

**CONNECTICUT GENERAL ASSEMBLY
LEGISLATIVE PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**

The Legislative Program Review and Investigations Committee is a joint, bipartisan, statutory committee of the Connecticut General Assembly. It was established in 1972 to evaluate the efficiency, effectiveness, and statutory compliance of selected state agencies and programs, recommending remedies where needed. In 1975, the General Assembly expanded the committee's function to include investigations, and during the 1977 session added responsibility for "sunset" (automatic program termination) performance reviews. The committee was given authority to raise and report bills in 1985.

The program review committee is composed of 12 members. The president pro tempore of the Senate, the Senate minority leader, the speaker of the house, and the House minority leader each appoint three members.

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LEGISLATIVE PROGRAM REVIEW
& INVESTIGATIONS COMMITTEE

**Consolidation of Agencies
Serving
Persons with Disabilities**

DECEMBER 2003

Digest

Consolidation of Agencies Serving Persons with Disabilities

BACKGROUND

- Connecticut has had a long history of maintaining single-purpose agencies to serve clients with disabilities.
- Previous attempts to merge/consolidate agencies serving disabled populations in Connecticut have achieved only limited success.

ANTICIPATED BENEFITS OF CONSOLIDATION

- There are a number of reasons to consolidate agencies serving disabled populations in Connecticut, as outlined below:
 - The majority of other states provide services to disabled populations through a large umbrella agency like a health and/or human services department.
 - Both the private and public sectors continue to use a variety of ways to downsize and improve efficiencies, including consolidations.
 - Recent fiscal and personnel reductions, and the introduction of the Core-CT in Connecticut make this an opportune time for consolidation.
 - A merger reduces disparities in ability to provide administration/support service in the individual agencies.
- There is no consistently used standard of what percentage of staff or funding should go to administrative/support functions. Using five percent of total staff dedicated to administration as a reasonable standard, the committee finds:
 - A reduction of approximately 100 positions should be possible in a new consolidated agency with centralized administrative functions.
 - Resulting total administrative cost-savings should be about \$8.5 million, based on a median salary and benefit figure of \$85,025 for each administrative position.

OPTIONS CONSIDERED

- The committee's public hearing was attended by dozens of advocates and agency heads; all testified in opposition to a merger.
-

- Following the public hearing, two less-sweeping options to consolidation were developed and considered by the committee.
- The committee concluded that benefits to a full agency merger outweigh its drawbacks and adopted the following consolidation recommendation.

RECOMMENDATION

Consolidate the Departments of Mental Health and Addiction Services, Mental Retardation, Board of Education and Services for the Blind, and Bureau of Rehabilitation Services, and Commission on the Deaf and Hearing Impaired into a single agency. This merger would include all programs currently administered by these agencies.

Program review staff recommends that the consolidation model be a categorical one, and the resulting new agency be called the Department of Developmental and Rehabilitative Services. It shall have one commissioner and one deputy commissioner and each division (five categorical service divisions and the administrative division) shall have a division director. The division director shall be a managerial position within classified service.

Major modifications of relevant statutes (i.e., Chapters 174; 319b; 319i; 319mm (Part II); and 814a) will be required to reflect these organizational changes.

Steering Committee: The Secretary of the Office of Policy and Management shall direct the implementation of the consolidation. There shall be a steering committee to develop an implementation plan. Each of the following organizations and entities shall have a representative on the steering committee appointed by the Secretary of the Office of Policy and Management from names submitted by each agency or organization:

- **The State Employees Union Bargaining Coalition;**
- **The state Management Advisory Council, an organization of state managers outside of collective bargaining;**
- **One representative from each of the current departments or bureaus recommended for consolidation;**
- **One representative from an advocacy organization representing each of the client groups involved in the consolidation;**
- **One member of a contracting service provider who is not an advocate of one of the client groups; and**
- **One member from a business in the private sector or from an organization representing business and industry interests.**

IMPLEMENTATION PLAN: The implementation plan shall be developed by January 1, 2005, and submitted to the legislature's committees on appropriations, human services, public health, and government administration and elections. The implementation plan shall include the steps for consolidation outlined to begin by February 1, 2005, and completed by December 31, 2005. Each step shall be assigned to one of the state agency representatives

on the steering committee, as designated by the full committee. That agency representative shall have the authority to form implementation teams made up of personnel in the current agencies and support agencies like Department of Information Technology, appropriate and relevant to achieving the assigned task. (For example, one team might be responsible for facility and space needs, while another might be assigned to reengineering a client database to serve the new agency). The implementation steering committee shall select and prioritize the steps in the plan and determine dates for completion, which shall be included in the plan.

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Introduction

Purpose of Study

In early 2003, the Legislative Program Review and Investigations Committee was called upon by legislative leaders of both parties to identify possible efficiencies and restructuring in government, given the state's difficult fiscal times. In response, the committee authorized a study to examine consolidation of agencies offering habilitative/rehabilitative services to persons with disabilities in Connecticut.

Targeted Agencies

Many state agencies offer services of one type or another to persons with disabilities in Connecticut. In fact, when the scope of the study was developed several agencies were named as potentials for consolidation. However, it would not be possible with the limited timeframe and resources to examine consolidation of all agencies offering such services.

The first task facing the committee was determining which agencies to include in the consolidation study. The committee developed a screening definition, and identified which agencies met the criteria for further review. Table I-1 summarizes the screening definition and lists the five agencies under review.

Table I-1. Agency Selection Criteria and Agency List
Screening Definition: Study will include any state agency or major agency program paid for with public funds that provides: <ul style="list-style-type: none">➤ direct human/social services, including habilitative/rehabilitative services primarily to<ul style="list-style-type: none">– non-elderly, disabled adults– who are eligible for such services by virtue of their disability.
Purpose of Screening Definition: To identify which agencies are included in the study. Those that meet the screening definition are included in the review.
Agencies Identified: <ul style="list-style-type: none">➤ Board of Education and Services for the Blind➤ Bureau of Rehabilitation Services (within the Department of Social Services)➤ Commission on the Deaf and Hearing Impaired➤ Department of Mental Health and Addiction Services➤ Department of Mental Retardation

Focus of Study

The study was to determine how the administrative costs of providing services to persons with disabilities could be reduced through the consolidation or restructuring of state agencies, programs, or functions. Specifically, the study examined the yield -- in efficiency and resource savings -- of merging administrative functions in a new consolidated agency. The study specifically excluded examining direct services, including how services are, or might be, delivered. Those administrative functions are listed in Table I-2.

Table I-2. Administrative Functions Identified.			
Fiscal	Human Resources	General Services	Executive
Audit/Accounting	Payroll	Legal/ Gov't Affairs	Planning/Research
Budget	Affirmative Action	Information Technology	Communications
Contracting	Staff Development Training		Ombudsman
Revenue Enhancement			

Methods

Program review staff met with executive staff of each agency under review and with major provider/advocacy groups. Staff collected and analyzed personnel data for each agency pre- and post-June 1, 2003, as well as agency and contract and vendor data for FY 03. Information on each agency's facility and space use and expenses were also examined.

Committee staff also collected and analyzed information on the way other states are structured to deliver services to disabled populations. In addition, the study identified a variety of "standards" for administrative/support function requirements, including data from other states.

The committee held a public hearing on the study on September 16, 2003. Dozens of people testified at the public hearing and all were opposed to a consolidation of the agencies under review. Following that contentious public hearing, committee staff developed two less-sweeping alternatives in addition to a full agency consolidation for the committee to consider at its meeting to adopt findings and recommendations.

The committee met on December 18, 2003, and deliberated over the three options presented and ultimately voted to accept the full consolidation option by a vote of 7-2.

Report Format

The report contains three chapters. The first chapter provides a summary of each of the agencies or programs under review. Chapter Two describes models and organizational structures for delivering services to persons with disabilities. The third chapter provides an analysis of the benefits of consolidation, and the recommendations for consolidation adopted by the committee. The alternatives to a full consolidation, which were not chosen by the committee, are presented in Appendix H.

Agency Response

It is the policy of the Legislative Program Review and Investigations Committee to provide agencies subject to a study with an opportunity to comment on the report and the recommendations prior to final publication. Responses were received from the Office of Policy and Management, the Department of Mental Health and Addiction Services, the Department of Mental Retardation and the Board of Education and Services for the Blind. The responses are contained in Appendix I.

Chapter One

Profile of Agencies

A brief synopsis of the five agencies under review is presented below. For a full description of each agency's programs, resources, client population, and facility information see Appendices A and B.

Board of Education and Services for the Blind (BESB)

Created: 1893

Organizational Structure: Separate agency, under DSS for administrative purposes only. Central office in Windsor. No regional or satellite structure.

Executive Structure: Executive Director and Deputy Executive Director

FY 02 Total Agency Budget: \$24,105,650

Employees as of June 03: 86

Federal Implications: Receives some of the federal funding for vocational rehabilitation (VR) services for blind through the federal Rehabilitation Act (about 13 percent) but a separate agency for VR services to the blind is not a federal requirement.

Bureau of Rehabilitation Services (BRS)

Created: 1949

Established: Initially a unit and then a division in the Department of Education; transferred to the Department of Human Resources (DHR) in 1977. Became Bureau of Vocational Rehabilitation Services in 1989. Merged (along with many other DHR programs) into the Department of Social Services (DSS) in 1993.

Organizational Structure: Bureau of Rehabilitation Services is a bureau within DSS and comprises two major sections – Disability Determination Services and Vocational Rehabilitation Services. Central office located at DSS in Hartford. Services are provided at many locations throughout the state (See Appendix B).

Executive Structure: Headed by a bureau chief. Each section headed by an assistant bureau chief. (All three executives of the bureau have taken the Early Retirement Incentive Plan; two remain as temporary rehires).

FY 02 Total BRS Budget: \$52,598,416

Bureau of Rehabilitation Services (BRS)

Employees as of June 03: 227

Federal Implications: Much of the bureau's operations -- including submission of a state plan, and monitoring and measuring performance -- governed by the federal Rehabilitation Act of 1973 (as modified). More than 75 percent of BRS' budget is federal monies.

Commission on Deaf and Hearing Impaired (CDHI)

Created: 1973

Organizational Structure: Separate agency, under DSS for administrative purposes only. Central office located in West Hartford. No regional or satellite structure.

Executive Structure: Executive Director

FY 02 Total Agency Budget: \$1,290,643

Employees as of June 03: 12 (another 43 are part-time intermittent interpreters for the deaf)

Federal Implications: None. About 17 percent of CDHI funding comes through a federal social services block grant

Department of Mental Health and Addiction Services (DMHAS)

Created: Connecticut Valley Hospital established for mentally ill in 1867

Department Established: 1972

Significant Changes: Deinstitutionalization during the 1980s and 1990s resulted in the closing of two major state psychiatric hospitals. The former Connecticut Alcohol and Drug Abuse Commission (CADAC), briefly located in the Department of Public Health, was merged into the Department of Mental Health in 1994. In 1995, DMHAS abolished its previous regional management structure.

Organizational Structure: Central office located in Hartford. Two major hospitals and two smaller inpatient units; 15 local networks known as local mental health authorities that channel funding, operate services, and manage and oversee service delivery.

Executive Structure: Commissioner and one Deputy Commissioner

Department of Mental Health and Addiction Services (DMHAS)

FY 02 Total Agency Budget: \$473,960,901

Employees as of June 03: 3,379

Federal Implications: Federal law and regulations (e.g., Federal Community Mental Health Service Act - P.L.102-321) mandate community service delivery and state plan development. Many DMHAS clients are covered under Medicaid. About 10 percent of the agency's funding is federal monies.

Department of Mental Retardation (DMR)

Created: Mansfield Training School opened in 1905

Department Established: 1975 (previously the Office of Mental Retardation within the state's public health department)

Significant Changes: Closing of Mansfield (from 1980s through 1993) and significant downsizing of Southbury Training School resulted in increased community-based services

Organizational Structure: Central office located in Hartford. Regional structures and administration (five regions until 7/1/03; now three regions) provide services through public settings and others are contracted through private providers. DMR operates Southbury Training School and regional campuses.

Executive Structure: Commissioner; one deputy commissioner; one chief of staff at central office; one regional director and two assistant regional directors in each of the three regions.

FY 02 Total Agency Budget: \$712,285,226

Employees as of June 03: 5,428

Federal Implications: Most DMR clients are covered under Medicaid. Those living in group homes are covered under Medicaid's Home and Community-Based Waiver program. Clients typically see medical providers in the community; reimbursement is through the individual's Medicaid assistance.

Chapter Two

Models and Other State Structures

There are several models in use among the states for delivering human services. Placed on a continuum they range from a collection of single-purpose agencies distributing an array of services to specific constituent groups, to one multipurpose agency focused on delivering services based on need rather than membership in a particular group. The current structure in Connecticut closely approximates the single-purpose agency approach.

Consolidating single-purpose agencies into a comprehensive department -- the focus of this study -- can take one of two main forms. The new department could be structured along either categorical or functional lines.

A simplified example of applying the categorical model to merging Connecticut agencies providing services to persons with disabilities is shown in Figure II-1. Under this approach, the new department would be organized around separate divisions reflecting the mandates and services of the formerly independent agencies.

Using the functional model the new department would be structured around service types such as vocational rehabilitation, residential placement, health care, family support, and counseling. As depicted in Figure II-2 the identity of the previously individual agencies is lost.

Under both models, operating costs are reduced by centralizing administrative and support services such as planning, budgeting and accounting, personnel, communications, and information technologies. This results in a need for fewer unit heads and a decrease in the number of overall staff in the support services area, through economies of scale.

Figure II-1. Categorical Model

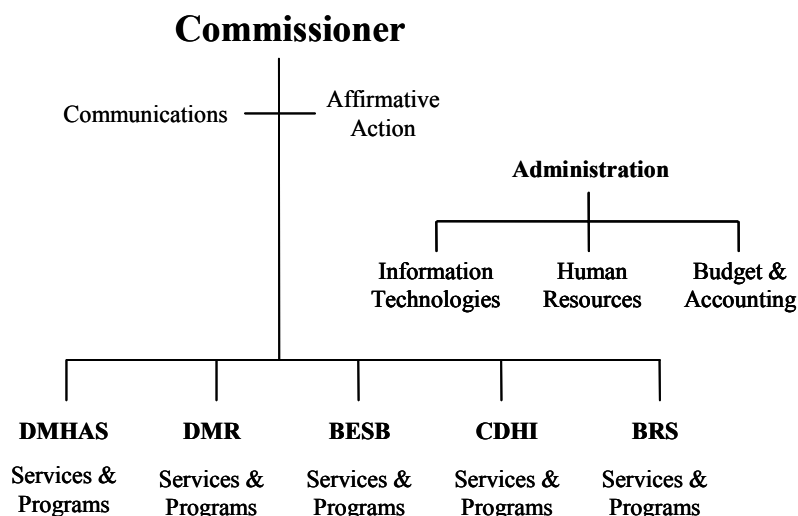
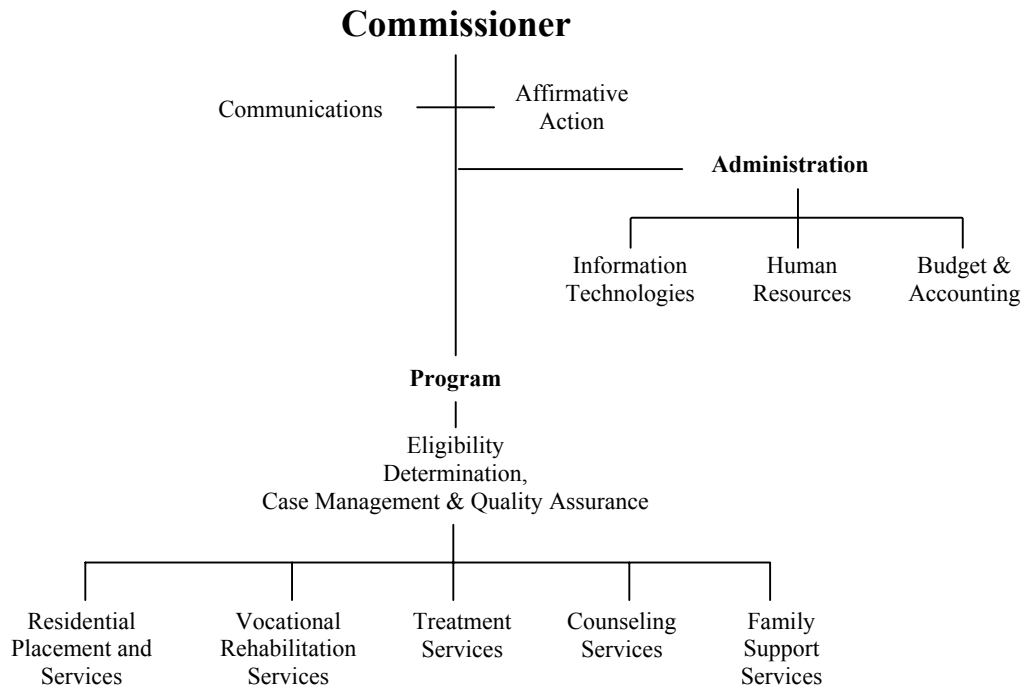


Figure II-2. Functional Model



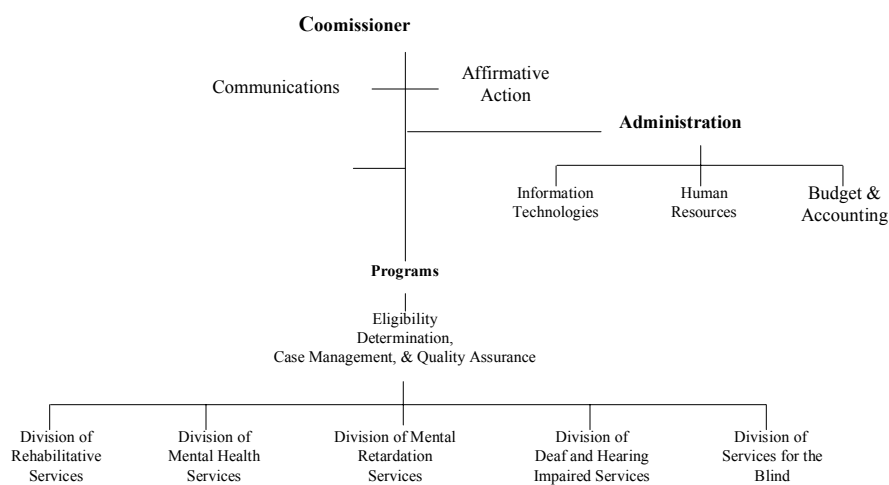
Restructuring selected single-purpose agencies using either model significantly affects service recipients and providers. The primary advantages and disadvantages are highlighted in Table II-1.

Table II-1. Advantages and Disadvantages of Agency Merger Models

<i>Model</i>	<i>Primary Advantage</i>	<i>Primary Disadvantage</i>
Categorical	Minimizes disruption of services to clients and providers during the transition to a new department	Does little in the short-run to eliminate service duplications and gaps
Functional	Maximizing efficiencies in the delivery of services (eliminates service duplication and gaps, and provides a seamless array of services to persons with multiple disabilities)	Disruption to clients and service providers during the transition to a new department

A hybrid approach could capture the advantages of the pure form of each consolidation model and mitigate the negative impacts. As shown in Figure II-3, this alternative does not completely eliminate entire agencies as does the functional model, nor does it maintain single purpose agencies as whole entities (minus administrative supports), which results from the categorical model.

Figure II-3. Example of a Hybrid Categorical/Functional Model

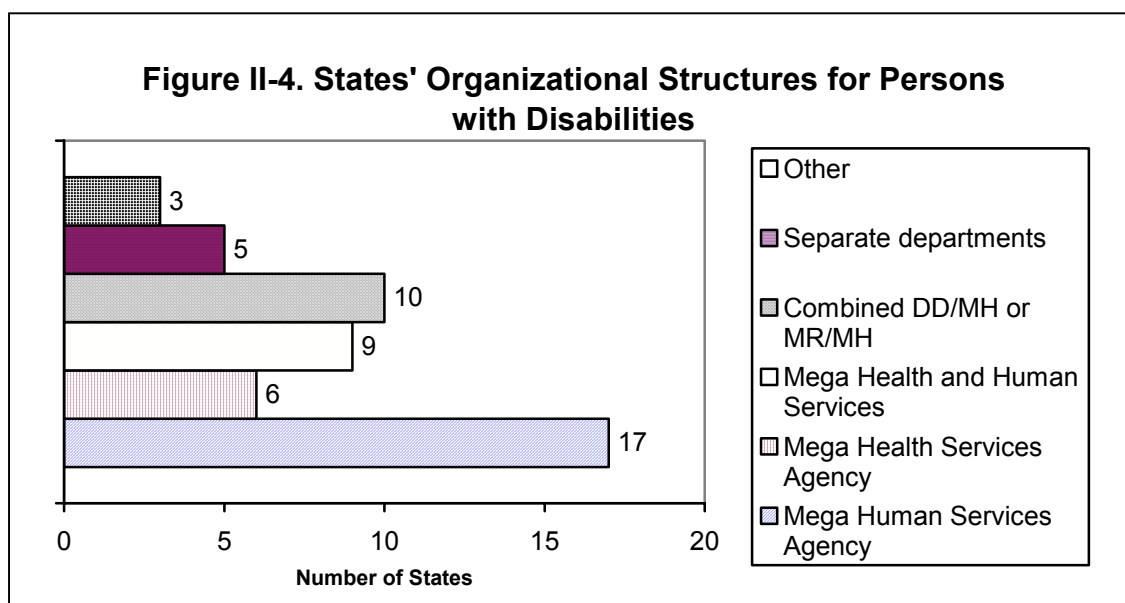


Under the hybrid approach, services (beyond simply administrative supports) that all agencies perform -- such as eligibility determination, case management, and quality assurance -- are consolidated. However, the service-delivery aspects to the unique populations served by formerly independent agencies are preserved.

Organizational Structures in Other States

There are many ways states are organized to deliver services to persons with disabilities. The most common structure (in 17 states) is a large human services agency that includes programs for clients with mental retardation/developmental disabilities, mental illness, and other disabilities. Below is a synopsis of states' organizational frameworks.

- Nine states include services for disabled adults in an umbrella agency for both health and human services.
- Six states provide programs for persons with disabilities in a large health services agency.
- Ten states have established an agency that includes services for both mentally ill and/or mentally retarded clients, but not under a mega services entity.
- Five states, including Connecticut, provide services by separate departments.
- Three states operate other structures (like a human services cabinet that oversees separate agency services or an economic security agency that implements programs for disabled populations).



This analysis is based on the organizational structures in states for mental health and/or mental retardation/developmentally disabled services. In some cases, staff was able to identify where services are provided also to blind or deaf clients, but many times that was not readily discernable. Similarly, vocational rehabilitation services are often included in the structure identified in Figure II-4, but again that was not readily determined for all states.

Selected states. Six states were identified by committee staff for further analysis from among those using multipurpose agencies to house at least some programs providing services to persons with disabilities. The criteria used to select the states included national reputation in the area, similarity to Connecticut, and ease of obtaining information. The states selected were Colorado, Delaware, North Carolina, Texas, Virginia and Wisconsin.

Appendix J-1 describes the structure used by each of the six states to house programs similar to those proposed for consolidation in Connecticut. Appendix J-2 also provides data on the portion of an agency's resources devoted to administrative support services such as budgeting, purchasing, personnel, and information technology. These service costs range from less than 10 percent to almost 30 percent of the department's budget, depending on the state and what costs are allocated to administration. (Those states with higher administrative cost percentages appear to have a high number of institutions, where costs might also cover food service, maintenance, and the like.) The percentage of staff devoted to administrative functions ranges from 4 percent to 14 percent of the staff. Appendix J-2 also shows the ratio of centralized support staff to program staff in each of the states examined.

Chapter Three

Analysis and Recommendations

This chapter contains an analysis of the benefits of a full agency consolidation followed by the recommendations for implementation of such a merger.

Reasons for Consolidation

The committee believes there are many benefits to consolidating the agencies under review. For example, consolidation should result in greater efficiency, better use of limited resources, broader service delivery, and more uniformity in processes such as contracting. In addition, many other entities have used mergers, restructuring, and consolidations as long-term approaches to organizational and fiscal deficiencies. Reasons to consolidate are listed below.

- In most states, the agencies being examined in this study are consolidated. As discussed in the previous section, Connecticut is one of only five states that have separate agencies to serve these disabled populations.
- Downsizing staff in the administrative areas under review is a trend of other states and within the federal government.
- Recent fiscal and personnel reductions in Connecticut make this an opportune time for an agency merger.
- Additional cost savings from consolidating administrative functions are possible.
- Duplication in the contracting area could be lessened in a merged agency with one contracting office.
- A merged department would reduce disparity in administration resources among the currently separate agencies. Cases where one agency has the staff to provide a support function (like personnel, affirmative action, legislative/communications, or ombudsman services) for its employees and clients, but another agency does not, would be addressed.
- Advocates for people with disabilities would have to deal with only one service agency.

- Any clients who might be served by more than one agency under review would benefit by the streamlined management/supervisory structures and co-located facilities.

Efforts at Efficiency

The private and public sectors have used many ways in tight budget time to decrease operating costs and/or improve efficiency. Examples are:

- early retirement programs;
- buyout incentives to employees who retire early or resign;
- outright layoffs;
- hiring freezes;
- cutting or freezing wages, or changing compensation plans and job classification systems;
- consolidating functions and reducing field offices;
- consolidating agencies and divisions;
- reducing administrative and support staff; and
- reducing management and supervisory staff.

Some of these measures, especially those on the top-half of the list, have been implemented very recently in Connecticut to help deal with the state's current budget crisis. These actions, while requiring difficult decisions, offer policymakers an "across-the-board approach" with fairly quick results. The other approaches, especially those concerning consolidating agencies and/or reductions in certain staff functions, are more selective, and usually require more analysis before policymakers can take action.

However, program review believes the analysis and the decisions made in the latter areas are crucial to a longer-term approach to efficiency and effectiveness in state government. Absent that long-range plan, it seems likely the state will be in for repeats of fits and starts -- where the number of government employees and size of the state payroll expand dramatically in good economic times but require painful slashing when the economy slumps.

State Government Initiatives

Many state governments are currently in the process of consolidating, restructuring, or downsizing. Major efforts in two states are highlighted below.

- **Texas:** has a comprehensive performance review effort spearheaded by the state's Comptroller of Public Accounts. The project's long-term goal is to establish better accountability and customer service. It cites a need to develop "... management strategies to overhaul outdated administrative functions. ...

State government should primarily invest resources in improved direct service delivery, not in administrative and other support services”¹.

To reach its goal, Texas is currently reducing its human service structure from 24 agencies to 5 and creating a new consolidated agency for persons with disabilities (that would encompass similar departments as those under review in this study). Further, while Texas appears to have low ratios of administrative/support functions to direct staff currently, it plans to reduce indirect administrative budgets in the new structure by 10 percent in fiscal year 2005, 15 percent in 2006, and 20 percent in 2007 and 2008. It also plans to expand the supervisory span of control from the current 1: 9 to 1: 11 and eventually 1: 15.

- **Massachusetts** currently undergoing a massive reorganization of its executive branch. The restructuring includes an activation of the Executive Office of Health and Human Services (created in 1971) under which five clusters for service delivery will be organized. One of those clusters is the Department of Disabilities and Community Services. The reorganization calls for centralizing administrative functions, greater co-location of services at local offices, and some office closings. Savings from these measures are estimated at \$60 million.

Federal Government Initiatives

The federal government has also taken significant measures to reduce staffing and costs during the 1990s. The Clinton administration’s National Performance Review (NPR) of 1993, called for a reduction of about 250,000 federal civilian positions, particularly in supervisory, auditing, accounting, budgeting, personnel, and procurement functions. Congress enacted NPR’s recommendations but increased the reduction goal to almost 273,000 positions.

During the 1990s, the federal government fulfilled its commitment to reducing staff. According to the U.S. Office of Personnel Management, between 1993 and 2000, total federal civilian employment was reduced 11.4 percent, for a total of 347,668 positions (see Appendix C). Elimination of supervisory positions accounts for 23 percent of those cutbacks.

More recently, a January 2003 report of the National Commission on the Public Service (commonly known as the Volker Commission), while not calling for specific staff reductions, made 14 recommendations aimed at reorganizing the federal government, improving its processes and effectiveness, and strengthening its leadership. First among the proposals is to restructure the federal government into a limited number of mission-related executive departments. Implementation of this report is still in an initial phase.

¹ *Streamline State Agencies*. Chapter 7, Texas Performance Review, p.2., 1997

Connecticut's Experience During the 1990s

While the number of federal government employees was shrinking during the 1990s, Connecticut state government employment grew. At the end of FY 92, Connecticut state employees numbered 48,718; by FY 02, the number had grown to 53,179, a 9.1 percent increase.

There were efforts in Connecticut to reduce and restructure state government during the early 1990s. The Thomas Commission, created in 1989, issued its report in January 1991 with the main thrust on cost savings within established agencies. The Harper-Hull Commission, established during the special session of August 1991, was a proviso of the adoption of the state income tax. The commission's focus was on state government streamlining, consolidations, and anticipated reductions in state employee positions. While the commission's initial proposal² for consolidation was enacted, as the state's economy improved and revenues from the income tax repaired the state's budget woes, the overall goal of further agency streamlining was abandoned. (See Appendix D for a more detailed discussion of prior consolidation efforts.) Instead, both the size and expenditures of state government expanded with the state's economy.

Recent Developments in Connecticut

It is an opportune time for consolidating the agencies under review for several reasons. These include:

- the budget crisis has already had an impact on staffing of these agencies through layoffs and the early retirement incentive program; reorganizing must occur to deal with the resulting personnel losses;
- human services regions were recently consolidated from five to three;
- a new, uniform automated system for all business practices in state agencies (Core-CT) is currently being phased in; and
- the Department of Information Technology (DoIT) is assuming a much greater role in staffing and maintaining state agency computer systems.

Reductions in staffing. At the time this study was approved in February 2003, state agencies had already been affected by the state budget crisis. A November/December Special Session of the legislature had been called to deal with the increasing deficit for the 2003 fiscal year. When no agreement could be reached on a budget in December, the governor laid off almost 3,000 state workers. The layoffs took effect in December 2002 and January 2003.

The governor and the legislature reached an agreement on a revised budget for FY 03 in late February. As part of that budget, an early retirement incentive package (ERIP) was offered to state employees meeting certain age and length of service requirements. Almost 5,000 employees statewide took advantage of that program. Table III-1 the number of staff layoffs and early retirements in each of the agencies under review.

² The commission merged the formerly separate departments of income maintenance, human resources, and aging into a new single social services agency, with a reduction of 122 positions through attrition and elimination of vacancies. It also called for further consolidations, but those provisions were removed from legislation in 1994.

While the agencies have been allowed to refill some of the positions lost to layoffs and ERIP (see Table 1 in Appendix H for the number of persons employed in each agency as of October 2003) it is unlikely the agencies will be permitted to fill many of the vacant slots. Thus, the committee believes that consolidation is more cost effective and would preserve services by allowing administrative functions to be performed by remaining staff in the new agency and refilling only direct service positions.

Table III-1. Impact of the Recent Budget Reduction Measures on Selected Agencies					
Agency	Pre-Dec. 02 <i>Person-Count</i>	Number of Layoffs	Number of ERIP Losses	Temporary Rehires	Post June 03 <i>Person-Count</i>
Department of Mental Retardation	5,920	263	242	13	5,428
Department of Mental Health	4,184	256	443	89	3,379
Bureau of Education and Services for Blind	102	46*	19	7	86
Bureau of Rehabilitation Services	279	7	47	5	227
Commission on the Deaf and Hearing Impaired	16	3	1**	0	12
*30 of these layoffs occurred in the industries program, which was terminated.					
** Other retirements impacted the part-time intermittent interpreters					
Sources: Agencies and Office of Fiscal Analysis					

Fewer regions. As part of recent budget reductions and accompanying decreases in staff, the Office of Policy and Management convened a group to reconfigure the state's human service regions from five to three.³ The agencies involved in this study will be impacted to varying degrees. The Department of Mental Retardation, which has an established administrative structure in each region, will be most affected, with reductions in regional organizations, and most likely, elimination and consolidation of regional offices. Other agencies under this study have much less formal regional structures, and expect minimal administrative impact and little effect on the way services are delivered to clients.

Core-CT impact. Over the past two years, Connecticut state government has been developing a uniform automated system for agency business functions. There are two major segments to the system, each to be phased in over separate time periods. The two segments are:

- Financials - the first phase, to be completed in July 2003, implements accounts payable, accounts receivable, and purchases. The second phase with

³ The legislation implementing Harper-Hull recommendations, Special Act 92-20, established five uniform human services regions. See Appendices E and F for maps of both: five human services regions and the three new regions.

a target date of October 2003 implements a new system for billing, contracts and inventory, and asset management.

- Human Resources - the first phase, effective October 2003, implements payroll, examination and hiring, compensation and benefits, and time and attendance. The second phase of the human resources component is targeted for July 2004 and includes labor relations, training and career management, and other electronic personnel system capabilities.

The new system should allow for greater efficiencies in the business categories because of the uniform use of technology, eliminating redundant and separate systems, and shedding duplicate tasks, like entering and reconciling data.

***Summary.** With this confluence of events -- reduction in staffing and budgets; unlikely refills; restructuring of the human service region; an introduction of uniform automated systems for many state agency administrative functions – program review believes departments will not be able to continue with “business as usual.” As a result, the committee concludes that consolidation of the agencies under review presents an opportunity to use remaining staff to continue delivery of services with minimal interruption, while merging the administrative functions. Position refills at the new agency then could be allocated for direct service delivery rather than administrative support.*

Administrative/Support Function Savings

Given the study charge to consolidate agencies with a focus on eliminating duplication in the administrative support area and recent events outlined above, program review analyzed how a consolidation could provide savings in the administrative/support areas. Committee staff used the following five-step approach for this analysis:

1. identified the needed administrative support functions;
2. identified (conservatively) the number of staff currently performing administrative/support functions in the separate agencies;⁴
3. determined the number that would be performing those functions – by just combining like units from the formerly separate agencies within the new, merged department;

⁴ Committee staff used a fairly narrow definition of “administration/support” in its identification of these functions. As a rule, the definition did not include any function directly or indirectly related to client care and thus excluded any direct services administration like health services directors, nurse managers, utilization review, quality assurance or investigations, and the like.

4. determined the number/ratio that would be needed to perform those jobs in a new merged agency based on ratio of five percent of staff to perform administrative functions; and
5. determined the difference in the result from step 4 and the result from step 3. If step 3 yields a higher number than step 4, then administrative functions are overstaffed and the surplus positions could be reduced by attrition, transfers or layoffs (unless prohibited by collective bargaining contracts).

Identification of functions. There is always a need to have agency administrative support functions performed, whether in small single-purpose agencies or consolidated ones serving multiple populations. Program review examined a variety of general literature sources, as well as organizational charts from human services agencies nationwide, and identified the functions listed in the Introduction of this report as necessary administrative/support functions.

Comparative standards. The study examined many sources to identify a standard, or even a benchmark, for what administrative/support staffing should be relative to all agency staffing, relative to clients served, or as a percent of an agency's budget. Program review did not find any one standard; instead a number of widely varying measures exist and are used by various governmental and non-governmental entities. (Examples provided in Appendix G).

The "standard" program review chose to use in the analysis is five percent of staff positions in the new agency dedicated to administrative functions. That ratio is being achieved in the larger human services agencies in other states now (and with directives for further reductions). Further, since these administrative/staff support functions were determined conservatively, and the new agency will be large and economies of scale should result, the committee concluded the chosen ratio should be low.

Administrative staff savings. Table III-2 shows the numbers of administrative staff performing each support function currently. Program review determined that in a new, merged agency, there would be approximately 600 persons performing administrative/support and executive functions based on the July 2003 staffing numbers.⁵ For purposes of this analysis, committee staff estimated the new agency would employ about 10,500 persons in total. After subtracting the number who would be performing administrative duties would leave about 10,000 staff employed in service functions. Applying five percent of administrative staff to direct staff as the ratio, program review concluded that executive and administrative/support functions could be provided adequately by 500 persons. Thus, it should be possible to eliminate about 100 administrative positions.

⁵ The vast majority of temporary rehires are not included in the total 600 administrative staff number because committee staff was not sure if these would be refilled on a permanent basis. The exception is Bureau of Rehabilitation Services, where the temporary rehires are included.

Table III-2. Number of Persons in Function Post-June 1, 2003

Agency	Administrative Functions					
	Executive	Gen Admin.	Personnel/HR	Training/Dev	Payroll	Info/Data Process
DMR	3 central 11 regional	34 3	31 2	27	27	20 1
DMHAS	2	81 3	48	29	19	22
BRS	3*	26	1	0	0	1
BESB	2	4 2	1	0	0	5
CDHI	1	2	0	0	0	0
Total	22	147 8	81 2	56	46	48 1

Agency	Administrative Functions					
	Planning/ Research	Affirm. Action	Fiscal/Budget/ Acct.	Contract Management	Other – Legal/Ombudsman	Total Designated as Administrative
DMR	2 1	4	48 2	49 3	10	266
DMHAS	23	6 2	49 1	0	1	280
BRS	0	0	7	0	0	38
BESB	0	0	7 2	0	1	20
CDHI	0	0	2	0	0	5
Total	25 1	10 2	113 4	49 3	12	609

*Vacant or Temporary Rehires due to Retirements; Italicized Numbers Reflect Temporary Rehires in that Function
Source: Committee staff analysis of agencies' post-June personnel status reports

The cost savings from a reduction of 100 positions would be approximately \$8 million. Committee staff estimated a median salary of \$60,732 for all administrative positions, based on actual salaries paid for full-time administrative positions at the Department of Mental Retardation. Staff added \$24,293, based on the current fringe benefit rate of 40 percent of salary, for a total of \$85,025 for each position. Savings based on a reduction of 100 positions would be \$8,502,500, as shown in Table III-3.

Table III-3. Calculation of Estimated Savings from Position Reductions	
Median Salary	\$60,732
Fringe	\$24,293
Total Savings per Position	\$85,025
Total Savings (@ reduction of 100 Positions)	\$85,025 *100 = \$8,502,500

Contracting

Consolidating agencies offers opportunities for greater efficiency in contracting for services. All the agencies under study -- except for the Commission for Deaf and Hearing Impaired -- contract out for services. There are substantial differences in the type of contracts the agencies use. Both BESB and BRS purchase services and equipment on behalf of individual clients; thus their contracts are more like invoices and can be for as little as a few dollars. DMR and DMHAS have much larger contracts for many client groups, with total amounts in the millions of dollars.

Despite the differences, however, program review staff believes a merged agency could improve the contracting process by:

- streamlining the contracting process;
- setting up a uniform system as required by Core-CT;
- requiring vendors to work with only one contracting unit in the new agency; and
- improving the auditing system where duplicate payment of services to a contractor or for a particular client would more likely be detected.

If these steps were implemented it would also further the Harper-Hull Commission recommendations concerning service providers and contracting, which were enacted in P.A. 92-123. A task force established through the act “set in motion a long-term project that emphasizes

efficiency and effectiveness and holds agencies accountable in the use of resources given to the state by taxpayers.”⁶

The Office of Policy and Management, which continues to oversee the purchase of service project, recognizes in the 2003 annual report, that timely payments and standardized contract language are two advances with the contracting process. However, the report further states that, with current resource limitations, it is critical to set priorities, review and streamline administrative processes, and eliminate all “non-value added” activities. The committee believes that Core-CT, and the agency consolidation recommended in this study, with accompanying contracting efficiencies, would make great progress toward achieving the goals envisioned a decade ago.

Contracting with multiple agencies. The percentage of vendors that deal with more than one of the four contracting agencies was determined conservatively to be about 12 to 13 percent. The total number of individuals, businesses, or agencies under contract is 495, and the number with duplicate contracts is 63 (12.5 percent), as shown in Table III-4.

This percentage is conservative for two reasons:

- It includes contractors receiving any amount in the base number, thus the denominator is larger than if the percentage were calculated using a more limited base.
-
- Duplication in a single agency, like DMR, where contracts are developed, awarded, and monitored regionally, is not measured.

Table III-4. Contractor Overlap Among the Agencies Under Review

Total Number of Contractors = 495

Number With Contracts with 2 of 4 Agencies	41	
Number With Contracts with 3 of 4 Agencies	16	
Number With Contracts with 4 of 4 Agencies	6	
Total With Contracts with More Than One Agency	63	(12.5%)

⁶ Connecticut Purchase of Service Project, 2003 Report to the General Assembly, submitted by the Office of Policy and Management, August 2003.

Client Overlap

Another anticipated benefit to consolidating the agencies in this study is to eliminate bureaucracy and make services more accessible and efficient for clients, especially those with multiple disabilities. However, the committee found little information exists to fully analyze this benefit.

Program review attempted to collect information to determine if clients might be served by more than one of the agencies under review, but with limited success. There is no single client database used by state human services agencies. Instead, each agency maintains its own client information, and no department consistently collects information on whether their clients are also receiving other state services.

Program review was able to gather some very limited information from the Department of Administrative Services' billing and collections systems. The system bills for payment for services provided to clients served by DMR and DMHAS, but not for the other agencies. That DAS data indicate that a very limited number (less than 1 percent) of clients received services from both those two agencies.

Another measure reviewed by program review – DMR clients on psychotropic medicines – indicates a much higher percentage of overlap since about 36 percent of clients with mental retardation might also be mentally ill. Further, some agencies already operate special programs to serve clients with multiple disabilities. BESB has a special program for persons who are both blind and deaf and DMHAS has a designated program to serve mentally ill clients who are also deaf.

However, the committee anticipates that with a full consolidation of agencies, a merger of current client information systems or the development of a new database will have to occur to accommodate the service, tracking and case management aspects for all clients served by the new department.

Options and Recommendations

The three models that could be used for a full agency consolidation, as discussed in Chapter Two, as well as the anticipated benefits outlined in this chapter were presented to the committee in the staff briefing report in September. The report assumed that delivery of services would not be negatively impacted since programs were not to be affected. The public hearing held in September on the consolidation was attended by dozens of advocacy groups, clients, and agency heads, including the Secretary of the Office of Policy and Management. All who testified spoke in opposition to any merger.

A key component of successful past consolidations – whether in Connecticut, the federal government, or other states—has been the leadership and support of the administration as well as the legislature or Congress in making the merger happen. Recognizing that a full consolidation of these agencies clearly does not have the support of the administration nor the advocacy groups, committee staff developed three options, including a full agency merger, and presented those for committee consideration at its meeting in December 2003.

The options presented were:

- Option One: A full-scale consolidation of the five agencies under review;
- Option Two: A modified merger with CDHI and some BESB programs transferred to DSS, and BESB children's services relocated to the Department of Education; DMR and DMHAS left as independent departments; and
- Option Three: A limited merger -- CDHI to DSS; BESB left intact but placed on intense monitoring and oversight before taking any reorganization actions; other proposals are made for changing the way certain functions are performed with all agencies under review.

The committee, after deliberating the pros and cons of each of the options, believes the benefits of a full agency merger outweigh the drawbacks and advances that option, as recommended below. (A full discussion of the other two options, including the benefits and drawbacks of each of the three proposals, is presented in Appendix H)

RECOMMENDATION

Consolidate the Departments of Mental Health and Addiction Services, Mental Retardation, Board of Education and Services for the Blind, and Bureau of Rehabilitation Services, and Commission on the Deaf and Hearing Impaired into a single agency. This merger would include all programs currently administered by these agencies.

Program review staff recommends that the consolidation model be a categorical one, and the resulting new agency be called the Department of Developmental and Rehabilitative Services (see Figure 1, below). It shall have one commissioner and one deputy commissioner and each division (five categorical service divisions and the administrative division) shall have a division director. The division director shall be a managerial position within classified service.

Major modifications of relevant statutes (i.e., Chapters 174; 319b; 319i; 319mm (Part II); and 814a) will be required to reflect these organizational changes.

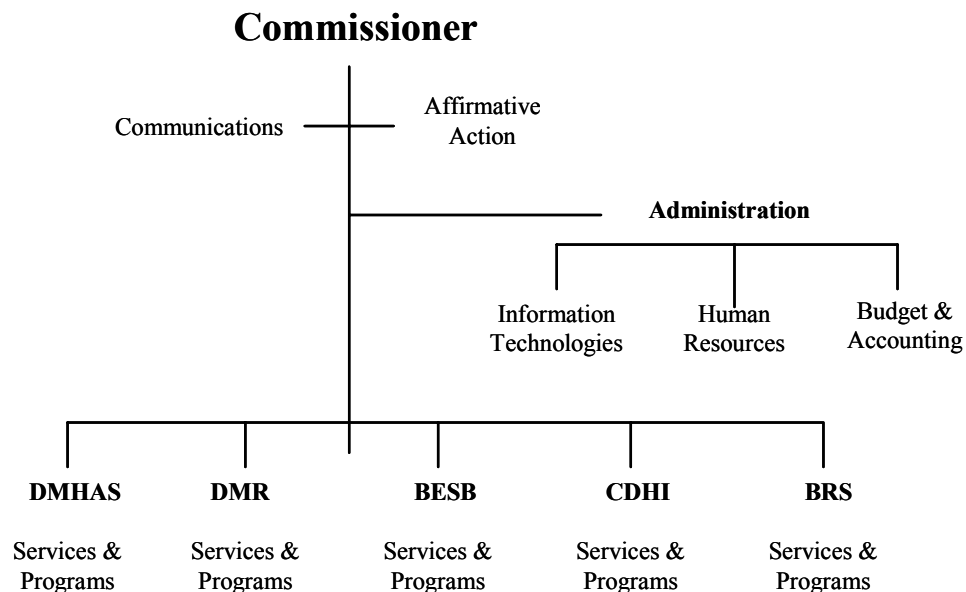
Steering Committee: The Secretary of the Office of Policy and Management shall direct the implementation of the consolidation. There shall be a steering committee to develop an implementation plan. Each of the following organizations and entities shall have a representative on the steering committee appointed by the Secretary of the Office of Policy and Management from names submitted by each agency or organization:

- **The State Employees Union Bargaining Coalition;**
- **The state Management Advisory Council, an organization of state managers outside of collective bargaining;**

- One representative from each of the current departments or bureaus recommended for consolidation;
- One representative from an advocacy organization representing each of the client groups involved in the consolidation;
- One member of a contracting service provider who is not an advocate of one of the client groups; and
- One member from a business in the private sector or from an organization representing business and industry interests.

IMPLEMENTATION PLAN: The implementation plan shall be developed by January 1, 2005, and submitted to the legislature's committees on appropriations, human services, public health, and government administration and elections. The implementation plan shall include the steps for consolidation outlined to begin by February 1, 2005, and completed by December 31, 2005. Each step shall be assigned to one of the state agency representatives on the steering committee, as designated by the full committee. That agency representative shall have the authority to form implementation teams made up of personnel in the current agencies and support agencies like Department of Information Technology, appropriate and relevant to achieving the assigned task. (For example, one team might be responsible for facility and space needs, while another might be assigned to reengineering a client database to serve the new agency). The implementation steering committee shall select and prioritize the steps in the plan and determine dates for completion, which shall be included in the plan.

**Figure III-1. Department of Developmental and Rehabilitative Services
– Proposed Organizational Structure**



RATIONALE

The committee anticipates there will be a number of potential benefits to consolidation including: reducing disparity in administrative/support functions resources among the individual agencies; lessening duplication in contract development, monitoring and auditing; and improving and unifying client databases, thereby improving case management and delivery of services; and realizing personnel and cost savings.

The committee recommends the categorical model for consolidating these agencies because it is the least disruptive, and that model recognizes the different client populations for service delivery. This paradigm merges all administrative functions into one division, thus reaping the efficiencies and eliminating administrative duplication.

The recommendation establishes one working group that includes key stakeholders – the state agency representatives subject to consolidation; representatives of client groups that will be served by the new agency; both a labor and management representative employed in state government; and a representative of private business in Connecticut. The proposal also centers authority in this one working group. The program review committee believes this approach will be more successful than one that would use advisory groups. With this recommendation, the stakeholders, including client groups, are making the implementation decisions.

The timeframe is reasonable, allowing enough time to develop the plan and implement the steps to achieve consolidation. At the same time it is compressed enough to ensure that momentum is not lost or that groups cannot mount opposition to a merger, if such legislation successfully passes.

APPENDIX A

Summary of Agencies -- Programs, Resources, and Clients

Board of Education and Services for Blind (BESB)		
PROGRAM DESCRIPTIONS	Clients Served in FY 02	Resources FY 02
VOCATIONAL REHABILITATION DIVISION		
Through cooperation with community rehabilitation providers, offers appropriate adaptive technology and specialized skills training that enables people who are blind to have capability and qualifications to obtain and retain careers. Services provided include: Individual Employment Plan (IEP) development.	293	<i>Funding</i> GF \$ 955,509 FF <u>\$ 2,713,873</u> Total \$ 3,669,382
Employment Services – Achieved competitive employment	106	<i>Staffing</i> FF 21
ADULT SERVICES DIVISION		
To improve the overall quality of life of legally blind adults by implementing specialized cultural, educational, and rehabilitative services to achieve and maintain their highest level of independence and productivity in employment and activities of daily living	1,667	<i>Funding</i> GF \$1,685,442 FF \$ 346,114 Other <u>\$ 104,904</u> Total \$2,136,590
Division also issues certificates of legal blindness for property/income tax purposes and provides counseling and referral (inside and outside of BESB).	3,018	<i>Staffing</i> GF 21 FF 2

Board of Education and Services for Blind (BESB)		
PROGRAM DESCRIPTIONS	Clients Served in FY 02	Resources FY 02
INDUSTRIES PROGRAM (ceased operation as of January 2003 due to budget cuts) – had been involved in vocational/rehab through blind clients making products and/or providing services marketed to town, state or federal agencies.	N/A	<i>Funding</i> GF \$1,102,515 Other \$ 4,492,639 Total \$ 5,159,154 <i>Staffing</i> GF 12
BUSINESS ENTERPRISE PROGRAM – To develop high quality business ventures for participants who desire to become entrepreneurs (who will derive full profits from their operations). This is funded totally through vending machine revenues.	N/A	<i>Funding</i> Other \$1,477,223 Total \$1,477,223 <i>Staffing</i> GF 5
AGENCY MANAGEMENT SERVICES		
Services include budget and program planning, fiscal operations, financial and human resources management, general facility and resource support.	N/A	<i>Funding</i> GF \$1,994,180 Other \$ 39,289 Total \$2,033,489 <i>Staffing</i> GF 25

Bureau of Rehabilitation Services (BRS)		
PROGRAM DESCRIPTION	Clients Served in FY 02	Resources FY 02
<p>VOCATIONAL REHABILITATION (VR) considered primary employment program of BRS. Focus is to assist individuals with disabilities to attain economic independence by preparing for, obtaining, and maintaining employment in the community.</p> <p>Services provided include:</p> <p>Individual Employment Plan (IEP) development -- career counseling, education and training, functional/physical restoration, adaptive technology, job placement assistance and supports.</p> <p>Employment Services (99% in competitive employment) working an average of 30 hours per week at an average hourly wage of \$12.20 (800 advanced from public assistance or family reliance to being economically self-supporting.)</p> <p>Employment Opportunities Program (EOP) enables individuals with the <i>most significant disabilities</i> to engage in competitive employment by assisting those who need long-term supports.</p>	<p>10,350</p> <p>1,649</p> <p>271</p>	<p><i>Funding</i></p> <p>GF \$ 8,441,926 FF <u>\$ 44,156,480</u> Total \$ 52,598,416</p> <p><i>Staffing</i></p> <p>GF 4 FF <u>275</u> Total 279</p>
<p>Independent Living (IL) Program provides comprehensive independent living services through contracts with five community-based independent living centers (ILCs)</p>	950	
<p>DISABILITY DETERMINATION SERVICES (DDS)- This unit is responsible for deciding eligibility for Social Security Disability Insurance (SSDI) and Supplemental Security Insurance (SSI), which provide cash benefits to persons unable to maintain employment due to their disability.</p> <p>Eligibility Determinations:</p> <p>SSDI SSI Dual</p>	<p>35,460</p> <p>15,937 13,466 6,057</p>	

Commission on Deaf and Hearing Impaired		
PROGRAM DESCRIPTION:	Resources FY 02	Clients Served FY 02
<p>SERVICES FOR THE DEAF AND HARD OF HEARING - provides interpreting, counseling, and advocacy services to individuals who are deaf and hard-of-hearing.</p> <p>Interpreting - provides 24 hour interpreting services involving a person's legal and constitutional rights, health, employment, and educational opportunities</p> <p>Counseling - provides individual, marital, family and group counseling; crisis intervention; and job placement counseling</p> <p>Community education and outreach - provides information and referral services to the deaf and hard of hearing community and the general public</p>		<p><i>Funding</i></p> <p>GF \$1,060,306 FF \$ 228,385 Other \$ <u>1,952</u> Total \$1,290,543</p> <p><i>Staffing*</i></p> <p>GF 10 FF <u>3</u> Total 13</p> <p>* 43 part-time interpreters</p>

Department of Mental Health and Addiction Services		
PROGRAM DESCRIPTION:	Clients Served FY 02	Resources FY 02
SUBSTANCE ABUSE SERVICES- supports treatment and rehabilitation services for individuals with alcohol and drug abuse problems, mostly through payments to private contractors.	37,021	<i>Funding</i> GF \$ 20,990,725 FF \$ 15,646,932 Other \$ <u>2,421,067</u> Total \$ 39,058,724
Residential Detoxification – provides medical management of the withdrawal from alcohol and drugs along with referral counseling	7,371	
Methadone Maintenance and Ambulatory Drug Detoxification – provides a combined medication and counseling program for heroin and other opiate-addicted individuals in non-residential settings	8,652	<i>Staffing</i> GF 9
Alcohol and Drug Outpatient –serves individuals, groups and families through counseling services for those addicted and significant others who are affected	15,866	
Residential Rehabilitation – Recovery-oriented treatment services in a structured, therapeutic environment for individuals not ready to maintain a drug-free lifestyle.	5,132	
MENTAL HEALTH SERVICES – supports the development of stable and productive community living arrangements for individuals with acute or prolonged mental illness	23,370	<i>Funding</i> GF \$55,368,674 FF \$ 3,819,368 Other \$ <u>2,933,064</u> Total \$62,121,108
Emergency/Crisis Psychiatric Services – provides assessment and treatment for individuals and families in crisis	5,541	
Outpatient Services – supports mental health professionals who evaluate, diagnose, and treat individuals or families through medication and therapy	19,589	<i>Staffing</i> GF 384

Department of Mental Health and Addiction Services		
PROGRAM DESCRIPTION:	Clients Served FY 02	Resources FY 02
MENTAL HEALTH SERVICES (cont'd) Partial Hospitalization Services – targets adults recently discharged from inpatient psychiatric facilities and those requiring structured support and intensive treatment lasting 4 to 8 hours per day for 3 to 5 days	240	
LONG-TERM CARE AND SHELTERS – provides funding for shelters and long-term residential care to individuals who repeatedly become intoxicated in public and/or have repeated contact with the treatment systems.	147	<i>Funding</i> GF \$ 922,198 FF <u>\$ 504,048</u> Total \$1,426,246
RESIDENTIAL SUPPORT SERVICES – supports group homes, family-style community residences, and supervised/supported apartments for individuals with psychiatric illnesses.	3,152	<i>Funding</i> GF \$49,415,364 FF \$ 6,046,608 Other <u>\$ 1,846,137</u> Total \$57,308,109 <i>Staffing</i> GF 120
CASE MANAGEMENT – Three different levels of case management provided according to level of illness – 1) assertive community treatment, the most intensive; 2) standard; or 3) monitoring, the least intensive. Services Case management provided by a variety of sources	11,256	<i>Funding</i> GF \$53,225,558 FF \$ 1,405,806 Other <u>\$ 918,863</u> Total \$55,553,227 <i>Staffing</i> GF 456

Department of Mental Health and Addiction Services		
PROGRAM DESCRIPTION:	Clients Served FY 02	Resources FY 02
SOCIAL AND VOCATIONAL REHABILITATION- provides specialized vocational and daily living training and services for persons with psychiatric or substance abuse disabilities.	8,779	<i>Funding</i> GF \$24,782,616 FF \$ 200,135 Other \$ <u>16,787</u> Total \$25,126,538 <i>Staffing</i> GF 60
MENTAL HEALTH SERVICES – supports the development of stable and productive community living arrangements for individuals with acute or prolonged mental illness Emergency/Crisis Psychiatric Services – provides assessment and treatment for individuals and families in crisis Outpatient Services – supports mental health professionals who evaluate, diagnose, and treat individuals or families through medication and therapy	23,370 5,541 19,589	<i>Funding</i> GF \$55,368,674 FF \$ 3,819,368 Other \$ <u>2,933,064</u> Total \$62,121,108 <i>Staffing</i> GF 384

Department of Mental Retardation		
PROGRAM DESCRIPTION:	Clients Served FY 02	Resources FY 02
Support Services		
Case Management – DMR regional staff assist individuals and their families to plan for and coordinate needed supports and services, including those provided by DMR, purchased from private providers, or self-directed.	14,500	<i>Funding</i> GF \$7,989,212 <i>Staffing</i> GF 92
Family Support - services that assist families with mentally retarded client who lives at home. These services may include respite care (to no more than 4,000 families) or family support grants (\$250 a month per family) to defray extraordinary costs such as wheelchairs, etc	4,000	<i>Funding</i> GF \$33,200,279 FF \$ 3,216,409 Other \$ <u>164,369</u> Total \$36,581,057 <i>Staffing</i> GF 92
Specialized Support - Assistance provided to individuals with physical disabilities, challenging behavior or health needs.		<i>Funding</i> GF \$25,874,502 FF \$ 660 Other \$ <u>19,910</u> Total \$25,895,072 <i>Staffing</i> GF 219
Staff Support – Training Programs for public and private employees designed to develop and enhance employee competence through classroom, on-the-job and mentoring activities.		<i>Funding</i> GF \$1,446,262 <i>Staffing</i> GF 18
Birth-to-Three – DMR oversees this interagency program that ensures eligible children and their families receive early intervention, providing a multitude of therapeutic and language services	5,000	<i>Funding</i> GF \$ 27,330,389 FF \$ 3,745,315 Other \$ <u>6,918</u> Total \$31,082,622 <i>Staffing</i> GF 84 FF 1

EMPLOYMENT AND DAY SERVICES Community Work Services – provides sheltered employment through the department and private sector. Contract work from industry and specialized skill training in service-oriented occupations. Vocational evaluation and individual service plans form the basis for training.	1,000	<i>Funding</i> GF \$15,600,855 Other \$ <u>402</u> Total \$15,601,257 <i>Staffing</i> GF 57
Group Supported Employment – provides employment training and supervision to mentally retarded persons through manufacturing or service contracts within small business settings. Individuals work in small groups at wage rates commensurate with those paid to the typical workforce. Supported employment services are primarily offered through private agencies under contract with DMR.	2,800	<i>Funding</i> GF \$ 42,782,973 FF \$ 1,684,411 Other \$ <u>1,377</u> Total \$44,468,761 <i>Staffing</i> GF 43
Day Support Options- Allows mentally retarded individuals to experience adult roles in the community via developing relationships and making choices while participating in leisure, recreation, and volunteer service activities. Primarily provided through private agencies under contract with DMR.	3,150	<i>Funding</i> GF \$60,613,462 FF \$ 663,228 Other \$ <u>38,098</u> Total \$ 61,314,788 <i>Staffing</i> GF 276
Individualized Day Placement – offers job development services, on-the-job training and supervision in typical business settings with wages and benefits commensurate with those paid to the typical workforce. Primarily offered by private agencies under contract with DMR.	1,000	<i>Funding</i> GF \$10,227,551 FF \$ <u>289,931</u> Total \$10,517,482 <i>Staffing</i> All private providers

RESIDENTIAL SERVICES		
Community Training Homes – provides foster-type family homes for retarded individuals. Home providers are recruited, licensed and trained by DMR.	470	<i>Funding</i> GF \$ 7,137,018 <i>Staffing</i> GF 36
Community Living Arrangements – provide staffed group homes for DMR clients. About 75% of clients are served in homes operated by private providers.	3,400	<i>Funding</i> GF \$283,021,228 Other \$ 24,889 Total \$283,046,127 <i>Staffing</i> GF 1,151
Campus Units: Southbury Training School	619	<i>Funding</i> GF \$108,637,016 Other \$ 1,665 Total \$108,638,681
Regional Centers	800	<i>Staffing</i> GF 1,584
Other Private Facilities – like residential schools, habilitative nurseries (serve children only) and long-term care (serve mostly elderly)		<i>Funding</i> GF \$5,578,338 <i>Staffing</i> GF 51
Supported Living – Less than 24-hour staffing to individuals who live in their own apartments	1,350	<i>Funding</i> GF \$41,579,046 <i>Staffing</i> GF 87
AGENCY MANAGEMENT SERVICES DMR provides centralized and regional management and administrative support through planning, systems improvement, standardization of best practices as well as fiscal and human resources.		<i>Funding</i> GF \$30,307,922 FF \$ 1,051,457 Other \$ 50,124 Total \$31,409,503 <i>Staffing</i> GF 372 FF 3 Total 375
Staffing -- positions are permanent full-time only Source: Governor's FY 03-05 Budget for all DMR, DMHAS, BESB and CDHI information. Bureau of Rehabilitation Services provided budget information for BRS.		

			APPENDIX B					
		AGENCY FACILITIES PROFILE (June 2003)						
Bureau of Rehab Services								
Town	Address	Sq. Ft.	Rent	OP. Costs	Total Annual	Staff	Own/Lease	Exp. Date
Ansonia	435 East Main St.					3	guest (MOU)	
Bridgeport	1057 Broad St.	6,080	\$82,080		\$82,080	20.0	lease	2/7/07
Brookfield	72 Gray's Bridge Rd.					1.0	guest (MOU)	
Danbury	342 Main St.	850	\$13,812			4.5	lease	7/6/07
East Hartford	1227 Burnside Ave.			\$3,000		3.0	guest (MOU)	
Enfield	73 Hazard Ave.	600	\$7,170	\$1,144	\$8,314	3.0	lease	3/31/06
Hartford	309 Wawarme	35,309	\$379,572	\$86,640	\$466,211	149.0	lease	4/25/04
Hartford (CO)	25 Sigourney	4,600				29.0	own	
Hartford	3580 Main St	3,000	\$29,040			16.0	lease	12/15/07
Killingly	Bell Pk. Sq.	528	\$6,732	\$1,728	\$8,460	3.0	lease	Monthly
Manchester	669 East Middle Tpke	370	\$4,958			3.0	lease	1/26/07
Middletown	117 Main St. ext	750	\$9,675			6.0	lease	6/7/08
New Britain	1 Grove St.	1,300	\$18,200			6.0	lease	1/13/07
New London	Shaw's Cove	1,222	\$23,218	\$2,628	\$25,846		lease	
New Haven	414 Chapel St	5,000	\$70,000		\$70,000	20.0	lease	Monthly
Norwich	113 Salem Tpke.	3,127	\$42,996			14.0	lease	12/13/07
Stamford	1642 Bedford St	600	\$8,700			3.0	lease	6/24/06
Torrington	62 Commercial Blvd.	450	\$5,625			3	lease	9/5/06
Waterbury	249 Thomaston	4,700	\$75,200			16	lease	12/14/05
West Hartford	Town Hall			\$1,296		2	guest (MOU)	
West Hartford	Am. School for Deaf					2	guest (MOU)	
Dept. of Mental Retardation								
Town	Address	Sq. Ft.	Rent	OP. Costs	Total Annual	Staff	Own/Lease	Exp. Date
Bridgeport	Virginia Ave	20,000		\$192,424.00	\$192,424	84	own	
Cheshire	25 Creamery Rd	22,000		\$62,978.00	\$62,978	46	own	
Danbury	400 Main St.	26,600				19	own	
Farmington	Farmington Ave.	29,615	\$382,034	\$17,321.00	\$399,355	170	lease	7/21/04
Meriden	35 Undercliff	4,840				40	own	
Mystic	240 Oral School Rd	14,000				34	own	
New Haven	1 Long Wharf	12,345	\$132,709	\$29,789.00	\$162,498	35	lease	02/22/99
Newington	71 Mountain Rd	33,594				92	own	
Norwalk	Lower Ffld. Center	13,561				29	own	
Norwich	401 West Thames St.	26,000				114	own	
Putnam	376 Pomfret	17,289				42	own	

Stratford	Armory RD	16,334				57	own	
Southbury (5)	Training School	133,707				213	own	
Torrington	195 Alvord Park Rd	17,462				34	own	
Trumbull	White Plains Rd.	1,750				17	own	
Wallingford	104 South Turnpike	25,332	\$397,404	\$252.00	\$397,656	109	lease	05/09/07
Waterbury	250 Freight St.	5,641	\$74,461	\$978.00	\$75,439	38	lease	03/20/02
Willimantic	South Park	8,693	\$112,140	\$1,491	\$113,631	38	lease	05/26/07
Department of Mental Health								
Town	Address	Sq. Ft.	Rent	OP. Costs	Total Annual	Staff	Own/Lease	Exp. Date
Bridgeport	1635 Central Ave	138,000				348	own	
Bridgeport	1332 North Ave	4,562				25	lease/pending	
Bridgeport	100 Fairfield Ave	25,631				78	lease	1/27/2007
Bridgeport	170 Wheeler Ave	1,250				6	lease	3/31/2004
Hartford	500 Vine St.	89,363				255	own	
Newington (5)	Russell Rd.	178,471				257	own	
Hartford	Coventry St	46,208				2	own	
Middletown (19)	Ct. Valley Hospital	8,000-124,000					own	
New Haven	34 Park St.	138,000				712	own	
New Haven	1 Longwharf	7,600				32	lease	monthly
New Haven	1 Longwharf	4,634				30	lease	monthly
New Haven	389 Whitney Ave	4,776				88	lease	02/28/07
Norwich	401 West Thames St.	53,000				197	own	
Old Saybrook	2 Center Rd	1,854					lease	
Stamford	780 Summer St.	34,000				64	lease	07/26/10
Stamford	712 South Pacific St.	480				1	lease	
West Haven	270 Center St.	6,800				24	lease	04/30/06
Waterbury LMHA	101 So. Main St	17,224				85	lease	monthly
Danbury LMHA	64 West St.	8,150				47	lease	09/09/06
Torrington LMHA	249 Winsted Rd.	11,104				90	lease	11/06/05
BESB								
Town	Address	Sq. Ft.	Rent	OP. Costs	Total Annual	Staff	Own/Lease	Exp. Date
Windsor	184 Windsor Ave.	40,340	\$403,400				lease	09/30/03
Windsor	184 Windsor Ave	43,464	\$434,640				lease	11/30/03
CDHI								
Town	Address	Sq. Ft.	Rent	OP. Costs	Total Annual	Staff	Own/Lease	Exp. Date
West Hartford	1245 Farmington Ave.		\$65,813			12	lease	10/31/04

APPENDIX C
U.S. OFFICE OF PERSONNEL MANAGEMENT
FACT SHEET

TOTAL FEDERAL CIVILIAN EMPLOYMENT (ALL AREAS)

AGENCY	AS OF DECEMBER 2000 *	AS OF JANUARY 1993	CHANGE	% CHANGE
TOTAL	2,690,373	3,038,041	-347,668	-11.4
LEGISLATIVE BRANCH	29,727	38,303	-8,576	-22.4
JUDICIAL BRANCH	31,873	28,111	3,762	13.4
U.S. POSTAL SERVICE (USPS) & POSTAL RATE COMMISSION	867,395	782,980	84,415	10.8
EXECUTIVE BRANCH (Excludes USPS & Postal Rate Commission)	1,761,378	2,188,647	-427,269	-19.5
STATE	27,952	25,982	1,970	7.6
TREASURY	143,721	165,904	-22,183	-13.4
DEFENSE, TOTAL	673,613	966,087	-292,474	-30.3
DEFENSE, MILITARY TOTAL	649,351	936,731	-287,380	-30.7
ARMY, MILITARY FUNCTIONS	204,214	288,866	-84,652	-29.3
DEPARTMENT OF THE NAVY	183,647	293,510	-109,863	-37.4
DEPARTMENT OF THE AIR FORCE	154,273	204,150	-49,877	-24.4
DEFENSE LOGISTICS AGENCY	23,886	64,501	-40,615	-63.0
OTHER DEFENSE ACTIVITIES	83,331	85,704	-2,373	-2.8
DEFENSE, CIVIL TOTAL	24,262	29,356	-5,094	-17.4
JUSTICE	126,340	97,652	28,688	29.4
INTERIOR	67,382	77,313	-9,931	-12.8
AGRICULTURE	96,673	113,687	-17,014	-15.0
COMMERCE	40,097 **	37,608	2,489	6.6
LABOR	16,207	17,719	-1,512	-8.5
HEALTH & HUMAN SERVICES (Includes Social Security Administration)	126,999	131,066	-4,067	-3.1
HOUSING & URBAN DEVELOPMENT	10,317	13,292	-2,975	-22.4
TRANSPORTATION	63,823	70,086	-6,263	-8.9
ENERGY	15,645	20,706	-5,061	-24.4
EDUCATION	4,773	4,995	-222	-4.4
VETERANS AFFAIRS	220,151	260,349	-40,198	-15.4
ENVIRONMENTAL PROTECTION AGENCY	18,085	18,351	-266	-1.4
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION	2,713	2,927	-214	-7.3
FEDERAL DEPOSIT INSURANCE CORPORATION	6,743	22,360	-15,617	-69.8
FEDERAL EMERGENCY MANAGEMENT AGENCY	4,796	4,554	242	5.3
GENERAL SERVICES ADMINISTRATION	14,117	20,690	-6,573	-31.8
NATIONAL AERONAUTICS & SPACE ADMINISTRATION	18,842	25,191	-6,349	-25.2
NATIONAL LABOR RELATIONS BOARD	2,034	2,132	-98	-4.6
NUCLEAR REGULATORY COMMISSION	2,862	3,539	-677	-19.1
OFFICE OF PERSONNEL MANAGEMENT	3,894	6,861	-2,967	-43.2
PANAMA CANAL COMMISSION	5	8,573	-8,568	-99.9
SMALL BUSINESS ADMINISTRATION	4,051	5,768	-1,717	-29.8
SMITHSONIAN, SUMMARY	5,053	5,512	-459	-8.3
TENNESSEE VALLEY AUTHORITY	13,103	19,129	-6,026	-31.5
BROADCASTING BOARD OF GOVERNORS	2,398	8,283	-5,885	-71.0
AGENCY FOR INTERNATIONAL DEVELOPMENT	2,329	4,218	-1,889	-44.8
ALL OTHER AGENCIES	26,660	28,113	-1,453	-5.2

* Preliminary; subject to agency revisions.

** Includes 1,343 census enumerators for the 2000 Decennial Census.

Note: As of October 1, 1996, the Defense Mapping Agency no longer reports 113 A data.

The above statistics reflect a drop of about 7,000 employees as of that date.

SOURCE: U.S. Office of Personnel Management
Office of Workforce Information
Monthly Report of Federal Civilian Employment (SF 113-A).
03/02/2001

APPENDIX D

Efforts to Reorganize Human Services Agencies since 1970

There have been eight formal attempts to reorganize Connecticut's human services delivery system since 1970. Although all the reviews were multifaceted, some were driven by a desire to reduce costs while others were aimed at improving the delivery of services.

Those focused on lowering costs stressed the financial benefits of consolidating agencies. The projected savings came primarily from merging common administrative functions and reducing staff.

The studies concerned with the services delivery system emphasized the value of coordination and the elimination of fragmentation and duplication. The recommendations coming out of these studies took one of two tracks -- either consolidating agencies or allowing them to remain independent but creating a mechanism to coordinate interagency policy and operations.

Regardless of the underlying purpose the studies shared two results. First, the findings were similar in concluding in one fashion or another that Connecticut's human services delivery system was inefficient, laden with duplication, and suffering from an absence of coordination. Second, the recommendations met with strong resistance from agency staff and constituent groups.

An analysis of the eight studies found three factors were key in determining the ultimate fate of a proposed reorganization:

- the political strength of the constituent groups affected;
- the magnitude of the state's budget crisis at the time the reorganization was being considered; and
- whether the governor was leading the movement to restructure.

One explanation for the differences between the recommendations of the study groups and the actions of the General Assembly can be found in the decision-making processes each follows. The study group is guided by its mandate and has sufficient staff and time to research issues and develop a proposal. On the other hand, the General Assembly relies heavily on obtaining information from public hearing testimony and direct contact with constituents. It has little time to sort facts from claims. As a result, its members are very aware of the real or perceived negative consequence of a reorganization that will provide modest savings or incremental benefits little noticed or appreciated by most citizens, but highly visible and not likely forgotten by a select group of voters.

The table that follows summarizes the work of the eight formal reorganization efforts undertaken in Connecticut since 1970.

Efforts to Reorganize Human Services Agencies in Connecticut since 1970

Study	Initiator/Purpose	Recommendations Regarding Developmental and Rehabilitative Services Agencies	Outcome
1971 -- Etherington Commission	Governor -- Gov. Meskill through an executive order created the commission to analyze the operation of all state agencies.	<p>Proposed consolidating the Departments of Welfare, Children and Youth Services, Community Affairs, Correction, Health, Mental Health, and the Office Mental Retardation into a Department of Social Services. All duplicative administrative functions would be merged into a single division for administration.</p> <p>The proposal called for separate divisions for each of the formerly autonomous departments.</p>	In face of opposition by interest groups to a consolidated human services department, the legislature created a new commission to refine the plan and report back to the General Assembly in 1972.
1972 -- Commission to Study Human Services (Zimmerman Commission)	Legislative initiative -- S.A. 72-50 created a commission to design a merger of human services agencies. The emphasis was on improving the delivery of services through structural changes.	<p>Proposed a comprehensive Department of Human Services to encompass the programs, services, and responsibilities of the Departments of Aging, Children and Youth Services, Community Affairs, Correction, Health, Mental Health, the Office Mental Retardation, and the Division of Vocational Rehabilitation of the Department of Education.</p> <p>The proposal outlined a department structured around functions rather than specialty fields.</p>	Strong opposition from advocates and state employees prompted the legislature to reject a consolidated department of human services. In its place a Council on Human Services -- comprised of legislators and agency heads -- was created to coordinate the activities of human service agencies and develop a plan for a Department of Human Services.

Efforts to Reorganize Human Services Agencies in Connecticut since 1970

Study	Initiator/Purpose	Recommendations Regarding Developmental and Rehabilitative Services Agencies	Outcome
1975 -- Council on Human Services	Legislative initiative -- P.A. 73-155 created the Council on Human Services to coordinate human service agencies and design a plan for a new Department of Human Services.	Proposed the council continue as a coordinating mechanism and be responsible for developing policy and setting priorities. The council scrapped the idea of a consolidated human services department.	No plan for a consolidation of human services agencies was produced. The council remained in existence as a coordinating body until 1977.
1976 -- Filer Commission	Governor -- Gov. Grasso established the commission to study the structure of state government and make recommendations to streamline its operations.	Proposed splitting the existing Department of Social Services into two departments -- Income Maintenance and Human Resources. Human Resources was to consist of agencies involved in the delivery of services including day care, children and youth, aging, vocational rehabilitation, mental health, and manpower training. The new department would emphasize, "one stop shopping" and move all programs into common facilities where possible.	The Department of Social Services was split as recommended (P.A. 77-614). However, strong opposition from interest groups resulted in the Departments of Aging, Children and Youth Services, Mental Health, and Mental Retardation remaining separate agencies.

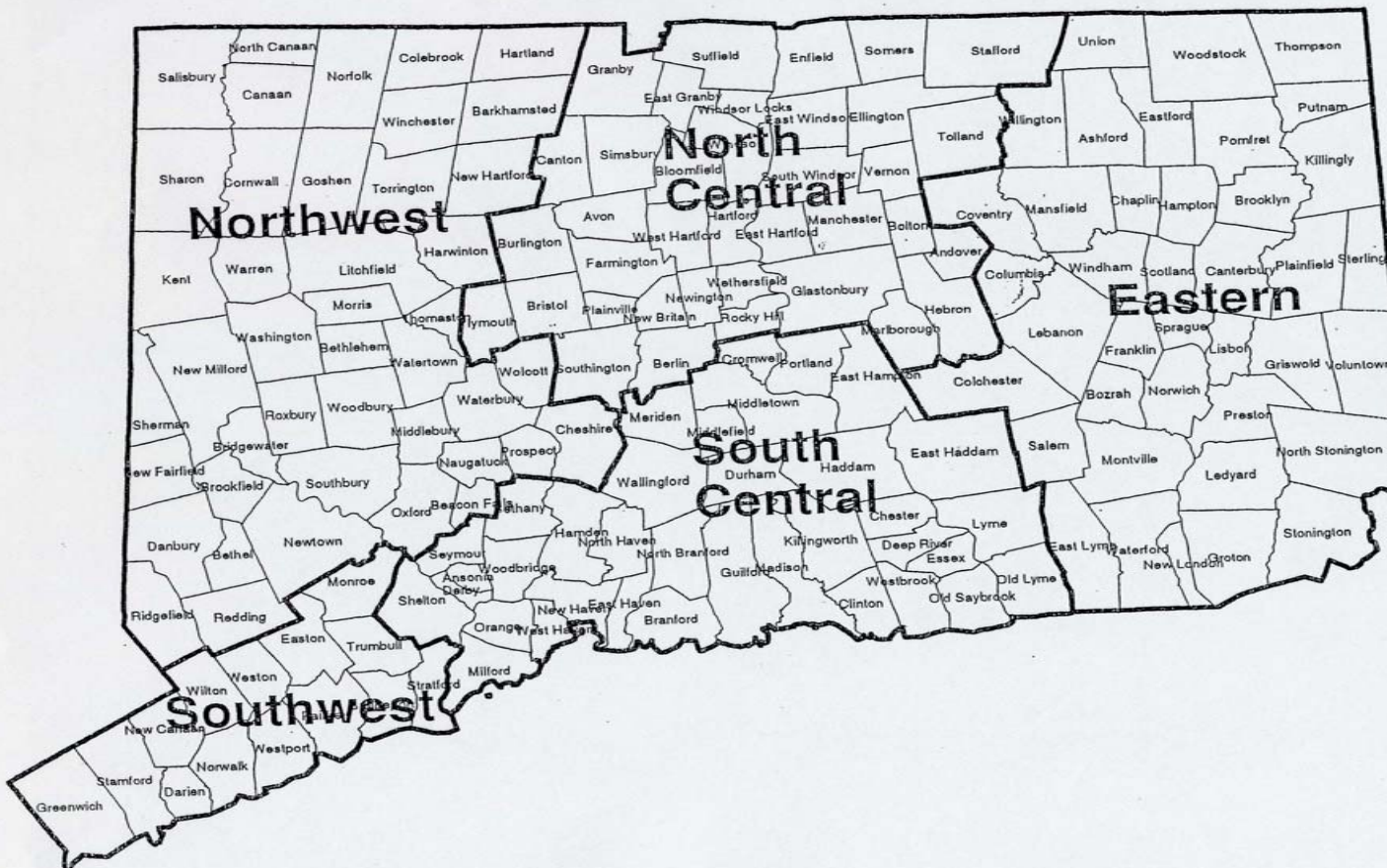
Efforts to Reorganize Human Services Agencies in Connecticut since 1970

Study	Initiator/Purpose	Recommendations Regarding Developmental and Rehabilitative Services Agencies	Outcome
1978 -- Human Services Reorganization Commission	Legislative initiative -- P.A. 77-614 as part of a major reorganization of the executive branch established a commission to prepare a plan for operationally integrating human services.	Recommended the creation of a Human Services Cabinet chaired by the governor, and composed of the secretary of OPM and all human services commissioners. It would be a policy setting and coordinating body staffed by a gubernatorial special assistant and OPM.	The human services cabinet functioned in a limited capacity through the mid-1980s.
1987 -- Commission to Study Human Services	Legislature initiative -- P.A. 85-546 created a commission focused on developing ways to better coordinate services. The legislature was responding to a gubernatorial proposal to establish a cabinet-level administrator responsible for human services.	Recommended creation of a human services cabinet consisting of the commissioners of all human services agencies and chaired by the secretary of OPM. The cabinet would focus on formulating and coordinating policy related to the delivery of services.	Although no legislative action was taken on the recommendations, Governor O'Neill established the cabinet in September 1987.
1991 -- Commission to Study the Management of Government (Thomas Commission)	Governor -- Special Act 89-40. Emphasis was on achieving cost efficiencies within agencies.	No consolidation recommendations made	

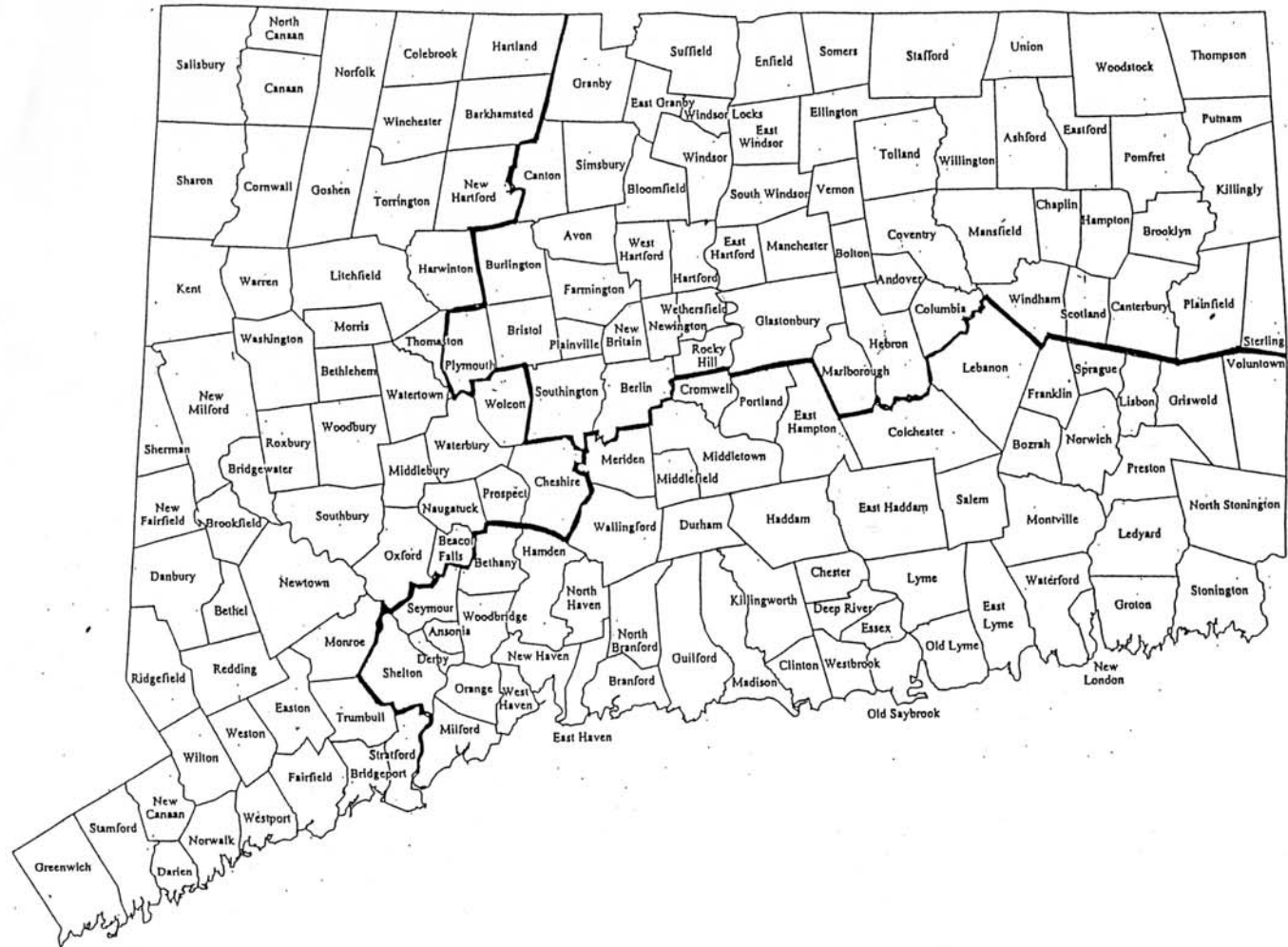
Efforts to Reorganize Human Services Agencies in Connecticut since 1970

Study	Initiator/Purpose	Recommendations Regarding Developmental and Rehabilitative Services Agencies	Outcome
1992 -- Commission to Effect Government Reorganization (Harper-Hull Commission)	Legislative initiative -- (P.A. 91-3, June Special Session). Seen as a follow-up to the Thomas Commission. The emphasis was on saving money through consolidation of agencies rather than cost savings within agencies.	<p>Created a Department of Developmental and Rehabilitative Services (DDRS) by combining:</p> <ul style="list-style-type: none"> • Department of Mental Health; • Department of Mental Retardation; • Board of Education and Services for the Blind; • Commission on Deaf and Hearing Impaired; and • Bureau of Rehabilitative Services <p>The act also created a Department of Social Services (DSS) by combining:</p> <ul style="list-style-type: none"> • Department of Income Maintenance; • Department on Aging; and • Dept. of Human Resources; <p>and a Department of Public Health and Addiction Services (DPHAS) by combining:</p> <ul style="list-style-type: none"> • Department of Health Services; and • Connecticut Alcohol and Drug Abuse Commission. 	<p>P.A. 92-20 set benchmarks for implementing the agency mergers, which were to occur in two phases. OPM was to develop plans for the DSS and DPHAS mergers and submit them to the General Assembly by January 1, 1993. The plan for DDRS was not due until January 1, 1994.</p> <p>P.A. 93-262 moved the DDRS plan submittal date to January 1, 1995. A year later, P.A. 94-3 repealed the establishment of DDRS.</p> <p><i>The DSS and DPHAS merges took place, although the latter was later changed. The DDRS repeal was based on a number of factors. Most important, there was strong opposition to the plan from interest groups. Also, momentum for the proposal was lost in the time elapsed between the recommendation (1992) and the final date for submitting the plan (1995). Coupled with these two factors was a loss of executive and legislative branch members committed to concept of consolidation.</i></p>

APPENDIX E: FIVE HUMAN SERVICES REGIONS USED UNTIL JULY 2003



APPENDIX F: THREE HUMAN SERVICES REGIONS EFFECTIVE JULY 2003



Appendix G

Sample of Standards Used to Establish “Reasonable” Resource Allocation for Administrative/Support Functions

Agency/Entity	Standard	Cite/Source
CT DMR Contractors <i>Median</i> <i>Average</i>	15% of costs 12.95% of costs	Audited Consolidated Operating Reports (ACOR) for FY 01
US Public Schools: Principals and Supervisors to all Instructional Staff	5.3% of positions	2003 Estimates of School Statistics (US Census Bureau 2001-02 Data)
Federal DHHS, Substance Abuse and Mental Health Services Administration (SAMHSA)	State use of funds for administrative expenses limited to 5% of grant amount	Federal Register, December 24, 2002
Selected states	% Administrative Positions	PRI Staff
Colorado	13.5%	
Virginia	10.2%	
Texas	4%	
Delaware	10.7%	
Wisconsin	6.6%	

APPENDIX H

OTHER OPTIONS CONSIDERED BY COMMITTEE

As discussed in the body of the report, the committee considered two alternative options to full consolidation of the agencies under review. These alternatives were not approved, and are presented for informational purposes only in this appendix.

ALTERNATIVE A: MODIFIED MERGER

BACKGROUND

Board of Education and Services for the Blind. BESB was created in 1893 primarily to assist children who were unable to obtain education in the regular public schools due to blindness. Today, most of BESB's role in educational services has been superseded by the state's special education system. But state law still authorizes BESB to provide assistance to school districts for specialized instructional services and material for blind and visually impaired children.

BESB indicates the number of legally blind residents in its registry is about 14,000. The agency served approximately 2,500 clients during FY 03 through: vocational rehabilitation programs; adult services that include independence and mobility assessments; and the purchase of adaptive equipment for clients. BESB's programs, including vocational rehabilitation, are geared only to clients who are blind. The Bureau of Rehabilitation Services' programs serves persons with all disabilities *except* blindness.

BESB is an independent agency but is located within the Department of Social Services for administrative purposes only. As of November 2003, BESB had 79 full-time and four part-time filled positions and eight temporary rehires. The governor appoints the executive director of BESB. Until legislation enacted this past spring, the director needed no special qualifications in order to be appointed.

During the 2003 legislative session -- in response to a number of reports, (including two LPR&IC studies) that BESB's operation and management of programs were deficient -- major proposals affecting BESB's future emerged. The governor's proposed budget included a recommendation to merge BESB's adult and vocational services with DSS, and merge the children's services in the Department of Education. A program review bill (SB 971) proposed a transfer of BESB to DSS if certain actions were not taken and documented by BESB by March 1, 2003. However, because of intense opposition, neither restructuring proposal was adopted; BESB was left intact.⁷

Despite the defeat of BESB reorganization attempts during the 2003 session, critics maintain that BESB has demonstrated over the past few years that it is not capable, on its own, to direct, operate, and oversee its programs effectively. Based on that, choosing this option assumes that an organizational restructuring now, rather than waiting, is prudent.

⁷ Another budget cut that eliminated the BESB industries program was sustained during the legislative session.

Commission on the Deaf and Hearing Impaired. There are approximately 204,000 deaf and hearing-impaired persons living in Connecticut; about 25,000 are profoundly deaf. The Commission on the Deaf and Hearing Impaired was created in 1973 to provide counseling, informational and referral, and advocacy for deaf and hearing-impaired persons in the state.

Over the years, the duties assigned to the commission have expanded. Most notably, in 1998, the commission was legislatively mandated to maintain a registry of interpreters for the deaf -- who are required to be certified or possess similar credentials -- and issue identification cards to those approved for the registry. Further, CDHI was mandated to administer the interpretive services program. Businesses, government, and other entities arrange for interpretive services through CDHI, which assigns one or more interpreters and bills the user for the services.

The support and administrative services needed to operate these programs have also expanded. The registry maintenance, scheduling, and billing for interpretive services alone are administratively demanding. Further, CDHI has not been able to fulfill at least one of its mandated reporting requirements (C.G.S. Sec 46a-32). Yet, administrative staff assigned to the commission has dwindled. Expanding the administrative staff in the current economic climate is not a good solution. The recommendation below outlines a more reasonable alternative.

FINDINGS

- *Numerous studies have found that BESB is not a well-managed agency, and that improvements need to be demonstrated or the agency should be organizationally restructured.*
- *Services provided to blind and visually impaired clients are isolated from programs offered to other disabled clients.*
- *About half the states do not separate the vocational rehabilitation services for the blind from the overall state program.*
- *Some minor savings could result from an organizational restructuring as proposed.*
- *The Commission on the Deaf and Hearing Impaired does not have the resources to continue to perform its administrative functions as an independent agency.*
- *Services to deaf and hearing-impaired clients would be improved if CDHI were merged into a larger agency.*

RECOMMENDATION

To address these issues, program review staff proposes the following:

Merger

- Merge the BESB Vocational Rehabilitation Program with the Bureau of Rehabilitation Services within DSS.
- Merge the BESB children's services program into the Bureau of Special Education and Pupil Services within the state Department of Education.
- Merge the BESB adult services program into the Department of Social Services as a Division for Services to Blind and Visually Impaired.
- Merge the Commission on the Deaf and Hearing Impaired into the Department of Social Services as a Division for Services to Deaf and Hearing Impaired:
- Require each of the new divisions in DSS to be headed by a division director. Those positions would be classified, managerial positions.
- Transfer the resources currently allocated to the programs to the new organizational locations.
- Modify Chapters 174 and 814a of the Connecticut General Statutes to reflect the above restructuring.
- The Department of Social Services and the Department of Administrative Services shall, by July 1, 2005, examine and modify any job descriptions of employees to reflect the duties and responsibilities of those positions transferred to the Department of Social Services, and remove obsolete or inappropriate duties.
- Incorporate the staff of CDHI and BESB into DSS facilities as appropriate, with a focus on serving clients throughout the state.

Steering Committee

- Establish a steering committee to oversee reorganization implementation. The steering committee shall be composed of one employee from each program being merged and each program or agency receiving the merger, and one client or advocate from each of those programs or agencies. The Secretary of the Office of Policy and Management shall appoint the members of the steering committee.

Effective Dates

- Reorganization shall be effective July 1, 2004, and implementation of the restructuring completed by October 1, 2004, for the CDHI transfer and January 1, 2005, for the BESB transfer.

RATIONALE

Both BESB and CDHI are too small to adequately deliver and oversee services as independent agencies. Managerial and administrative functions consume too much of each agency's time and resources. Further, small agencies often staff lack the experience to perform complicated administrative functions, like monitoring large contracts, which are commonplace in bigger departments. These drawbacks detract from delivering services to clients.

In making both division directors managerial classified positions, job descriptions would have to be developed that outlined the necessary skills, knowledge and experience required. This would help address the problem that the current appointed BESB director position requires no relevant experience, and the 2003 legislation regarding the position calls for only general qualifications.

This recommendation is almost identical to the one that was proposed in the governor's budget this past legislative session. It met with great opposition from BESB as well as blind and visually impaired clients and their advocates, and ultimately the proposal failed. However, other mergers of smaller agencies – e.g., combining state entities for the arts, tourism, film, and the historical commission, or amalgamating agriculture and consumer protection agencies -- were enacted.

Reaction to this merger recommendation is likely to be mixed. BESB agency personnel and advocates for blind and visually impaired will almost surely continue to be opposed. The Department of Education indicates it is not directly opposed to accepting the transfer of BESB's children's services, but questions whether the program fits with the department's mission of overseeing educational services, but not directly providing them. In addition, the department states it would need assurances that all resources currently assigned to BESB children's services would be transferred as well. (As of June 2003, there were 18 BESB educational consultants and two office assistants.)

This option would result in some minor savings in the future. For example, replacing executive director positions at BESB and CDHI with directors of divisions within DSS; and having only one rehabilitation services director within DSS -- currently both BESB and BRS employ directors of their rehabilitation programs -- would reduce personnel costs. Committee staff recognizes the savings are limited because the current executive directors' salaries could probably not be reduced, so savings would come only when persons in those current positions vacated them. Further, the CDHI executive director position is currently classified as managerial. There would probably not be a reduction in class or salary level at the DSS division director level.

Savings could also be achieved by reducing leased space, but that also would be in the future. A logical transfer of staff might be from the BRS Hartford-area vocational programs' rented space to the building currently occupied by BESB. However, leases for these spaces do not expire until 2007 and 2008, respectively.

ALTERNATIVE B: LIMITED MERGER WITH OTHER PROPOSALS TO ACHIEVE ADMINISTRATIVE EFFICIENCY

This option involves a small-scale merger of the Commission on the Deaf and Hearing Impaired (CDHI) into the Department of Social Services as outlined in the prior proposal, and a delay of any BESB program merger until at least 2005. It also calls for improving administrative efficiency, avoiding duplication, and increasing accountability through a series of proposals to centralize or coordinate functions without a large-scale merger of agencies. The three parts of the recommendation are outlined below.

1) MERGE CDHI INTO DSS

The Commission on the Deaf and Hearing Impaired and its staff recognize they no longer have the staffing and funding needed to carry out its functions as an independent agency. The commission has only one staff person to perform all fiscal and payroll functions. It has called upon DSS for assistance and has been provided some staff help part time, but it is not enough.

CDHI, along with all state agencies, is also converting to Core-CT, the new, uniform automated system for all its business practices. Even though this is a small agency with only a few employees, all the administrative functions must be converted but still be performed timely. With the limited administrative staff and the pressures of the new system, CDHI believes administrative capacity is now negatively impacting services.

The CDHI and its staff have indicated they could support a move to a larger agency if services to its clients were kept intact (a categorical restructuring). Committee staff concludes this type of merger would be the least disruptive and would respect the deaf culture as distinct, requiring separate services. The administrative supports that CDHI needs would be provided by DSS. Therefore, CDHI's statutory authority for budgeting, contracting, and hiring staff and consultants would be transferred to DSS.

CDHI believes services to deaf clients could be improved if its staff could be located at some of its branch offices at least a couple of days a week. The Bureau of Rehabilitation Services, which is located in DSS, already provides vocational rehabilitation services to deaf clients who meet the severity of disability criteria. BRS served 484 deaf or hearing-impaired clients in some capacity during FFY 03. The merger of CDHI within DSS could improve delivery of services to deaf clients needing assistance from BRS and CDHI, or other DSS-operated programs like Medicaid, Supplemental Security Insurance or Social Security Disability Insurance.

There would be some minor cost savings because CDHI would no longer need its leased space, which is located in West Hartford. The lease for that space currently costs about \$66,000 annually, and the lease expires October 31, 2004. Based on discussions with DPW leasing staff, committee staff believes there is space available in the building where the DSS central office is located. Committee staff concludes that future cost savings will result by not refilling the CDHI positions lost to layoffs and early retirements.

Finally, program review staff also believes that, if the commission were no longer a separate agency, its statutory reporting requirement to the Governor and the General Assembly should be eliminated. The new division could combine its Administrative Digest report with the DSS report. However, committee staff believes the website already established at the commission should be continued, preferably as a stand-alone site (not on DSS' website) where the deaf and hearing-impaired community could locate and access it more easily.

RECOMMENDATION

Merge the Commission on the Deaf and Hearing Impaired into the Department of Social Services as proposed in previous option.

2) DELAY ACTION REGARDING BOARD OF EDUCATION AND SERVICES FOR THE BLIND

As discussed earlier under option two, recent attempts to restructure BESB were unsuccessful. However, two other major pieces of legislation impacting BESB were passed during the 2003 session. First, P.A. 03-217 requires that, in the future, the person the governor appoints as the executive director of BESB meet specific statutory requirements and that the appointment be subjected to the legislative approval process.

Further, the act establishes a 14-member monitoring council to work with BESB on establishing agency benchmarks. The act further requires the council to issue a report to the legislature by February 1, 2004, that assesses BESB's progress in meeting the benchmarks and includes proposals for organizational changes at BESB. If management and program deficiencies are not corrected, the act states that BESB's deficient programs and related funding could be transferred to another agency.

As of the end of November 2003, the council had not been fully appointed and no meeting had been held. At the same time, BESB indicates it has developed an internal reorganization plan, but was unable to provide a copy of the plan to committee staff for this report.

Another act, P.A. 03-219, leaves children's services within BESB, (rather than transferring the services to another state agency or having the towns provide them) but requires BESB to establish a priority system to use when the agency supplies and pays for educational services to blind or visually impaired children.

In light of all the time and effort spent by agencies, legislators, and staff this past session to arrive at a workable solution to correct BESB deficiencies, it would not be prudent or responsible to make recommendations that contradict those remedies now. Instead, BESB and the monitoring council should develop the benchmarks as required and BESB should be allowed some time to demonstrate it is able to meet them. If it cannot, then the legislation requires the deficient BESB programs to be transferred.

It is unlikely the February 2004 deadline for the monitoring council's progress report can be met, given that the council members have not yet held a meeting. Thus, program review staff recommends that reporting deadline be changed to January 1, 2005.

Authorizing a delay before any restructuring of BESB would also permit BESB more time to implement its priority system for children's services. Further, it establishes a reasonable period to conduct initial assessments on both pieces of 2003 legislation through the program

review committee compliance process. At the same time, the evaluation components with deadlines should avoid perpetual delay in taking difficult actions, like restructuring.

RECOMMENDATION

Given the legislative actions already taken regarding BESB, committee staff recommends the following:

- **BESB be allowed a period of time to implement Public Acts 03-217 and 03-219;**
- **Modify the time period in Public Act 03-217 to January 1, 2005;**
- **Modify P.A. 03-219 to add an evaluation component that would be conducted by the program review committee by January 1, 2007; and**
- **Until January 1, 2007, program review staff shall conduct compliance reviews and report to the committee annually on continuing progress in achieving the provisions of P.A. 03-217 and 03-219.**

3) EMPLOY OTHER SOLUTIONS TO ACHIEVE ADMINISTRATIVE EFFICIENCIES

Committee staff found efficiencies in several administrative functions are possible without agency consolidations. In some areas, these proposals build on efforts that are already underway -- e.g., collaborative contracting; and the Core-CT project that establishes a uniform, automated system for state agencies' business practices. In other areas, recommendations are adaptations of what is offered as "best practice" in the general literature on effective organizations, or in other states. Staff proposals in the areas of revenue maximization, contracting, limiting agency growth, case management and working groups are discussed separately below.

Revenue Maximization

FINDING

Connecticut does not compare well with other states in enhancing state funds with other revenues.

Connecticut state agencies do not appear to have been as successful as other states in garnering federal monies. As indicated in a recent Federal Funds Information for States⁸ (FFIS) report:

- Connecticut ranked 6th from the bottom in terms of the percent of all state expenditures that are paid for with federal funds (17.8%);

⁸ FFIS is a service provided to the National Governors' Association and National Conference of State Legislatures that tracks and reports on the fiscal impact of federal funding on the states.

- Connecticut ranks 3rd highest for percentage of state expenditures paid for by the General Fund (64%); and
- Connecticut ranks 2nd highest in percent of expenditures that come from bond funds (6%) and 6th highest in the portion of “other” state funding expended (11.6%).

More specifically, Connecticut’s Department of Mental Retardation operates or contracts for a number of community programs for its clients, as do other states. However, a higher percentage of the costs of operating these programs in Connecticut comes from state revenues than in any other state except Delaware, as shown in Table H-3.

There are a number of reasons that Connecticut does not compare well with other states in maximizing revenues. First, Connecticut is a relatively wealthy state. This influences the amount of federal assistance Connecticut receives, as federal fund allocation is often based on need.

Second, one of the largest sources of federal revenue in Connecticut, as in most states, is Medicaid. Some of the program’s services are required by the federal government, and must be included in each state’s Medicaid plan, while other services are optional. While offering optional services that are currently not provided in Connecticut might ultimately bring in additional federal revenue, it would require an increase in state expenditures first. At the same time, it is often difficult to predict future usage of an optional service. If the predictions are underestimated, even greater state spending is required.

Third, pursuing state funds is largely left up to each individual department or agency to implement. Therefore, it is difficult to determine whether opportunities for revenue enhancement are missed, and if so, what amount that might be. In some agencies there is a lack of staff or expertise to perform this function, while in others there appears to be a lack of initiative to do so. In interviews with committee staff, agency personnel have indicated some aspects of the state budget process (e.g., all revenue enhancements going to the General Fund) do not offer incentives for individual state agencies or contracted service providers under to make the effort to seek additional federal funding. The state’s spending cap is sometimes cited as a disincentive to pursuing federal monies that require matching state funds. (This issue is explored in greater detail in a concurrent committee study of Connecticut’s budget process.)

Agencies also indicate revenue maximization is a lower staff priority now, after layoffs and early retirements. In other cases, like the Board of Education and Services for the Blind and the Commission on the Deaf and Hearing Impaired, agencies never had the staffing capacity to enhance their state revenues.

Another disincentive to pursuing federal revenues is that often there are “maintenance of effort” requirements attached with federal programs. These requirements typically mandate that a state spend at least as much of its own revenues as it did the prior year, preventing a state from “replacing” local funds with federal monies.

However, without one centralized authority for identifying potential sources for revenues and demanding accountability for pursuing them, it is difficult to know whether these are

legitimate reasons for not seeking additional sources of revenue or agencies rationalizing their lack of effort.

RECOMMENDATION

There shall be a single point of contact (SPOC) for revenue maximization in the Office of Policy and Management. The Office of Policy and Management shall develop a Request for Proposals (RFP) to maximize revenue for the agencies included under this review. Program review staff recommends that the contracted services begin with the Department of Mental Retardation, the Department of Mental Health and the Board of Education and Services for the Blind. Further, program review staff recommends that the RFP be written so that reimbursement to the contractor is based on a percentage of new revenue obtained and also considers the state's ability to expend it. Further, the RFP should be developed in segments so that more than one vendor could be selected.

The Office of Policy and Management may designate that agencies continue to pursue revenues they have sought in the past, but OPM shall serve as the clearinghouse, with each agency required to notify OPM of revenues it is seeking.

RATIONALE

Program review staff believes there should be only one location in state government where decisions regarding maximizing revenues are made and that it should be in the lead planning and policy agency for the state. While it is not a federal requirement that states have a single point of contact in order to apply for or receive federal funds, more than half the states do. It should be much easier to manage the identification of all grant and revenue sources from a single office than to have the authority scattered among individual agencies. Further, OPM should be the single point of contact agency because decisions on commitment of future state resources should be made by the executive budget and planning agency. A single point of contact for federal (and other) revenues also makes it easier to track all sources of monies for state budgeting purposes.

Further, hiring outside contractors makes sense for several reasons. There is an incentive for outside contractors to be successful – their financial compensation depends on it. Second, outside agencies have the expertise and capacity to work on the revenue development piece alone, while state agencies have other fiscal and budget functions to perform. Finally, using contracted vendors lessens the need to add state resources and personnel to this area.

There are organizations that could perform these functions. Maximus, a for-profit private consulting firm already has a contract with DSS to perform some revenue enhancement function with some of its programs. The Community Renewal Team (CRT) of Hartford, a non-profit, community action agency, also has a track record of internal success in maximizing revenues, and has familiarity with human services programs, operating a number of programs under contract with DSS and the Workforce Development Boards' one-stop centers. Both organizations are interested in doing this type of work.

Contracting

FINDING

Contracting in the agencies under review is fragmented, duplicative among and even within the agencies, and typically does not adequately measure results.

Agencies have historically developed and issued their own contracts, using different formats, and requiring different reports from vendor agencies. In addition, some agencies, like DMR, contract at the regional level, further duplicating the contracting function. A number of recommendations from the Harper-Hull Commission focused on standardizing and increasing uniformity in the purchase of service (largely human services) and were enacted in legislation (P.A. 92-123). The act designated the Office of Policy and Management to oversee this Purchase of Service (POS) Project. The project was given significant attention in the early to mid-1990s, but had not been a priority for several years.

In the early years, the POS project developed a standard three-part contract. However, the variation among the agency-specific (2nd part) and program-specific components (3rd part) of the contract continues to be considerable.

Private non-profit agencies and other vendors complain these contract variations, multiplied by the number of contracts issued by different agencies, are burdensome. The private agencies have attempted unsuccessfully to have legislation passed requiring: 1) a POS advisory group; 2) a contract compliance unit within OPM to establish greater uniformity among contracts; and 3) contracts of at least a two-year duration.

While no legislation passed, there has been renewed attention by the Office of Policy and Management on the issues around Purchase of Service. Recently, a working group was established under the auspices of OPM and is made up of representatives of contracting state agencies and private non-profit human service agencies. The group recently developed a uniform application of the federal HIPAA⁹ standards in POS contracts. It appears to program review staff that the POS working group is also targeting similar goals as those outlined in the legislation.

RECOMMENDATION

To avoid duplication in contracting, enhance contract coordination and accountability, and ease the burden on private providers on contract, the following actions regarding contracting are proposed:

All development of human service contracts, issuance of contracts, operational report submissions, and contract renewals should be centralized at the agency level, and should not be a regional function.

⁹ Federal Health Insurance Portability and Accountability Act, which ensures privacy of an individual's medical records.

Where appropriate, the agencies included under this review engage in collaborative contracting, using memoranda of agreement to outline each agency's responsibilities, contract expectations, how the outcomes will be measured, and by whom.

The Purchase of Service Project should continue under the direction of the Office of Policy and Management, with representatives of the state agencies and private contracting agencies on the POS working group.

RATIONALE

This recommendation will ensure that single contracts are issued from each agency's central office, and not from each region, and will centralize the business and administrative aspects of the contracting process. Implied with this recommendation is that none of these agencies should have regional budgets, but that budgeting should be done centrally. The timing for this is opportune, since human services regions have recently been reduced from five to three.

Program review staff believes that while uniformity and standardization of contracting are important, they should not risk the flexibility of the contracting agency. Committee staff believes to require a uniform contract provisions in statute might not always be practical or even possible. Further, staff recognizes that the way agencies contract for services is evolving, and does not want to thwart those efforts by recommending a single contracting unit or process.

For example, the Bureau of Rehabilitation, responding to federal mandates that client choice in program selection be a primary factor, prequalifies vendors. BRS then determines the components of the client's program and the costs, but the client selects the provider. The Department of Mental Retardation is moving towards this individualized support system with its clients. The department expects in the future there will be fewer contracts between the agency and providers, and may make the current contracting process obsolete. Therefore program review believes legislative recommendations targeted at a purchase of service process under significant change would be premature.

However, committee staff does believe that, where multiple agencies are contracting for the same or similar services from a private agency, coordinated or collaborative contracting should be used. For example, DMHAS and the Department of Children and Families have statutorily designed a collaborative contracting effort. "Project Safe" (C.G.S. Sec. 17a-453c), as the joint project is known, outlines formal responsibilities for delivering services to families identified as having mental health or substance abuse issues. Other initiatives at collaborative contracting have been the result of grant requirements, or spearheaded by the agencies themselves, usually on an ad hoc basis for a specific purpose.

Another major effort at collaboration is the Connecticut Behavioral Health Partnership, which is a joint venture of DCF, DMHAS, and DSS. The aim is to reduce overlapping administrative activities, establish a common data collection mechanism, and create a single point of access for a number of behavioral health programs. The partnership is planning to develop level of care guidelines, inter-agency protocols for financial management, rate-setting, provider training and certification, and other program elements requiring standardization.

Finally, as committee staff discussed above, there has been a recent reinvigoration of the Purchase of Service Project under OPM. The POS working group has established objectives to accomplish over the next year. Thus, program review staff believes attempts are being made to establish greater uniformity and streamlining in contracting, and additional legislative mandates will not expedite this process.

Limiting Agency Growth

FINDING

There are not sufficient incentives in place for agencies to keep their administrative structures lean.

As indicated in the briefing material, during FY 03 Connecticut reduced state government by almost 8,000 employees through layoffs and early retirements. Although some positions have been refilled, all the agencies under review incurred net staff reductions from 2002 levels as a result of both cost-cutting actions, as shown in Table H-1.

Program review staff indicated in the briefing that if consolidation were to occur, further reductions of administrative personnel could be achieved at a savings of about \$8.5 million. While cost savings in administrative areas are unlikely without consolidation, measures can be taken to avoid future increases in this area.

Table H-1. Impact of Personnel Reductions on Selected Agencies December 2002–October 2003			
Agency	Pre-December 2002 <i>Person-Count</i>	June 30, 2003 <i>Person-Count</i>	October 30, 2003 <i>Person-Count</i>
Department of Mental Retardation	5,920	5,239	5,227
Department of Mental Health	4,184	3,379	3,601
Bureau of Education and Services for the Blind	102	86	91
Bureau of Rehabilitation Services	279	227	236
Commission on the Deaf and Hearing Impaired	16	12	12
Source: Agency Personnel Status Reports			

Current agency efforts. The state agencies under review have all indicated their administrative staffs are spread thin. They are reorganizing and restructuring internally to deal with the staffing reductions. Examples of recent measures taken are:

- The Department of Mental Health and Addiction Services is centralizing its purchasing and payroll functions, which had been performed at each DMHAS institution.
- The Office of Policy and Management has hired a private consultant to examine all state purchasing and make recommendations for reducing costs.
- The Bureau of Rehabilitation Services is combining the two Assistant Director positions into one (the two former assistant directors are employed at BRS as temporary rehires until the end of 2003).
- DMR is examining its administrative functioning as well as space and leasing needs due to the reduction of five human services regions to three.
- The threshold for attorney general review of contracts was recently raised from \$3,000 to \$15,000.

Enhanced effort needed. The measures that agencies have undertaken to date demonstrate a concerted effort to operate more efficiently and cost effectively, but that is because the state's current fiscal situation demands it. The key question is whether these efforts will be sustained as the state's economy improves.

Historically, Connecticut state government employment has grown during good economic conditions. As was pointed out in the briefing report, between FY 92 and FY 02 the number of Connecticut state employees grew by almost 4,500, a 9.1 percent increase. During the same period, the federal government reduced its civilian employment by 11.4 percent.

Experts in organizational restructuring indicate that many businesses and public sector agencies engage in cost reduction efforts – like layoffs and early retirements – when fiscal conditions are tight. Far fewer organizations, however, take the necessary steps to keep costs from creeping back up when revenues improve. The literature on effective organizations indicates that successful ongoing cost reduction requires:

planning;
pruning;
communication; and
compensation.¹⁰

Committee staff believes that implementation of these practices at the agency level and intense oversight by the Office of Policy and Management and the legislature to ensure implementation should provide a framework of restraint on growth in positions and spending in state agencies.

¹⁰ "Is There Life After Downsizing"? authored by James K. Hickel, from the Cost-Effective Organization Web Site.

RECOMMENDATION

Committee staff believes the tools listed above can be employed at the agency level without a statutory change or mandate, but recommends the following administrative actions be implemented:

- **Each division director in the agencies under review should develop an internal plan for carrying out administrative functions without increasing staff or costs. Plans should be submitted to the commissioner or director of each agency.**
- **Agencies should reexamine all activities, with a focus on eliminating all unnecessary or duplicative work. If there are statutory requirements for a report or activity the department believes is no longer necessary or is obsolete, the department should work to have it repealed from statute.**
- **Agency leadership – commissioners and deputy commissioners – should continually communicate the need for cost control and exercising efficiency in performing all administrative functions.**
- **The administrative efficiencies and cost controls put in place in each division director’s plan should be evaluated as part of the Performance Assessment and Recognition System (PARS) and merit pay be at least partially based on the results.**

RATIONALE

Departments themselves are often in the best position to identify ways to work smarter, and in general, agencies are often more willing to implement practices their own staff propose rather than those recommended by consultants or other outside reviewers. Further, agency managers, as part of their management duties should be responsible for determining best administrative practices in their area and ensuring they are incorporated into day-to-day operations.

In addition to identifying “best practices”, agency managers must be able to identify unnecessary work, or better ways of performing work, like paying bills, or monitoring contracts. For example, many legislative and other reporting requirements came about prior to agency websites, electronic reporting and other uses of technology, making paper reporting archaic. Further, legislative needs for information change; what was important 10 years ago may not be a decade later. The process for getting and receiving information should be more dynamic, and preferably addressed through legislative committees and subcommittees rather than statutory or regulatory reporting.

Committee staff believes, however, that unless agency managers are held internally accountable for the results in practicing cost control, commitment and support will only be lukewarm. Therefore, ensuring that cost control and administrative efficiency measures are part of a manager's performance assessment and tied to his/her merit compensation is imperative.

Monitoring Administrative Performance

FINDING

No measures or evaluation process are in place to determine whether agencies are performing administrative functions in the most efficient and cost-effective way.

Agencies have historically not had to account for how they perform their administrative functions, or how much of the agencies' resources it takes to perform them. For budget reporting purposes, agencies typically designate certain functions and resources as administrative, managerial and/or support. However, what is included in this category varies from department to department, and is not compared against any objective measure to determine whether the resources expended are appropriate or not.

Committee staff concludes state agencies need to be more accountable in terms of what it costs to perform administrative functions such as purchasing, budgeting, payroll, information technology, and contracting, and whether the functions are being performed well. Without these type of data on state agency operations, policymakers are compromised when it comes to making decisions on restructuring government and agency managers can't identify where improvements are needed.

Connecticut has statutes currently in place mandating a performance measurement program. However, as discussed in the committee's 1999 report on *Performance Measurement*, legislative intent has not produced a functioning system to measure state government performance. At that time, the committee found an absence of commitment and direction from the executive branch and lack of effort on the part of the legislature to identify wayward state agencies and hold them accountable. The committee's current study on *Connecticut's Budget Process* finds that little has changed, and reiterated the committee's 1999 recommendation for the development of a comprehensive performance measurement system with a starting date of 2006. That *Budget Process* report recommendation also calls for OPM to pilot the system in the workforce development program beginning in 2005.

Committee staff also makes the following recommendation for a pilot program under OPM's direction. It is entirely possible that the more comprehensive performance measurement system will not be able to be implemented due to a lack of resources, therefore a more limited one, as recommended below, might be more easily conducted. Further, even if that system is fully implemented, committee staff believes it will first focus on an agency's programmatic performance, and not how well or efficiently it is administered.

RECOMMENDATION

The Office of Policy and Management shall establish a five-year pilot program to categorize and measure the performance of administrative functions by those state agencies or programs under review – DMR; DMHAS; BESB; BRS; and CDHI. The pilot program shall begin on July 1, 2005, and shall terminate on July 1, 2010 unless reauthorized. The program shall require:

- OPM and the agencies under review to develop uniform categories of administrative functions;**
- Each state agency under review to report on the staffing and financial resources expended on those categories to OPM and the Appropriations subcommittees with jurisdiction;**
- OPM and the state agencies under review to establish a limited number (no more than 10) of performance measures related to administrative functions;**
- Each state agency under review to report on the administrative performance measures selected to OPM and the Appropriations subcommittees with jurisdiction; and**
- OPM and the relevant Appropriations subcommittees to assess the overall results to evaluate whether the performance measurement pilot program provides information needed to make financial and policy decisions, and whether it improves administrative efficiency in these agencies.**

RATIONALE

Internal state agency accountability is crucial. But, by itself, it is not enough to guarantee results or to limit agencies' natural tendency to grow when the state's fiscal situation improves. Oversight by a central, external authority is necessary to ensure agencies exercise cost control measures and follow administrative best practices.

This recommendation calls for a limited pilot program encompassing only the few agencies in this study. The proposal would require an assessment of: 1) the resources the agencies dedicate to administrative functions; and 2) how well the agencies are performing a few of those major administrative functions. Committee staff believes this limited approach is achievable within available appropriations and with current staff.

Committee staff understands that when Core-CT becomes fully operational, categorizing resources and agency functions will become much easier; thus additional staff should not be needed to carry out the recommendation. Further, when Core-CT is implemented, it will have the capability to readily produce information on the state's business practices like payroll, contracts, workforce data, and accounts payable and receivable. Therefore, administrative and

support functions appear to be a logical focus for a limited pilot performance measurement system.

Further, committee staff believes that agencies should be called on to prove they are operating as efficiently and effectively as possible. Agency and advocate resistance to consolidation, mergers, or other alternatives to “business as usual” cannot continue to be the only basis for maintaining organizational status quo. Data must be collected to indicate that agencies are using their administrative resources in the best possible way and departments should be required to present such data when requesting positions or funding from OPM and the legislature.

As indicated in the recommendation, the performance measures selected do not have to be exhaustive. For example, Florida’s legislative Office of Program Policy Analysis and Government Accountability (OPPAGA) recommended in 2000 that administrative functions be added to that state’s full performance measurement system. Florida’s five health and human service agencies are establishing measures to assess the effectiveness and efficiency of their administrative services. Such measures include: timeliness of processing invoice payments; and timeliness of processing purchase requisition. Other measures might be time and costs to develop and issue a contract, hire a person, or settle a personnel grievance.

Program review staff believes the value of a pilot program as recommended could go beyond just the agencies under review. For example, another anticipated benefit to this limited performance measurement system would be to more easily identify where administrative snags occur that delay outcomes or add costs so they can either be corrected or eliminated. Finally, the proposal offers a sunset clause so the results of the pilot program can be evaluated and policymakers can decide whether or not the program should be reauthorized. If so, it could be expanded to other agencies and functions.

Case Management

FINDING

Case management is separated among the different human services agencies under review, and communication among the departments, either by staff or via computer systems, is spotty and informal.

Each of the agencies under review has historically served clients with a particular or predominant disability. The one exception is BRS, where clients with varied disabilities are served. Case management has been viewed and exercised differently depending on the agency and clients served.

For example, vocational rehabilitation counselors have typically functioned as consultants, working with clients to develop an employment plan, including acquiring services or equipment that will help the client obtain and keep employment, and only sometimes actually providing the rehabilitation services. On the other hand, case managers in the Department of Mental Retardation operate on a continuum -- depending on the client’s level of mental

retardation and other factors – from developing service plans, to monitoring or brokering services.

The case management framework within the Department of Mental Health and Addiction Services is an active treatment model, where case managers provide services. While the degree of case manager involvement depends on a client's needs, a primary concern is to ensure the client receives treatment so he/she does not have a recurring episode. In recent discussions with DMHAS staff, committee staff believes DMHAS is working toward a brokerage approach to case management, recognizing that other services in addition to treatment may be necessary to prevent a client from decompensating.

There are a number of problems with case management being provided separately and with little communication among agencies.

- The Department of Social Services is the lead agency for persons with disabilities; however the statutory responsibilities that have been assigned because of that designation have not been carried out by DSS. Thus, each agency that serves clients with disabilities is doing so in relative isolation from each other.
- Agencies have little or no information on what other agencies may also be serving a client.
- Clients served by one agency may not be getting the full array of services for which he/she is eligible, or might find beneficial.
- Because of the case management model being used by a particular agency, a client's independence or treatment may be compromised.
- There may be reimbursement opportunities, through federal revenues, private grants, or individual billing, that are being missed, because of clients being slotted into one agency or another.
- Any communication among case managers in the separate agencies appears to be individually initiated and varies among programs and regions of the state.

RECOMMENDATION

To address these issues, committee staff recommends the following:

A lead case manager approach should be developed by the agencies under review through a memorandum of agreement. The agreement between agencies would designate the agency having primary responsibility for a client (e.g., client with mental retardation – DMR) would provide the lead case manager. The memorandum of agreement should provide a framework for the functions to be carried out by the lead agency and case manager. However, the lead case manager should, at a minimum, be responsible for contacting the

other agencies serving disabled clients, enlisting benefits or services for the client, and tracking client services in the lead agency's case management system.

RATIONALE

The recommendation would not require a formal consolidation of agencies; thus, no cultural readjustment by clients or the agencies would have to be made. The proposal would allow disabled clients to continue to obtain or seek services from the agency serving their primary disability, a concern expressed repeatedly at the committee's public hearing.

The recommendation indicates the onus would continue to be on the appropriate lead agency (and the lead case manager) to seek out and broker the services needed by the client. This will better ensure the client with multiple disabilities is receiving all the services he/she needs. The lead case manager would be responsible for ensuring information on all client services and benefits, no matter which agency is providing them, is included on the agency's database. Committee staff anticipates this approach would also have benefits beyond services to the client and could be a first-step in a cross-agency client database.

Better Use of Working Groups

FINDING

Statutory groups established regarding the delivery of services to persons with disabilities have not been operating well.

Since 1988, the Department of Social Services has been statutorily designated as the lead state agency to serve persons with physical and mental disabilities. The statutes also require the commissioner of DSS to establish a Council for Persons with Disabilities to advise the department on the delivery of services to disabled clients.⁵ The 17-member council, a majority of whose members are persons with disabilities, is required to meet quarterly.

However, the council currently has only 11 members and has not met formally in over six months. Council members believe that DSS has not made the council a department priority, not allocated the appropriate staff resources, and not actively sought the input of the council.

The department proposes to broaden the scope of council membership and indicates it intends to fill the vacancies on the council with persons with disabilities who are served by agencies other than DSS. However, the department is waiting until vacant key staff positions (e.g., Bureau of Rehabilitation Services Director) are filled before the council appointments are made.

⁵ C.G.S. Sec. 17b-606(b) requires the council and C.G.S. Sec. 17b-606(c) establishes the Interagency Management Committee

The 1988 legislation also established in statute an Interagency Management Committee comprised of the commissioners, or their designees, of agencies serving persons with disabilities. The statutes require the group to meet monthly to review and evaluate services and to develop a policy under which state agencies may contract with each other to deliver services to persons with disabilities. The commissioner of social services is required to convene the first meeting of the group. The committee was not formed and has never met. However, with the attention this study has brought to the need for better coordination among agencies serving clients with disabilities, activating the interagency committee is one step to achieving that coordination.

Committee staff concludes that even with an active interagency committee, its functional scope is too narrow. The committee should be statutorily authorized to develop interagency policy when its evaluation and review of services indicates a need for a new or modified policy. Of course, if the policy required a change in the statutes or regulations, those processes would have to be followed.

RECOMMENDATION

In order to improve the operations of, and consultation with, groups related to serving persons with disabilities, program review staff recommends the following:

- **The commissioner of social services should make the appointments to fill vacancies on the Connecticut Council for Persons with Disabilities by April 1, 2004. The department should assign appropriate staff to meet with the council and obtain the council's advice. The council should meet by July 1, 2004.**
- **By April 1, 2004, each commissioner of each state agency serving persons with disabilities should inform the commissioner of social services of his/her representative to the Interagency Management Committee. The commissioner of social services shall convene the committee by July 1, 2004, and at least annually the committee shall consult with the Connecticut Council for Persons with Disabilities on the delivery of services.**
- **Modify C.G.S. Section 17b-606(c) to expand the committee's authority to develop or modify policy beyond contracting. The committee shall meet at least quarterly and establish its own rules, including what is an approved action of the committee.**

RATIONALE

If consolidation of agencies serving persons with disabilities does not occur, other opportunities must be pursued to ensure that services to persons with disabilities are not fragmented, but are coordinated and delivered efficiently and effectively. Committee staff believes the recommendations above will enhance services by raising the level of input from disabled clients, activating the group representing agencies providing those services, and expanding the group's authority.

It is critical that agencies serving persons with disabilities consult their clients about gaps and deficiencies in services. It is also imperative that agencies serving clients with disabilities

meet to explore where collaborative efforts might correct problem areas. For example, the lead case management approach as recommended above would be an area that would require a joint agency effort. Further, the interagency committee could readily identify relevant agency personnel assigned to specific programs or geographic areas that could be assigned to work on collaborative agency initiatives.

Further, committee staff concludes that the interagency committee's authority should be expanded. The committee is made up of high-level agency decision-makers -- commissioners or their designees. The statute should reflect that level of authority in assigning broader powers to the committee. If the interagency committee determines that a process, procedure, or policy impairs the delivery of services to disabled clients, it should be take action to remedy the problem. The committee must be set up to achieve results; otherwise, the members will lose enthusiasm and not be effective. However, given that commissioners or their designees serve on the committee, program review staff believes that monthly meetings, as currently required in statute, may be too frequent. Quarterly meetings might ensure better attendance, and allow agencies to pursue interagency efforts between meetings.

APPENDIX H –Table 2

Benefits and Drawbacks of the Three Proposed Options					
Option One--- Full Consolidation		Option Two—Modified Merger		Option Three—Limited Merger with Other Proposals	
For	Against	For	Against	For	Against
Forces change in entrenched turf protection and “business as usual” positions	Requires considerable time devoted to reorganization; may be time diverted from agency mission(s)	Integration of employment/training services for deaf clients already well-blended in BRS	Disruption not worth the result	Time would be devoted to improving functions and better meeting mission -- not reorganizing	Too close to organizational status quo to result in major improvements in coordination and efficiencies
Disabled clients and advocacy groups only have to deal with one service agency	Cultural differences of clients might not be addressed or resolved in a new agency	Achieves some of the benefits of consolidation without creating a mega agency	Would not be a merger of all BESB services in one place – children’s services would be split off	To a certain extent one-stop service is occurring now, through memorandum of agreement, in some workforce development offices	Requires commitment, oversight, and control by the Office of Policy and Management; that may not be available in practice
Potential to reduce administrative positions by 100 and save approximately \$8.5 million	Clients unsure of what to do/where to go in consolidated agency. Even with current fragmentation, system is stable.	Some agency support for this consolidation (BESB does not support)	Contradicts legislation passed in 2003 session regarding BESB	If there is agency participation and OPM commitment, administrative efficiencies can occur	Inequities in agencies’ administrative resources will continue
Most other states have an umbrella agency serving persons with disabilities; not dispersed among several agencies	Does not have support of administration, agencies, or advocacy groups	Reduction in leased space currently used by Commission on Deaf and Hearing Impaired.	Does not have support of administration	Efficiencies expected through Core-CT should be achieved no matter the organizational structure	Merger of CDHI to DSS does not have support of executive branch administration
	All agencies are dealing with significant changes already from layoffs, ERIPs, and regional restructuring	Other proposals for agency consolidations were successfully enacted in the 2003 legislative session		Can still be some reductions in future leasing costs by not renewing leased space, finding state space to house reduced units	Reinforces advocacy groups to strongly oppose substantial change in organizational status quo
	May be complications in reductions of staff – due to contract language and statutory appointment processes			CDHI and staff supports move to DSS	

Appendix H-Table 3

Community Programs for Mentally Retarded Clients: Percentage of Funding by Source -- FY 02			
State	% State	% Federal	% Local
Alabama	24	76	
Alaska	61	39	
Arizona	34	66	
Arkansas	35	65	
California	60	40	
Colorado	47	50	3
Connecticut	62	38	
Delaware	68	32	
Florida	36	65	
Georgia	37	59	4
Hawaii	45	55	
Idaho	29	71	
Illinois	61	37	2
Indiana	43	57	2
Iowa	21	54	25
Kansas	33	66	1
Kentucky	37	63	
Louisiana	34	66	
Maine	35	65	
Maryland	57	48	
Massachusetts	60	40	
Michigan	41	57	2
Minnesota	46	52	2
Mississippi	31	69	
Missouri	36	51	13
Montana	34	66	
Nebraska	40	60	
Nevada	51	49	
New Hampshire	45	55	
New Jersey	61	33	
New Mexico	30	70	
New York	57	49	
North Carolina	48	48	4
North Dakota	31	69	
Ohio	17	38	45
Oklahoma	37	63	
Oregon	44	55	1
Pennsylvania	48	51	1
Rhode Island	47	53	
South Carolina	35	65	
South Dakota	27	69	
Tennessee	42	58	
Texas	52	41	7
Utah	26	74	
Vermont	33	66	1
Virginia	44	40	16
Washington	48	52	
West Virginia	26	74	
Wisconsin	17	64	19
Wyoming	36	64	
US Average	46	50	4

Source: State of the States for Developmentally Disabled 2004 Report, David Braddock et al., (University of Colorado)

APPENDIX I – AGENCY RESPONSES

**Office of Policy and Management
Department of Mental Health and Addiction Services
Department of Mental Retardation
Board of Education and Services for the Blind**



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT

January 30, 2004

Carrie E. Vibert
Acting Director
Legislative Program Review and Investigations Committee
State Capitol, Room 506
Hartford, CT 06106

Dear Ms. Vibert,

Thank you for the opportunity to review and comment on the Legislative Program Review and Investigations Committee findings and recommendations contained in the draft report on Consolidation of Agencies Serving Persons with Disabilities.

The executive branch shares your interest in trying to ensure the most efficient delivery of services at the least cost for taxpayers. In past years, the administration has proposed a number of different initiatives that sought agency consolidations and we have tried to work with the legislative branch on developing and implementing these proposals. We now feel that some of the consolidations proposed in the past, particularly those dealing with disabled populations, were not the best approach to achieving efficiencies.

Last year, once we more fully understood many of the unique issues related to services for individuals with visual and hearing impairments, we made a decision to move away from any type of merger of those agencies into a larger super-structure. We intend to stay with that decision and not seek to merge any disability agencies into a super structure. As you have noted in your report, Connecticut has had a long history of maintaining single-purpose agencies to serve clients with disabilities and previous attempts to merge or consolidate agencies serving disabled populations have met with fierce resistance and have not been implemented. It is on this basis that we do not support either the full-scale consolidation of the five agencies, the modified merger, nor the limited merger.


We do, however, support some of your additional recommendations that employ other solutions to achieve administrative efficiencies. With regard to revenue maximization, we agree, for the reasons outlined in your report, that OPM should take the lead role in these efforts and, while we may prefer to develop in-house capacity rather than contracting out these functions, we support the general intent of this recommendation. In fact, we would expand on this recommendation by proposing that

OPM develop and implement a program to increase the level of federal funds accessed by the state, including:

- Identifying state programs and services eligible for federal funding and the requirements associated with such programs;
- Requiring the head of each budgeted agency to develop and carryout a plan for maximizing the federal revenue available to such agency;
- Establishing a system for the review and approval of state agency applications for federal funds, in order to determine the long term costs of such grants, availability of state funds and whether accepting the grant in the interest of the state;
- Monitoring budgeted agencies' success in obtaining and utilizing available federal funds;
- Identifying obstacles preventing the state from qualifying for additional federal funding; and
- Monitoring federal legislative and regulatory actions for their impact on state programs, services and receipt of federal assistance and recommend appropriate actions to the Governor and the General Assembly.

In addition, we support, in general, your recommendations with regard to purchase of service, limiting agency growth, and monitoring administrative performance. As usual, you and your staff should be complimented on an informative and thoughtful report. We look forward to working with you as these recommendations are further developed.

Sincerely,



Marc S. Ryan
Secretary



STATE OF CONNECTICUT

DEPARTMENT OF MENTAL HEALTH AND ADDICTION SERVICES

A Healthcare Service Agency

JOHN G. ROWLAND
GOVERNOR

THOMAS A. KIRK, JR., Ph.D.
COMMISSIONER

February 4, 2004

Carrie E. Vibert
Acting Director
Legislative Program Review & Investigations Committee
State Capitol, Room 506
Hartford, Connecticut 06106

Dear Ms. Vibert:

Thank you for the opportunity to comment on the Legislative Program Review and Investigations Committee's findings and recommendations on *Consolidation of Agencies Serving Persons With Disabilities*. I appreciate the time and effort that your staff put into developing this report.

The Department of Mental Health and Addiction Service is a healthcare agency that provides prevention, treatment and aftercare services for people with serious psychiatric and/or substance use disorders. Our overarching objective is to provide client care that is value-driven and recovery-oriented.

As a recovery-oriented healthcare agency, we believe that we must listen to and partner with the people we serve. We must learn from them, our customers, the impact of what we do and how we might best serve them. They are individuals, with very different needs. In providing clinical care, we must always be cognizant that each individual receiving our services presents a complex and intricate set of issues, needs and risks. We must address those needs expediently and often in hospital or inpatient settings.

Well-intentioned policy decisions and resulting actions on the part of our clinical and administrative staff can have unintended consequences for our clientele. I am deeply concerned that the consolidation models for state agencies recommended in the PR&I report have great potential to inadvertently hinder the recovery process for persons with serious mental illness and substance use disorders. People in recovery would lose their identity within the larger agency. Staff would not have the same depth of expertise if required to work with the full spectrum of people and the divergent disabilities represented by the consolidation. I am also concerned that, rather than creating new efficiencies and saving money, the effect would be just the opposite. Let me give you just a few examples of why I make such a strong statement:

One of the proposed structural models considered by the PR&I Committee would integrate the eligibility determination, case management and quality assurance functions at the program level of five very different agencies serving people with very divergent disabilities. This proposal fails to recognize the degree of specialization that is required to perform those functions. At DMHAS, eligibility determination involves an assessment conducted by highly trained clinicians with specific expertise in behavioral health conditions. Such assessments have no bearing on service eligibility for persons with developmental or other physical disabilities.

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Likewise, case management services, to be effective, also require specialization. It should not be assumed that the case managers of the five agencies identified for consolidation are interchangeable. As in other areas of healthcare, there is a great degree of specialization required for case managers serving different cohorts of people.


DMHAS has adopted and implemented a quality management approach to services. As a result, we have made extraordinary gains through QA. This is particularly evidenced in the General Assistance Behavioral Health program where we have been highly successful in improving quality and rate of growth in costs. Quality assurance is a critical function for providing value-driven care. QA has implications for credentialing our hospitals and for ensuring that the care we provide to people is safe and effective. It is an essential component of our planning process. Quality assurance for a mental health and substance abuse agency requires highly trained professionals with specific expertise in the behavioral healthcare field. I stand very firmly against any proposal that has the potential to diminish our QA functions. I believe the proposed consolidation of the QA function holds such a risk.

The PR&I recommendations also call for integrating administrative functions including information technologies, human resources and budget and accounting. Major areas of IT, HR and budget and accounting that can be effectively consolidated across agencies have already been addressed through CORE, DOIT and through the Purchase of Service initiative. Those functions remaining at the agency level are, again, highly specialized and require expertise related to the service and programmatic areas of the agency. We at DMHAS operate credentialed hospitals, residential and outpatient programs. We contract with hundreds of community providers for prevention, treatment and ancillary services. DMHAS IT, HR and business office staffs have experience and expertise in behavioral healthcare services and they work integrally with our planning and operations staff. This is critical for the fragile private nonprofit network of providers that serve public sector clients. The proposed integrated model would, perhaps, put the administrative staff of the respective agencies in the same room, but they would still need to support program operations in a very specialized way. It would take years for us to integrate the business/administrative support functions with the operational management functions in a new consolidated agency.

I would also like to emphasize one final point. State agencies have had to endure considerable losses of staff and resources over the past year, which has placed an enormous burden on remaining staff. But even more important, these losses have interrupted clinical relationships for clients. This proposed merger would further destabilize our system of care just as we are beginning to recover from the layoffs and early retirement program. Staff morale would be further challenged and patient care potentially compromised once again if a consolidation of this magnitude were to occur in the next two years. Please do not underestimate the work and costs involved in creating a new agency.

I urge you to listen to the voices of the people in recovery and other stakeholders who have already spoken eloquently against the proposed consolidation and act accordingly.

Sincerely,

A handwritten signature in dark ink, appearing to read "Thomas A. Kirk, Jr." followed by a stylized flourish.

Thomas A. Kirk, Jr., Ph.D.
Commissioner



STATE OF CONNECTICUT
DEPARTMENT OF MENTAL RETARDATION



JOHN G. ROWLAND
GOVERNOR

OFFICE OF THE
COMMISSIONER

February 6, 2004

Carrie E. Vibert, Acting Director
Legislative Program Review and Investigations Committee
State Capitol Room 506
Hartford, CT 06106

Dear Ms. Vibert:

Thank you for the opportunity to formally respond to the Committee's final report regarding the Consolidation of Agencies Serving Persons with Disabilities to be included as part of the published report. As you know, the Department of Mental Retardation has expressed some concerns regarding the direction of this study since its inception. While we can appreciate the current fiscal climate in the state and understand the need to explore all options for achieving savings in the system, we are not convinced that full consolidation of the five agencies is an appropriate option. It is important to note that at the Public Hearing held on September 16, 2003, a large number of individuals, private providers and state agencies testified in opposition to the consolidation proposal for many valid reasons.

In our September 2003 testimony, the Department suggested that a more in-depth analysis take place of the states being used for comparative purposes, including an assessment of the impact on and satisfaction of the consumers, families and providers involved. We also believed that it was important to research some states that have combined DMR and DMHAS in the past, but have since separated them, and to examine the reasoning for such a move.

In considering a consolidation of these agencies, it is critical to understand that there are distinct differences in service delivery and clientele among them. DMR is a long-term care provider in most cases providing lifelong support. DMHAS for the most part provides acute, intermittent intervention. This begs the question, "Is this the best combination of target populations?" Historically Mental Retardation agencies are better funded on a per capita basis as a result of ICF/MR and HCBS waiver program participation. It is necessary for us to consider, what will the loss be to our consumers if these two agencies are merged?

DMR is an agency funded by the state to provide a wide range of supports and services for citizens of Connecticut with mental retardation including residential services, day programs, employment support, family support, case management and clinical services. DMR currently supports over 17,000 consumers. The supports and services provided, with the exception of the Birth to Three program, are not an entitlement and the majority of its services are provided by private non-profit organizations in local communities.

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Regarding the proposal to reduce administrative/support positions, all agencies under consideration in this study have recently experienced significant losses in these areas both through layoffs and Early Retirement. Rehiring for retirement vacancies allows one support position to be refilled for every three vacated. As an agency with one of the leanest percentages of administrative positions, we have to ask if realistically any more positions can be shed. And if so, at what cost to our consumers? DMR increases its caseload by 300-400 people each year.

A main concern that DMR has with the proposed categorical model, which combines support functions such as human resources, budget functions and information technology, is whether or not these systems remain responsive the further that they are removed from the "customers." DMR has had experience with various reorganizations including two regional consolidations. In both cases it was recognized as a lengthy process to develop consistent practices within an agency that already had one set of policies, procedures and general practices. Based on this experience, it is our belief that the state's ability to standardize contract management practices, case management, training, family support and other functions will be protracted.

It should also be noted that a proposed consolidation of agencies into a "Department of Developmental and Rehabilitative Services" does not address the challenges being faced by thousands of people with disabilities in Connecticut who are not currently eligible for services from one specific agency. A report completed by the Commission on Services and Supports for Persons with Developmental Disabilities, which was submitted to Commissioner O'Meara and shared with the legislature in September 2002, points to a lack of service and support to people in real need in our state. The Commission recommended that DMR would be the appropriate agency to lead the coordination of service for this group of unserved individuals. Were individuals with developmental disabilities that do not have mental retardation included at some point to be served and sufficiently funded, it would likely create a huge bureaucracy if DMR was combined with the other agencies, specifically, DMHAS.

It is important to note that in some states where there "appears" to be a merged or combined agency system, the Divisions actually operate as separate entities within that umbrella designation. Terminology can be misleading, i.e. Connecticut calls the head of MR a Commissioner, Pennsylvania calls it a Deputy Commissioner within a Department, North Carolina calls it a Director within a Division. Simply because there is a merged oversight agency does not mean that there are not complete administrative functions operated independently within the separate divisions.

Also, when looking at other states for comparison, we must be sensitive to how the service delivery system is managed and funded. In North Carolina, for example, state functions in the operation of Developmental Disabilities services include the operation of five institutions, and a small central office staff which allocates funds, manages their HCBS Waiver, writes policy and procedures and conducts planning and training. However, there are more than 25 "Local Management Entities" which may not be apparent because they are operated by local government employees managing allocations locally, providing service coordination, quality oversight, training, billing for services to the state and federal government, etc. Colorado and Wisconsin also use local management boards, which will not be identified as personnel. As a result of these types of agency setups, the percentage of administrative positions is severely understated.

The report assumes that because a large percentage of our clients use psychotropic medications, many of our clients are also served by DMHAS. However, a very small percentage of DMR clients are also served by DMHAS. DMHAS has found that their treatment modalities are not always adapted for individuals with cognitive disabilities. DMR and DMHAS have established a MOU (Memorandum of Understanding) that has significantly improved access to psychiatric facilities and more timely discharge for DMR clients with a dual diagnosis.

Also important to note is that DMR is the only agency under consideration for consolidation that participates in the HCBS Waiver and captures federal funding for community based services. The requirements surrounding the operation of a waiver demand separate expectations of contracted providers regardless of whether or not there is a single contracting entity. Likewise, the system is evolving away from program contracting and moving toward individual funding. A major concern with consolidation of these agencies is that the state could lose far more in federal reimbursement than would be saved as the result of a merger and that there would be less focus on the quality assurance expectations under the waiver. DMR currently receives \$288 million in federal reimbursement.

While the goals of a reorganization of state agencies are certainly laudable, we must be sure to clearly balance the service delivery concerns of those we serve. It is important to consider what other solutions are available other than the consolidation to meet the established goals of fiscal savings. Speaking for DMR, over the past several years we have been working hard to find ways to be more efficient and feel that we have taken many important strides toward this end.

An important fact to consider when contemplating the consolidation of the agencies mentioned in this study, is that each one has a unique service delivery approach to serving its clients. Each agency has an independently developed distinct mission or mandate to guide it. DMHAS considers itself a health care provider while DMR, CDHI and BESB consider themselves more a part of a human service support system for clients. Different still is BRS that considers itself an employment service.

We need to assure that our consumers continue to receive a high quality of service. Reorganization alone does not assure that agencies will become more efficient, and the complexity of such a consolidation of agencies cannot be underestimated or the results will be detrimental. In addition, it cannot be discounted that there will be significant costs to undertaking such a merger. It is unclear to us whether or not the consolidation of agencies will yield the savings projected by the committee and if all necessary considerations have been taken into account. Legislative mandates and requirements must be given careful attention, specifically those concerning eligibility, entitlements and federal reimbursement requirements.

DMR has recently undergone numerous significant changes including layoffs, early retirement, regional consolidation from 5 to 3 regions and is currently in the process of transitioning 30 Community Living Arrangements to private provider operation. Keeping these notable changes in mind, while considering the current budget situation, we truly have to commend those who work in our system as they have continued to constantly adapt and adjust while maintaining a high level of quality service for those we continue to serve. We ask that the legislature be cautious as it continues to consider the possibility of consolidating all agencies that serve persons with disabilities in Connecticut. Our utmost concern must be for the quality of care of our citizens and as a department we must continue to assure that our clients receive the opportunities and supports they need.

Again, thank you for the opportunity to respond to the committee's final report.

Sincerely,



Peter H. O'Meara
Commissioner



STATE OF CONNECTICUT

Board of EDUCATION AND SERVICES FOR THE BLIND

January 29, 2004

**Ms. Carrie E. Vibert
Acting Director
Legislative Program Review and Investigations
Committee
State Capitol, Room 506
Hartford, CT 06106**

Dear Ms. Vibert:

On behalf of the Board of Education and Services for the Blind, I am pleased to provide you with the Agency's response to the report entitled "Consolidation of Agencies Serving Persons with Disabilities". Since this report was issued in the Fall 2003, the Agency has not had a change in perspective regarding testimony given before the committee. Please see the attached copy of earlier testimony submitted for a full response to the Agency view.

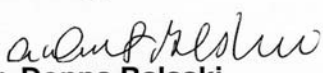
As you can see by our other two sets of answers, we have been busy within the Agency for the past year despite program closings, lay off of state employees and early retirements. In spite of the limited number of staff, BESB is in the process of rebuilding and will continue to be committed to improving our program.

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Please feel free to call on us if you have any other questions.

Sincerely,


Dr. Donna Balaski
Executive Director, BESB

Appendix J-1. Organizational Structures to Provide Services to Disabled in Selected States.

	<i>Mental Retardation</i>	<i>Mental Health</i>	<i>Substance Abuse</i>	<i>Deaf and Hearing Impaired</i>	<i>Blind</i>	<i>BRS</i>
Colorado	A unit within a division of the Department of Human Services (DHS)	A unit within a division of the Department of Human Services	A unit within a division of the Department of Human Services	Services split between the state department of ed. and unit within a division of DHS	Services split between the state department of ed. and a unit within a division of DHS	A unit within a division of the Department of Human Services
Delaware	A division within the Department of Health and Social Services	Combined with Substance Abuse to form a division within the Department of Health and Social Services	Combined with Mental Health to form a division within the Department of Health and Social Services	Services split between a division of the Department of Health and Social Services and the state labor department	A division within the Department of Health and Social Services	Within the Delaware Department of Labor
Wisconsin	A bureau within a division of the Department of Health and Family Services	A bureau within a division of the Department of Health and Family Services	A bureau within a division of the Department of Health and Family Services	A bureau within a division of the Department of Health and Family Services	A bureau within a division of the Department of Health and Family Services	Within the state's labor department
North Carolina	A division (MH, DD and SAS) within Dept. of Health and Human Services	Combined with Developmental Disabilities and Substance Abuse to form a division within DHHS	Combined with DD and Mental Health to form a division within DHHS	Combined with Blind and Visually Impaired to form division within DHHS	Combined with Deaf and Hearing Impaired to form a division within DHHS	A division within DHHS
Texas	Department of Mental Health and Mental Retardation	Department of Mental Health and Mental Retardation	Separate Commission	Separate Commission	Separate Commission	Separate Commission
Virginia	Department of Mental Health Mental Retardation and Substance Abuse Services	Department of Mental Health Mental Retardation and Substance Abuse Services	Department of Mental Health Mental Retardation and Substance Abuse Services	Separate Department	Separate Department	Separate Department

Appendix J-2. Administrative/Support Resources In Selected States - FY 02

<i>State</i>	<i>Department</i>	<i>Number of Divisions</i>	<i>Resources allocated to department-wide administrative support activities</i>		<i>Department support staff to program staff Ratio</i>
			<i>Budget</i>	<i>Staff</i>	
Colorado	Department of Human Services	12	4.1 %	13.5 %	1 to 6.4
Delaware	Department of Health and Social Services	11	4.2 %	10.7 %	1 to 8.3
Wisconsin	Department of Health and Family Services	5	1.2 %	6.6 %	1 to 14.5
North Carolina	Department of Health and Human Services	17	30%*	N/A*	N/A
Texas**	Department of Mental Health and Mental Retardation	5	1.5%	4.0%	1 to 24
Virginia	Department of Mental Health, Mental Retardation and Substance Abuse	10	20%*	10.2%	1 to 9

* North Carolina and Virginia continue to have a high number of institutions. The administrative budgets for those states appear to include indirect services -- like food service and maintenance -- for the institutions. Committee staff was able to obtain more precise administrative staffing figures directly from Virginia's DMHMRSAS, but not for North Carolina.

** Texas is currently reorganizing; see discussion later in this section.