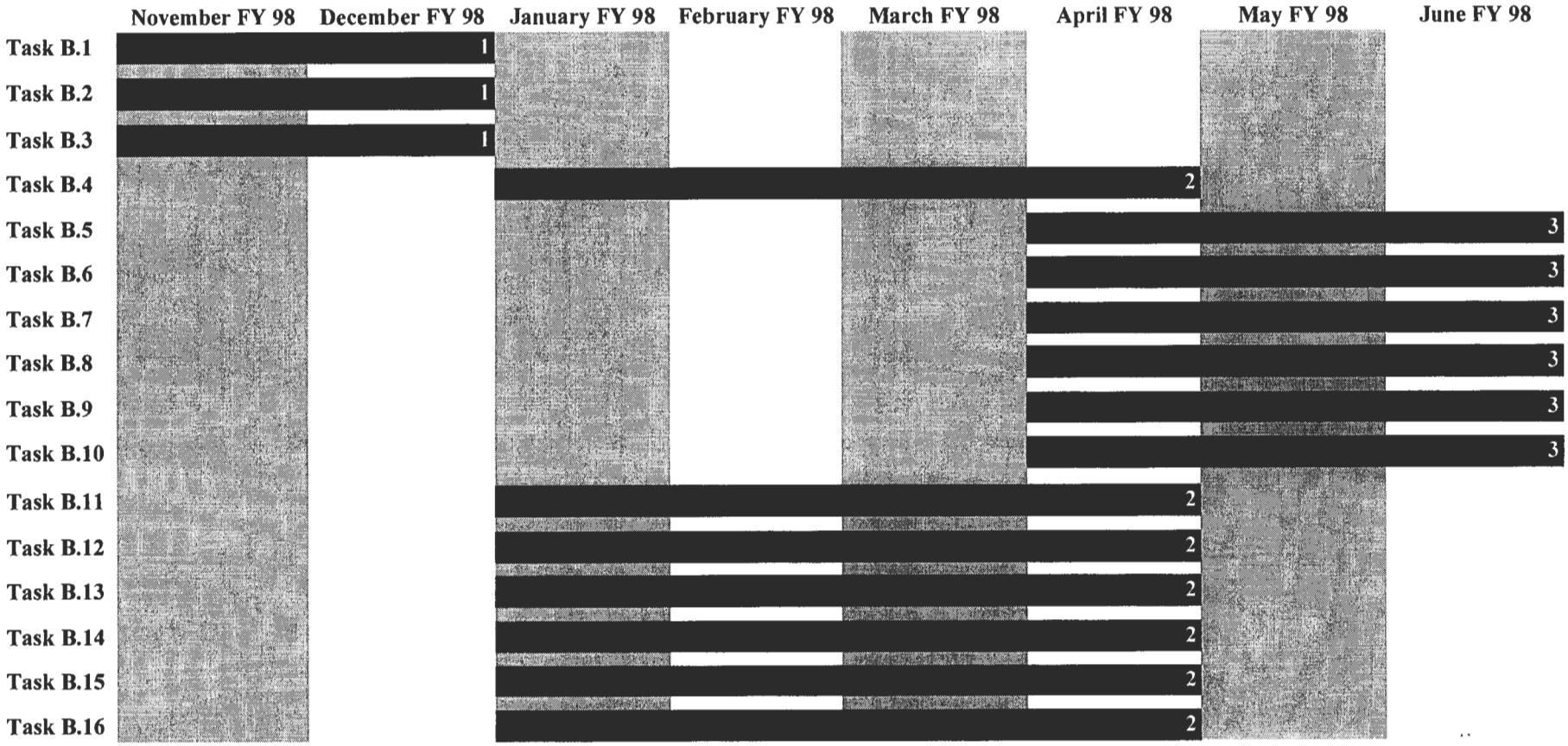
Task B.15: Organize the Division of Information Services
The Division of Performance Services Director, assisted by RTF, establishes the new Division of Performance Services assigns personnel, and sets expectations and performance requirements.

Task B.16: Organize the Division of Performance Services

The Division of Performance Services Director, assisted by RTF, establishes the new Division of Performance Services assigns personnel, and sets expectations and performance requirements.

The following page contains a Gantt chart showing Phase II's timeline and major milestones. Detailed task descriptions follow the Gantt Chart.

PHASE II GANTT CHART



Assumption: Start Date November 1, 1997

MILESTONES

1. Month 2: Offices organized
2. Month 6: Divisions Organized
3. Month 8: Division of Services bureaus, and units organized

Phase III: Changing the Way DHR Does Business

The goals of this phase are:

- To evaluate current policies and processes and modify to fit the context of the new organizational structure.
- To reengineer and streamline work processes at all levels within DHR.
- To refine State and County responsibilities, set the context for the new service delivery partnership
- To pilot these new work processes and state/county relationships.
- Evaluate and monitor reengineering efforts.

Task Outline

The following tasks are required to change the way DHR does business. Appendix A contains detailed task descriptions.

Task C.1: Evaluate and Integrate Current Policies and Processes
RTF tasks the Policy Coordination and Service Delivery Section to review existing policies and regulations and identify areas where they can be standardized across divisions.

Task C.2: Identify Administrative Processes for Improvement
RTF tasks the Division of Performance Services to conduct a performance audit of administrative functions and recommend processes for improvement.

Task C.3: Develop a Standardized Data Collection Model
The RTF tasks the Division of Information Services to coordinate the development of a standardized data collection model that identifies what client information, service information, and outcomes the program administrators need to make prudent policy decisions.

Task C.4: Implement Incremental Information Technology Improvements
The Division of Information Services increments information technology improvements and upgrades over a 5 year period that support DHR's reorganization and enhance service delivery.

Task C.5: Develop Guidelines to Measure Program Success Factors
The RTF tasks Performance Services to develop and implement success factors for individual programs. Program management and staff evaluate their program and services, set program goals and determine what performance measures will be used to evaluate their success.

Task C.6: Improve Department Training
RTF tasks the Division of Performance Services Training Section to identify ways to coordinate training across programs and divisions.

Task C.7: Conduct Formal Evaluation of Pilot Projects
The RFT should identify critical success factors and develop an evaluation plan for the pilot projects. This information should be used to develop a report to the RSC.

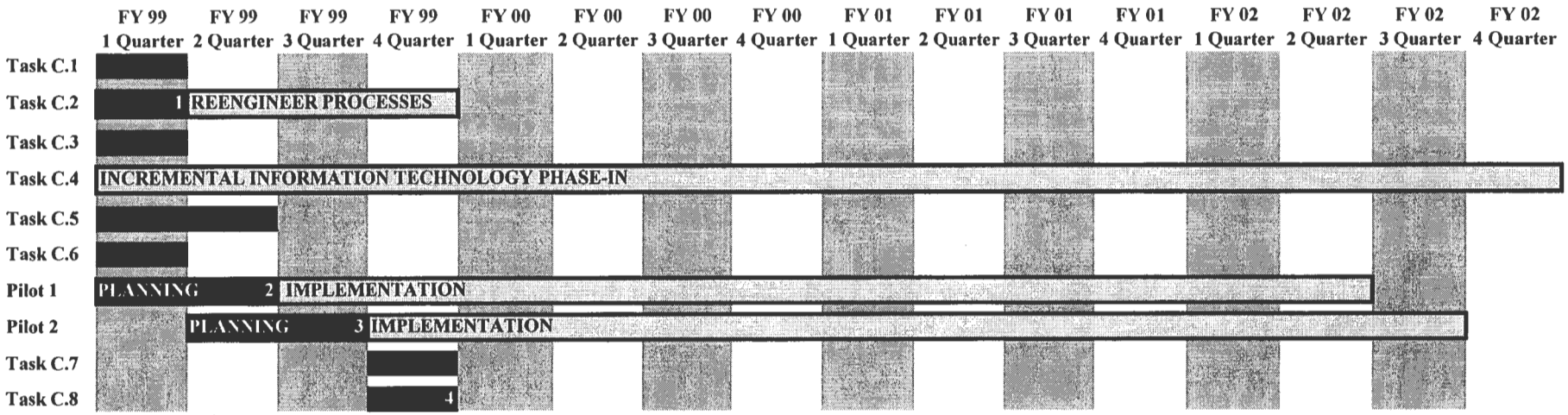
Perform Pilot Plans

The RTF should initiate the two pilot plans described in the Pilot Plan section.

Task C.8: Evaluate the New DHR Organizational Structure
The RTF works in conjunction with the Division of Performance Services to identify critical success factors and develop an evaluation plan that includes performance measures such as financial impacts, service delivery outcomes, program success measures, and some form of feedback from management, staff, regions, counties, service providers, clients, and stakeholders.

The following page contains a Gantt chart showing Phase III's timeline and major milestones. Detailed task descriptions follow the Gantt Chart.

PHASE III GANTT CHART



Assumption: Start Date July 1, 1998

MILESTONES

1. First Quarter FY 99: Process reengineering begins
2. Third Quarter FY 99: Regional center and local liaison pilot implementation begins
3. Fourth Quarter FY 99: County service-delivery pilot implementation begins
4. Fourth Quarter FY: Reorganization Task Force phased out

Pilot Plans

KPMG recommends that DHR conduct two pilot projects:

- Pilot I: Implement regional centers and local liaison teams
- Pilot II: Conduct county service delivery determination

The following sections detail the pilots, outline specific tasks that are required to successfully implement an integrated human service delivery model in North Carolina.

Pilot I: Regional Centers and Local Liaison Teams

The DHR reorganization prescribes that the counties develop their own service-delivery model, including structure, organization and program administration based on the service delivery needs of the counties, and Federal and State requirements. The state will continue to be responsible for policy dissemination, program coordination, data reporting, analysis and evaluation of outcomes. The primary link between the counties and the State is the Local Liaison Teams (LLTs).

Structure: The Local Liaison Team will include five principal representatives:

- Team Leader
- Economic Services Representative
- Health Services Representative
- Children and Youth Services Representative
- Adult and Aging Services Representative
- Special Needs Representative

Each team will cover approximately ten counties (teams assigned counties with large populations, i.e., Mecklenburg and Wake, may be assigned fewer counties). The teams will be based in the current DSS regional centers located in Winston-Salem, Fayetteville, Greenville, and Black Mountain.

Local Liaison Team Responsibilities: The regional organization structure will promote an integrated delivery of services, ensure collaboration between the counties and the State, and collapse the traditional program silos through the use of integrated teams. The responsibilities of the LLTs include the functions described in the following sections.

Service Direction. The LLTs will direct the planning, organization, requirement assessment, implementation, and evaluation preparation of the State/County Outcome Partnership Agreement (SCOPE). The LLTs will assist the counties to meet or surpass the outcomes and goals outlined in their SCOPE. Team members will have the ability to access needed resources from the Division of Services that are needed to provide the local support to a county (e.g., DIRM support). The team will assist the counties with change

management regarding the changes to State structure; and county service-delivery changes.

Policy and Program Dissemination and Consultation. The LLTs are responsible for explanation of any policy or program changes, and impacts of such changes. The teams are accountable for coordinating local input to any program or policy changes, and communicating input to the Policy Coordination Unit. The LLTs will answer and interpret policy or program difficulties (i.e., questions regarding length of mental health institutional stays, WorkFirst job requirements).

Technology support. Team members will assist counties with automation efforts, coordinate local input on all state-wide technology efforts. The LLTs will coordinate state-wide systems training, and provide support or referral for all state systems software.

Reference and Referral. One representative will not have the answer to every policy, program, technology, service-delivery, and requirement question. The LLTs will be able to provide reference and referral information regarding contact points (i.e., Child Care subsidy central-office contact, Substance Abuse policy central-office contact, DIRM contact, Public Health contact)

Training. LLTs will be responsible for the planning and execution of training programs for county workers. Training could include policy, state-wide program, state-wide information technology systems, public-private partnerships, and team building.

Community Planning Aid. The LLT will provide guidance and direction to County Administrators and service-deliverers regarding community planning efforts. Efforts include: community needs assessment, public-private collaborative efforts, program changes that could assist community needs, and mobilization to fill service gaps. Information regarding the Economic Opportunities Section at the State and the work of community action agencies can be provided.

Team Leader Responsibilities. The Team Leaders are responsible for the guidance and direction of the regional liaison team. The Team Leaders report directly to the Local Liaison Unit at the State. Team Leaders' responsibilities include:

- Conducting regular team meetings
- Providing status reports to the Policy Coordination and Service Delivery Section, including: county progress, problems, and outcome status
- Scheduling training sessions
- Coordinating LLT county site-visit schedules
- Assisting team members with difficulties
- Coordinating with Legal Services
- Coordinating SCOPE endorsement and annual reviews
- Serving as primary communication link between Division of Services and the LLTs

County Impact. The creation of the LLTs will encourage shared responsibility for service outcomes between the counties and the State, as well as the structure to allow for integrated service delivery. The LLTs' impact on the counties will include:

- Serving as a comprehensive, integrated program liaison
- Promoting cross-program information sharing
- Ensuring program coordination
- Identifying service gaps
- Preparing, approving, and evaluating SCOPE
- Assisting with attainment of SCOPE objectives
- Training
- Providing technical assistance
- Identifying resources counties can use, e.g.:
  - State contacts
  - DIRM assistance
  - Special Needs Division Information

State Impact. The LLT will change the State central-office organization and supervisory role. LLT impact includes:

- Communicating links between divisions and counties
- Promoting a team approach that replaces the traditional division lines
- Encouraging a cross-program, integrated structure
- Assisting in creating service-delivery models based on county's needs

Appendix A contains detailed descriptions of the tasks required to perform the pilot plan.

Pilot II: County Service-Delivery Determination Pilot

The DHR reorganization requires the counties develop their own service-delivery model, including structure, organization, budgeting, and program administration based on the service delivery needs of the counties, and Federal and State requirements. The State will continue to be responsible for policy dissemination, program coordination, data reporting and analysis. The following presents the county service-delivery determination pilot. Service-delivery models are not provided, rather the structure for the collaborative service-delivery determination is presented.

Structure. The RTF will select three counties to pilot. The RTF will designate the Pilot Planning Team (PPT) for each selected county. The team will be comprised of five members, three county and two state. Team members will include:

- County Administrator (i.e., Commissioner, Manager)
- County Social Services Director
- County MH/DD/SA Director
- Central-Office Policy Coordination and Service Delivery Section Representative
- Regional LLT Representative

Reorganization Task Force (RTF) Responsibilities. The RTF is responsible for:

- Obtaining legislative changes to implement pilot program
- Forming the PPT
- Preparing necessary documentation (Federal/State requirements, outcome guidelines, funding structure)
- Overseeing the PPT
- Recommending to the RSC necessary policy and procedural changes (SCOPE, SCOPE incentives and sanctions)
- Endorsing of the county's SCOPE, Pilot Workplan, and Pilot Program Document
- Reviewing of SCOPE goal attainment

Pilot Planning Team (PPT) Responsibilities: The PPT is responsible for:

- Conducting bi-weekly team meetings, and submitting status reports for RTF and public input
- Reviewing all RTF documentation
- Developing the Pilot Workplan
- Developing the Pilot Program Documentation
- Collaborating with county to prepare SCOPE
- Serving as primary link between DHR and the piloted county

County Responsibilities: County responsibilities include:

- Collaborative development of SCOPE
- Advancing Pilot Workplan, and proposed service-delivery model

Appendix A contains detailed descriptions of the tasks required to perform the pilot plan.

Appendix A
DETAILED IMPLEMENTATION TASKS

This appendix contains the recommended tasks for completing each phase and pilot of the DHR reorganization. Each task contains task-by-task details with the following information:

Task name: A brief descriptive name of the implementation activity.
Divisions impacted: A list of the divisions impacted by the task.
Timeline: Estimated amount of time required to complete the implementation task.
Task Description: A detailed description of the implementation activity.
Benefit: An explanation of the task's positive impacts.
Assumptions: Statements of events that are assumed to occur over the course of the implementation task.
Risks: The threats to successfully completing tasks, or the negative consequences that can occur if activities are implemented improperly.
Subtasks: Brief descriptions of activities that compose the overall implementation activity.
Subtask Responsibility: The individuals or organizations responsible for carrying out specific subtasks. Where multiple responsibility centers are listed, the center with primary responsibility for implementing the subtask is listed first.
Evaluation Strategy: The outputs or results that must occur for the implementation task to be completed successfully. "Task outputs" are physical deliverables; "success criteria" are factors for qualitatively evaluating task results.

Phase I Implementation Tasks

Task A.1: Establish Change Management Team
Task A.2: Recommend Legislative Changes to General Assembly
Task A.3: Appoint DHR Division Directors
Task A.4: Mobilize Leadership for Reorganization
Task A.5: Initiate Strategic Planning Process
Task A.6: Prepare Reorganization Logistics
Task A.7: Develop Communications Plans
Task A.8: Plan Personnel and Program Reorganization

Task A.1: Establish Change Management Team

Task Name	Divisions Impacted	Timeline
Establish change management team	Office of the Secretary	4 weeks

Task Description

The DHR Secretary's Office will establish the Reorganization Steering Committee (RSC) and the Reorganization Task Force (RTF) and provide the change management team with the information it needs to prepare for the reorganization.

Benefit

This task establishes the change management team responsible for reorganizing DHR.

Assumptions

DHR will move forward with the recommendations contained in this report.
The General Assembly will pass legislation that supports Departmental reform.
RTF staff will be knowledgeable about implementation and change management.
RTF staff must be assigned full-time to the change management process.

Risks

Appointing the most qualified candidates to the RTF is critical to the reorganization's success. A task force that is uninterested in affecting real change will be unable to improve DHR's service delivery.

Subtasks	Subtask Responsibility
1. Create position descriptions for change management team	1. Secretary's Office/Personnel
2. Develop budget for change management team	2. Secretary's Office/Budget and Analysis
3. Ensure budget authority exists to fund change management team	3. Secretary's Office/Budget and Analysis
4. Create line item in budget for change management team	4. Secretary's Office/Budget and Analysis
5. Identify candidates for the RTF	5. Secretary
6. Select RTF leader and staff	6. Secretary
7. Convene kick-off meeting with change management team and set expectations	7. Secretary
8. Explain RTF mission, goals, and timeline	8. Secretary

Evaluation Strategy

Success Criteria: Change management team established and briefed by deadline.

Task A.2: Recommend Legislative Changes to General Assembly

Task Name	**Divisions Impacted**	**Timeline**
Recommend legislative changes to the General Assembly required to implement reorganization	N/A	2 weeks

Task Description

RTF will identify legislative changes that the General Assembly must enact to eliminate legal barriers to reorganizing DHR.

Benefit

Coordination with the General Assembly helps ensure early communication about reorganization between DHR and the legislature.

Assumptions

The General Assembly will be responsive to reasonable requests from DHR.

Risks

Requests for legislative changes that exceed the scope of the reorganization may create tension between DHR and the General Assembly.

Subtasks	**Subtask Responsibility**
1. Review appropriate legislation	1. RTF
2. Evaluate the rules of rulemaking commissions	2. RTF
3. Develop a structure to facilitate coordination between commissions	3. RTF

Evaluation Strategy

Task output: A list of requested legislative changes for the General Assembly.

Task A.3: Appoint DHR Division Directors

Task Name	**Divisions Impacted**	**Timeline**
Appoint DHR division directors	All DHR Divisions	2 weeks

Task Description

DHR Secretary selects and appoints the DHR's new division directors.

Benefit

The Secretary sponsors change by appointing directors that will spearhead reorganization within the divisions.

Assumptions

Deadline assume all appointments are made from within DHR and require no external recruiting.

Risks

Selecting leaders that cannot work with the RSC or RTF to enact change will threaten the integrity of reform and the quality of service delivery.

Subtasks	**Subtask Responsibility**
1. Identify candidates for division director positions	1. Secretary
2. Select division directors	2. Secretary
3. Announce appointments	3. Secretary

Evaluation Strategy

Success criteria: Division directors appointed by deadline.

Task A.5: Initiate Strategic Planning Process

Task Name	**Divisions Impacted**	**Timeline**
Initiate strategic planning process	All DHR divisions	8 weeks

Task Description

The RSC, RTF, and newly appointed DHR leadership will work with a strategic planning facilitator to produce a strategic plan that is aligned with the Department's mission and Guiding Principles.

Benefit

The Department will produce a strategic plan that will guide the future operations, drive reorganization efforts, and foster continuous process improvement.

Assumptions

An independent consultant will facilitate the strategic planning process.

Risks

1. Leaders may be unable to agree on a strategic plan.
2. Special interests/advocates might promote their own agenda at the expense of DHR's other clients' needs.

Subtasks	**Subtask Responsibility**
1. Revisit mission statement	1. DHR leadership/consultant
2. Revisit Department vision	2. DHR leadership/consultant
3. Conduct environmental assessment	3. DHR leadership/consultant
4. Develop Department objectives	4. DHR leadership/consultant
5. Link performance measures to objectives	5. DHR leadership/consultant
6. Create process for continual evaluation of strategic plan	6. DHR leadership/consultant

Evaluation Strategy

Task output: Strategic plan; process for continual evaluation.
Success criteria; Strategic plan aligned with Guiding Principles.

Task A.7: Develop Communications Plans

Task Name	**Divisions Impacted**	**Timeline**
Develop communications plans	N/A	3 weeks

Task Description

The Office of Public Information, in conjunction with RTF, will develop two communications plans—one for Department personnel, and one for the public—and establish the infrastructure to keep employees informed about the reorganization and to respond to their questions.

Benefit

Strong and open communication about the reorganization ensures that all levels of the Department understand the direction and purpose of change. Positive media coverage creates support among taxpayers and clients.

Assumptions

Initial excitement and concern about the reorganization will create a large demand for information.

Risks

1. Failure to keep employees updated about the reorganization may harm morale, create dissension, and lower worker productivity.
2. Failure to keep North Carolina's taxpayers and DHR's clients updated may create confusion about the impact change will have on service delivery.

Subtasks	**Subtask Responsibility**
1. Develop an internal relations plan	1. Office of Public Information/RTF
2. Develop media relations plan	2. Office of Public Information/RTF
3. Create information infrastructure, e.g.: ■ DHR newsletter ■ Hot-line ■ Website ■ E-mail address ■ Townhall meetings	3. Office of Public Information/RTF
4. Obtain legal approval of all public documentation	4. Office of Public Information

Evaluation Strategy

Task outputs: Internal and media relations plans.

Success criteria: Information distribution methods received favorably by Department personnel and public.

Task A.8: Plan Personnel and Program Reorganization

Task Name	**Divisions Impacted**	**Timeline**
Plan personnel and program reorganization	All DHR divisions	9 weeks

Task Description

The new division directors plan for personnel allocation in the new divisions, sections, bureaus, and units; determine personnel roles and functional responsibilities; and take appropriate steps in conjunction with the RTF.

Benefit

Division directors plan for the reorganization by defining staffing and functional requirements.

Assumptions

The "To-Be" organizational chart is the model for reorganization.

Risks

Improper or insufficient planning will prevent the smooth transition of personnel and programs during actual reorganization.

Subtasks	**Subtask Responsibility**
1. Identify new section chiefs and other leadership	1. Division directors
2. Define high-level personnel requirements and functional responsibilities for sections and units	2. Division directors/RTF
3. Assess personnel needs section-by-section and unit-by-unit	3. Division directors
4. Develop staffing allocation plan	4. Division directors
5. Draft performance goals for sections	5. Division directors
6. Prepare for reductions in force, if necessary	6. Division directors/RTF

Evaluation Strategy

Task outputs: Identified section chiefs, draft performance plans, new position descriptions, changes to the financial management system, and buy-out/reduction in force analysis.

Phase II Implementation Tasks

Task B.1: Organize the Office of the Secretary of DHR
Task B.2: Organize the Office of Administration and Finance
Task B.3: Organize the Office of Operations High Level Structure
Task B.4: Organize the Division of Services High Level Structure
Task B.5: Organize the Economic Services Section
Task B.6: Organize the Health Services Section
Task B.7: Organize the Child and Youth Services Section
Task B.8: Organize the Adult and Aging Services Section
Task B.9: Organize the Special Needs Services Section
Task B.10: Organize the Policy Coordination and Service Delivery Section
Task B.11: Organize the Division of Health Care Financing Services
Task B.12: Organize the Division of Educational Services
Task B.13: Organize the Division of Regulatory Services
Task B.14: Organize the Division of Institutional Management
Task B.15: Organize the Division of Information Services
Task B.16: Organize the Division of Performance Services

Task B.1: Organize the Office of the Secretary of DHR

Task Name	**Divisions Impacted**	**Timeline**
Organize the Office of the Secretary of DHR	Office of the Secretary	2 months

Task Description

The Secretary, assisted by RTF, establishes the new Office of the Secretary for North Carolina's Department of Health and Human Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization of the Office of the Secretary creates the momentum for change throughout the remainder of the organization.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the Office level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize offices: ■ Office of Public Information ■ Office of Strategic Planning ■ Office of the Assistant Secretary for Administration and Finance ■ Office of the Assistant Secretary for Operations	1. Secretary/RTF
2. Finalize reporting relationships	2. Secretary
3. Finalize expectations for future performance	3. Secretary
4. Finalize performance goals	4. Secretary
5. Review and revise job descriptions, as necessary	5. Secretary/Personnel
6. Define benefits of reorganization	6. Secretary
7. Announce organization and appointments to DHR community	7. Secretary
8. Realign budget to reflect new organization	8. Secretary/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized office.

Task B.2: Organize the Office of Administration and Finance

Task Name	**Divisions Impacted**	**Timeline**
Organize the Office of Administration and Finance	Office of Administration and Finance	2 months

Task Description

The Assistant Secretary for Administration and Finance, assisted by RTF, establishes the new Office of Administration and Finance, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the Office level creates the momentum for change in the divisions.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the Office level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize divisions: ■ Controller ■ Revenue Management and Maximization ■ Purchasing and Contracts ■ Budget and Analysis ■ Financial Audit ■ Legal ■ Personnel ■ Infrastructure Management	1. Assistant Secretary/RTF
2. Finalize reporting relationships	2. Assistant Secretary
3. Finalize expectations for future performance	3. Assistant Secretary
4. Finalize performance goals	4. Assistant Secretary
5. Review and revise job descriptions, as necessary	5. Assistant Secretary/Personnel
6. Define benefits of reorganization	6. Assistant Secretary
7. Announce organization and appointments to DHR community	7. Assistant Secretary
8. Realign budget to reflect new organization	8. Assistant Secretary/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized office.

Task B.3: Organize the Office of Operations High Level Structure

Task Name	**Divisions Impacted**	**Timeline**
Organize the Office of Operations high level structure	Office of Operations	2 months

Task Description

The Assistant Secretary for Operations, assisted by RTF, establishes the new Office of Operations, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the Office level creates the momentum for change in the divisions.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the Office level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize divisions: ■ Division of Services ■ Division of Health Care Financing ■ Division of Education Services ■ Division of Regulatory Services ■ Division of Institutional Management ■ Division of Information Services ■ Division of Performance Services	1. Assistant Secretary/RTF
2. Finalize reporting relationships	2. Assistant Secretary
3. Finalize expectations for future performance	3. Assistant Secretary
4. Finalize performance goals	4. Assistant Secretary
5. Review and revise job descriptions, as necessary	5. Assistant Secretary/Personnel
6. Define benefits of reorganization	6. Assistant Secretary
7. Announce organization and appointments to DHR community	7. Assistant Secretary
8. Realign budget to reflect new organization	8. Assistant Secretary/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized office.

Task B.4: Organize the Division of Services High Level Structure

Task Name	**Divisions Impacted**	**Timeline**
Organize Division of Services high-level structure	Division of Services	4 months

Task Description

The Division of Services Director, assisted by RTF, establishes the new Office of Operations, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the division level creates the momentum for change in the divisions.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the division level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize sections: ■ Economic Services Section ■ Health Services Section ■ Child and Youth Services Section ■ Adult and Aging Services Section ■ Special Needs Services Section ■ Policy Coordination and Service Delivery Section	1. Division Director/RTF
2. Finalize reporting relationships	2. Division Director
3. Finalize expectations for future performance	3. Division Director
4. Finalize performance goals	4. Division Director
5. Review and revise job descriptions, as necessary	5. Division Director/Personnel
6. Define benefits of reorganization	6. Division Director
7. Announce organization and appointments to DHR community	7. Division Director
8. Realign budget to reflect new organization	8. Division Director/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized division.

Task B.5: Organize the Economic Services Section

Task Name	Divisions Impacted	Timeline
Organize the Economic Services Section	Economic Services Section	3 months

Task Description

The Economic Services Section Chief, assisted by RTF, establishes the new Economic Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the section level creates the momentum for change in the bureaus.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the section level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	Subtask Responsibility
1. Organize: ■ Bureaus: – Child Support Enforcement – TANF/WorkFirst – Food Stamps – Child Care ■ Units: – Administrative Support – Legal Liaison – Program Planning – Policy Development – Policy Management	1. Section Chief/RTF
2. Finalize reporting relationships	2. Section Chief
3. Finalize expectations for future performance	3. Section Chief
4. Finalize performance goals	4. Section Chief
5. Review and revise job descriptions, as necessary	5. Section Chief/Personnel
6. Define benefits of reorganization	6. Section Chief
7. Announce organization and appointments to DHR community	7. Section Chief
8. Realign budget to reflect new organization	8. Section Chief/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized section.

Task B.6: Organize the Health Services Section

Task Name	Divisions Impacted	Timeline
Organize the Health Services Section	Health Services Section	3 months

Task Description

The Health Services Section Chief, assisted by RTF and the Office of Strategic Planning, establishes the new Health Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the section level creates the momentum for change in the bureaus.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the section level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	Subtask Responsibility
1. Organize: ■ Bureaus: – Mental Health – Developmental Disabilities – Substance Abuse – Public Health, if necessary – Rural Health, if necessary ■ Units: – Administrative Support – Legal Liaison – Program Planning and Development – Policy Development – Policy Management	1. Section Chief/RTF
2. Finalize reporting relationships	2. Section Chief
3. Finalize expectations for future performance	3. Section Chief
4. Finalize performance goals	4. Section Chief
5. Review and revise job descriptions, as necessary	5. Section Chief/Personnel
6. Define benefits of reorganization	6. Section Chief
7. Announce organization and appointments to DHR community	7. Section Chief
8. Realign budget to reflect new organization	8. Section Chief/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized section.

Task B.7: Organize the Child and Youth Services Section

Task Name	Divisions Impacted	Timeline
Organize the Child and Youth Services Section	Child and Youth Services Section	3 months

Task Description

The Child and Youth Services Section Chief, assisted by RTF, establishes the new Child and Youth Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the section level creates the momentum for change in the bureaus.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the section level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	Subtask Responsibility
1. Organize: ■ Bureaus: – Intake and Case Management – Prevention – Family Preservation – Foster Care – Youth Services – Adoption Services ■ Units: – Administrative Support – Legal Liaison – Program Planning and Development – Policy Development – Policy Management	1. Section Chief/RTF
2. Finalize reporting relationships	2. Section Chief
3. Finalize expectations for future performance	3. Section Chief
4. Finalize performance goals	4. Section Chief
5. Review and revise job descriptions, as necessary	5. Section Chief/Personnel
6. Define benefits of reorganization	6. Section Chief
7. Announce organization and appointments to DHR community	7. Section Chief
8. Realign budget to reflect new organization	8. Section Chief/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized section.

Task B.8: Organize the Adult and Aging Services Section

Task Name	**Divisions Impacted**	**Timeline**
Organize the Adult and Aging Services Section	Adult and Aging Services Section	3 months

Task Description

The Adult and Aging Services Section Chief, assisted by RTF, establishes the new Adult and Aging Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the section level creates the momentum for change in the bureaus.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the section level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize: ■ Bureaus: – Information and Referral – Home and Community Services – Long Term Care – Protective Services ■ Units: – Administrative Support – Legal Liaison – Program Planning and Development – Policy Development – Policy Management	1. Section Chief/RTF
2. Finalize reporting relationships	2. Section Chief
3. Finalize expectations for future performance	3. Section Chief
4. Finalize performance goals	4. Section Chief
5. Review and revise job descriptions, as necessary	5. Section Chief/Personnel
6. Define benefits of reorganization	6. Section Chief
7. Announce organization and appointments to DHR community	7. Section Chief
8. Realign budget to reflect new organization	8. Section Chief/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized section.

Task B.9: Organize the Special Needs Services Section

Task Name	**Divisions Impacted**	**Timeline**
Organize the Special Needs Services Section	Special Needs Services Section	3 months

Task Description

The Special Needs Services Section Chief, assisted by RTF, establishes the new Special Needs Services Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the section level creates the momentum for change in the bureaus.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the section level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize: ■ Bureaus: – Blind Services – Deaf and Hard of Hearing Services – Vocational Rehabilitation – Independent Living – Disabilities Determination ■ Units: – Administrative Support – Legal Liaison – Program Planning – Policy Development – Policy Management	1. Section Chief/RTF
2. Finalize reporting relationships	2. Section Chief
3. Finalize expectations for future performance	3. Section Chief
4. Finalize performance goals	4. Section Chief
5. Review and revise job descriptions, as necessary	5. Section Chief/Personnel
6. Define benefits of reorganization	6. Section Chief
7. Announce organization and appointments to DHR community	7. Section Chief
8. Realign budget to reflect new organization	8. Section Chief/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized section.

Task B.10: Organize the Policy Coordination and Service Delivery Section

Task Name	**Divisions Impacted**	**Timeline**
Organize the Policy Coordination and Service Delivery Section	Policy Coordination and Service Delivery Section	3 months

Task Description

The Policy Coordination and Service Delivery Section Chief, assisted by RTF, establishes the new Policy Coordination and Service Delivery Section within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the section level creates the momentum for change in the bureaus.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the section level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize: ■ Bureaus: – Citizen Services – Cross-Service Domain Policy Coordination – Policy Dissemination – Local Liaison – Regional Operations – Direct Services – Economic Opportunity ■ Regional structure: – Regionally Deployed Unites – Regional Offices – Regional Service Units	1. Section Chief/RTF
2. Finalize reporting relationships	2. Section Chief
3. Finalize expectations for future performance	3. Section Chief
4. Finalize performance goals	4. Section Chief
5. Review and revise job descriptions, as necessary	5. Section Chief/Personnel
6. Define benefits of reorganization	6. Section Chief
7. Announce organization and appointments to DHR community	7. Section Chief
8. Realign budget to reflect new organization	8. Section Chief/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized section.

Task B.11: Organize the Division of Health Care Financing Services

Task Name	**Divisions Impacted**	**Timeline**
Organize the Division of Health Care Financing Services	Division of Health Care Financing Services	4 months

Task Description

The Division of Health Care Financing Director, assisted by RTF, establishes the new Division of Health Care Financing Services within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the division level creates the momentum for change in the sections.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the division level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize: ■ Sections: – Medicaid Policy – Program Integrity – Payment Processing – Customer Service ■ Units: Administrative Support	1. Division Director/RTF
2. Finalize reporting relationships	2. Division Director
3. Finalize expectations for future performance	3. Division Director
4. Finalize performance goals	4. Division Director
5. Review and revise job descriptions, as necessary	5. Division Director/Personnel
6. Define benefits of reorganization	6. Division Director
7. Announce organization and appointments to DHR community	7. Division Director
8. Realign budget to reflect new organization	8. Division Director/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized division.

Task B.12: Organize the Division of Educational Services

Task Name	Divisions Impacted	Timeline
Organize the Division of Education Services	Division of Education Services	4 months

Task Description

The Division of Education Services Director, assisted by RTF, establishes the new Division of Education within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the division level creates the momentum for change in the sections.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the division level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	Subtask Responsibility
1. Organize: ■ DHR School Board ■ Administrative Support Unit ■ Educational components: – Governor Moorehead School – Schools for the Deaf and Hard of Hearing – Training School Education Component – Mental Health Facilities Education Components	1. Division Director/RTF
2. Finalize reporting relationships	2. Division Director
3. Finalize expectations for future performance	3. Division Director
4. Finalize performance goals	4. Division Director
5. Review and revise job descriptions, as necessary	5. Division Director/Personnel
6. Define benefits of reorganization	6. Division Director
7. Announce organization and appointments to DHR community	7. Division Director
8. Realign budget to reflect new organization	8. Division Director/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized division.

Task B.13: Organize the Division of Regulatory Services

Task Name	**Divisions Impacted**	**Timeline**
Organize the Division of Regulatory Services	Division of Regulatory Services	4 months

Task Description

The Division of Regulatory Services Director, assisted by RTF, establishes the new Division of Regulatory Services within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the division level creates the momentum for change in the sections.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the division level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize: ■ Bureaus: – Licensing • Facility Planning • Facilities Licensing • Investigations • EMS – Performance Audit – Fraud and Abuse ■ Unit: – Administrative Support	1. Division Director/RTF
2. Finalize reporting relationships	2. Division Director
3. Finalize expectations for future performance	3. Division Director
4. Finalize performance goals	4. Division Director
5. Review and revise job descriptions, as necessary	5. Division Director/Personnel
6. Define benefits of reorganization	6. Division Director
7. Announce organization and appointments to DHR community	7. Division Director
8. Realign budget to reflect new organization	8. Division Director/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized division.

Task B.14: Organize the Division of Institutional Management

Task Name	**Divisions Impacted**	**Timeline**
Organize the Division of Institutional Management	Division of Institutional Management	4 months

Task Description

The Division of Institutional Management Director, assisted by RTF, establishes the new Division of Institutional Management within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the division level creates the momentum for change in the sections.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the division level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize sections, bureaus, and units	1. Division Director/RTF
2. Finalize reporting relationships	2. Division Director
3. Finalize expectations for future performance	3. Division Director
4. Finalize performance goals	4. Division Director
5. Review and revise job descriptions, as necessary	5. Division Director/Personnel
6. Define benefits of reorganization	6. Division Director
7. Announce organization and appointments to DHR community	7. Division Director
8. Realign budget to reflect new organization	8. Division Director/Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized division.

Task B.15: Organize the Division of Information Services

Task Name	**Divisions Impacted**	**Timeline**
Organize the Division of Information Services	Division of Information Services	4 months

Task Description

The Division of Information Services Director, assisted by RTF, establishes the new Division of Information Services within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the division level creates the momentum for change in the sections.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the division level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize sections: ■ Information Services Planning ■ Information Services Services ■ Local Technical Assistance Services	1. Division Director/RTF
2. Finalize reporting relationships	2. Division Director
3. Finalize expectations for future performance	3. Division Director
4. Finalize performance goals	4. Division Director
5. Review and revise job descriptions, as necessary	5. Division Director/Personnel
6. Define benefits of reorganization	6. Division Director
7. Announce organization and appointments to DHR community	7. Division Director
8. Realign budget to reflect new organization	8. Division Director /Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized division.

Task B.16: Organize the Division of Performance Services

Task Name	**Divisions Impacted**	**Timeline**
Organize the Division of Performance Services	Division of Performance Services	4 months

Task Description

The Division of Performance Services Director, assisted by RTF, establishes the new Division of Performance Services within the Division of Services, assigns personnel, and sets expectations and performance requirements.

Benefit

Reorganization at the division level creates the momentum for change in the sections.

Assumptions

Phase I strategic, tactical, and logistical issues have been completed successfully.
Reorganization will take approximately 3 months at each Department step (office, division, section).

Risks

Failure to reorganize smoothly and effectively at the division level could create repercussions further down the organization, damage employee morale, and threaten the integrity of change.

Subtasks	**Subtask Responsibility**
1. Organize: ■ Sections: – Program Evaluation – Quality Improvement – Training ■ Bureaus: – Training Planning – Training Execution	1. Division Director/RTF
2. Finalize reporting relationships	2. Division Director
3. Finalize expectations for future performance	3. Division Director
4. Finalize performance goals	4. Division Director
5. Review and revise job descriptions, as necessary	5. Division Director/Personnel
6. Define benefits of reorganization	6. Division Director
7. Announce organization and appointments to DHR community	7. Division Director
8. Realign budget to reflect new organization	8. Division Director /Budget and Analysis

Evaluation Strategy

Task output: New organizational structure documented by updated organizational charts.
Success criteria: Budget that reflects reorganized division.

Phase III Implementation Tasks

Task C.1: Evaluate and Integrate Current Policies and Processes
Task C.2: Identify Administrative Processes for Improvement
Task C.3: Develop a Standardized Data Collection Model
Task C.4: Implement Incremental Information Technology Improvements
Task C.5: Develop Guidelines to Measure Program Success Factors
Task C.6: Improve Department Training
Task C.7: Conduct a Formal Evaluations of Pilot Projects
Perform Pilot Plans
Task C.8: Evaluate the New DHR Organizational Structure

Task C.1: Evaluate and Integrate Current Policies and Processes

Task Name	**Divisions Impacted**	**Timeline**
Assess current service delivery policies and regulations	All DHR Divisions	3 months

Task Description

RTF tasks the Policy Coordination and Service Delivery Section to review existing policies and regulations and identify areas where they can be standardized across divisions.

Benefit

1. Coordinating policy across the Department will create a structure that eliminates duplicative functions.
2. Coordinating regulations will simplify the way the state monitors service delivery and make it easier for the state to communicate its expectations to service providers.

Assumptions

Appropriate legislative support exists for creating policy and regulation changes.

Risks

Failure to coordinate efforts between the policy and regulation review teams may allow the teams to produce recommendations that conflict with one another.

Subtasks	**Subtask Responsibility**
1. Identify policy and regulatory areas for review	1. Policy Coordination and Service Delivery Section/RTF
2. Assemble evaluation teams	2. Division Directors
3. Review and evaluate policies and regulations	3. Policy and Regulation Review Team
4. Develop list of policies to coordinate, modify, or eliminate	4. Policy Review Teams
5. Develop list of regulations to modify or eliminate	5. Regulation Review Team
6. Perform legal review of listed recommendations	6. Division Legal Liaisons
7. Develop process for policy change and coordination	7. Policy Coordination and Service Delivery Section

Evaluation Strategy

Task output: Regulation and policy recommendations; process for coordinating policy between divisions.

Task C.2: Identify Administrative Processes for Improvement

Task Name	**Divisions Impacted**	**Timeline**
Identify administrative processes for improvement	Office of Administration and Finance	3 months

Task Description

RTF tasks the Division of Performance Services to conduct a performance audit of administrative functions and recommend processes for improvement.

Benefit

Improving administrative processes can reduce the costs of doing business and indirectly improve service delivery.

Assumptions

1. The state does not begin similar process improvement initiatives prior to this task.
2. The cross-divisional teams are staffed with functional experts who understand process reengineering.

Risks

Failure to reengineer inefficient administrative processes will increase the cost and cycle time of service delivery.

Subtasks	**Subtask Responsibility**
1. Assemble performance audit team	1. Division of Performance Services/RTF
2. Review the performance of administrative business processes, e.g.: ■ Personnel ■ Financial management ■ Procurement	2. Division of Performance Services
3. Select administrative processes to improve	3. Division of Performance Services
4. Reengineer selected processes	4. Division of Performance Services /Consultant

Evaluation Strategy

Task output: Performance audit report; prioritized list of processes for improvement.
Success criteria: Reengineering initiatives started to improve timely, costly processes.

Task C.3: Develop a Standardized Data Collection Model

Task Name	**Divisions Impacted**	**Timeline**
Develop a standardized data collection model	All DHR Divisions County Service Providers	3 months

Task Description

The RTF tasks the Division of Information Services to coordinate the development of a standardized data collection model that identifies what client information, service information, and outcomes the program administrators need to make prudent policy decisions. Data collection standards include:

- Requirements identified by divisions
- Federal requirements
- Information requested by the Governor or General Assembly

Benefit

Standardized data collection:

- Improves the accuracy of data that is currently collected
- Facilitates data sharing between state programs
- Allows county service providers to compare their services, client populations, program costs, outcomes, etc.
- Improves service providers' ability to share data with other service providers

Assumptions

The goal of this task is to capture client data once and in a standard format.

Risks

Identifying the wrong data requirements diminish program management's ability to assess its program's efficacy.

Subtasks	**Subtask Responsibility**
1. Identify who will participate in the process of standard development	1. Division of Information Services/RTF
2. Establish baseline of what data is collected currently	2. Division of Information Services
3. Establish what program-specific data needs to be collected	3. Division of Information Services
4. Produce a report recommending data to be collected by service providers, and who will receive that data	4. Division of Information Services
5. Approve data collection standards	5. Division of Information Services

Evaluation Strategy

Task output: Standardized data collection model; list of data requirements.

Task C.4: Implement Incremental Information Technology Improvements

Task Name	**Divisions Impacted**	**Timeline**
Implement incremental information technology improvements	All DHR divisions	5 years

Task Description

The Division of Information Services increments information technology improvements and upgrades over a 5 year period that support DHR's reorganization and enhance service delivery.

Benefit

Automating the Department will increase productivity and support service delivery.

Assumptions

Information Services has $34 million available from FY 98 to FY 02.

Risks

Information technology cost overruns and implementation failures are highly visible failures that could compromise the Department's public image. Incremental implementation minimizes risks.

Subtasks	**Subtask Responsibility**
1. Develop five-year information technology plan	1. Division of Information Services/RTF
2. Implement electronic mail, word processing, and other office productivity tools throughout Department	2. Division of Information Services
3. Establish common client index or master file to collect common data identified in Task C.3	3. Division of Information Services
4. Implement an Automated Single Application Process (ASAP) and an automated eligibility determination process	4. Division of Information Services
5. Develop decision support capabilities, e.g.: ■ Ad hoc reporting ■ Modeling ■ Trend analyses ■ Performance/outcome measurement ■ Data warehousing	5. Division of Information Services
6. Solicit division and county feedback	6. Division of Information Services

Evaluation Strategy

Task output:

Success criteria: Expanding information technology infrastructure that links divisions and automates processes. Positive division and county feedback

Task C.5: Develop Guidelines to Measure Program Success Factors

Task Name	**Divisions Impacted**	**Timeline**
Develop guidelines to measure program success factors	All DHR Divisions	6 months

Task Description

The RTF tasks Performance Services to develop and implement success factors for individual programs. Program management and staff evaluate their program and services, set program goals and determine what performance measures will be used to evaluate their success.

Benefit

Defining specific performance measures allows program staff and management to quantitatively gauge the success of their programs. Setting specific program goals and implementing measurement processes create accountability and help division and managers assess what resources are needed to achieve programmatic missions.

Assumptions

Data collected by the Department is statistically valid and reliable.

Risks

Setting unachievable expectations without providing the appropriate resources and staff to achieve those goals can lead to inaccurate assessments of a program success and morale problems. Selecting improper performance measures threatens the integrity of the program evaluation process.

Subtasks	**Subtask Responsibility**
1. Establish performance measurement team	1. Division of Performance Services/RTF
2. Determine any Federal and/or state program goals that must be met	2. Division of Performance Services
3. Obtain program staff and management input to determine additional goals and success measure to be used	3. Division of Performance Services
4. Evaluate goals in the context of other programs and divisions to prevent overlap of activities, duplication of effort, and duplication of success measurement activities	4. Division of Performance Services
5. Specify what resources and staff are necessary to accomplish these goals and designate staff responsibilities	5. Division of Performance Services
6. Specify success measurement time frames	6. Division of Performance Services
7. Evaluate program success using specified measures	7. Division of Performance Services
8. Use feedback to develop next year's goals, modify policies, processes, rules, etc. based on success measures	8. Division of Performance Services

Evaluation Strategy

Task output: Program performance measures for each division, section, bureau, and unit; continuous process improvement process.

Success criteria: Divisions implement performance measures and evaluate program success.

Task C.6: Improve Department Training

Task Name	**Divisions Impacted**	**Timeline**
Improve Department training	All DHR Divisions	3 months

Task Description

RTF tasks the Division of Performance Services Training Section to identify ways to coordinate training across programs and divisions.

Benefit

Training programs can be leveraged across divisions to provide DHR personnel with the professional education they need to deliver high quality services.

Assumptions

Training improvement is a top priority for improving service delivery.

Risks

Excessive consolidation of training programs may diminish specialized program training.

Subtasks	**Subtask Responsibility**
1. Establish Training Team	1. Training Section/RTF
2. Identify baseline division training programs	2. Training Team
3. Assess adequacy of internal training resources	3. Training Team
4. Identify additional sources for professional training ■ Universities ■ Junior colleges	4. Training Team
5. Obtain employee input on training improvement opportunities	5. Training Team
6. Consolidate training services where applicable	6. Training Team
7. Design new training curriculum available to divisions	7. Training Team
8. Implement new training curriculum	8. Training Section
9. Implement training feedback and improvement process	9. Training Section

Evaluation Strategy

Task outcome: New training curriculum; training feedback and improvement process.
Success criteria: Obtaining periodic employee feedback to ensure the effectiveness of training programs. Curriculum updates as needed.

Task C.7: Conduct a Formal Evaluations of Pilot Projects

Task Name	**Divisions Impacted**	**Timeline**
Conduct formal evaluation of pilot projects	N/A	3 months

Task Description

The RFT should identify critical success factors and develop an evaluation plan for the pilot projects. This information should be used to develop a report to the RSC.

Benefit

This process provides an opportunity for DHR to determine the success of its pilot projects.

Assumptions

The pilot projects have been implemented.

Risks

Without a formal review process at the DHR level , the RSC and RTF will not receive feedback about areas that have not transitioned smoothly or gaps in program responsibility.

Subtasks	**Subtask Responsibility**
1. Survey counties, stakeholders, clients to identify pilot benefits and shortcomings	1. RTF
2. Analyze service delivery quality changes	2. RTF
3. Identify and report improvement opportunities	3. RTF
4. Incorportate findings in future pilots/roll-out	4. RTF

Evaluation Strategy

Output task: Pilot project evaluation.

Perform Pilot Plans

The RTF should initiate the two pilot plans described in the Pilot Plan section.

Task C.8: Evaluate the New DHR Organizational Structure

Task Name	**Divisions Impacted**	**Timeline**
Evaluate the new DHR organizational structure	N/A	3 months

Task Description

The RTF works in conjunction with the Division of Performance Services to identify critical success factors and develop an evaluation plan that includes performance measures such as financial impacts, service delivery outcomes, program success measures, and some form of feedback from management, staff, regions, counties, service providers, clients, and stakeholders.

Benefit

This process provides an opportunity for DHR to determine the success of its organizational restructuring efforts.

Assumptions

This information will be required by the Governor and the General Assembly.

Risks

Without a formal review process at the DHR level , the RSC and RTF may not receive feedback about areas that have not transitioned smoothly or gaps in programmatic responsibility.

Subtasks	**Subtask Responsibility**
1. Collect and evaluate division performance measure information	1. RTF/Division of Performance Services
2. Obtain feedback from all relevant parties	2. RTF/Division of Performance Services
3. Identify opportunities for further improvement	3. RSC/RTF/Division of Performance Services
4. Delegate responsibility for making improvements	4. RTF
5. Phase out RTF	5. RTF

Evaluation Strategy

Task output: Evaluation of organizational structure; list of opportunities for further improvement.

Pilot Plan 1

Task P1.1: Assign Team Members and Counties
Task P1.2: Train and Prepare LLT
Task Name P1.3: LLT Meets with County Administrators and Division Directors

Task P1.1: Assign Team Members and Counties

Task Name	**Divisions Impacted**	**Timeline**
Assign team members and counties	Division of Services	2 weeks

Task Description

The RTF will be responsible for the selection of the Local Liaison Team (LLT) members. The pilot LLT team will include: a Team Leader, Economic Services representative, Health Services representative, Children and Youth Services representative, and Adult and Aging Services representative. The RTF must have endorsement of the section leadership (i.e., Economic Services Director).

Benefit

Creation of the team and county assignment is the initial phase of the pilot program.

Assumptions

Initial DHR reorganization efforts will have commenced.

Risks

Team must be prepared to undertake pilot program, new integrated team approach, and state/county collaborative format.

Subtasks	**Subtask Responsibility**
1. Select LLT members	1. RTF
2. Assign ten counties to team	2. RTF

Evaluation Strategy

Task outcome: Pilot LLT and pilot counties.

Task P1.2: Train and Prepare LLT

Task Name	**Divisions Impacted**	**Timeline**
Train and prepare LLT	Division of Services	4 weeks

Task Description

The newly selected LLT must train and prepare for their new responsibilities. Training and preparation will be overseen by the RTF. The RTF can choose any means necessary to complete proper training and preparation. Training will include, but is not limited to:

- Organization and LLT purpose
- LLT responsibilities
- Meeting and reporting requirements
- SCOPE information

Benefit

LLT will be ready to start the pilot.

Assumptions

Phase II reorganization is completed.

Risks

If the LLT does not receive proper training and preparation, the pilot will fail.

Subtasks	**Subtask Responsibility**
1. Determine training team	1. RTF
2. Begin LLT training and preparation	2. RTF and determined trainers

Evaluation Strategy

Task Output: Preparation of LLT for new responsibilities.

Task Name P1.3: LLT Meets with County Administrators and Division Directors

Task Name	Divisions Impacted	Timeline
LLT meets with county administrators and division directors	Division of Services	6 weeks

Task Description

The RTF and LLT will meet with the County Administrators and Division Directors and conduct county site visits. RTF and LLT will present:

- Introduction of team
- Explanation of pilot process
- Organizational structure
- LLT responsibilities
- County responsibilities
- State responsibilities
- County impacts
- Explanation of SCOPE process

Benefit

The introductory meeting will give county administrators and division directors structural changes, new responsibilities, and county benefits. The meeting presents the opportunity to discuss the LLT/county action plan, difficulties with the new structure.

Assumptions

SCOPE structure will be established by RTF.

Risks

Counties will not be able to properly proceed with pilot without necessary introductory information.

Subtasks	Subtask Responsibility
1. Conduct meeting	1. LLT and RTF
2. Schedule SCOPE workteam	2. LLT and county

Evaluation Strategy

Task Output: County buy-in of LLT process; SCOPE workteam.

Pilot Plan 2

Task P2.1: Structure Pilot Planning Teams
Task P2.2: Evaluate State/Federal Outcome and Process Requirements
Task P2.3: Establish Outcome Guidelines and Expectations
Task P2.4: Develop SCOPE Structure and Policy
Task P2.5: Develop SCOPE Incentives and Sanctions
Task P2.6: Determine Funding Structure
Task P2.7: Review RTF Information and Instructions
Task P2.8: Develop Pilot Mission and Goals
Task P2.9: Develop Project Workplan
Task P2.10: Prepare Pilot Program Document

Task P2.1: Structure Pilot Planning Teams

Task Name	**Divisions Impacted**	**Timeline**
Structure Pilot Planning Teams	All DHR divisions	2 weeks

Task Description

RTF will lead the development of Pilot Planning Teams (PPT) structure. RTF will select counties based on population, geography, economic factors, demographic factors, and county government structure (county government's ability to proceed with pilot program). PPT will serve as pilot development and planning oversight workteam at each selected county. PPT structure will incorporate three county representatives and two state representatives for each county.

Benefit

Appropriate county representation in service-delivery pilot program.

Assumptions

Selected counties will agree to pilot development program.
County government administration will select MH/DD/SA representative, SS representative, and County Administrator.
RTF will disseminate information to selected counties regarding pilot development expectations.

Risks

Not establishing pilot planning structure will result in program failure.

Subtasks	**Subtask Responsibility**
1. Select three pilot counties	1. RTF
2. Select two state representatives (from Division of Services) per county	2. RTF
3. Endorse county PPT selections. (County Administrator, MH/DD/SA representative, SS representative)	3. RTF

Evaluation Strategy

Task Output: County and state representative selection.

Task P2.2: Evaluate State/Federal Outcome and Process Requirements

Task Name	**Divisions Impacted**	**Timeline**
Evaluate State/Federal outcome and process requirements	All DHR divisions	4 weeks

Task Description

RTF will lead evaluation of all mandated State and Federal program outlines, required services, process functions, and data reporting requirements. Evaluations will be conducted by intra-agency, county, advocacy workgroups.

Benefit

Ensure Pilot Program integrity, completion of federal regulations linked to funding. Determination of State laws/mandates that create service delivery barriers.

Assumptions

Establishment of research/review workgroups may be necessary to complete task scope.

Risks

Failure to determine State and Federal outcome and process regulations can result in substantial federal sanctions, loss of federal and state funding, and difficulties in pilot evaluation.

Subtasks	**Subtask Responsibility**
1. Evaluate Federal Outcomes and Process Requirements	1. RTF (appointed workgroup)
2. Evaluate State Outcome and Process Requirements	2. RTF (appointed workgroup)
3. Evaluate Facilities and Institutions Requirements	3. RTF (appointed workgroup)
4. Review State laws and mandates that create barriers	4. RTF (appointed workgroup)
5. Recommend necessary legal changes to ensure pilot advancement	5. RTF

Evaluation Strategy

Task output: Evaluation of Federal and State requirements.

Task P2.3: Establish Outcome Guidelines and Expectations

Task Name	**Divisions Impacted**	**Timeline**
Establish outcome guidelines and expectations	All DHR divisions	6 weeks

Task Description

RTF workgroups develop guidelines used to determine program success, incorporating Federal and State evaluation criteria and information reporting requirements. Guidelines will serve as the basis for the SCOPE. The agreement will be the method for determining County success with outcome attainment, establishing a State/county responsibilities "contract," and serving as a basis for incentives and sanctions. Guidelines are the foundation of the Partnership Agreement. Guidelines will be determined by intra-agency, county, and advocacy workgroups appointed by RTF.

Benefit

The Guidelines and Outcome Partnership Agreement function as the basis for service-delivery structure.

Assumptions

The review and evaluation of Federal and State criteria is complete.
Counties and PPT are determined.

Risks

Failure to establish program outcome guidelines will prevent proper development of State/county collaborative workplan, and empower PPT to establish pilot programs.

Subtasks	**Subtask Responsibility**
1. Incorporate Federal and State information requirements	1. RTF (workgroups)
2. Determine high-level program outcome guidelines	2. RTF (workgroups)

Evaluation Strategy

Task output: DHR (Division Directors) and County Leadership (County Commissioners Association) endorsement of Guidelines.

Task P2.4: Develop State/County Outcome Partnership Agreements Structure and Policy

Task Name	**Divisions Impacted**	**Timeline**
Develop State/County Outcome Partnership Agreements structure and policy	All DHR divisions	6 weeks

Task Description

RTF will lead the development of the State/County Outcome Partnership Agreements (SCOPE). The SCOPE will be the basis by which the counties and State will establish program and service delivery outcome criteria. SCOPE will serve as the county's service-delivery blueprint. Program success will measured based on the attainment of the determined outcomes. SCOPE will also serve as a responsibilities "contract" between the State and counties. The Agreements ensure program requirements are met and counties are empowered to administer programs based on the needs of their community. SCOPE will be determined by intra-agency, county, advocacy workgroups appointed by RTF.

Benefit

Basis for State obligations and County service-delivery plan.

Assumptions

Establishment of program guidelines will be complete.

Risks

The Outcome Partnership Agreements are the basis of the proposed service delivery structure, failure to design Partnership Agreement structure will weaken the new delivery model.

Subtasks	**Subtask Responsibility**
1. Develop State/County Outcome Partnership Agreement policy and structure	1. RTF

Evaluation Strategy

Task output: DHR (Division Directors) and County Leadership (County Commissioners Association) endorsement of SCOPE.

Task P2.5: Develop SCOPE Incentives and Sanctions

Task Name	**Divisions Impacted**	**Timeline**
Develop SCOPE incentives and sanctions	All DHR divisions	2 weeks

Task Description

RTF will lead the development of the State/County Outcome Partnership Agreements (SCOPE). The SCOPE will be the basis by which the counties and State will establish program and service delivery outcome criteria. The incentives and sanctions provide encouragement to counties in the attainment of goals.

Benefit

Positive and negative incentives for counties to attain or exceed their Outcome Partnership Agreement.

Assumptions

Establishment of SCOPE guidelines and structure will be complete.

Risks

The Outcome Partnership Agreements are the basis of the proposed service delivery structure, failure to design Partnership Agreement structure will weaken the new delivery model.

Subtasks	**Subtask Responsibility**
1. Develop State/County Outcome Partnership Agreement policy and structure	1. RTF

Evaluation Strategy

Task output: DHR (Division Directors) and County Leadership (County Commissioners Association) endorsement of SCOPE.

Task P2.6: Determine Funding Structure

Task Name	**Divisions Impacted**	**Timeline**
Determine funding structure	All DHR divisions	4 weeks

Task Description

RTF will lead the definition of funding structure regarding county program funding.

Benefit

State and counties will have the budgetary and financial information to aid with program planning and management.

Assumptions

Allocations of State funds will be complete.
Allocations of Program funds will be complete.
Availability of necessary budgetary information.

Risks

Planning for piloted programs risk failure with out determined funding structures.

Subtasks	**Subtask Responsibility**
1. Amass necessary budget and funding information	1. RTF
2. Determine funding options (i.e., block grants)	2. RTF
3. Seek approval of funding structure	3. RTF

Evaluation Strategy

Task output: Financial data collected and funding options determined.

Task P2.7: Review RTF Information and Instructions

Task Name	**Divisions Impacted**	**Timeline**
Review RTF information and instructions	All DHR divisions	2 weeks

Task Description

PPT will review all information and recommendations made by the RTF. Including:

- PPT Organization Structure
- Federal/State Requirements and Guidelines
- State/County Outcome Partnership Agreement (SCOPE) structure and policy
- Funding Information.

Benefit

Provide the PPT the appropriate data and instructions regarding the pilot planning task.

Assumptions

All information and guidelines will have been completed by the RTF and gained DHR and County endorsement.

Risks

Without review of all instructional, preparatory, planning, budgetary, and measurement materials the PPT will be ill-prepared to commence the pilot plan.

Subtasks	**Subtask Responsibility**
1. Review all necessary documentation provided by RTF	1. PPT

Evaluation Strategy

Task output: Documentation review achieved by completion date.

Task P2.8: Develop Pilot Mission and Goals

Task Name	**Divisions Impacted**	**Timeline**
Develop pilot mission and goals	All DHR divisions	4 weeks

Task Description

PPT will develop the mission and goals of their planning organization and the desired outcome of their pilot program. Mission and goals will be submitted to RTF and the RSC. PPT is empowered to employ any means necessary to devise mission and goals.

Benefit

Development of mission and goals of pilot planning project will enable PPT to proceed with clarity in project purpose.

Assumptions

RTF pilot planning tasks will be complete.
Documentation review will be complete prior to establishment of mission and goals.

Risks

Failure to develop clear mission and corresponding goals will disable pilot advancement.

Subtasks	**Subtask Responsibility**
1. Develop pilot planning mission	1. PPT (appointed workgroup)
2. Develop pilot planning goals	2. PPT (appointed workgroup)

Evaluation Strategy

Task output: Development of mission and goals by completion date; endorsement by RTF of PPT's mission and goal statements.

Task P2.9: Develop Project Workplan

Task Name	Divisions Impacted	Timeline
Develop project workplan	All DHR divisions	8 weeks

Task Description

PPT will be responsible for the development and implementation of project workplan. Development of workplan stages is dependent on needs, mission, and goals, of the PPT. PPT may employ any means necessary to develop and implement project workplan. Workplan requirements include:

- Conduct bi-weekly status meetings.
- Submit PPT status report to RTF for review and input.
- Present PPT status report to general public for review and input.
- Review input, and develop response at following bi-weekly meeting.

Benefit

Regular PPT communications, reports and input to the RTF, and public opportunity for response ensures that the pilot plan is a state-county-community collaborative effort.

Assumptions

RTF will return input in a timely manner.
Method of public information and response will be available.

Risks

Failure to create a project workplan will result in pilot program break down. Failure to comply with communication directives will result in sanctions, and possible pilot termination.

Subtasks	Subtask Responsibility
1. Develop project workplan	1. PPT
2. Conduct bi-weekly status meetings	2. PPT
3. Submit bi-weekly status reports to RTF	3. PPT
4. Present bi-weekly status reports to general public	4. PPT
5. Review and respond to input	5. PPT

Evaluation Strategy

Task output: Reception of PPT workplan and status reports.

Task P2.10: Prepare Pilot Program Document

Task Name	Divisions Impacted	Timeline
Prepare pilot program document	All DHR divisions	4 weeks

Task Description

PPT will submit their pilot program document to RTF. Program document will be result of PPT's efforts and completion of workplan. Pilot program document will include, but is not limited to:

- County service-delivery organization.
- Process flows (i.e., client intake, case management).
- Proposed State/County Outcome Partnership Agreement.
- Proposed funding plan and funding allocations (per service area).

Benefit

Pilot program document will be used to evaluate pilot plan and approval of pilot.

Assumptions

Completion of Mission and Goals.
Completion PPT workplan.
Completion of SCOPE.

Risks

Pilot plan can only receive approval and funding with submittal of pilot program document. Pilot will terminate with out reception of document.

Subtasks	Subtask Responsibility
1. Develop of pilot program document	1. RTF
2. Submit pilot program document	2. RTF

Evaluation Strategy

Task output: DHR (Division Directors), County Leadership (County Commissioners Association), RTF approval of pilot program document.

Appendix B
ORGANIZATIONAL ANALYSIS

The Organizational Model for Change (TOM™)

A successful reorganization effort requires more than simplistic across-the-board cuts: Barriers to improvement must be identified and eliminated, and cultures must be defined before real change can begin. Division heads know, too, that things can be done better, if only "the system" would let them. Employees often face significant barriers to efficient organization that are rooted in self-defeating regulations, outmoded personnel systems, and a budgetary process that encourages spending every nickel.

Organizational Standards Used in Our Analysis

KPMG research has identified target staffing benchmarks and best practices that can be applied to reduce staffing levels in public sector, private sector, and not-for-profit organizations. The organizational standards summarized were used as the basis for our evaluations of each unit and can serve as a framework for analyzing staffing in the future:

There are many opportunities for improvement in the areas of organization, staffing, and management. These include the following:

- Organizational improvement opportunities:
  - Eliminate duplicative and overlapping functions within and among divisions that lead to excessive review, duplication of efforts and databases, and inter-division conflicts
  - Eliminate excessive layers of management, including those arising from "grade creep" in the classification system
  - Clarify and streamline unclear and/or cumbersome reporting relationships and lines of communication within a division
  - Establish proper spans of control to improve supervision and accountability
  - Restructure "personality-based" organizations that are outdated, inefficient, and ineffective

Organizational Assessment Criteria

Layers of management: Eliminate one-to-one reporting relationships. A desirable number of layers of management is four or five, with a target maximum of six for very large organizations.

Number of employees managed by the typical executive: Achieve spans of control of up to one manager per ten staff and possibly higher, with one manager per five staff for highly, technical, policy- sensitive, and/or non-repetitive functions.

Ratio of clerical and technical staff to total staff: A reasonable level of clerical staff is 15% or less of total staff.

Vacancies: Eliminate non-shortage vacancies that have been open for more than six months. Long-term vacancies generally demonstrate that the organization has adapted by successfully reengineering related functions.

Consolidation of units: Consolidate units with small numbers of staff (e.g., two to five) into larger, more efficient units.

Amount of work cut out by process reengineering: A restructuring should be accompanied by at least a 25% reduction in the number of tasks performed.

Retraining for enhanced productivity: Increase productivity by providing training opportunities for employees to learn new skills or "retool" old skills. Managers must learn to accept more responsibility and eliminate unnecessary work.

Headquarters staffing: To reduce administrative overhead while continuing to provide needed services, the largest percentage of reductions in staffing should be at the central headquarters.

- Staffing improvement opportunities:
  - Establish appropriate overall department staffing levels relative to comparable organizations (i.e., benchmarking)
  - Maintain a proper staffing balance among divisional administrative functions (e.g., personnel, budgeting, purchasing) and service delivery functions
  - Achieve a proper balance between management, supervisory positions, and non-management positions
  - Adjust excessive staffing levels in specific programs/units that arose due to ineffective operating procedures, automated systems, equipment, and facilities
  - Contract out for services that can be provided at a lower cost by the private sector
- Management improvement opportunities:

- Develop performance goals, objectives, and measures that focus on outcomes, outputs, and efficiencies; develop and use performance appraisal programs to promote accountability; and focus on high priority functions
- Develop timely, accurate, comprehensive, and meaningful management reports
- Encourage delegation of authority and monitoring of performance
- Develop organization strategic and business plans to guide multiyear programs, priorities, and resource allocations
- Establish effective training programs (e.g., management development, job-related training, computer proficiency, safety, interpersonal relationships)
- Improve organization's internal communications programs
- Implement and support modern management programs (e.g., total quality management)
- Improve automated systems, equipment, and facilities

An organization and staffing review can include one or all of the following components:

- Evaluation of the overall organization structure and the alignment of functions and programs across divisions

- Evaluation of staffing patterns across the organization, including the number of staff; ratio of policy, management, supervisory, and line staff; spans of control and layers of management; and comparisons of staffing levels with other peer organizations

- Evaluations of selected divisions' organizational structures and staffing patterns

Recommended changes in organizational structure, realignment of responsibilities/ programs, and changes in staffing will often be opposed by affected divisions, staff, and some constituency groups. Therefore, it is essential that organization and staffing studies be rigorously conducted and documented to substantiate recommended changes to the legislature, boards, the secretary, managers, the affected workforce, and the public.

Span of Control, Layers of Management and Percentage of Clerical Staff

The following chart illustrates the Department's span of control for each division director, percent of clerical staff in relation to total staff for each division, and the number of organizational layers within the division.

Division/Unit	Division/Unit Director Span of Control	% Clerical Within Division/Unit	Number of Organizational Layers / Division
Secretary's Office	1: 8	75%	7
Assistant Secretary for Budget & Management	1 : 4	17%	6
Assistant Secretary for Health Resources	1 : 5	0%	6
Assistant Secretary for Aging & Special Needs	1 : 4	17%	6
Assistant Secretary for Children, Youth & Families	1 : 5	14%	6
Director of Personnel Services	1 : 5	N/A	6
Director of Public Services	1 : 6	10%	3
General Counsel for Legal Affairs	1 : 1	33%	2
Legislative and External Affairs	1 : 2	40%	3
Director of Budget and Analysis	1 : 6	19%	4
Controller for the Controller's Office	1 : 6	N/A	3*
Director for Information Resource Management	1 : 10	N/A	3*
Director of Internal Audit	1 : 5	14%	2
Director of Facility Services	1 : 4	8%	3
Director of Medical Assistance	1 : 1	11%	4
Director of MH/DD/SA	1 : 8	17%	3
Executive Director for the Council DD	1 : 5	18%	3
Director of Rural Health	1 : 2	N/A	3*
Director of Aging	1 : 6	4%	2
Director of Services for the Blind	1 : 4	5%	2
Director of Vocational Rehabilitation	1 : 13	22%	5
Director of Services for the Deaf	1 : 4	33%	3
Director of Child Development	1 : 3	18%	4
Director of Youth Services	1 : 5	17%	5
Director of Social Services	1 : 12	17%	4
Director of Economic Opportunity	1 : 1	10%	3
Average			

* Indicated the fewest layers of management in the Division. These divisions provided KPMG with incomplete organization charts, so the number of layers may be underestimated.

Staffing

The following chart shows the total headcount for FY 1996 as reported by the North Carolina State Personnel Office as well as the ratio of managers to staff in each division.

Division/Unit	Total Headcount FY 1996	Manager/Staff FY 1996
Secretary's Office*	536	N/A
Division of Aging	28	1 : 3.6
Division of Child Development	143	1 : 7.8
Division of Services for the Deaf, including schools	671	1 : 2.75
Division of Social Services	673	1 : 8.88

Division/Unit	Total Headcount FY 1996	Manager/Staff FY 1996
Division of Medical Assistance	256	1 : 8.48
Division of Services for the Blind	570	1 : 15.88
Division of MH/DD/SA	206	1 : 2.61
Division of Facility Services	280	1 : 13.63
Division of Vocational Rehabilitation	1,484	1 : 41.96
Division of Youth Services, including detention ctrs	1,182	1 :4.91
TOTAL	**6,129**	
* The Office of Personnel Management combines the following divisions/units to create the "Secretary's Office" : Office of the Secretary and Assistant Secretaries, Personnel Services, Public Affairs, Legal Affairs, EEO/ADA, Legislative and External Affairs, Budget and Analysis, Controller, Information Resource Management, Internal Audit, Council on DD, Rural Health and Economic Opportunity.		

Funded Vacancies Over Six Months

The following chart shows the number of vacant positions that have been open for at least six months as reported by the North Carolina State Personnel Office. The chart lists the positions by division.

Position Class Title	Total Number of Positions	Estimated Savings
Secretary's Office		
Accountant I	1	33,770
Accounting Technician I	1	19,220
Accounting Technician II	1	25,058
Applications Development Project Supervisor	1	46,100
Child Advocate Specialist II	1	37,530
Community Development Specialist II	1	43,309
Computer Equipment Operator II	2	45,819
Computer Systems Administrtor III	1	45,000
Medical Review Specialist	1	31,869
Office Assistant IV	1	23,533
Total	**11**	**$351,208**
Division of Child Development		
Child Development Policy and Planning Consultant	1	29,449
Total	**1**	**$29,449**
Division of Services for the Deaf		
Computing Support Technician I	2	56,150
DHR Education Coordinator I	1	42,447
Dormitory Teacher	1	14,482
Speech and Language Pathologist I	4	126,072
Interpreter for the Deaf I	2	37,535
Houseparent	1	13,943
Practical Nurse II	1	18,773
Human Services Coordinator III	1	32,065

Position Class Title	Total Number of Positions	Estimated Savings
Total	**14**	**$361,480**
Division of Social Services		
Child Support Enforcement Agent II	1	26,216
Computing Consultant II	2	59,197
Computing Consultant IV	1	34,933
Office Assistant III	1	17,457
Social Services Program Consultant II	3	83,763
Social Services Regional Program Representative	1	48,871
Social Services Regional Program Supervisor	1	34,933
Total	**10**	**$313,373**
Division of Medical Assistance		
Administrative Secretary III	1	21,142
Administrative Secretary V	1	20,897
DMA Nurse I	1	36,978
Human Services Planner / Evaluator III	1	37,122
Processing Assistant III	1	17,378
Total	**5**	**$133,517**
Division of Services for the Blind		
Community Health Assistant	110	862,575
Educational/ Development Assistant	1	21,673
General Utility Worker	1	17,626
Maintenance Mechanic I	1	25,876
Nursing Eye Care Consultant	1	28,168
Occupational Therapist I	1	34,933
Processing Assistant III	2	29,437
Teacher	2	32,056
Total	**119**	**$1,052,334**
Division of Mental Health/Developmental Disabilities/Substance Abuse		
Physician III	1	128,328
Total	**1**	**$128,328**
Division of Facilities		
Facility Survey Consultant I	1	32,164
Total	**1**	**$32,164**
Division of Vocational Rehabilitation		
Vocational Teacher	1	32,623
Rehabilitation Casework Technician	1	19,515
Rehabilitation Counselor II	2	32,189
Office Assistant III	2	45,330
Total	**6**	**$155,473**
Division of Youth Services		
Detention Director	1	47,154
Youth Services Cottage Parent	1	24,991
Teacher	3	94,369
Vocational Teacher	2	68,873
Youth Services Counselor Technician	1	19,515

Position Class Title	Total Number of Positions	Estimated Savings
Social Worker III	1	27,017
Youth Services Facility Director	1	49,213
Senior Psychologist I	1	38,976
Total	**11**	**$370,108**
GRAND TOTAL	**179**	**$2,927,434**

Analysis

The analysis of the division's staffing, span of control, layers of management, and manager to staffing ratio is presented below.

- ***Span of Control.*** A desirable span of control, as shown in The Organizational Model™, for organizations this size is 1:6 to 1:10. At DHR, over half of the Department's supervisors have an undesirable span of control (1:1 to 1:5). Narrow spans of control were determined for the following organization divisions/units:
  - Assistant Secretary for Health Resources
  - Assistant Secretary for Aging and Special Needs
  - Assistant Secretary for Children, Youth and Families
  - Director of Personnel Services
  - General Counsel / Legal Affairs
  - Legislative and External Affairs
  - Director of Internal Audit
  - Director of Facility Services
  - Director of Medical Assistance
  - Executive Director for the Council on Developmental Disabilities
  - Director of Rural Health
  - Director of Services for the Blind
  - Director of Services for the Deaf
  - Director of Child Development
  - Director of Youth Services
  - Director of Economic Opportunity

- ***Percentage of Clerical Staff to Total Staff.*** The percentage of clerical staff to total staff for an efficient organizational unit is 15% or less. Thirteen divisions/units within DHR have clerical to total staff ratios that are higher than 15%. Many of these units are between 15% and 20%. In fact, only five organizational divisions/units have clerical staffing over 20%. These units include the Secretary's Office, Legal Affairs, Legislative and External Affairs, Vocational Rehabilitation and Services for the Deaf.

- ***Number of Organizational Layers in Divisions.*** For large organizations, such as Mobile or GE, the standard number of organizational layers is six or seven. The overall number of layers in DHR, starting with the Secretary, is seven. Many divisions/units that do not administer services have fewer management layers, but those who administer services tend to have at least six layers.

- ***Manager to Staff Ratio.*** The manager to staff ratio for three divisions within DHR seem to be lower than other divisions. The Division of Aging, Division of Services for the Blind, and the Division of MH/DD/SA have manager to staff ratios of 1 : 4 or less. This indicates that these divisions may not be streamlined to meet maximum efficiency.

Five Year Budget Trends and Highlights

In FY 96, North Carolina spent almost $7.1 billion to provide human services to its residents. 81% of that amount comprised money for aid and public assistance; 11% covered operational costs, other expenses, and adjustments; and 8% paid for personal services. Federal grants and operating revenue paid for $5.1 billion of DHR's total expenditures. North Carolina taxpayers covered the remainder through appropriations.

The following sections detail the trends that have affected DHR's expenditures, revenues, and appropriations over the last five years. Because DHR's accounting classification system changed in FY 96, comparing FY 96 expenditures to previous fiscal years is difficult. To minimize the amount of bias involved in the budget analysis, KPMG grouped expenditures into three major categories that can be compared across fiscal years:

- Personal services
  - Employee salaries
  - Benefits
- Aid and public assistance ("public assistance")
  - Grants
  - Services
  - Entitlements
- Operations, adjustments, and other expenses ("operational spending")
  - Capital improvement
  - Purchased services
  - Supplies and materials
  - Intergovernmental transfers

Expenditure Analysis

- ***DHR spending has increased by $2.61 billion, or 58%, since FY 92.*** More than $2 billion of this growth was due to public assistance increases. DHR's operational expenditures were $479 million higher in FY 96 than in FY 92; personal service expenditures increased by $59 million. The following subsections describe overall findings, then detail the absolute and percentage changes for all Divisions over the FY 92 to 96 period. Child Development is excluded from this analysis since it first became a budget line item in FY 94.

- ***Medical Assistance spending grew by $1.64 billion*** over the last five fiscal years, experiencing the largest absolute change among divisions. Mental Health spent $385 million more in FY 96 than it did in FY 92; Social Services spent $350 million more. Facility Services was the only Division within DHR that decreased its expenditures (-$64 million).

- ***Youth Services experienced the largest percentage change in expenditures*** among divisions over the FY 92 to FY 96 period: 76%. Medical Assistance spending changed by 66%, and Mental Health changed by 56%. Services for the Blind had the smallest positive growth (14%), and Facility Services decreased spending by 77%.

Personal Service Expenditures

The three Divisions that experienced the largest absolute personal services growth between FY 92 and FY 96:

- Mental Health ($32.8 million)
- Youth Services ($12.6 million)
- Central Administration and Support ($5.38 million)

The three Divisions that experienced the largest percentage change in personal services:

- Medical Assistance (56%)
- Youth Services (47%)
- Central Administration and Support (42%)

Only three Divisions' personal service expenditures decreased since FY 92:

- Social Services (28%)
- Aging (-18%)
- Facility Services (-13%)

Public Assistance Expenditures

The three Divisions that experienced the largest public assistance growth:

- Medical Assistance ($1.55 billion)
- Social Services ($185 million)
- Mental Health ($1.69 million)

The three Divisions that experienced the largest percentage change in public assistance:

- Deaf and Hard of Hearing (161%)
- Youth Services (101%)
- Mental Health (73%)

Only two Divisions' public assistance expenditures decreased:

- Facility Services (-98%)
- Services for the Blind (-2%)

Operational Expenditures

The three Divisions that experienced the largest operational spending growth:

- Mental Health ($183 million)
- Social Services ($175 million)
- Medical Assistance ($87.4 million)

The four Divisions that experienced the largest percentage change in operational expenditures exceeding 100%:

- Medical Assistance (221%)
- Mental Health (203%)
- Social Services (187%)
- Youth Services (160%)

Only two Divisions' operational spending decreased:

- Facility Services (-43%)
- Aging (-14%)

Revenues

- ***DHR is bringing in 57% more revenue in FY 96 than it did in FY 92.*** Over this time period, revenues grew from $3.24 to $5.08 billion. The largest absolute revenue growth occurred in the following Divisions: Medical Assistance ($1.18 billion), Social Services ($312 million), and Mental Health ($259 million). The largest percentage changes occurred in Youth Services (441%), Mental Health (76%), and Medical Assistance (62%). Facility Services revenue decreased by 81%.

Appropriations

- ***Appropriations increased by 63% between FY 92 and FY 96,*** growing $768 million. The largest absolute appropriations growth occurred in the following Divisions: Medical Assistance ($459 million), Mental Health ($126 million), and Social Services ($37.8 million). The largest percentage changes occurred in Central Administration and Support (88%), Medical Assistance (79%), and Aging (59%).

The following pages contain two exhibits: the first contains DHR's FY 95 expenditures, revenues, and appropriations; the second shows the amount and percent of total expenditures that Divisions spend on personal services, public assistance, and operational expenditures.

DHR Division	FY 96 Expenditures (In Millions)	Percent Change FY 92 to FY 96	FY 96 Revenues (In Millions)	Percent Change FY 92 to FY 96	FY 96 Appropriations (In Millions)	Percent Change FY 92 to FY 96
Central Administration	$60.0	42%	$39.6	26%	$20.3	88%
Aging	46.3	20%	32.8	9%	13.5	59%
Child Development	216.8	N/A	102.0	N/A	114.7	N/A
Deaf and Hard of Hearing	26.8	34%	1.2	44%	25.7	34%
Social Services	1,302.3	37%	1,120.6	39%	181.7	26%
Medical Assistance	4,117.9	66%	3,077.6	62%	1,040.2	79%
Services for the Blind	31.6	14%	16.4	5%	15.3	25%
Facility Services	18.9	-77%	10.7	-81%	8.2	-71%
Vocational Rehabilitation	93.4	21%	65.9	18%	27.4	28%
Youth Services	84.2	76%	13.2	441%	71.0	57%
Mental Health/DD/AS	1,071.8	56%	598.7	76%	473.1	36%
All Divisions	***7,070.0***	***58%***	***5,078.9***	***57%***	***1,991.1***	***63%***

Source: North Carolina DHS Division Management Budget Reports, FY 92 through FY 96
Note: Rounding may affect totals

Exhibit E.1: DHR FY 96 Expenditures, Revenues, and Appropriations

DHR Division	Personal Services (In Millions)	Percent of Total FY 96 Expenditures	Public Assistance (In Millions)	Percent of Total FY 96 Expenditures	Operational Expenditures (In Millions)	Percent of Total FY 96 Expenditures
Central Administration	$18.3	31%	$23.0	38%	$18.6	31%
Aging	1.5	3%	43.1	93%	1.6	4%
Child Development	6.3	3%	192.9	89%	17.6	8%
Deaf and Hard of Hearing	20.5	77%	0.2	1%	6.1	23%
Social Services	26.9	2%	1,006.4	77%	269.1	21%
Medical Assistance	11.5	0%	3,979.5	97%	126.9	3%
Services for the Blind	17.8	56%	8.0	25%	5.8	18%
Facility Services	13.0	69%	1.0	5%	4.9	26%
Vocational Rehabilitation	37.8	41%	46.5	50%	9.1	10%
Youth Services	39.5	47%	33.0	39%	11.7	14%
Mental Health/DD/AS	397.6	37%	401.4	37%	272.8	25%
All Divisions	***590.8***	***8%***	***5,735.0***	***81%***	***744.1***	***11%***

Source: North Carolina DHS Division Management Budget Report, FY 96
Note: Rounding may affect totals

Exhibit E.2: DHR FY 96 Expenditures: Personal Services, Aid and Public Assistance, and Operational & Other Expenses

Appendix C
A FUNCTIONAL VIEW OF DHR REORGANIZATION

This Appendix provides details of the functional analysis which was carried out to design the DHR reorganization.

Diagrams were created depicting the functions necessary to progress from program and policy development to service delivery, encompassing all areas of DHR responsibility. Through an analysis of these functions, the project team assessed the relationship between DHR functions and translated them into an organizational context.

Figure C.1 provides an overview of the functional relationships identified, in a top-down view of the "to be" DHR. The sections that follow provide additional details.

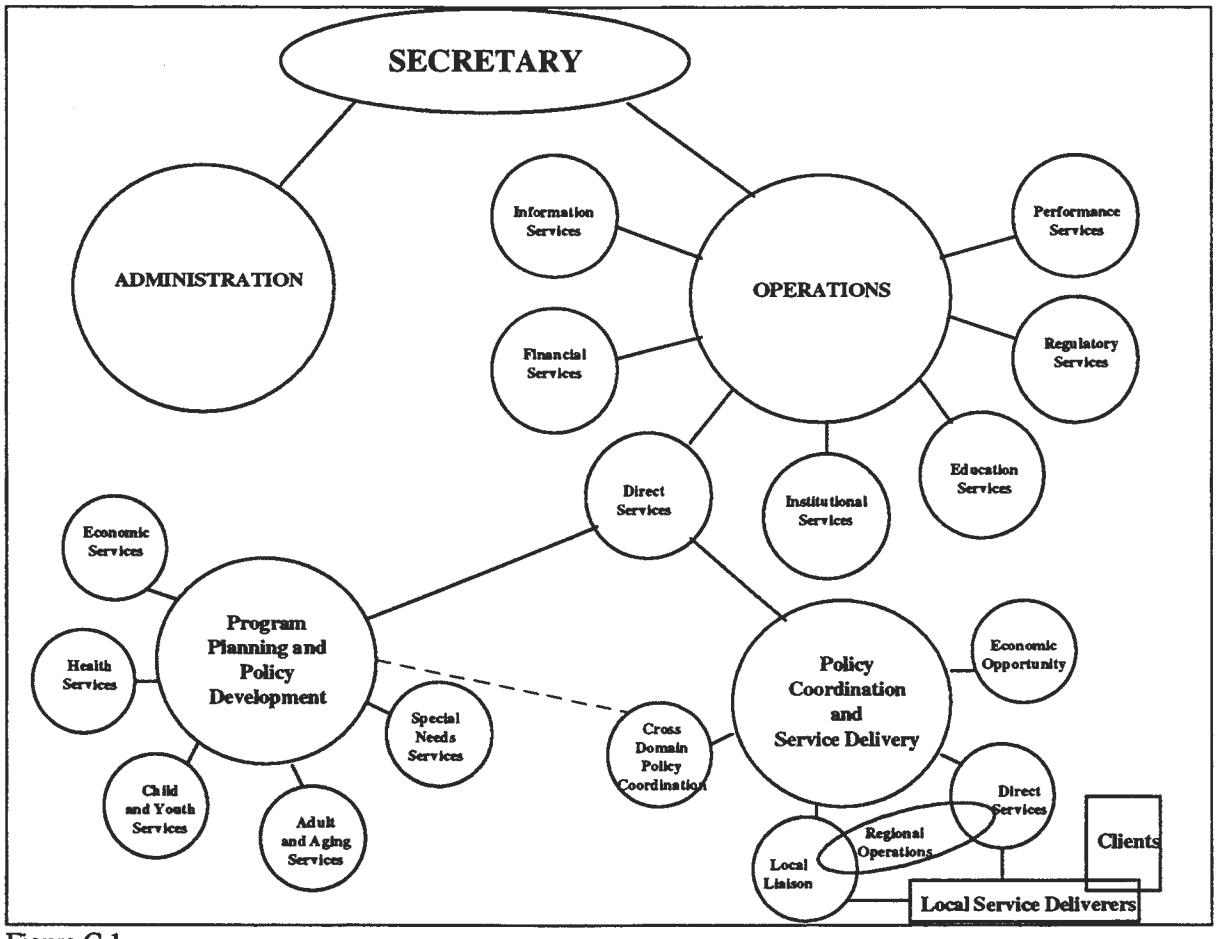


Figure C.1

Executive Leadership and Management

The executive level diagram depicts the major split in functionality into administrative support and program operations. Program operations will function as the focal point for ensuring services integration. All operational authority will be vested in one functional area rather than split, as is now the case.

The program operations and administrative functions are joined through a continuous strategic planning function that aligns budget, resource, and operational considerations with the overall mission of the Department. The general responsibilities of each area is defined in the following section.

Administration: To provide the necessary administrative support in the areas of:

- Budget Preparation
- Budget Execution
- Fiscal Audit
- Procurement and Infrastructure Management
- Legal
- Personnel Administration

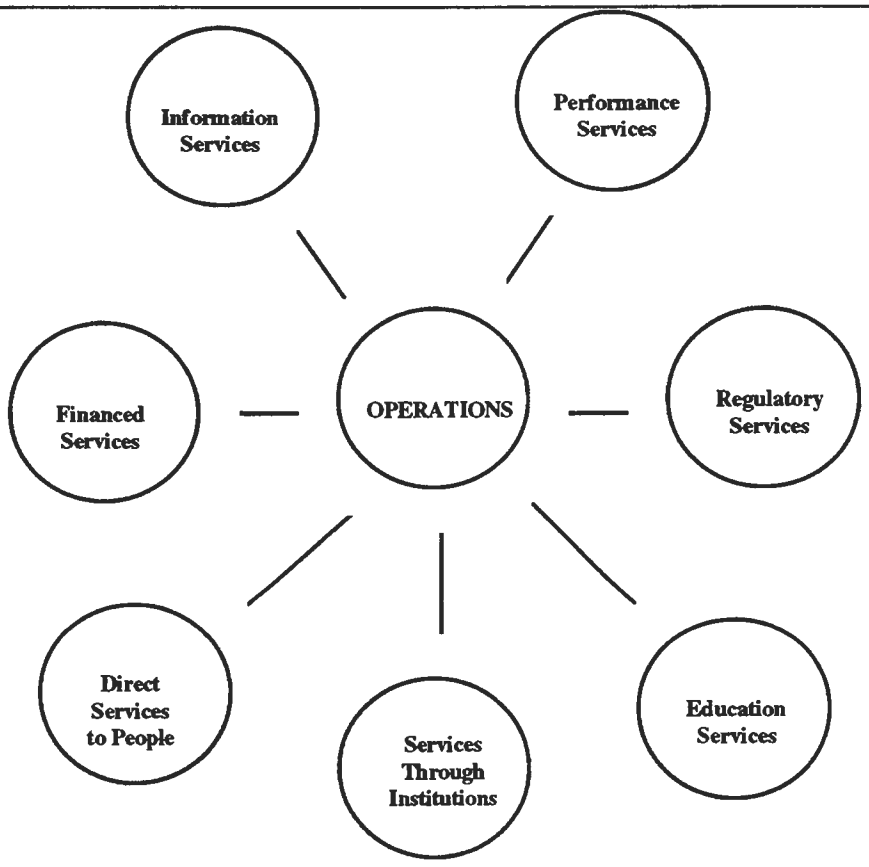
Operations: To ensure effective delivery of services is coordinated across all facets of departmental operations. Operations has responsibility for both the structure and method that will ensure coordination as well as the client- and family-focus of services.

Strategic Planning: To carry out ongoing strategic planning that integrates budget, personnel, and resources with the mission and operational goals of the Department.

Figure C.2

Operations

Figure C.3 depicts the major functional aspects of DHR's program service delivery. In the new model, the key concept underlying the organization of DHR Operations is that core functions will replace programs as the primary organizing principle.

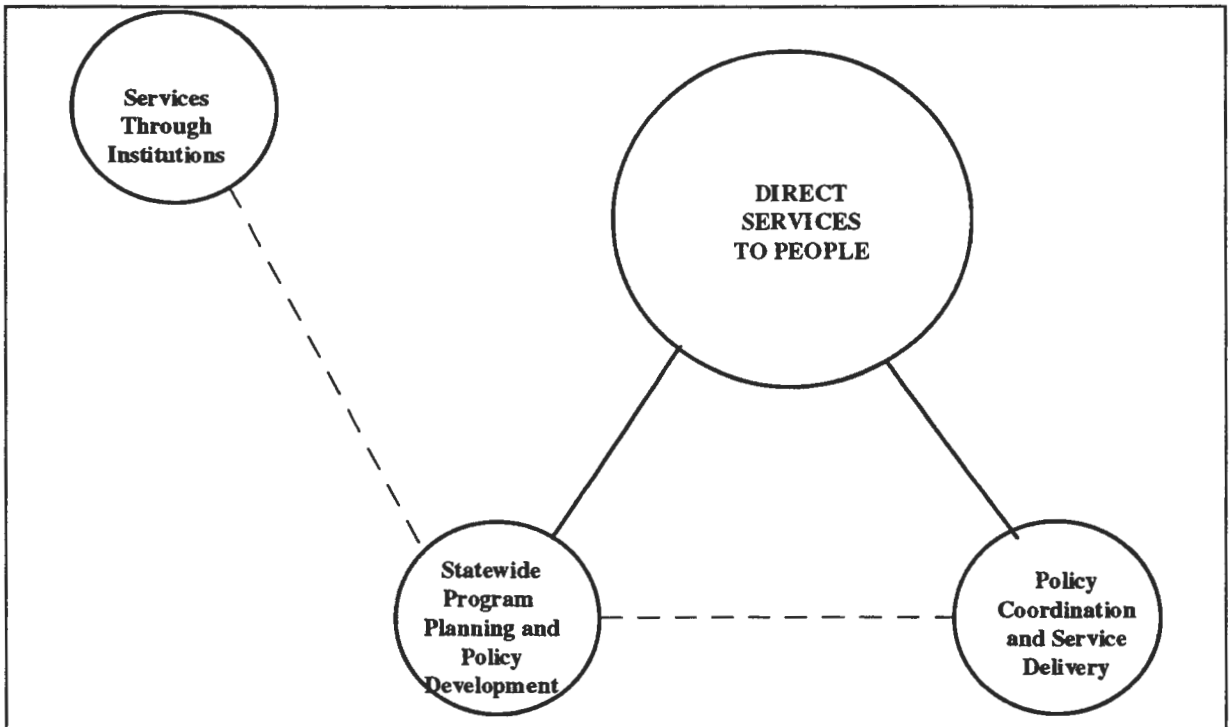


Performance Services: To evaluate program performance and identify improvement opportunities.
Regulatory Services: To provide regulatory guidelines, licensing services, and project integrity assurance.
Education Services: To manage the Blind and Visually Impaired School, Deaf and Hard of Hearing Schools, and educational components at the Training Schools and Mental Health Facilities.
Services Through Institutions: To coordinate the management of DHR institutions with regard to common functions (i.e., food services.)
Direct Services to People: To develop program policy, deliver services for centrally administrated programs, and coordinate the delivery of services by local service deliverers
Financed Services: To develop policy and administer the North Carolina Medicaid program.
Information Services: To develop the information technology infrastructure to support program service delivery.

Figure C.3

Direct Services to People

The majority of DHR services are provided directly to people by DHR staff or local service deliverers. This excludes services which are purchased from external providers (*i.e.*, through Medicaid) or provided in institutional settings (*i.e.*, training schools or mental health institutions). From the functional perspective of the new model, Direct Services to People breaks out into Statewide Program Planning and Policy Development, and Policy Coordination and Service Delivery.



Statewide Program Planning and Policy Development: To develop and manage program policy within defined Service Domains.

Policy Coordination and Service Delivery: To coordinate and disseminate program policy across Service Domains. To act as expediter and coordinator when program policy issues arrive from local liaison and local service deliverers. To provide liaison services and technical assistance to local service deliverers. To deliver blind and visually impaired, deaf and hard of hearing, and vocational rehabilitation services on a regional basis. To manage a coherent regional structure encompassing local liaison and direct service delivery.

Figure C.4

These direct services functions form the foundation for DHR to achieve a holistic service delivery and outcomes orientation through coordination and collaboration. We further detail these components in the two following charts

Statewide Program Planning and Policy Development

It is only at this, the more detailed level, that the central components of individual programs begin to emerge. In the new functional model we consider them in the context of Service Domains. These domains reflect the natural alignment of like services based on like customers and the needs of those customers.

Service Domains are:

- Economic Services
- Health Services
- Child and Youth Services
- Adult and Aging Services
- Services for People with Special Needs

It is significant to note that in the new model, any reference to the current silo structure does not appear until the fourth level below the Secretary. This is very different from the current model, in which program divisions are formally only two levels from the Secretary. This means that individual program silos are subsumed under more significant functions in the new model.

Several features of the Statewide Program Planning and Policy Development functional area are worthy of note:

- Child Support Enforcement (CSE) has been included in the Economic Services domain. Functionally, this program has attributes which could allow it to be positioned either within DHR or as a part of another state agency. As part of another agency, its enforcement characteristics could be highlighted. As we conducted our site visits, however, we saw how some local agencies are beginning to use CSE as the "front door" to Economic Services, addressing one of the basic causes of economic need at the beginning of the income maintenance (cash assistance) process, and allowing for integrated service and collection of client information. For this reason we see CSE continuing as a part of the Economic Services domain within DHR.

- Child care has been included in the Economic Services domain. Exclusive of the licensing functions which are currently incorporated within the Child Development Division, access to affordable child care is a major factor in individuals being able to work and achieving self sufficiency. For this reason we see a natural linkage to inclusion of child care in the Economic Services domain.

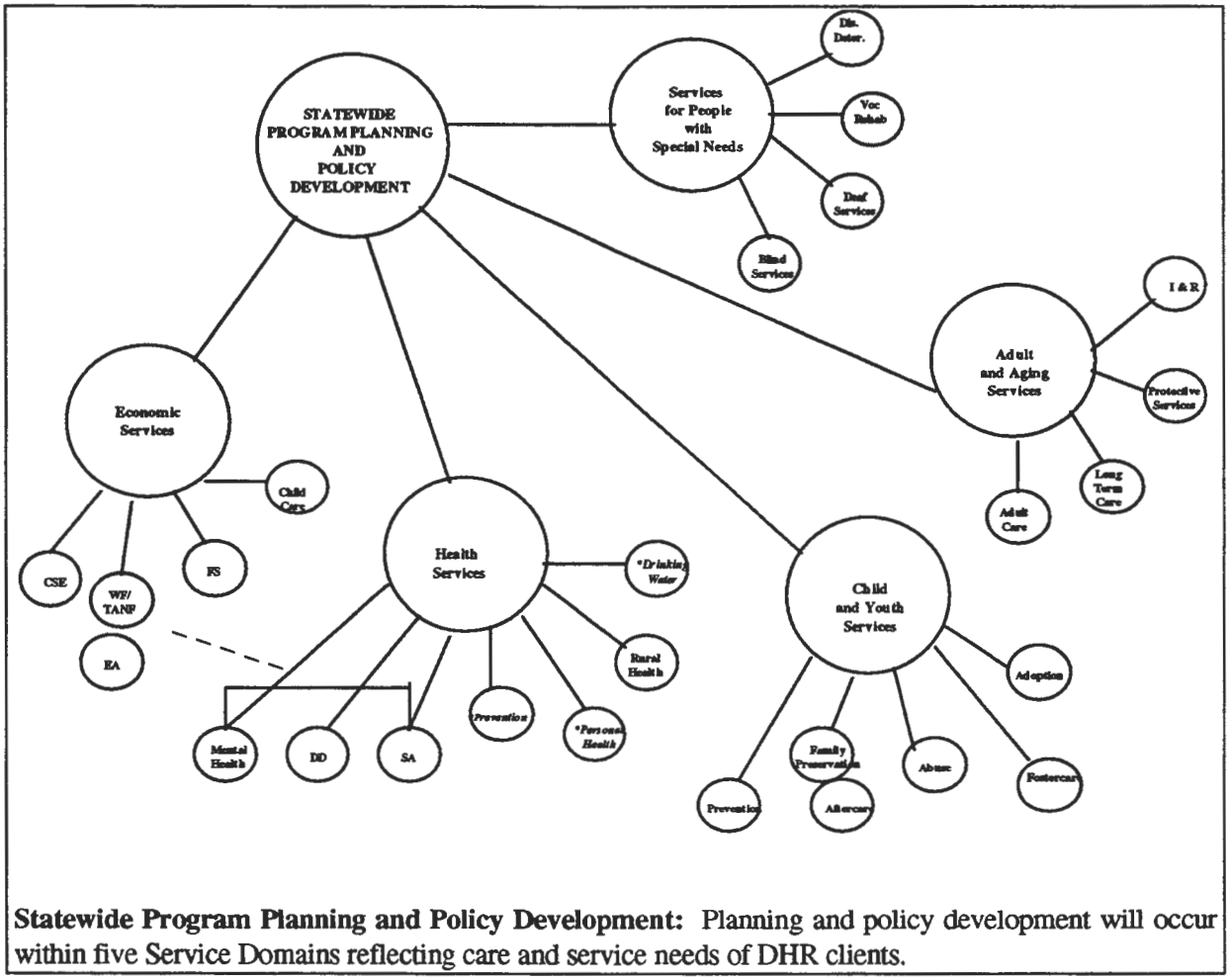
- Mental health, developmental disabilities, and substance abuse program planning and policy development have been identified as separate areas in this analysis. While

recognizing important linkages between all three, in the new model, they will be three separate areas, rather than a single one, as they are seen under the current organization. Our stakeholder focus groups told us that the needs and issues of each of these areas are very different and should be recognized as such. Additionally, we were frequently told in our interviews and focus groups that these three programs need to be considered in a health context, not an entitlement domain. For that reason they form the core of the Health Services domain.

- Prevention, personal health, rural health and drinking water quality functions have been included in the new model to suggest that *if* public health functions move to DHR, this is the domain in which they would be resident. It should be noted that during our site visits we saw several good examples of how public health functions are very closely allied at the local level to the delivery of current DHR services. Health is often an important problem which clients present when seeking or receiving other forms of assistance. Inclusion of public health in DHR would, from a client and local services perspective, allow for a significant additional level of service collaboration and client service integration to take place.

  The scope of this study did not extend to an analysis of public health functions at both the state and local service delivery level (we did not, for example, visit departments of health during our site visits). The inclusion of prevention, personal health, rural health, and drinking water quality is meant to illustrate the possibility for their integration it is not meant as an endorsement of the concept. If public health functions are not moved into DHR, the current rural health function does not synergize significantly enough with the remaining health domain functions, and should be moved to be better aligned with the public health functions.

- Health Care Policy has been included within the Health Services Domain, recognizing the linkages to the policy aspects of the Medicaid program



Statewide Program Planning and Policy Development: Planning and policy development will occur within five Service Domains reflecting care and service needs of DHR clients.

Figure C.5

*Current DEHNR Divisions.

- The Children and Youth Services domain is recommended to synergize current children services functions and establish a continuum of care for North Carolina's young people. This domain does not include current Youth Services institutions since they are seen as a separate resource used by the courts, with youth entering the institutions from and exiting to a court-driven system. We have included aftercare in this domain, recognizing that many of the youth who leave the youth services institutional setting, and their families, are known to DHR and frequent the children's services system. Therefore, an alliance between locally based family preservation activities and institutional aftercare activities could be effected within this service domain, allowing these services to build on the presence of child welfare services in local communities.

- The Adult and Aging Services domain represents the melding of services for the current DSS adult services programs with the community-based range of services for seniors through the current Division of Aging and the local AAAs. This would establish a Service

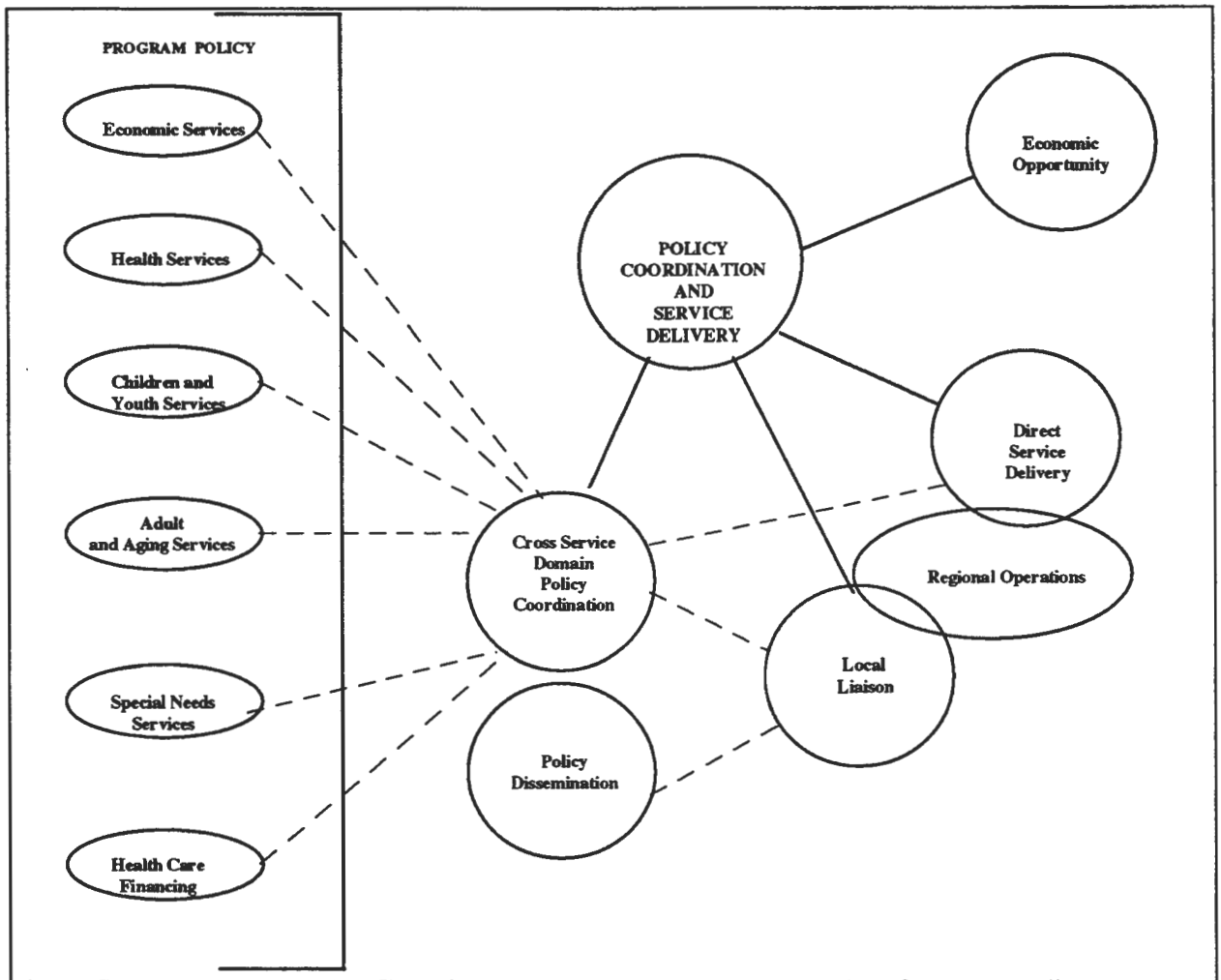
Domain which encompasses a continuum of care for adults and seniors that would be beneficial to the adult citizens of North Carolina.

- The special needs domain brings together the service functions for the blind and deaf with vocational rehabilitation and disability determination. This is not radically different from the current structure and is done in recognition of the realities of service delivery. These are discussed in the context of service coordination and delivery below.

Policy Coordination and Service Delivery

The second key aspect of direct service is Service Delivery. This represents the function through which service policy and procedures that cross Service Domains are linked and coordinated. A strong policy coordination function is a link-pin to assuring an environment in which a holistic approach to services delivery can take place. This is the point at which program service policy must be put together to ensure consistency of policy and resolution of policy gaps or differences. This is, in effect, the functional "trap" that ensures that as policy goes out to the local service deliverers, it is consistent and supports the individual- and family-focused service objective.

Closely allied with the Cross Service Domain Policy Coordination function is a consistent, well-structured policy dissemination function. As noted in our findings and recommendations, we did not observe a comprehensive mechanism through which policy is disseminated internally, or to the local service deliverers. This is a simple, but critical step in establishing a state/local partnership in service delivery, ensuring that policy is structured to encourage the holistic treatment of clients.



Cross Service Domain Policy Coordination: To act as the primary point of program policy coordination across Service Domains. This would include issues of duplication, conflicting policy and policy that fragments client services. To coordinate and resolve program integration issues arising from local liaison and service deliverers.

Policy Dissemination: To ensure policy is disseminated to the service deliverers in a standard coordinated fashion. Acts as the primary link for policy issues between the policy coordination function and local service deliverers.

Direct Service Delivery: To direct deliver of Blind and Visually Impaired, Deaf and Hard of Hearing, Vocational Rehabilitation, and Disability Determination services.

Regional Operations: To manage regional infrastructure for direct service delivery and local liaison.

Local Liaison: To provide on-site and technical assistance to local service deliverers.

Economic Opportunity: To coordinate and facilitate community action agency grants and activities.

Figure C.6

The need for partnership between DHR and the local service deliverers was one which we heard frequently during the information gathering phase of this project. Many who we interviewed, met with, and visited believe that such a partnership does *not* exist today. In their view, a partnership must be established if the Guiding Principles are to be implemented. It is critical to the sense of empowerment that must exist for all players in a state-supervised, county-administered human services system. Clear dissemination of policy to the local service deliverers, consultation and technical assistance, and opportunities for meaningful feedback all hallmark this function and set the stage for a management approach which is built on outcomes rather than process.

The liaison process that leads to a heightened sense of partnership is depicted in the chart. Input is coordinated from various service domains and teams are formed around the core knowledge which the domains represent. These teams are deployed through the local liaison function and create dialogue, buy-in, assistance and performance improvement opportunities at the local service delivery level.

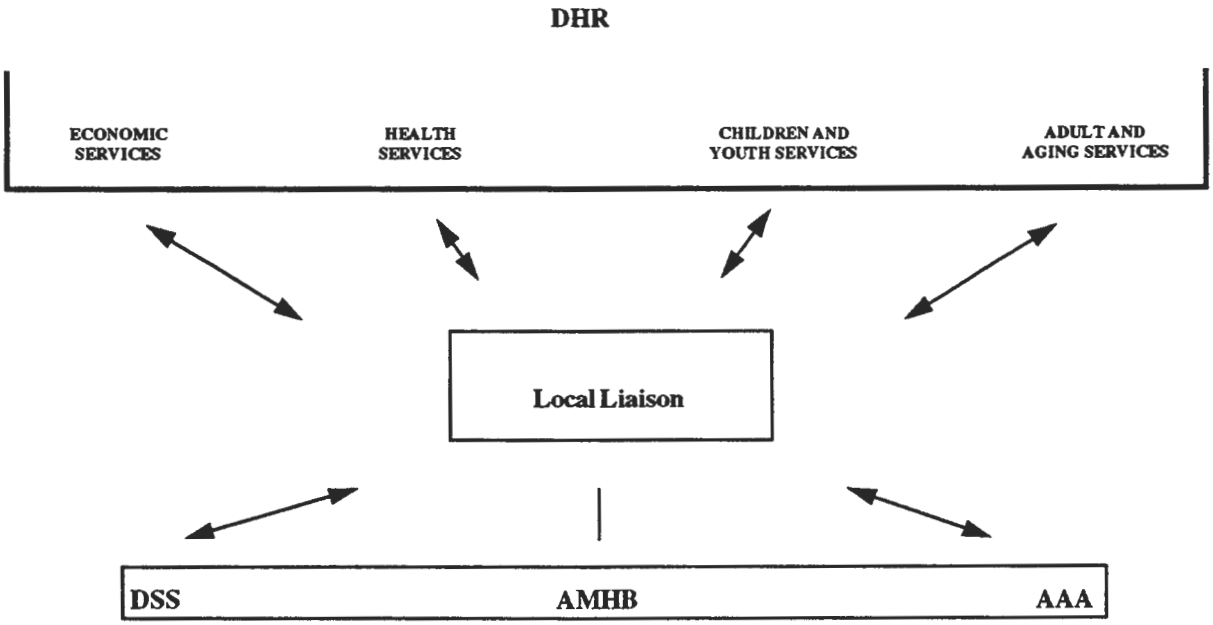


Figure C.7

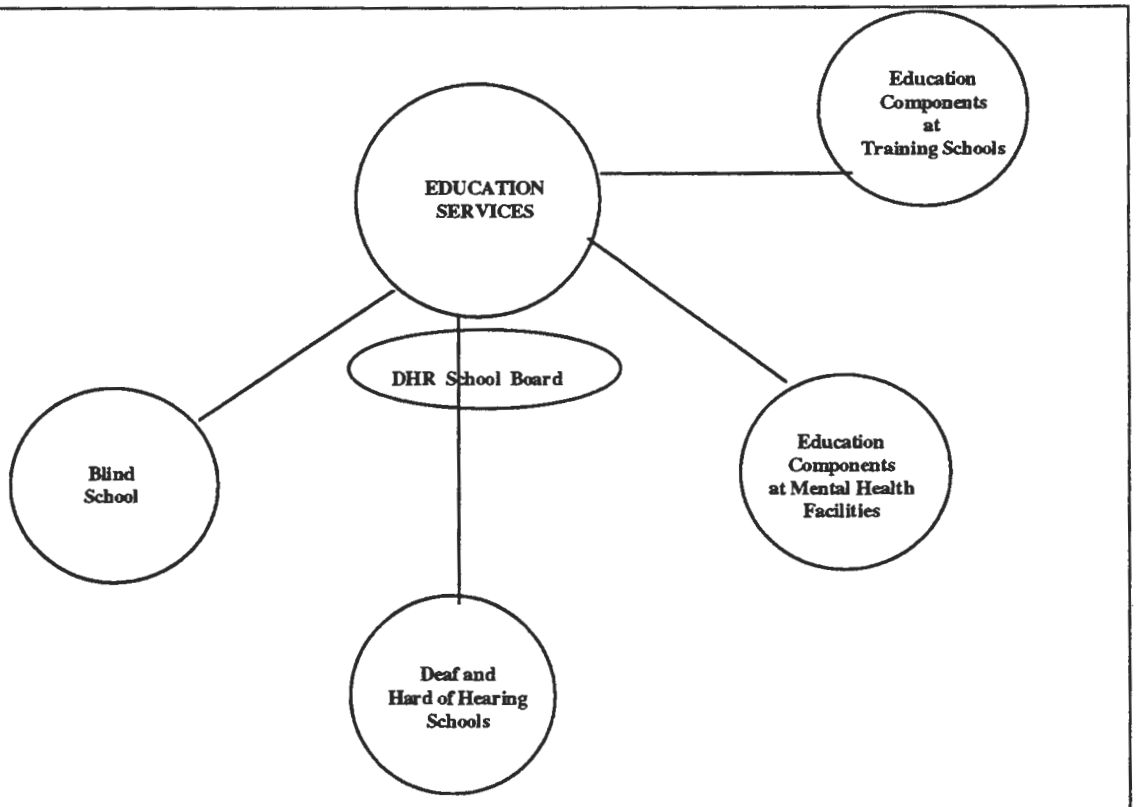
DHR will need to continue to deliver services to the blind, deaf and hard of hearing, for vocational rehabilitation, and disability determinations directly through a regional structure. The skills and specialized knowledge of adaptive technologies associated with each of these areas is not easily acquired at the individual county level. They can best be provided through a structure that serves larger groups of people. Therefore, a direct service delivery function will need to be maintained in the DHR model for these services.

The current Division of Economic Opportunity represents a function that is essentially locally based, in that it funds development at the local level. The synergism with the local liaison function would seem to warrant the functions of this organization to be closely allied with any local liaison. Knowledge of and access to local communities can be built on to the benefit of both functional areas.

Education Services

Education Services represents the next major functional component within the DHR Operations function. Within the Education Services domain, we have included the Governor Moorehead School for the Blind, the schools for the deaf, and the education components of services delivered at the training schools and mental health facilities.

This is seen as a function which focuses on educational quality by grouping those parts of the organization that have an educational focus.



Education Services: To achieve an educational focus for DHR schools and institutions with school components. To ensure educational quality. To develop common aspects of educational functions provided by DHR.

Figure C.8

Financed Services

This area represents the non-health of the Medicaid program. During the study many interviewees called to our attention the fact that the Medicaid program or necessarily "coordinate" delivery of services. It is a regulatory and financing mechanism which funds medical service from providers external to itself or the counties. It is, primarily, a purchaser of services. Its function, therefore, is really quite different from the other components of DHR.

Some who we interviewed during the study suggested that the Medicaid function does not belong within DHR at all. In addition to a completely different program role than the rest of DHR, some cited the tension which exists between Medicaid as a purchaser of services and other DHR programs, such as mental health, who are, for some recipients, essentially service providers or coordinators of service providers. Finally, some with whom we spoke suggested that Medicaid's client may be the State financial managers and legislature, whereas the rest of DHR serves citizens in need of social services. In fact, Medicaid's bill-payment functions and systems are a more administrative function that's purpose is to carefully control and audit against improper payment of claims

We rejected the notion that Medicaid belongs outside the Department. Putting this function too far from DHR loses the natural alliance which does exist between the financier of a key component of services used by human services clients. Additionally, county DSSs remain charged with the responsibility of determining Medicaid eligibility, and DHR must maintain close bonds to successfully coordinate policy instructions for this function into other eligibility criteria.

We are recommending a health financing (or financed services) function has been created to address these issues. This allows the Medicaid program to remain in the Department. However, it recognizes the key differences in function which characterize the Medicaid program and the need for it to be organizationally separate from some of its key providers.

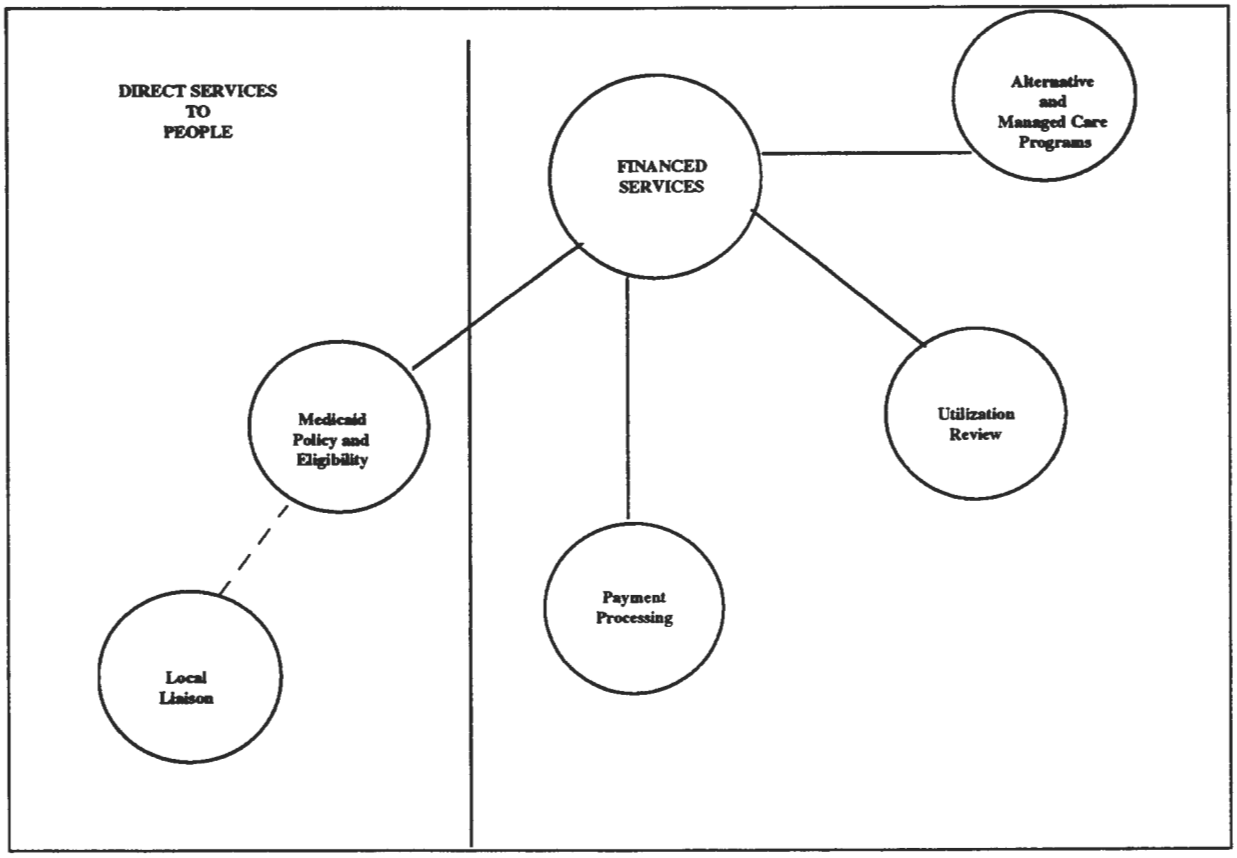


Figure C.9

Regulatory Services

Regulation is an important function carried out within the context of the services that DHR provides. If public health is added to those services, the regulatory functions that the organization will be called upon to carry out will increase significantly.

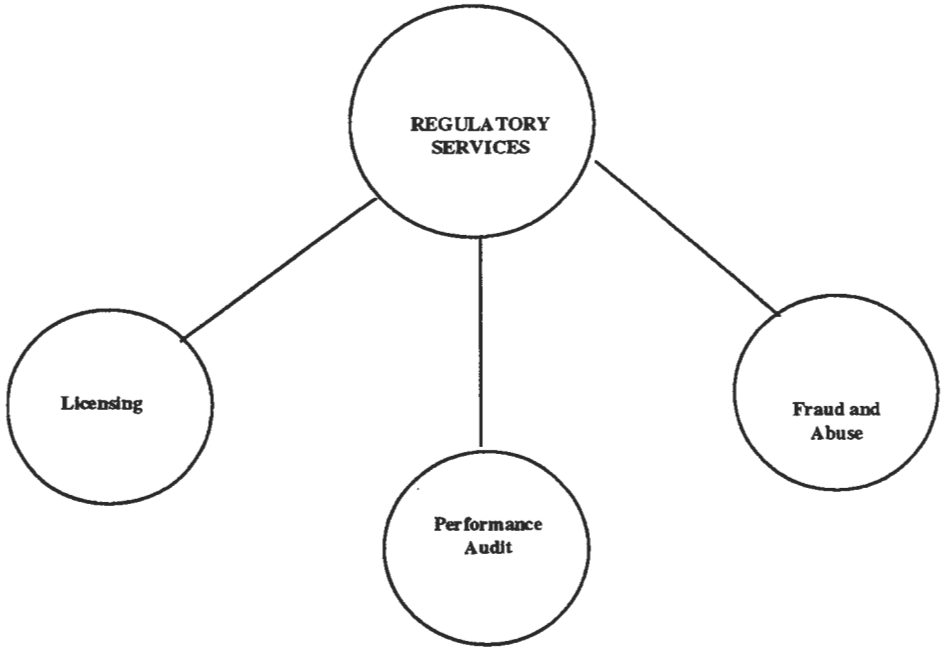
Licensing is the first functional component of Regulatory Services. Licensing includes all activities to assure healthy, safe, and appropriate settings are utilized for the provision of human services. Consolidation of licensing functions would allow for cross-training and other professional development of licensing resources.

During the course of the study, several DHR functions were noted that do not belong within DHR's licensing function They include:

- Charitable Solicitation
- Bingo Licensure
- Jails and Detention Licensure

Under an outcomes-oriented approach, DHR will also need to establish a performance audit function to assess and measure the effectiveness of local service deliverers in attaining program outcome goals. If local service deliverers are to develop tailored approaches to services in their communities, a performance audit function will be key to developing the necessary accountability structures for program fund utilization and results. We see this being best tied to a regulatory-type function.

The third element encompassed within the regulation function is fraud and abuse. DHR needs to have a component to ensure program integrity and stewardship of public funds.



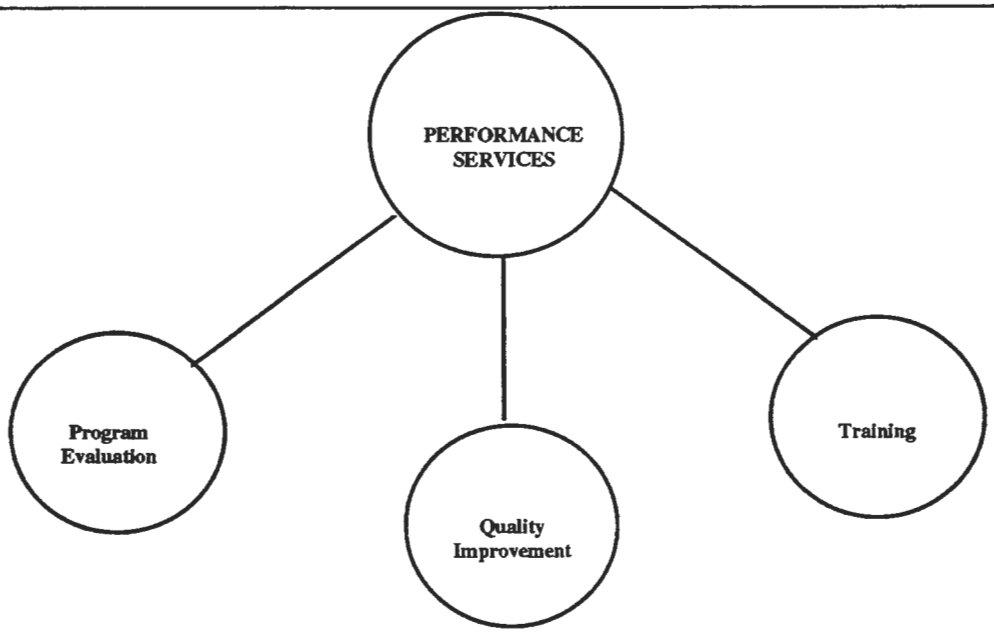
Licensing: To carry out licensing functions for health and human service institutions and programs.
Performance Audit: To check local service program delivery compliance as reflected in attainment of outcome measures.
Fraud and Abuse: To investigate instance of program fraud and misuse with reference to appropriate law enforcement agency(ies.)

Figure C.10

Performance Services

The Performance Services function provides the impetus for enhancement of the programs, processes, and personnel of the Department.

As noted in our findings and recommendations, the Department does not have a Department-wide program evaluation structure in place that can assess the effectiveness of services and programs. The need for such a function ties directly to the desire to become more outcomes-focused. Without a well developed program evaluation function, DHR's ability to sustain an outcomes orientation will be compromised. DHR will likewise need a quality improvement function to examine and enhance processes on an ongoing basis.



Program Evaluation: To conduct program policy evaluation, including development and assessment of outcome measures.
Quality Improvement: To identify and develop improvements to DHR organization and processes that will improve the quality of services to individuals and families.
Training: To develop, manage, and conduct comprehensive training program including:

- mandatory training
- professional training
- job enhancement training

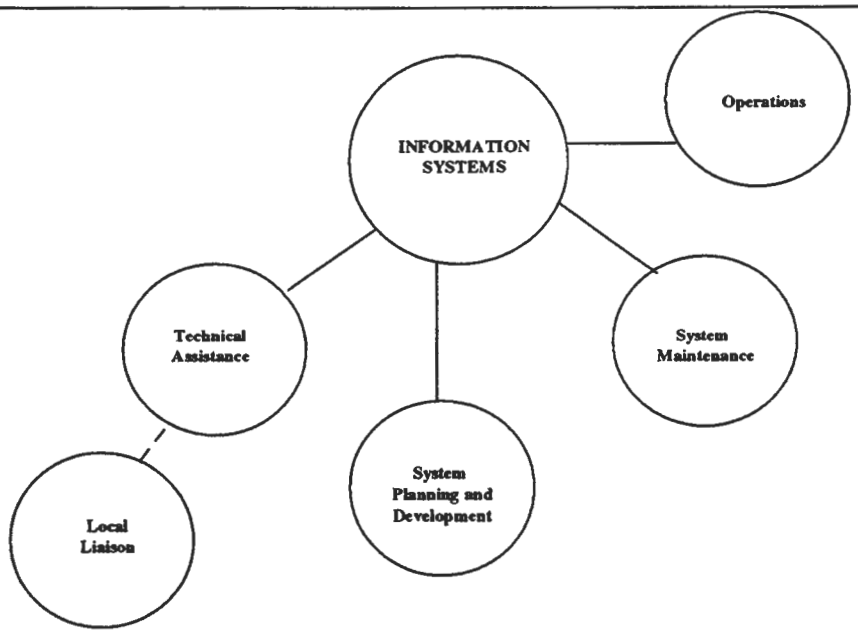
Figure C.11

As we reviewed the current Departmental organization and operations, we found a significant lack of ongoing training to maintain and improve staff skills. While DHR meets the requirements for mandatory training from the perspective of both the state and various

accreditation organizations, we saw little in the way of additional training that would enhance skills and enrich DHR staff. To change the culture as we are suggesting in this report, DHR must make a significant investment in both one-time and ongoing training resources. Therefore a training function should be included in the Performance Services area.

Information Services

An Information Services function must be in place to attain the long-term objectives of the Guiding Principles. Services coordination is, to a great extent, about access to and sharing information about clients, their needs, and the services they receive. A vision or strategy for putting in place the necessary information infrastructure to support the goals of the reorganization is a factor that must be addressed through this functional area.



System Planning and Development: To plan and develop new systems.
System Maintenance: To maintain existing systems.
Operations: To operate current applications.
Technical Assistance: To support development consistent systems approach with Local Liaisons related to needs of local service deliverers.

Figure C.12

Appendix D
BENCHMARKING METHODOLOGY AND SURVEY

A benchmarking analysis of organization structure, function and service delivery systems was conducted within the context of this review. It demonstrates how other state human service agencies approach several key issues in human services administration, and serves as a comparison for DHR to use in its effort to create a more efficient central office and improve service delivery at the local level. This appendix describes the process and criteria for selecting states to be included in the benchmarking survey, the method used to collect the data, and the results of the survey.

Criteria for Selecting Peer States

The initial group of potential peer states was selected based on organizational similarity to the North Carolina service delivery model. KPMG determined which states' human services delivery systems are state supervised and county administered. There are 12 states, in addition to North Carolina, which deliver human services using this model.

Once the potential peer states were selected, KPMG further narrowed the criteria to select states whose human services delivery structure was even more similar to North Carolina. The more similar the states, the better the benchmarking comparison. Three additional measures were developed and analyzed to determine the degree of similarity between states. These criteria were number of similar programs under the purview of the department of human services, state demographics, and human services delivery structure. Descriptions of the methodology used in each of these areas to select comparable states are detailed below. The sources of data for this analysis were the 1996/97 Public Welfare Directory, Volume 57, published by the American Public Welfare Association, and State Rankings 1995, A Statistical View of the 50 States, published by Morgan Quitno Corporation.

Programs

In addition to having an structure which supports state-supervised, county-administered delivery of services, a peer state department of human services must have responsibility for the same types of programs. The greater the number of alike programs, the greater degree of similarity between the states. In the table below, the left hand column lists all of the programs which are the responsibility of North Carolina DHR. Every other state is compared to North Carolina by a check in the corresponding cell which denotes that the program is also the responsibility of that state's department of human services. The number at the bottom of the table for each state is the sum of the number of programs administered by the state department of human services. None of the peer states have responsibility for all 20 of the

DHR programs. The states with the highest numbers of similar programs administered by their departments of human services were determined to be peer states for this analysis.

Based on this analysis, states which are the most similar to North Carolina are: Georgia; New Jersey; North Dakota; Wisconsin; California; Maryland; Virginia; and Minnesota;

The following list of programs was considered in evaluating state similarities in this area. The acronyms are presented to assist in deciphering the table.

- AFDC Aid to Families with Dependent Children
- BS Services for the Blind
- CA/N Child Abuse and Neglect Services
- CSBG Community Services Block Grant
- CSE Child Support Enforcement Program (Title IV-D)
- CW Child Welfare Programs
- DD Developmental Disabilities Services
- FC/AA Foster Care/Adoption Assistance (Title IV-E)
- FP/FS Family Preservation and Support Services
- FS Food Stamp Program
- GA General Assistance
- JOBS Job Opportunities and Basic Skills Training Program
- OA Services to the aged under the Older Americans Act
- MAP Medical Assistance Program (Medicaid)
- SSI Supplemental Security Income Program
- SSBG Social Services Block Grant
- SA/SF Services to Adults and Services to Families
- VR Vocational Rehabilitation programs
- VRB Vocational Rehabilitation for the Blind
- YA Youth Authority Programs

Peer State Program Comparison

NC DHR Programs	AL	CA	CO	GA	MD	MN	NJ	NY	ND	OH	VA	WI
AFDC	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
BS		✓		✓			✓	✓	✓			✓
CAN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CSBG		✓		✓							✓	
CSE	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CW	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
DD		✓		✓			✓		✓			
FC/AA	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓

NC DHR Programs	AL	CA	CO	GA	MD	MN	NJ	NY	ND	OH	VA	WI
FP/FS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
FS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
GA					✓	✓	✓	✓		✓	✓	
JOBS	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
OA	✓	✓	✓	✓					✓			✓
MAP		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓
SSI	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
SSBG	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓
SASF				✓	✓	✓	✓		✓	✓	✓	✓
VR		✓	✓	✓	✓				✓			✓
VRB		✓	✓	✓	✓		✓	✓		✓	✓	✓
YA			✓									
Total Number of Similar Programs	**11**	**17**	**13**	**19**	**16**	**14**	**17**	**11**	**17**	**13**	**14**	**17**

Demographics

Peer states must have a similar population structure, poverty rates and number of recipients receiving AFDC and Medicaid services. A similar demographic structure indicates similar service delivery issues. The table below lists demographic elements for North Carolina and the potential peer states in eight key areas. The ranking of each state in each area was provided by State Rankings 1995. States which ranked within 5 points (above or below) of North Carolina in each area were considered to be similar in demographic makeup. Peer states were selected by counting the number of times a state's ranking fell within 5 points of North Carolina's ranking in each area. The eight states with the highest number of similar rankings were judged to be peer states.

The following list of eight characteristics were evaluated to determine the degree of similarity between states.

- Population
- Percent of Population Urban
- Percent of Population Rural
- Poverty Rate
- Percent of Population Receiving Public Aid
- Medicaid Recipients
- Food Stamp recipients
- Monthly Recipients to AFDC

Based on this analysis, the selected peer states were: Ohio; Georgia; New York; Alabama; New Jersey; Wisconsin; and Virginia.

Peer State Demographic Comparison

Demographics	Population (in millions)	Percent of Population- Urban	Percent of Population - Rural	Poverty Rate	Percent of Population Receiving Public Aid	Medicaid Recipients	Food Stamp Recipients	Monthly Recipients of AFDC
Alabama	4,219,000	60.4	39.6	17.4	7.1	521,539	560,047	140,000
-rank	22	37	14	11	18	20	14	27
California	31,431,000	92.6	2,188,700	18.2	10.7	4,833,824	2,865,833	2,463,000
- rank	1	1	8	9	2	1	1	1
Colorado	3,656,000	82.4	578,877	9.9	5.0	280,664	272,618	123,000
- rank	26	12	34	43	39	33	31	29
Georgia	7,055,000	63.2	2,380,877	13.5	8.5	955,262	807,337	398,00
- rank	11	34	7	23	10	9	9	9
Maryland	5,006,000	81.3	839,039	9.7	6.0	444,673	374,522	221,000
- rank	19	13	28	46	31	24	24	19
Minnesota	4,567,000	69.9	1,318,625	11.6	5.7	425,478	316,972	192,000
- rank	20	22	21	33	34	25	28	23
New Jersey	7,904,000	89.4	819,968	10.9	6.1	793,634	530,524	394,000
- rank	9	2	30	36	30	12	17	10
New York	18,169,000	84.3	2,826,408	16.4	9.0	2,742,494	2,045,033	1,197,000
- rank	3	10	4	14	6	2	3	2
North Carolina	**7,070,000**	**50.4**	**3,290,859**	**14.4**	**7.2**	**898,416**	**627,025**	**335,000**
- rank	**10**	**45**	**3**	**20**	**16**	**11**	**12**	**11**
North Dakota	638,000	53.3	298,461	11.2	4.3	62,087	48,329	19,000
- rank	47	41	43	34	45	49	48	49
Ohio	11,102,000	74.1	2,807,706	13.0	8.7	1,490,983	1,269,258	719,000
- rank	7	17	5	28	8	5	5	4
Virginia	6,552,000	69.4	1,893,915	9.7	4.8	575,929	534,755	194,000
- rank	12	23	12	46	32	18	16	22
Wisconsin	5,082,000	65.7	1,679,813	12.6	6.9	471,103	337,317	237,000
- rank	18	31	15	29	19	22	26	17

Structure

Peer states should have a service delivery structure which is similar to that which is in place in North Carolina. A primary element of the service delivery structure which was judged to be important is the number of other state departments that are administering programs what could be considered human services programs. A similar number of other departments

administering human services programs is an indicator of similarity to North Carolina. The table below summarizes the program structure for each state. The left hand column lists the other North Carolina departments which administer human services programs. Each state is compared to the North Carolina list and a check is placed in each cell where the other department of the comparison state also administers a human services program. The number of check marks is summed at the bottom of the table. The states with the highest number of other departments administering human services programs, which match the North Carolina list, are the most similar in structure to North Carolina.

The following areas were considered in determining which other departments provide human services-type programs using an organizational structure similar to North Carolina's.

- Programs provided in state departments other than DHR

ES:	Employment Services
UC:	Unemployment Compensation
VET:	State Veterans Services
CP:	Correctional Program for Adults
PAR:	Parole Services for Adults
PRO:	Probation Services for Adults
Y-PAR:	Youth Parole Services
Y-PRO:	Youth Probation Services
CSBG:	Community Services Block Grant
PHSBG:	Preventive Health Services Block Grant
MCHBG:	Maternal and Child Health Block Grant

Based on this analysis, the states with the most similar organizational structure are: Minnesota; North Dakota; Ohio; Alabama; New Jersey; New York; and Virginia.

Peer State Structure Comparison

Programs	AL	CA	CO	GA	MD	MN	NJ	NY	ND	OH	VA	WI
ES			✓			✓	✓	✓	✓	✓	✓	
UC	✓		✓	✓		✓	✓	✓	✓	✓	✓	
VET	✓	✓		✓	✓	✓		✓	✓	✓		✓
CP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PAR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PRO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Y-PAR	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Y-PRO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
PHSBG	✓				✓	✓	✓		✓	✓	✓	✓
MCHBG	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓
Total	9	6	8	7	8	10	9	9	10	10	9	8

States Selected

Many states met several of the criteria. The results of our analysis were presented to Commission leadership and discussed in terms of which state's information would provide the most value to North Carolina. Commission leadership assisted in selecting the states were which chosen for the benchmarking survey. While the states selected may not have met all of the above criteria, each had one or more characteristics that made it a logical choice for the benchmarking survey. The following states were eventually selected: Colorado; Georgia; Maryland; Minnesota (did not respond); New Jersey; Ohio; Virginia; and Wisconsin

Developing a Benchmarking Framework

As discussed previously, the primary focus of this review pertains to the central administrative functions and operations of the Department of Human Services. The benchmarking framework developed for the comparative analysis was designed to provide information relevant to these functions.

A telephone survey was developed to be administered by KPMG to the eight peer states. The interviewer was instructed to contact someone in the executive or commissioner's office who would have broad knowledge of the department. The survey questions focused on six areas: service provision; budgets and funding; governance; processes; improvement initiatives; and technology.

The information requested was designed to provide a better understanding of:

- The organization structure and scope of responsibilities of the agency
- The central management structure of the agency
- Specific service delivery strategies that can be cost effective for the agency
- Fiscal functions performed by the agency

Note on Approach and Inherent Limitations of Benchmarking Comparison

The benchmarking framework was developed to help facilitate the data gathering process and to enable the comparison of the state by state information to the greatest extent possible. However, since each state's human services agency is organized somewhat differently and may have different overall responsibilities, the benchmarking data does not allow for precise comparisons in budget and staffing. Differences in state laws and regulations can also impact staffing levels and result in differing nomenclature for specific functions, complicating such comparisons. A further complication is that states collect data differently.

Despite its limitations, the benchmarking function information does provide an indications of DHR's relative position in terms of organization for a number of functions and highlights areas where DHR may be "out of line" with other states surveyed. This balance of this chapter provides the results of the benchmarking survey.

The survey results are presented in two tables so that each state's responses may be viewed in its entirety. The first table includes results from Colorado, Georgia, and Maryland. The second table includes results from New Jersey, Ohio, Virginia and Wisconsin. Responses were not available from some of the states in some of the categories. The cell is left blank where no response was given

North Carolina Benchmarking Study

Table 1 - Colorado, Georgia, and Maryland

Issue	Colorado	Georgia	Maryland
Service Provision			
Responsibility for managing and delivering services	State manages, counties deliver via state agencies and/or non-profit organizations	State manages, counties deliver with own personnel or contractors.	Social Services - State manages, counties (23 plus Baltimore City) deliver services.
Linkages	Working to automate processes and link systems across agencies. Combined Alcohol and Drug Abuse, Health and Rehabilitation Services agencies recently. Children's commission to link parole, juvenile court, education and other child related services.	Department-level management team provides coordination. Three QI initiatives cross department lines. - Employment - Long Term Care - Teen Pregnancy	Office of Children and Youth Services act as service coordinator across agencies.
Budgets and Funding			
Money flow	All State and Federal funds are allocated to counties via performance contracting.	State allocates to county as grant-in-aid. Aging services are reimbursed.	State provides money to local jurisdictions through budgets
Outcomes Initiatives	Working to develop a meaningful evaluation of outcomes for clients. Several county pilots for performance-based child welfare services.	Working of developing outcomes-based measurements.	Measures are in place. Consultant helping with cost allocation.
Governance			
Structure	Legislature develops policy, is carried out by state board.	Commissioner, Deputy Comm. and five program divisions, plus Office of Regulatory Services and Office of Personnel Administration, Budget/Financial Services,	Secretary, 3 Deputies (Operations, Programs, Planning & Innovation), Executive Directors for each administration.

Issue	Colorado	Georgia	Maryland
		and Policy and Commerce Services.	
Boards and Commissions	Have State Board and County Commissions. All are appointed by Governor.	Governor appoints Commissioner through Board of Human Resources. Most boards are advisory. Some have authority over programs at local level. Appointments are made by the Governor or county executives. County public health boards MH/MR regional boards Council on Aging	Boards and Commissions are advisory to and appointed by Governor. They include: Women's Commission Asian-Pacific American Affairs Migrant and Seasonal Farm Labor Hispanic Affairs
Processes			
Strategic Plan	Annual strategic plans are developed by each division and department to be included in the Governor's strategic plan. Input is sought from agencies, communities and other stakeholders.	Currently developing first department-wide strategic plan. Divisions have historically developed own . Management team is responsible.	Strategic plans are refreshed each year. Is a collaborative process between the central office and local jurisdictions.
Quality Assurance		Office of Audits conducts financial reviews. Will be expanding to program reviews. Some divisions have own QA people.	Audits conducted by the Legislative Auditor, have an Inspector General for the Department. Each program area conducts own evaluation using university or consultants.
Teaming		Seven department-wide initiatives encourage teaming. - Budget - Personnel - MIS - Common Intake/Eligibility - Employment - Long Term Care - Teen Pregnancy Centralized within the	Office of Children and Youth Services arranges formal teaming. Secretary has directed collaboration among central, local and stakeholders. Centralized within the Department.

Issue	Colorado	Georgia	Maryland
Admin. Functions (C or D)	Centralized in the Department. Regional teams handle finance, personnel and other issues.	Department by August 1997.	
Improvement Initiatives			
Reorganization	A reorganization process to consolidate agencies who service similar populations was begun two years ago.	Currently focused on implementing reorganizations to consolidate operations in the areas of budget, personnel and MIS.	Continue to evolve.
Innovations			Privatized child support enforcement for Baltimore City and Queen Anne's County in Nov. 1996. Family Investment Administration has restructured to emphasize child support services.
Technology			
Role		Technology plays a central role in reorganization and ability to consolidate.	Technology is key in implementing the client information system.
Structure		Have WAN, LAN (many), Intranet, email, and Internet access. The State is wired but systems are currently only division- and department-wide. Will expand over next year.	Have LAN, email, Internet access. Client information systems will be statewide (only 2 jurisdictions left to implement - by 1998) Can share information across departments where there is not a confidentiality issue.

Table 1 (con't.) - New Jersey, Ohio, Virginia and Wisconsin

Issue	New Jersey	Ohio	Virginia	Wisconsin
Service Provision				
Responsibility for managing and delivering services	Department supervises, delivers services through purchase of service contracts with private non-profit community agencies.	Department supervises, counties administer and deliver services.	Social Services - State manages, counties deliver services.	State manages, counties deliver services with own personnel or contractors. Licensing and regulatory functions are carried out by State. State manages 5 institutions for the mentally ill and developmentally disabled.
Linkages			Department Secretaries coordinate activities across departments.	Linkages created by memorandums of understanding, formal and informal contracts between service delivery providers and staff, advisory committees, etc.
Budgets and Funding				
Money Flow	Federal and State funds allocated to purchase of service contracts with private non-profit community agencies.	Plan to enter into agreements with counties. Core services will be funded. Counties will have flexibility to fund other services.	Federal funds are received by State. Departments allocate to local programs.	Most state and federal funds distributed to counties through Community Aids Program. Is calendar year basic county allocation and 12 categorical allocations.
Outcomes Initiatives		Agreements with counties will include performance measures. Rewards or sanctions will be applied based on achievement of goals.	No.	Outcomes "scorecards" have been developed for major programs to measure success. Are self-reported indicators. Compliance is good due to strong support from Secretary. Will eventually be incorporated into budget process.
Governance				

Issue	New Jersey	Ohio	Virginia	Wisconsin
Structure	Commissioner, 2 deputy commissioners, 4 assistant commissioners, 8 division directors.	Governor appoints a Director of Human Services. Have 11 deputy directors.	State boards direct policy activities of Departments.	Secretary is appointed by Governor.
Boards and Commissions	Commission for the Blind and Visually Impaired		Governor appoints heads of boards.	Boards administer grants, recommend policies and conduct public education. Three boards are active: - Child Abuse and Prevention - Aging and Long Term Care - Adolescent Pregnancy Prevention
Processes				
Strategic Plan			Strategic plans are developed every 2 years. Local social service agencies are involved in the planning process. All agencies develop plans.	First strategic plan was 1996. Consultant helped to gather input from all stakeholders. Management team identified key goals, divisions developed specific goals and strategies for implementation. Planning Unit is Strategic Planning and Evaluation Section of Office of Strategic Finance is responsible for developing plan.
Quality Assurance	Quality assurance handled separately within each division.		Performs quality control as required by Federal programs. Visit agencies, case readings, provide feedback. Inspector General recently appointed.	Program quality ensured through Quality Assurance Review, Licensing, Grievance and Complaint Processes, Program Monitoring and Evaluation.
Teaming			Have 2 main teams "Protection Team" and	Have process managers for prevention, long

Issue	New Jersey	Ohio	Virginia	Wisconsin
			"Self Sufficiency Team" with representative from several divisions.	term care, and service delivery/case management to coordinate key programs across divisional lines.
Admin. Functions (C or D)			Centralized within the Department.	Budget, Personnel, Program accreditation and Technology Support are centralized. Procurement is decentralized. Licensure is provided by regions and Quality Assurance is decentralized to program areas.
Improvement Initiatives				
Reorganization	Creation of a Department of Health and Senior Services to consolidate the administration of more than 20 Federal and State programs for senior citizens. Division of Family Development reorganized to consolidate county and municipal welfare agencies into DHS regions, combine data-gathering functions, and consolidate for information and data systems.		Currently undergoing a reorganization to merge functions (such as budget and finance), create teams and move away from "silos."	Department was completely reorganized effective July 1, 1996. Moved income maintenance and vocational rehabilitation to Department of Workforce Development, moved youth services to Department of Corrections, moved regulation and licensing to program areas.
Innovations	Implementation in 1995 of New Jersey 2000, a mandatory managed care program for Medicaid recipients.	Child support initiative to increase collections. Includes implementation of Support Enforcement Tracking System	Initiative to improve coordination of child welfare services. Initiative in Child	Services (including HCBS waiver) to allow elderly and disabled persons to remain in their homes.

Issue	New Jersey	Ohio	Virginia	Wisconsin
	Plan to implement a mental health managed care program for Medicaid recipients.	(SETS). Implemented AdoptOhio, a statewide adoption reform effort aimed at increasing the number of children placed for adoption.	Protective Services to assess which cases require investigations. Initiative in Adult Care to perform uniform assessments to determine most appropriate services.	AIDS/HIV insurance continuation program. Healthy birth programs - Health Start, Prenatal Care Coordination Implementing Milwaukee Family Project to coordinate delivery of new parent services to eligible Medicaid recipients.
Technology Role		Ohio Benefits Eligibility Project. Multi-agency committee completing the first phase of a project to link the data bases of the DHS and the Bureaus of Workers' Compensation and Employment Services. Second phase will extend the Bureau of Motor Vehicles, Departments of Health and Rehabilitation and Corrections, and the county jail management system.		Technology is used as a facilitator and enabler to deliver services to clients more effectively and efficiently.
Structure				Have State-wide WAN, Department-wide LAN, Department-wide Intranet, State-wide Email, State-wide Internet access.

Appendix E
LOCAL SITE VISITS

KPMG conducted site visits in five counties to understand the issues that affect service delivery locally. The counties visited were:

- Burke
- Duplin
- Durham
- Halifax
- Rockingham

Site Selection

Each of these five counties contain elements that reflect North Carolina's diversity, both geographically and demographically. The chosen counties had to reflect the majority of North Carolina's counties, no outliers were selected. To obtain this cross-section, KPMG (in conjunction with Commission leadership) selected counties based on a variety of variables, including:

- Population size
- Per capita income
- AFDC and Food Stamp caseloads
- AMHB governance (single or multi-county)
- Institutional presence
- Location:
  - East
  - Piedmont
  - West

Site Visit Activities

The purpose of the site visits was to obtain a first-hand view of the service delivery process, discuss state/local relationship issues from the local service provider perspective and speak directly to consumers about the quality of services currently being provided. Each site visit was initiated by a meeting with the County Manager. The County Manager typically invited local program directors including DSS management, Area Program management, and Area Agency on Aging management to participate in this initial meeting. The meeting generally focused on a high level discussion of service delivery from that county's perspective, and a discussion of the relationship of that county with DHR.

After the initial interview with county and program management, KPMG split into teams and conducted a more in-depth review of each service delivery program. The program directors provided facility walk-throughs, scheduled time with key supervisors and staff, and arranged opportunities to meet with clients/consumers. A summary of activities conducted at individual program sites is provided below.

Interviews With Program Management/Service Overview

Program directors provided a more detailed overview of service delivery for their program. This usually included a facility tour (including and overview of activities that took place at other physical locations) a discussion of the client service process, gathering pertinent statistical and budgetary information and a discussion of their relationship with DHR.

Interviews With Key Supervisors And Staff

Program managers then provided a schedule of meetings with key supervisors and staff. These discussions were conducted using a variety of interview methods: a combination of individual interviews and employee focus groups provided the necessary input from staff and supervisors within each program service area.

Interviews With Clients/Consumers

KPMG staff had the opportunity to speak with clients/consumers receiving a variety of DHR services. Some of these interviews were one-on-one, others were conducted in a focus group setting.

Site visits provided KPMG consultants with input about DHR's organizational structure, culture and their relationship to local service deliverers from an entirely different perspective than earlier interviews with key legislators, DHR management, DHR staff and stakeholders. This information provided an opportunity to investigate issues that had been identified in those earlier interviews, filled in gaps in the information previously collected, and allowed KPMG to look at DHR directly from the client/consumer perspective. Information gathered during these site visits was incorporated (in an aggregate form) into the analysis, findings, and recommendations found in this report.

Appendix F
STAKEHOLDER COMMENTS

KMPG facilitated a series of focus groups to obtain stakeholders' points of view about DHR. The focus groups consisted of advocacy groups, clients and their families, non-profit organizations, and concerned citizens with an interest in North Carolina's human services programs. A variety of stakeholders were invited to attend 11 focus groups held in February and March 1997. The table below lists the focus group topics and the number of participants.

Focus Group Topic	Number of Participants
Aging	8
Blind Services	11
Child Care	4
Child Welfare	6
Deaf and Hard of Hearing	7
Developmental Disabilities	5
Economic Opportunity/Cash Assistance	6
Mental Health	3
Substance Abuse	14
Vocational Rehabilitation	4
Youth Services	2
Total	***70***

While focus group participants represented a diverse range of interests and frequently had different opinions, common themes frequently emerged. The following summarizes key stakeholder points.

Aging

The following themes emerged from the focus group with stakeholders for Aging.

The Division of Aging lacks strong and consistent policy and leadership regarding services for elderly North Carolinians

The state needs to develop a comprehensive policy on aging services in North Carolina. This lack of leadership and policy development has reduced the amount of prevention planning and services. They feel the "commissions get bullied by political agendas" and are not effectively managing the current funding they do have. They would like to see a structure that involves local community stakeholders in the aging service planning process in their area. Stakeholders also noted that North Carolina's elderly population is increasing and that the state needs to become more proactive and place a higher priority on the needs of the aged or there will be a service delivery crisis in the near future.

Stakeholders felt that services are fragmented in the counties

Stakeholders would like to see increased cooperation between aging services and other DHR services. The lack of centralized service delivery is confusing to clients. There is inconsistency in which services are available from county to county. In particular, stakeholders would like to see the following:

- Consistency in available services in the counties
- Clear lines of authority and accountability
- Empower the counties to develop service delivery strategies and preventive methods at the local level
- Develop rules in a collaborative, cross-program environment to prevent conflicting messages sent to local service providers.

The following services stakeholders believe the state should provide:

The state should provide more technical assistance to the local service providers. An information system that facilitates data sharing across programs is needed. Increase the availability of in-home services and respite care services. They felt that current laws prematurely push elderly into institutional care. There is a perceived lack of funding for senior centers.

Blind and Visually Impaired

The following themes emerged from the focus group with stakeholders for the blind and visually impaired.

Stakeholders had a variety of opinions about blind schooling

Some stakeholders believed that any consolidation of blind and deaf services would be a "tragedy" because there are "vast differences" between how blind and deaf clients should be educated. They noted that consolidation tends to dilute service provision to specialized clients. Many stakeholders argued that DSB should not be placed under DPI because DSB provides a continuum of services from childhood to adulthood. Others stated that because many parents want to send their blind children to public schools, DSB should become a "resource center" that helps teachers develop individual education plans for clients who attend public schools.

The division needs to provide more independent living and transition services

Blind independent living social workers have "fewer resources for their clients" than any other part of the division. For example, they do not have the resources to provide clients with substantial "adjustment services." Adjustment services are for newly blinded clients that must learn a wide variety of daily techniques required to live independently (e.g., cooking and navigating their homes). Social workers cannot always provide clients with the technology and training they require. Moreover, working individuals need teaching services in their homes so they can maintain their jobs.

The division and potential clients could benefit from increased marketing

Stakeholders noted that many problems occur because information about blind services is not marketed to its full potential. Individuals who are approaching "legal blindness" do not know about blind services; optometrists' offices do not have information about the services provided in their waiting rooms; the medical community does not maintain a "blind census" because they do not know it is required by law; and parents do not know where to turn to find services for their visually impaired children.

Technology can improve clients' quality of life

According to some stakeholders, vision-impaired clients can profit from technology, and it's a "shame" that the division does not have the funds available to help clients better their lives.

Family-centered services need to be enhanced and expanded

Families of blind clients need support networks. Yet, the majority of DSB's services are directed toward individuals; family involvement is peripheral. Currently, only social workers have contact with families. The division needs to develop an array of services it can provide to clients' families to help them care for their blind relatives.

Child Care

The following themes emerged from the focus group with stakeholders for child care.

DHR difficulties with child care

Participants raised the problem of DHR's need to define their client; is the client the child care agencies or the recipients of the services? One participant said, "DHR has a problem in seeing who their clients are." The discussion turned to the reorganization of DCD, and DCD's responsibilities. Participants noted that both service recipients and child care centers had found it very difficult to understand new requirements, mandates, contacts, eligibility etc. Participants complained about poor communication and assistance regarding changes were. The participant stated that the ability to navigate through DHR depends on having personal contacts.

DCD's role and organizational difficulties

The group discussed difficulties with the DCD organization. The discussion included the perceived prescriptive policy and lack of a framework to figure out local needs. Participant said that the state should not be acting in an enforcement capacity, but rather should act in a more supportive role. Group members discussed if DCD should it be regulatory or technical assistance oriented? A participant voiced that the State often looks for what they can find wrong instead of consulting, and that DHR's role should be to help counties in a non-judgmental way.

Child care difficulties and needs

Meeting concluded with a discussion of the child care needs in North Carolina. Participants stated such problems as:

- Child care for WorkFirst individuals will be an issue.
- Problems meeting the needs of specialized child care for problematic children, and children with special health needs.
- There is a need to educate clients of services available to them. Public awareness is lacking.

Child Welfare

The following themes emerged from the focus group with stakeholders for child welfare.

State-administered, county-run programs are problematic

The group began by talking about difficulties they have had with the current Child Welfare structure. Participants discussed funding streams. The discussion centered around funding streams influence on policies, guidelines, forms. The group discussed difficulties in communication between counties and between the state and counties. Participants felt that the lack of adequate computers systems was causing much of the communication difficulties. They voiced frustration with the State's unwillingness to put money into system. Other problems discussed included: the lack of checks and balances between state and counties. One participant stated that the State rules and county funding are not always in sync. Another participant noted, "The problems are unfunded mandates." Counties make decisions based on funding, not what is needed.

State's role needs to change

Attention turned to state DSS's role in services. Participant stated, "...the larger outcome picture is lost, in bureaucratic process." The participants discussed the implications of current licensing; licensing is confusing between State DSS, County DSS, and DFS. The group continued by a discussion of the nature of DSS change. Participants stated that DHR is reactive, change is forced, new ideas have to be forced. That comment met with a positive response. Participants discussed the desired focus of DSS. Discussion centered on:

- DSS focus is on process not outcomes.
- Reorganization must be outcome focused: program development, information technology, organization structure.
- Reorganization should be focused on what will produce desired results.

Child welfare needs and ideas

Many ideas were discussed including:

- Privatization of adoption services and foster care.
- Counties have no incentives to move beyond their county lines with adoptions.
- Systems problems cause overwhelming paperwork, no tracking of children, no statewide information.
- Lack of funding for "undesirable" children.

- Variety of service needs for children, and fragmented power-lines at State plays down to county level. At county level DSS has no authority over MH/DD/SAS, for example.

Meeting concluded with discussion of Organization. Focus was: DHR/ DSS has no vision, no clear mission, and this has resulted in public confusion.

Deaf and Hard of Hearing

The following themes emerged from the focus group with stakeholders for the deaf and hard of hearing.

Education and the Residential Schools received mixed reviews

The group began with a discussion of the role of the residential schools in DHR. The group unanimously agreed that currently, DHR is not designed as an educational service deliverer. Problems listed included: teacher pay, low teacher morale, high rate of teacher attrition, standards at residential schools are not comparable to standards in local school districts. The group expressed much agreement concerning issues with residential school standards. A participant stated, "Schools for the deaf are still considered institutions under DHR." Several participants said very positive things about the staff at the residential schools, and the importance of North Carolina maintaining residential schools. Group member raised the idea of moving schools to DPI, idea met support but also fear. Group discussed education in LEAs, and DPI's relationship with DSD/HH. The group discussed the idea of a marriage of DPI, DSD/HH, DMH, DYS, and DSB bringing the education standards together to meet the needs of individuals school. This idea met with enthusiasm.

Adult Services is overlooked

The discussion began with need for a stronger independent living program. Participants voiced strong opinions in favor of strengthening the Regional Resource Centers. The group turned to discussion of the needs of the hard of hearing. Many participants felt that the hard of hearing are overlooked by the Division. Group discussed at some length the pros and cons of privatization of state functions, no conclusions were drawn.

Division organization has several problems

Group members relayed anecdotal information regarding difficulties with the administration of the Division. Problems included: administrative issues, conservative thinking and culture regarding options for deaf and hard of hearing. Several participants raised very good points regarding the collection of community input, and the strength of DSD/HH advocacy in State government.

Developmental Disabilities

The following themes emerged from the focus group with stakeholders for developmental disabilities.

Stakeholders had strong criticisms of the current governance and accountability structure

Participants commented that the current governance structure is too political and lines of accountability for service providers are blurred. Stakeholders saw a serious need to strike a better balance between state-level authority and desire for local control.

Stakeholders felt that the organizational structure of DHR contributed to the needs of the developmentally disabled being overlooked in North Carolina

They believe that the unique needs of their clients merit it's own division. The section chief of the Developmental Disability section is given the responsibility for service oversight but doesn't have the authority to hold the Area Programs responsible for service delivery and outcomes. Stakeholders miss the regional programs. They felt the regional programs gave them a stronger voice at the state level. Regional programs had a better understanding of the environment and needs at the local level. Now there is an enormous gap between the state and local service providers.

There were concerns about the role of Area Programs in providing services to the Developmentally Disabled population

There was a sense that the county commissioners tend to focus on monetary issues and don't place developmental disability services very high on the priority list. This led to a discussion of stakeholders serious concerns about the role of Area Programs in providing services to the Developmentally Disabled population. Those concerns are summarized below:

- Area programs have too much control. They should be implementers of policy, not makers of policy.
- Interpretation of regulations at the local level varies greatly resulting in inconsistent service delivery.
- The single portal of entry is interpreted differently by the area programs.
- The current service delivery system is not user friendly.
- The state has "downsized" facilities for the mentally retarded but hasn't increased the Area Program's level of accountability proportionately. Effectively, these clients are at the mercy of the Area Programs.
- Need to improve monitoring to ensure that quality of services is high

- There is a sense that Area Program Case Managers don't truly understand clients needs. Stakeholders noted that high turnover and a lack of a statewide case management philosophy were contributing factors to this problem.

Stakeholders noted that they would like to see changes to the current program development and service delivery structure. These changes are summarized below:

- Clarify state and local responsibilities, develop clear lines of accountability and hold service providers accountable for consistent service delivery.
- The state needs to provide a focus, strategy, stronger leadership and a stronger evaluation of local service providers.
- Provide more flexible funding structures and higher reimbursement rates. The current unit cost recovery system is cumbersome and the reimbursement rates are too low.
- Develop a stronger case management training program along with a consistent policy for local case management staff.
- Consider a service brokerage model then purchase case management services as necessary.
- Develop common forms and standardized paperwork. The current system is overburdened by administrative paperwork.
- Develop and provide funding for information technology to facilitate case management and program/policy decision making.

Economic Opportunity/ Cash Assistance

The following themes emerged from the focus group with stakeholders for economic opportunity/cash assistance.

Programs are not as efficient as they could be.

The discussion centered around focus of DSS' economic programs. General feeling was that programs are not as effective as they could be. The group felt that to much importance is placed on program restrictions, and programs are based on federal funding instead of needs of client. Participants agreed that what was missing from WorkFirst was adequate training. One participant stated that WorkFirst is all process driven, many group members agreed.

There are organizational problems with cash assistance.

The group deliberated problems with organization. One participant said the State should give outcomes and allow counties to do whatever is needed to meet outcomes. This statement was met with much agreement. They felt that program measurement should be on how many people you were able to move out of poverty. Discussion turned to fact that no clear mission of what desired end product for economic programs is. The group discussed perceived problems with DSS management including the lack of service delivery experience in DSS upper management, multiple layers of bureaucracy, and lack of collaboration efforts.

Services accessibility and barriers

Primary focus of this discussion rested on technology. The group agreed that systems and technology would ease many barriers to services. Problems ranged from no collection of data and client records to lack of communication inter- and intra-agency. Group felt that problems with program organization, and communications led to difficulties in service delivery. Other barriers to services, i.e., transportation were briefly discussed. Group members discussed many difficulties resulting from State divisional separation of county administered programs (DSS, DCD, DMA). One participant reported that counties gather information from other counties and regions despite organization of DHR. Another participant stated, "DHR does not realize that their relevance is decreasing, counties/ non-profits work around State DSS."

Child Support is very important to DSS

Group felt that Child Support was a crucial aspect of DSS. One participant stated that she thought child support should be the point of entry into the system. Discussion continued with importance of the collection of eligibility information, and the role child support places in keeping people off of a public assistance.

Mental Health

The following themes emerged from the focus group with stakeholders for mental health.

Stakeholders noted some positive aspects of DMH

Stakeholders believe the Division has done a better job of incorporating stakeholder input into the policy development process than other divisions within DHR. They noted the Pen-Pal program is a good example of case coordination.

Stakeholders believed the 2 year turnover of county commissioners caused a lack of consistency and focus

Stakeholders believe that county commissioners are the most powerful group in the state and that they tend to be out of touch with the health and human service needs of North Carolinians. They believe that the Area Program structure allows them far too much control in dictating Mental Health services throughout the state. For this reason focus group participants believe that the lines of authority and accountability between the state and Area Programs need to be clarified. A lack of Area Program accountability is illustrated by the recent problems in the Tri-county area program. Some other their comments are summarized:

- Area Program accountability needs to be focused more on service outcomes
- The division needs to define core services that will be available to all north Carolinians.
- The state needs to facilitate the "purchasing" of services for smaller counties.
- The regional office structure used to act as a local service provider advocate to the state. Since their removal the gap between state and local service providers has widened.

Focus group participants were critical of the following county service delivery structures. In particular, stakeholders believe:

- The Mecklenburg county service delivery model is contrary to client rights.
- The single county programs are for the most part bad. A primary reason for this was a lack of resources and access to needed services.
- The move toward managed care will hurt smaller area programs
- The role of political patronage prevents the hiring of qualified individuals. They believe that many state and local employees are only valued for their political connections.
- The current gap between outpatient services and institutional services is a problem. North Carolina needs a unified system of services that includes psychiatric hospitals.

Stakeholders would like to see case managers take a lead and function as a true Primary Care Case Manager in a consumer-driven service delivery structure

Stakeholder's primary concern is to get services to the needy efficiently and expediently and make sure that the division retains it's identity as a NON-WELFARE program. They would also like to ensure that one-stop shops staffed with generalists is not the future direction of mental health services in North Carolina. The ideal service delivery structure would provide a continuum of care driven by the clients primary disability. The state should focus on :

- Strategic planning
- Fiscal oversight
- Developing of outcomes
- Ensuring that client's rights are met
- Setting service standards for core mental health services.

Substance Abuse

The following themes emerged from the focus group with stakeholders for substance abuse.

Stakeholders believe that there is no consistent philosophical base for treatment, services and funding issues for substance abuse services in North Carolina.

Stakeholders characterized the current state service delivery structure as crisis oriented, too reactive and an expensive solution to a wide spread problem. Some specific concerns about DHR management of substance abuse services are summarized below:

- The Substance abuse section is held back by being a part of the Division of Mental Health, Developmental Disabilities, and Substance Abuse. It creates a layer of management that prevents the section from being more proactive.
- Area Programs don't see substance abuse services as a priority and the state has no real authority to ensure that they provide needed services.
- Service delivery is fragmented
- The substance abuse section is under-funded to begin with and funding for prevention services are being not utilized as they should.
- The current policy is funding driven rather than client focused. The emphasis on reducing the use of expensive institutional bed days has resulted in the current service delivery structure forcing clients to "fail" outpatient services before they can receive needed services in an institutional setting.

Stakeholder suggestions for improving substance abuse service delivery are outlined below:

- Form a single state agency at the department level to provide more political muscle on behalf of substance abuse clients and their families.
- Clarify lines of accountability and governance structures between the state and local service providers.
- Ensure a continuum of care for intensive outpatient services and transitional services.
- Seek accreditation for all substance abuse programs.
- Create an interagency team at the state level to facilitate service coordination.

Vocational Rehabilitation Focus Group

The following themes emerged from the focus group with stakeholders for vocational rehabilitation.

VR has extended services to persons with brain injuries

Focus group attendees praised VR's efforts to extend services to clients with serious disabilities, especially individuals with brain injuries. In the past, people with brain injuries were under-served, even "falling through the cracks." IL first saw the opportunity to provide services to this population; VR has followed suit and set up training across the state.

There are opportunities for extending and improving VR's services

Many people do not receive VR services who could benefit from them, e.g., stroke victims. Sometimes needy individuals are overlooked because they are not "severely disabled" or living in "abject poverty." Means tests for VR services should be changed to look more like IL's income test, which adjusts the client's income for cost of treating disabilities.

One stakeholder believed that people with disabilities are peripheral to the policy making process

This stakeholder felt that people with disabilities are given only "token" representation on decision making bodies, and that policy-makers are paternalistic when they deal with people with disabilities. The advocate would like to see a state-level public advisory group comprised of people with disabilities that sets policy for the disabled population. Currently, the VR Advisory Council and State IL Council serve an advisory function only.

VR's independent living program has been a model for reaching out to people with disabilities

Because IL has traditionally had to find supplementary resources by reaching out to communities, it has involved consumers in the decisions that impact their lives to a greater extent than other divisions. Stakeholders praised the program for finding ways to keep people from "falling through the cracks."

Consolidating all work force preparedness functions from 32 offices to a few one-stop-shops would be detrimental to people with disabilities

Stakeholders believed people with disabilities would be "completely ignored" if VR offices were consolidated with other work-oriented programs. They also anticipated the level of

unemployment among the VR population would "skyrocket" because clients lacking transportation would be unable to access the one-stop locations. Additionally, they feared that money not specifically earmarked for VR clients would disappear, and that VR programs would "fall by the wayside."

Youth Services Focus Group

The following themes emerged from the focus group with stakeholders for youth services.

DYS' Community-Based Alternatives program received high from stakeholders

One stakeholder called the CBA consultants "the most effective state government people." There are several reasons for their success: First, they are community-focused. Consultants assist counties by providing planning support and assessing programs. Second, they are responsive to local needs, not "rule-writers" or regulators. Their purpose is to foster innovative community alternatives and help local service providers with technical and budget issues. Third, the CBA money is county-oriented. While county money may not necessarily facilitate cross-county programming, it does support the local solutions to youth problems.

Communities should help pay the cost of sending youth to training schools

One stakeholder believed that many youths need only front-end services. However, some judges face a lack of alternatives for treating youth offenders. Thus, the counties with limited resources forgo the community cost of treating youth by sending them to state-funded training schools, where the state funds 100% of the treatment. The stakeholder believed that counties should bear a portion of the cost of sending youth to training schools (e.g., based on the number of commitments made during a fiscal year). This will accomplish two ends:

- County-run detention centers may become cost-effective alternatives to training schools
- Demand for community-based alternatives to training schools will increase the demand for CBA-type programs

The stakeholders believed that solutions must come from the community

The stakeholders argued that North Carolina needs to find a way to keep youth as closely integrated with the community as possible. DYS should "get on the resource bandwagon" and create new services that fill the void in the DYS. Unexplored alternatives to training schools exist; e.g., day treatment centers with electronic monitoring. In addition, 20 small, regionally based training schools would be an improvement over the current institutional training school structure. These smaller training schools would work with local entities to integrate youth back into their communities.

Appendix G
SURVEY RESULTS

KPMG distributed confidential employee surveys to all state employees throughout the Department of Human Resources except those employed by state institutions. Below is a summary of surveys returned by Division. Responses are aggregated into common themes and quotes returned from all division. The quotations provided here were selected as representative or particularly articulate examples of responses received. These quotations are intended to provide direct input from DHR employees and are summarized here for that purpose. While the information in these surveys contributed to KPMG's findings and recommendations, in this raw format they do not represent KPMG's analysis.

Division/Area Name	Total # of Surveys Returned
Division of MH/DD/SAS	26
Division of Information Resource Management	11
Division of Services for the Blind	121
Division of Child Development	10
Division of Services for the Deaf and Hard of Hearing	12
Economic Opportunity	0
Division of Social Services	72
Division of Vocational Rehabilitation	278
Division of Facility Management	35
Division of Aging	2
Division of Youth Services	1
Division of Medical Assistance	41
Division of Rural Health	4
Office of the Secretary/personnel/Budget and Management	20
Total:	633

Survey Questions and Responses

A reproduction of the Survey is provided below along with summaries of common themes we found in the responses. We have also provided quotations directly from the surveys that illustrate these themes:

1. What do you see as the major organization and structure issues that influence the delivery of service to clients in:

    - Your service/program or area of responsibility?

Staff are dedicated, hardworking and committed to clients. Some divisions noted a lack of staffing resources.

- "Good management staff, they are bright, knowledgeable and involve staff."
- Staff are "spread to thin to meet needs"
- "Staff shortages limit ability to [plan for and] make [information system] decisions"

Organizational and funding structures were a major theme. Some respondents noted that current structures hinder cooperation and collaboration throughout all divisions. This negatively impacts service delivery. Alternately, other respondents noted that they work well within their own particular section and "sister agencies".

- "Categorical funding drives the [service] delivery structure."
- "...I have to be creative (as do many others) in finding ways around a system that is stifling in order to do my job well."
- "I have responsibility without authority and resources."
- "Our programs are organized in such a way as to effectively serve our consumers and best meet their individual needs."
- "Better understanding and more up-to-date guidelines regarding policies and procedures as well as better interaction between various programming staff."
- "Volumes of paperwork"
- "No written interpretations of programs -- paperwork must go through too many hands."
- "We have a lot of support within the division and the [deaf] schools."
- "Lack of attention from the Secretary. The Division enjoys easy access to it's Assistant Secretary. However, the Assistant Secretary and Division management have had minimal access to the Secretary. There has been no sense of TEAM."
- "My ability to provide needed information and resources to counties is directly proportional to my ability to get information, free up resources, etc. within the Division and Department. Since the local departments of social services administer programs for DCD, DMA, DSS and others this can be a real task."
- "Too many layers of management."

Information systems are sorely needed to improve direct service delivery, outcome tracking, management decision making and inter-divisional collaborative efforts.

- "Need current technology to coordinate programs across the state."

- "Funding shortages eliminate [information systems] projects and training"
- "There is no policeman function in DHR/DIRM to insure that the designs/programs we create meet standards."
- "Little or no evidence of DHR plan that takes an enterprise view of programs and how they may relate to other programs."

1. What do you see as the major organization and structure issues that influence the delivery of service to clients in:

   - Your Division?

     Many respondents noted differing division missions as one theory behind staff "territorialism" about their programs and clients.

     Respondents noted difficulties in coordination of services where authority and service delivery responsibilities are divided between state staff and local service providers.

     - "The counties do not have the authority or expertise to enforce the [adult care home licensure] rules."
     - "...the oversight of adult care homes, for which county departments of social service and DFS have roles, can cause difficult coordination and communication problems."
     - Need the "Authority to monitor and require accountability from institutions and in particular, area programs."
     - "Authority needs to be decentralized."
     - "The Division seems to be run by word of mouth"
     - The Division of MH/DD/SAS "...is a conglomerate with very little control over the bulk of local service delivery."
     - "Lack of communications between sections [within the respondent's own division]..." has led to different interpretations of legislation that applies to multiple sections.
     - "The Division [DIRM] should be moving forward as a whole to keep up with ever changing technology and welfare reform."
     - "Improve communication from the top administration level down to the field service staff and vice versa."
     - "Funding, manpower, clarity of roles at times."
     - "Administrative actions have to pass through too many hands."

     There were many responses noting inequities and delays in administrative, purchasing and personnel processes.

- Inequitable pay structures make it difficult to retain quality information management staff resources.
- "The personnel system as grown so large and layered that is very difficult to ask a question and to receive an answer. The personnel system MUST be decentralized"
- "Purchasing and contract processes need to be streamlined, written down, updated and provided to everyone who purchases and arranges contracts.
- "DSD/HH structure is good. It is hampered by inflexible personnel and budget policies."

Staffing structures and political patronage were a common topic in survey responses.

- Shouldn't "Permit 'political staff' to remain when work is not getting completed."
- "Too many upper management, not enough workers to do the work."
- "Decisions made to downsize sometimes do not seem to take consequences in to consideration."

1. What do you see as the major organization and structure issues that influence the delivery of service to clients in:

   - In DHR?

     Respondents noted issues concerning DHR leadership and administrative processes.

     - "Personnel and procurement processes are overly bureaucratic and difficult to use."
     - "Secretary's office has concentrated on only 1 major human service at a time (e.g. Smart Start, aging services). Otherwise, they have only served as control agents (Personnel, budgeting, accounting). These functions just duplicate state-level control functions and end up meddling in programs and slowing down everything. There are lots of major human services issues they should be providing leadership for, but all they do is second guess every operational decision."
     - "No focus -- lack of leadership, lack of integration, collaboration. Too many barriers and artificial walls."
     - "Too many state bureaucratic processes for budgeting, personnel and purchasing to deal with."

     Divisions lack a common goal and are territorial in the way they do business. There is a lack of inter-departmental goal setting, planning, and communication which ultimately impacts service delivery.

- "Lack of clear articulated goals, instructions, plans, time frames and expectations."
- "County and state personnel are overwhelmed by daily activities, just trying to keep complicated processes running, and are not able to spend time to correct or reinvent those processes."
- "Goals should have manageable objectives geared toward one primary purpose."
- DHR services needs "single portal/access"
- "Responsibility for LTC programs is fragmented...as a result of the accumulation of isolated decisions in past years.
- "Do not feel that Divisions work together -- territorial"
- DHR needs a common goal/mission and commitment to those goals
- "Better coordination of information and services between divisions [DHR and DSB] which reduce duplication of, but alleviate gaps in services and delivery."
- "Communication between agencies."
- "Our Division works well with other divisions at the state level and with the 100 counties."

2. Describe the strengths of your service/program or area of responsibility in delivering services to both individuals and families.

A broad range of responses were received. Some highlights are provided below:

- "Families are listened to, not resented or viewed as the problem"
- "Employment of individuals who have a broad experience base and can integrate components - this could be improved by reorganization which would cross disability populations."
- Solid team "...relationships, trust, and mutual respect for jobs done."
- "Flexible to a fault in making [information system] changes as needed."
- "We make every effort to consider the end user and how to make the [information] system work for him and not vice versa."
- "There is a wide variety of services available to fit the needs of those individuals participating, regardless of the nature and severity of their disability. The identification and development process with regard to community organizations and resources for enhancing services and delivery."
- "Desire to protect children and educate day care providers, parents and the public."
- "Have worked with other Divisions to try to develop seamless policies whenever possible to benefit families who receive services."

- "Each unit is completing its strategic planning."
- "We have a clear mission that focuses on the individual. We have an advocacy role which gives a visibility and voice to distinct population."
- "In some cases we have excellent partnerships with other departments/divisions. There is definitely room for improvement in other cases."
- "Strong regional offices with regional staff strongly engaged with local DSS with quick, knowledgeable consultation on an ongoing basis."

3. What would improve quality, timeliness, and accessibility of service delivery to clients?

Automation and information systems as a method of streamlining paperwork were a common theme in survey responses.

- "Restructuring of the delivery design, flexibility in financing and maximizing use of technology to support service delivery and management decisions - ability to measure outcomes.
- "Application of technology toward case intake, eligibility, and management."
- "...provide the people in the county with a mechanism to see what services/benefits the client was currently receiving and better ways of determining their true needs and addressing them as a 'package' not system by system, county by county, worker by worker."
- Improve "...coordination or sharing of data between major [software] applications."
- Provide "Automation that would help the service workers (county staff) do their job, not just create more work for them."
- "Earlier involvement of DIRM staff in discussions of program [information system] needs."
- "If we could depend on the user for more testing they could access the service [i.e. information system] sooner."
- "Being ahead of the technological curve instead of behind it...we [DIRM] should know the new technology to recommend to our users ahead of time."
- "Need the ability to state and stand behind the goals of DHR related to the delivery of automation tools."
- "More timely as well as accurate consolidated paperwork process."

Respondents commented on current rules -- clarifying, upholding, communicating.

- "Simplification of the day care rules and laws, technical assistance to providers, smaller caseloads, automation, a written procedural manual

for Consultants, as well as updating the current Day Care Licensing Manual."

- "Consistency in interpretation of rules from top layer down, including between Supervisors and between teams of Consultants."
- "Establish DHR field offices with DHR field teams. Shared resources (support staff, equipment, supplies). This is done on a very limited basis now (copier charges)."
- "I would put day care regulatory staff with DFS. Some of the MA sections that are more provider related and less eligibility related could perhaps go elsewhere without significant impact."
- "More cooperation with other agencies and clientele."

Administrative and personnel functions were a common theme is survey responses.

- "More flexibility at the section level in fiscal allocation and in personnel matters."
- "Personnel policy and changes which allow appropriate response to immediate client needs."

Miscellaneous service gaps and suggestions for improvement.

- Remove "politically appointed" non- productive staff.
- "Reorganize training and technical assistance to a level closer to the service providers:"
- "Integrated human service centers at the local level with common intake, case management and data systems."
- Obtain national accreditation from appropriate organizations
- "Community-based adjustment services. It is ridiculous for a blind individual to have wait almost a year to get into a class at the Rehab Center in Raleigh."
- "DHR lacks a unifying strategic plan - it appears to be chaotic and that oppresses DSD/HH's operations and employees."
- "Give division staff the authority to take action"

4. What service delivery problems do you perceive that cross organizational (i.e., divisions or other State departments) or functional lines? How could they be overcome?

Respondents focused on program coordination and communication and the difficulties lack of coordination/communication cause for service providers.

- Divisions "...all have different agendas - overcome by clear, strong leadership at the department level."

- "Divisions and sections are too territorial - need to work more closely on funding issues, service delivery and monitoring."
- "Divisions within DHR reject the idea of sharing data..."
- "I think the governor or the legislature should mandate some form of data sharing between different state organizations...you need to have some sort of mandate to back you up if you want to gather complete, accurate, timely information about DHR service applicants from other agencies.
- Need to coordinate service delivery to children better
- Coordinate funding systems to facilitate cross-divisional cooperation
- Create common goals and hold the divisions accountable for them.
- "There doesn't appear to be any system in place to ensure that communication and services flow smoothly and automatically among the array of Division sections/branches."
- "Need to set "high standards and promote/require accountability"
- Centralize training
- Centralize Area Program monitoring activities
- "Child abuse and neglect at day care centers and DSS caseworkers -- two different people and agencies investigate - same report. Train local DSS staff in day care and let them do investigations or take them out of any involvement."
- "Local building inspectors, fire inspectors in some cases do not want to know the requirements for day care -- so we have to educate them."
- "Planning needs to occur on an on-going with other divisions."
- "Turf! "My budget, my client" mentality. Lack of interagency cooperation, collaboration, partnership, and reciprocity."
- "A massive effort to clean up and match data from several different systems is going on, the local level staff are paying a high price in aggravation and productivity. These type problems could be overcome by getting and using the input of the staff at the local level. Then being willing to work as an equal partner in fixing what is wrong before it does any more damage."
- "There isn't enough program knowledge between the AFDC and Child Support offices."
- "Many times, different divisions and departments become too insulated and territorial, which makes it very difficult to collaborate and cooperate with each other."

Administrative and personnel issues were a common theme in survey responses to this question.

- "Budget analysts try (and often do) to make program decisions about programs they know little about and then make poor decisions or delay making decisions until problems are unavoidable.
- Application of [personnel] classification and salary policy and arbitrary factors (which boils down essentially to age/longevity) which ignore performance and the quality of experience creates pay inequities.
- "...the only factor studiously excluded from the state's pay system is performance."
- "Secure greater flexibility within the current block grant structure."
- Fewer administrative staff.

Survey responses addressed client needs.

- "There is no single portal of entry that is consistent from county to county... They [the clients] don't know where to go for various types of help and there is no standardization from county to county."
- "Client has to jump through too many hoops to get services
- "The blind and visually impaired are a unique population of individuals with very special needs. Those needs can best be served by individuals who have specific knowledge of the field of blindness and those special needs."

5. What issues do you see resulting from the current division of state and local responsibilities? How can these relationships be improved?

The organizational relationship between the state and local service providers who share service responsibilities was a common theme in survey responses. In particular, respondents noted the 'turf' issues and confusing lines of authority that accompany this relationship.

- "Client needs and best practices sometimes obscured by 'turf' grabbing and/or blame-shifting between state and counties."
- "There is obvious duplication of effort and staffing" between state and local government information system responsibilities.
- "Sometimes the state should be able to say 'this is the way it's done'"
- Lack of consistent accreditation
- "The court-ordered programs spend money ridiculously and make silly requests/demands on local APs"
- "Multi-county Area Authorities aren't really accountable to anyone."
- "The regional concept provides a more timely and efficient delivery of case services to clients."
- "Blind and visually impaired people are better served at the closest level to them."

- "Bottom line -- community based programs for the blind and visually impaired."
- "County services would be better if we were housed at State-level offices or buildings."
- "Some counties are just to small to meet needs. Multi-county districts would be efficient, but are not likely to happen in my lifetime."
- "... mistrust and suspicion reign instead of cooperation. Place the focus on meeting client needs. The structure will follow."
- "I think that DSD/HH is doing a lot to improve this division between local and state responsibilities."
- "A particular problem for local DSS agencies is the lack of fiscal technical assistance from the State."
- "Unfortunately there are turf issues re: funding and service provision responsibilities at the state, regional, and local levels between Aging and DSS and perhaps others. The organization structures and ways we do business is also very different."
- "No "teeth" in state supervision."

The need for information systems to improve inter-divisional communication and data sharing between the state and local service providers was also noted.

- "Poorer counties rely more on the State for automation because they cannot afford their own Data Processing sections. Richer counties tend to ignore or attempt to overrule State directions because they have their own 'systems'...all counties should be equal in the activities of designing and implementing statewide information systems."
- "At DIRM there is a perception that the counties are all different, and all following unique procedures, so there is no benefit to actually getting out there and understanding what they do...their ability to be independent has resulted in our organization [DIRM] passing things to them in a 'take it or leave it' mode."

6. Do you see ways in which the administration of your program could be improved?

Lines of communication, organizational structure, and information sharing was a common theme addressed by respondents.

- "All components of the long term care regulatory process should work together and follow the same mandate..."
- "Communicate decisions, changes, interpretations etc. equally to all affected employees."
- "Field staff do not feel included in decision making process."

- "Data on program outputs and outcomes are woefully lacking...information from related services in different divisions are not linked."
- "Management is very top down. There is sharp division between supervision an program development. This impedes the change process and perpetuates a rigid bureaucratic climate which in turn creates distrust."
- "Create an environment for empowerment to allow staff to move ahead."
- "Cut out the paper at all levels. Why do 6-8 people have to sign off to make any expenditure no matter what the size?"

Client service was the focus of many survey responses.

- "More stress on services, less on paperwork."
- Focus on local client service.

Training was a common request from respondents.

- "DFS has no formal continuing education/in service training programs for professional staff."
- "...continuing professional education.
- "Staff also need more training to utilize fully what [information systems] we already have."
- "Staff training for use of computers should not be done 2 years before a staff person gets a computer."

Miscellaneous suggestions that were mentioned by respondents.

- The division needs to be "in the forefront of communications technology"
- "The focus should be on "How can we help solve problems, improve quality, etc." (possible guidance) not so much, "What can we find wrong (violations) and how can we punish (sanction) them."
- "A cycle of rule changes that occur ever two years. the rules change so frequently providers have difficulty keeping up. Written interpretation."
- "Simplification, simplification, simplification of policy and goals. Automation, Automation, automation - dollars spent on update systems and programming will pay for themselves very quickly."

7. How do you know if your program is successful? How do you know if services are effective?

Responses to this question were diverse. Many respondents noted that they have little or no structure for determining success as indicated by the comments below...

- "We have no outcome based performance measures."
- "No one has the capacity to collect information across programs and assess LTC programs as a whole."
- "The [personnel] system rarely, if ever, looks at whether or not it helps the organization accomplish it's mission."
- "More stress on services, less on paperwork."

Other respondents noted their current methods of determining program success. Responses ranged from qualitative to more quantitative methods.

- Feedback from users of information systems
- "If we don't end up on the front page..."
- Evaluations by consumers
- Formal outcome measurement process

Finally, respondents noted what they think will improve program success.

- "Evaluations of clients should be done locally. Expand the mini-center program using existing staff and their talents."
- "The focus should be on 'How can we help solve problems, improve quality, etc.'"(possible guidance) not so much, "What can we find wrong (violations) and how can we punish (sanction) them."
- "A cycle of rule changes that occur ever two years. The rules change so frequently providers have difficulty keeping up. Written interpretation."
- "Field staff do not feel included in decision making process."
- "Simplification, simplification, simplification of policy and goals. Automation, Automation, automation - dollars spent on update systems and programming will pay for themselves very quickly."
- "Create an environment for empowerment to allow staff to move ahead."
- "Cut out the paper at all levels. Why do 6-8 people have to sign off to make any expenditure no matter what the size?"

8. If your program is not as successful as it could be, what are the primary reasons? What are the key barriers to achieving program success? How could problems be overcome?

Respondents noted some barriers to success.

- "Lack of inter-agency collaboration, turf wars, different goals"

- Lack of authority of state over county
- "The political implications of when the state does exercise authority -- the legislators are not loyal to the laws they enact."
- "Too little time spent/available for long range planning and too much time spent on reacting."
- "Lack of creativity for developing and implementing new ideas, and programs to better serve clients. -- Adapt or conform to the needs of the population we serve."
- "Not enough staff to meet current needs, administratively or in the field."
- "Lack of a system whereby Consultants, or others, can voice their concerns about supervisor, team, or division."
- "Lack of Department strategic plan."
- "Archaic personnel system."
- "Layers of approval for everything -- personnel -- budget-- purchasing -- contracts."
- "No reliable data to give counties on performance."
- "Lack of support from division/department. Lack of communication sharing."

The surveys responses included some suggestions for making programs more successful.

- "Train managers to talk the talk and walk the walk of interagency cooperation"
- "Increased communication in a more timely manner. -- Electronic mail."

9. How does your program measure service outcomes? Should outcomes be measured? What should be measured? How could the measurement of outcomes be improved?

Responses varied from division to division, examples of current service outcome measures are provided below.

- "A multi-faceted evaluation program which has been tested for reliability and validity."
- "Yes, programs are measured by consumers in all areas of service programming by surveys or phone contacts. This is difficult to measure as each consumer needs are different and programs are developed on an individual basis per consumer needs."
- "Standardized education measures, client surveys, town hall meetings, evaluation of training and programs."

- "The outcome for our program is whether or not the recipient gets the benefit, and on the broader level, how well that benefit meets the recipients needs. Since the benefit is based on the cost of service, the need is generally met."
- "We are in the process of developing outcome measures for our programs."
- "Performance appraisals, local feedback from agency directors and staff. Administrative reviews of local DSS."
- Note: many respondents indicated that they currently do not know what outcomes or tracked or that outcomes are not tracked at all.

Suggestions for what outcomes should be measured are provided below.

- Outcomes must be measured at the client level based upon service units, quality of services and hopefully impact on the individual.
- "I think we should set outcomes for internal staff before we expect area programs to share their outcomes....We preach outcomes but why hasn't DHR established them for DMH? Our consumers are also advocates, clients, and area programs. If we serve or 'clients' better -- we help them serve others better.
- "If less emphasis was placed on the annual license renewal visit and more emphasis was placed on unannounced periodic visits our observations would reflect a more accurate picture of the daily circumstances in the child care environment."

10. How could automation be used to improve service delivery?

A wide range of ideas about automation and how it could be utilized to improve service delivery was received.

- "...you should be able to walk into an office, show an ID/SSN card, ask for a service, and have the system tell you what services you can get. Why have the county worker do things that should work the same for everyone."
- "Use a common unique ID for each person to be used across programs. Use a common front end system for all programs - track demographic and assets in one place."
- "Automate intake, eligibility, and case management functions."
- "...collect the right data ONCE."
- "Counselors should be provided with portable printers that would enable them to produce forms to give to clients on the spot."
- "All our forms - checklists could be scanned onto computers -- it would save so much time and money."

- "If completely automated, licenses could be sent in a timely manner."
- "A universal data link with consistent identification would allow for "one stop shopping" and better case management. It will allow for distance teaming for all, save money on training, travel, and staffing."
- "Coordination, billing would be made easier. Speed up transfer of information"
- "Communications could improve if everyone, county- state-wide could utilize e-mail technology."
- "Automation needs to support/provide tools to get the job done. We should be able to interact with the counties through automation."

11. Do you have specific ideas about how the current DHR organizational structure could be improved to support better service delivery?

Responses to this question encompassed a wide range of ideas. Some of the common themes are illustrated below.

- "Examine duplicate functions and look for areas of consolidation/streamlining."
- "Force DHR and division management to define what they want done and let DIRM figure out how to do it."
- "We need a team that just comes up with technical solutions."
- "Too many state people making decision without sufficient knowledge of how three decision will affect other [information] systems."
- "Investigate where housing issues should lie vs. treatment issues." for possible centralization of this function.
- "Streamline management by doing away with unnecessary layers thus saving in travel expenses."
- "Improve coordination and teaming between divisions and DHR."
- "Time is wasted when our agencies must provide things like "Ten Most Wanted Posters" which are used solely for political issues. Our agency should not be tied to politics."

12. Please provide any additional comments that you believe would be helpful to this study.

Responses to this question encompassed a wide range of ideas. Some of the common themes are illustrated below.

- "There has been a move towards centralization of decision making and responsibility leaving the actual deed-doers without authority over their areas. The rest of the world is moving to decentralization with decision making at the lowest possible level...oh well!"

- "Each section doing their own thing as no leadership/direction within QI."
- "Joint regional VR and DSB Technology centers f or evaluation, training, and resources statewide would be helpful."
- "Look closely at the Nursing eye care consultant's responsibilities. Some could be handled by public health nurses in the counties."
- "We need to continue to have a strong agency helping those who are blind and visually impaired. If this agency were lost our consumers would be lost."
- "I am so happy to see an independent assessment being made of this organization."
- "Staff within my Division are tremendously overworked at all levels."
- "There needs to be a dynamic strategic plan which is different from a long range plan. It must be client centered."
- "DHR suffers from years of lack of leadership focus, and political patronage."
- "What is the mission of DHR - and its Divisions - How can the State best carry out the mission - Are career employees assets or liabilities - Are political appointments assets or liabilities."
- "The major issue I see that is a real problem across the state for our agency is insufficient training."
- "I really believe that a significant improvement in service delivery centers around the willingness and ability of those within different divisions and departments to collaborate and cooperate on programs."

13. What question(s) didn't we ask, but should have; and please provide the answer(s).

- "Should regional offices be allowed to formulate policy and guidelines? Yes, local offices should be able to meet and implement policy and procedures rather than answer to state staff."

Appendix H
RECORD OF EMPLOYEE COMMENT LINE CALLS

The comment line was designed to obtain confidential comments from employees about the reorganization of DHR. An 800 number was established, and the line was operational as of January 18, 1997. The comment line was available for one month. Each call was answered by a pre-recorded message, instructing callers to leave a message of up to three minutes.

The comment line was used by DHR employees, as well as advocates and concerned citizens At points during comment line operation, the voice mailbox recording comments became full requiring callers to call back at a later time.

The following is a selection of the over 250 messages received on the comment line. The messages are not verbatim.

- Continue DSB because they deliver the best service for the blind.

- Keep the independent living program and deaf/hard of hearing program - in support of them - separate and freestanding. The disabilities are unique. Don't put people away--treat them as human beings. Natural consequences of aging will happen to you. You will be directly or indirectly affected by these illnesses. Why is there no TTY number? Your message was too quick, I couldn't understand it! Severely hard of hearing persons could not hear it.

- The Division of Blind and the Department of Rehabilitation should come under one unit so services could be under one great "bureaucracy" or unit. People would be served more and taxpayers would save.

- Reorganization study relating to Division of Services for the Blind - caller's father has profited from those services and is nervous about changes. They are unique service for people with blindness and the caller would like to see that particular area kept separate because needs are specialized.

- Idea of putting Blind into Vocational Rehabilitation is an awful idea - blind are always lost in the shuffle - not trained in elderly blind, not trained in Braille - blind people have different needs, need to be taught to cook, etc. - failed in other states where it has been combined - penny-wise and power foolish!

- A lot left to be desired in DSB - should be merged with Vocational Rehabilitation. It doesn't work anyway -it couldn't be any lower.

- DSB - merging under Vocational Rehabilitation - visually impaired don't need special agency. Same person as left previous message

- Keep alcohol and drug treatment programs under the Department of Corrections. It serves the population with particular needs and DHR hasn't demonstrated it can provide that kind of treatment, or at least do any better job. Activities should be decentralized so that DHR personnel from Mental Health and Substance Abuse can respond to local needs more appropriately, acting as consultants rather than as advice givers or rule-makers or enforcers--that kind of mentality.

- Good points to be made for putting substance abuse treatment/research/other functions outside Corrections in another agency for efficiency and cost-effectiveness of the effort But chemical dependency problems should be seen as a symptom, not as a primary disease to be treated, and then to look at resolving other problems which has proven to be the most effective method.

- Professional in Durham County - Looking for "the folks over at social services" - have a suggestion for improving delivery of human services/social services Possibly provide some training or orientation on customer service. Had many encounters with workers who treat folks with disrespect... rude. Atmosphere or culture is one of looking down on clients, not trusting them, judging them. Lots of complaints come from clients and who have experienced it first-hand. How about surveys in lobby? Comment line like this all the time?

- Comment re: service to clients with DSS, in particular independent living services for the blind. Some social workers have one county, some have two, three, four, etc. Most have set mileage allowance of $200/month to cover all travel. Travel rate has increased over the last few years, but the budget has not. Social workers covering more than one county have a problem with the budget. Leaves nothing for client visits. Increase mileage budget and adjust it according to the territory covered.

- Blind program - should stay as is, not converted over to social services.

- Concern over trying to include rehabilitation all under one branch. Caller firmly believes that DSB and its rehabilitation program should be separate. The staff are trained specifically for the blind and are used to working with the visually impaired; clients should not be with people who are not trained.

- Concerned because a family member lost their sight over last few years. Has been very happy with the DSB. No other rehabilitation service could provide the assistance they

needed. Need special training, etc. Other disabilities can be met and served more easily if they have sight. DSB services are not duplicative---they are special.

- Social worker with home health agency in Columbus County. Can make referrals to DSS. If actually seen, this can take two or three months; in some cases, they lost the referral, etc. There are many ways to improve, no way to get worse. When equipment is received, there is no training for the recipient. Improve services to the blind!

- Client of Services for the Blind for many years. Enrollment increasing all the time. Most worthy organization! Can't buy another eye. So very important. Most important asset is our eyes. Please consider the blind association a priority and number one on the list.

- There is a very unnatural "marriage" of mental health and substance abuse. Very few symptoms and treatments of the two groups are similar. Will not eliminate duplication by combining them. Separate them for more specialty and less confusion for client.

- Comment about certification for eye care - income level is too high because there are many people who make more than $405/month who need glasses and cannot afford them. It takes too long to get them also (six weeks to two months, or more). Look again at the eye-care program and see if it can be made more efficient. Also, there should be less usage of it, since anyone who gets SSI automatically gets Medicaid. Revamp whole program?

- Concerned about the reorganization of DHR - Have a few suggestions. Consultants should work from house, saving State money for offices and have one or two office days per month, use laptop computers, go out and do your surveys. Too many divisions involved in basically same type of programs. Exact purpose of each program should be looked at, who does what, and then consolidate programs under one particular branch or division. Technology equipment should be updated. Division should have good operating computers, computer systems. System should be able to work properly and generate history so that information is stored. Too many supervisors along the way. Muddies the water. Professional employees should be given responsibility to do their job, be accountable enough to do their job, and then clear line of (muffled). RIF (reduction in force) positions should be evaluated very carefully. Not enough professional help to survey facilities and make sure public is receiving quality care. Numbers of professionals that do outside surveys need to be evaluated. Too many people handling each piece of paper. When a request comes in, a decision should be made (cut off).

- Re: Moorehead/NC School for the Blind - Proud of school, terrific resource. Work with students, not just in our school but all over the State. Only State residential school of the

blind. Many of the students are multiply handicapped, requiring individual help, including hand-to-hand. The special needs of our types of students requires/demands staff adequate to help them or will end up tucked away and forgotten in classrooms around the State without appropriately trained staff to help them. Hope the School for the Blind can remain under DSB with staff who understand the special needs of these students. Different type of State bureaucracy won't help; kids will fall into the cracks and be shortchanged and they deserve better. Good luck in your efforts to streamline State government.

- DHR study is way past due. Work with DSB, under DHR, at Vocational Rehabilitation Center (VRC). At VRC, have nothing to do with the Chief of Rehab Services; have to report to the Chief of Facilities, not Chief of Rehab Services even though we are called VRC. Needs to be restudied and reorganized. Lot of duplication and people going around doing nothing. Too many chiefs and do-nothing people. Acts of nepotism. Put buddy in even though he has nothing to do. Sits in offices with nothing to do and services are not being delivered properly. With nothing to do, they bother us that do deliver the services. Definitely should be under Vocational Rehabilitation.

- Citizen of North Carolina and is hard of hearing. Expressing support for the Division of Deaf and Hard of Hearing and services finally being offered. New technology out there that can be accessed but still need lot of educating. Like this 800 number that does not afford me the opportunity to use relays or TTY. Support from Vocational Rehabilitation Services; made the biggest difference in my education. Helped with training and to use those skills with which I have been blessed.

- Re: programs for visually impaired, money is being cut and would like no more cuts and leave it like it is. They do so much for us, where we can stay in our own home. We have meeting once a week to talk about things that come up; if someone doesn't show up, they're checked on. Want nothing taken away from the visually impaired group.

- Keep the program in place and the people you have intact. All the systems are done and in place. If put in with social services people, will need more people in field. Why are you out of money in February if income taxes had a surplus. If put them in with social services, will have ten times more problems than have as is. Cut out the waste there is.

- My grandmother is legally blind. People need the help and the money. As much as we do with other things, surely we can do things to help them. Combining with social services when already have a whole system in place doesn't make sense. Management may be a problem. Waste inside, maybe? Lobby for more money?

- Very pleased with what we see in this area with the services provided. Work being done in our community is outstanding. Not one negative comment about work being done here.

- Calling regarding human resources. Would like it to stay exactly as is because have had a lot of help and a lot of things we've been able to do and wouldn't have been able to without it. Keep as is.

- County employee. One thing that DHR could look at in reorganizing is to ensure closer monitoring of area program services based on making sure that consumers have input into any reorganization of services. The County had a reorganization. and no input--bad. Closer monitoring of services and standards of services to make sure mandates are being met. Overall general closer monitoring by DHR to make sure services are provided, categorical funds allocated for services are spent the way they should be and that services are available.

- Parent of visually impaired child who attended Moorehead school in past. Very pleased with them. Happy to see that Moorehead and DSS are under the same umbrella. Wants that to remain.

- Department of Student Development was created several years ago. Don't see the need. No one can understand why they are there and what they're doing. Always trying to find work for the staff even though they keep adding staff. Transportation at NCSD--concerned about staff who are very uncomfortable driving students home (fearful). What is the possibility of hiring drivers to transport our students home every weekend?

- Regarding the reorganization of DHR - Primary interest as a consumer of Services for the Blind. Should remain as a distinct and separate entity from any other organization. Due to the nature of blindness as a disability, these services are so individually tailored; therefore, we need to maintain a separate organization. Do not need the organization consolidated with another organization because Services for the Blind would suffer because of the nature of the disability. Do not dissolve the agency or consolidate.

- Pray that you people will not cut us out. Do not cut us away from something we enjoy. We need you and we need everybody to help us. Help us all you can. We do appreciate it.

- Thank you for making this possible because I'm most interested in the Services for the Blind and they are so desperately needed, especially for the very poor blind who can't afford anyone to help them. Services are a blessing to her. Would like to see the services continued.

- Calling in reference to agency that provides services to the blind. Was working with the Department of Agriculture when lost sight. Division worker informed caller of services, then he went to the school of the blind and learned to take care of himself and learned Braille. Then went to Greensboro to work in workshop and then to law school three years. Got a job with the division as supervisor of diagnostic evaluation unit. Saw many people come through needing help. Took me approximately three years to adjust to being blind, live independently. That's the reason the Division for the Blind would be impossible to eliminate. Blind people would suffer considerably. Expenses for rehabilitation of blind people would increase twofold. Need those services for them to reach their potential in the shortest period of time.

- Calling in reference to the services for the blind. Understand that you are probably trying to cut out these services but always have money for unwed monitors, police, education, and welfare. For people who can't see to do for themselves, don't even give a helping hand. Certainly appreciate your reconsidering taking away this service that is definitely needed and desired.

- Don't cut out social services for the blind and handicapped.

- Services for the blind - do not discontinue. Very beneficial to caller and others in the county in which she gets services. Would be a shame.

- Advocate for nursing home residents. Concerned about penalty review process and Division of Facility Services. Separating industry influence out of the system.

- Recommend that the investigative committee give thought to what has been and what is. Since the Commission for the Blind was formed, many blind people have been placed in gainful employment. Special needs. Urge State to continue to have a separate unit for the blind.

- Feels that if all human services are put together for the disabled population, will merely monopolize the whole thing. Who gets what will be a fight. Disservice to the citizens of NC with disabilities. Isn't there a way we can get what we need to help the folks and still use resources in an efficient and cost-effective way.

- Minister. It has been his observation that, when agencies are lumped together, the mission of all of them suffer. Nobody gets much done and they don't get the attention they need. Don't want watering down of the service delivery channels we have now.

- Durham county resident working with Durham County Mental Health - Concerned about how DHR can ensure the quality of services. There needs to be an emphasis on quality of services just as much, if not more, as quantity. Earning money is important to keep program going, but the first thing to concentrate on is quality. Also, discrimination is rampant. Look at this from top down. Closer monitoring of hiring practices, especially of more experienced personnel. Make sure that funds are spent correctly and lawfully, especially grant funds for specific programs. Look at quality vs. quantity, discrimination, hiring practices, spending irregularities, law followed to the letter.

- Maintain certain agencies and divisions within DHR because they work with service-specialized populations, specifically Division of Services for the Blind, who are trained over the years to apply specialized knowledge to the blind. Special services that the blind need and require would not be available if the Division's responsibilities were dispersed to other agencies. Support the continued separation of the Services for the Blind as it currently exist.

- In the Department of Administration, the Governor's Advocacy Council for Persons With Disabilities is currently considering moving outside of State government, which is consistent with these types of organizations in other states. If it does this, KPMG should consider moving the Client Assistance Program in the Division of Vocational Rehabilitation to the Governor's Advocacy Council and outside of State government.

- Continuation of previous comment on DVR Client Assistance Program (CAP). Value internal advocacy. Imperative that those individuals have access to external advocacy. The CAP is created for that purpose and should be moved out of government and into the private sector, probably with the Governor's Advocacy, the State's protection advocacy system.

- Blind man. Staff for the blind and visually impaired in our county have helped us immensely. Do not touch any of our good benefits.

- Keep Services for the Blind in Wilmington, NC. Helped by them since age 16. Really help and support the blind people in this area. If they are moved from this area, the visually impaired support group would probably diminish. The clients really need them here. Nothing but praise for the whole staff.

- Durham County Mental Health is reorganizing under a managed care system. Have examined other systems. They are too top-heavy. Bureaucrats managing bureaucrats who manage contracts with supervisors who supervise clinicians. This is not more efficient.

- Another area that is important is family/spouse. I have experienced and seen that, once a person's sight is gone, if he's married, nine out of ten marriages are dissolved because of lack of information, counseling. Started with DSB, meeting the family, letting them know and giving them information regarding abilities and a plan to go by. Would not be provided with other agencies and groups that are not familiar with the blinds' problems. These have to be dealt with before successful employment can be experienced. Need experienced service providers. Let DSB stay as an independent organization.

- I was a blind adult at age of 27. Required a period of adjustment, psychological adjustment. This is a tremendous, unusual experience. Need special services from trained persons, psychologists, counselors, to deal with the tremendous changes. In contrast to people who have lost an arm or leg or other area of vocational services. Took approximately 18 months, including a stay at the rehabilitation center for the blind, where he received psychological services, independent living, mobility.

- Would like to see the program continue. Going to be a lot of people who will be hurt, the type of people who really need help. Blind people can't get out like an ordinary person. Really helps so many people. Lot of people hurt otherwise.

- Very discouraged at her blindness. Took class at the county that showed her services available and other aids. Taking VIP class and learned a lot there. Please don't leave out any of these wonderful things when you reorganize. They are appreciated.

- I believe and hope that you will leave the rehabilitation for the blind as an individual part because no one knows what it's like to be blind except the blind.

- Services for the Blind in Gaspin County. Social worker here is remarkable and has brought joy to her parents. Lady was very prompt. Thrilled they have this kind of thing in her county.

- Don't close out the Services for the Blind. If you need anything, they'll be out to see about it. Educational programs. Needed the services! More blind people than she thought there were. Would miss the services if gone.

- DHR DSB - received quite a bit of help for her blind daughter. It would be a big mistake not to have that service available. Only way to get in touch with what we need.

- Has son who is profoundly deaf. Visited school of the deaf. Told her some things about the acute speech program (accept your deafness!) that she thought was poor information. Bias was very evident. DHR should be monitoring their people running these programs.

Information should be the best for the child, not what's best for the program. Make some changes that will benefit the child.

- Keep the agency separate, like DSB and vocational rehabilitation. VI person and feels that if you join the agencies then services could be cut or affected. Don't need any more cuts; in fact, need more services than we have. Please consider these agencies separate.

- Regarding the blind. Think we need the blind agencies forever. We do need them and don't feel they should take money from the blind and put somewhere else. Government is helping the girls that are having babies; think the blind are more important. Should continue to be recognized because we are human.

- Foster care and services to the developmentally disabled folks. Current operations of DHR have a lot of wasted time and effort for licensures. Dual licensure also a problem; no coordination there. Area MH programs are allowed to set their own admin. rates on Medicaid so resources available to children in the community are being wasted. Delays in access to services. DHR is too large. Any streamlining would get the services out to the people who need the services instead of congregating decision making.

- Worked better before Division of Services for the Deaf and Hard of Hearing was started. Three schools for the deaf were separate. More effective administration. Now called the "black hole" by most people. Affects the quality of services to deaf children.