

19-03 FINAL REPORT:

Performance Measurement of Homelessness Programs

LEGISLATIVE AUDITOR'S CONCLUSION:

Commerce and local governments comply with key planning and reporting requirements. As Commerce responds to 2018 legislation, it should clearly demonstrate how its actions measurably contribute to the state's goal of ending homelessness.

May 2019

The 2017-19 Operating Budget directed the Joint Legislative Audit and Review Committee (JLARC) staff to evaluate compliance with statutory requirements under the Homeless Housing and Assistance Act (Chapter 43.185C RCW) for:

- Planning and measuring performance.
- Reporting data.
- Submitting Washington State Quality Award (WSQA) applications.

It also directed JLARC to assess the adequacy of the Office of Homeless Youth's performance-based contracting.

Commerce and local governments comply with key planning and reporting requirements and provide comprehensive data about homelessness

- Commerce wrote and regularly updates the statewide strategic homeless plan, which includes system-wide performance measures. At the direction of the Legislature, Commerce added three performance measures in 2017.
- All local governments have plans in place to address homelessness, and 38 of 39 counties reported performance data to Commerce in 2017 that met state data standards for timeliness, completeness, and validity.
- Commerce reports performance and financial data from the counties through an annual report and interactive online tools.

As it writes a new strategic plan to address homelessness, Commerce should clearly explain how its actions measurably contribute to the state's goal of ending homelessness

- While the current statewide strategic plan includes goals, actions, and performance measures, it is unclear how some actions advance the state's goal to end homelessness.
- The new plan must have short- and long-term goals, and an implementation strategy.
- In writing the new plan and reporting its progress each year, Commerce should more clearly identify how statewide actions and performance measures advance its goals.

Unclear whether all organizations that are required to apply to WSQA have done so

- An organization must apply for a [Washington State Quality Award Program \(WSQA\)](#)¹ assessment if it receives more than \$500,000 from local and state homeless/housing funds in a year. Performance Excellence Northwest (PENW) conducts the assessments for the state.
- Determining compliance requires two figures: the number of organizations required to apply, and the number of those that did. Neither figure is currently available for statewide analysis.
- Commerce and PENW have processes in place that could be adapted to collect the necessary data.

2018 legislation changes key planning and reporting requirements and requires additional effort

Commerce

- Rewrite the state's homeless strategic plan by July 2019, and include short- and long-term goals and an implementation strategy.
- Publish an annual progress report.

Local Governments

- Update local homeless plans by December 2019.
- Annually report progress to Commerce.

¹ Assessment of its quality management and performance systems.

Commerce has made progress implementing a JLARC recommendation to develop performance measures for homeless youth grants. It plans to enter performance-based contracts in July 2019

- In 2017, JLARC recommended that Commerce's Office of Homeless Youth, created in 2015, develop a performance measurement system.
- Commerce is finalizing program-specific performance measures and collecting data. Beginning in January 2019, it will set performance benchmarks based on the data collected.
- By July 2019, Commerce plans to incorporate measures into grant agreements. It will evaluate performance against benchmarks during the 2019-21 biennium.

Legislative Auditor Recommendations

1. When implementing the planning and reporting requirements in RCW 43.185C.040 and RCW 43.185C.045, Commerce should clearly explain how its actions will measurably contribute to the state's goal of ending homelessness.
2. Commerce should implement processes to track compliance with WSQA application requirements in RCW 43.185C.210.

The Department of Commerce concurs with these recommendations. You can find additional information on the Recommendations tab.

Committee Action to Distribute Report

On May 15, 2019 this report was approved for distribution by the Joint Legislative Audit and Review Committee. Action to distribute this report does not imply the Committee agrees or disagrees with Legislative Auditor recommendations.

REPORT DETAILS

1. Commerce, local governments in compliance

Commerce and local governments comply with key requirements and provide comprehensive data about homelessness

Statute requires Commerce and local governments to develop plans and report data

Washington's Homeless Housing and Assistance Act (Ch. 43.185C RCW) has numerous requirements related to planning and reporting.

- The Department of Commerce (Commerce) is responsible for setting the statewide strategic homeless plan, administering state programs, distributing state funds, and reporting performance data.
- Local governments are responsible for local plans, contracting with service providers, and providing information to Commerce.

Commerce is one of many entities that plans for and funds efforts to prevent and end homelessness

Many entities use federal, local, and private funding to plan for and/or implement efforts to address homelessness in Washington. According to Commerce, state funds, including those it manages, accounted for \$47 million of the \$198 million reportedly spent in 2016. Only local governments and providers that receive funds from Commerce contribute to this report, so it likely underestimates total expenditures statewide.

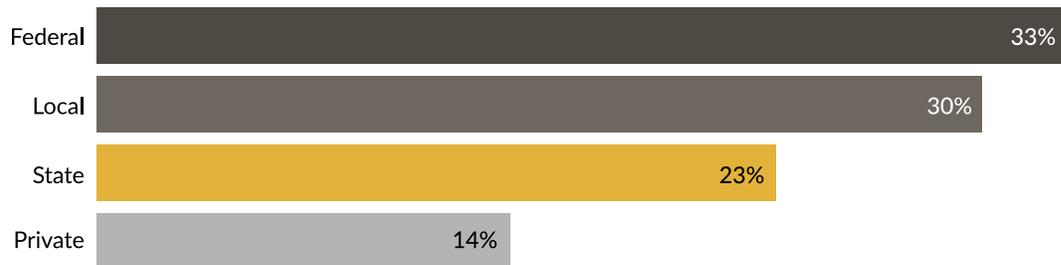
JLARC staff reviewed compliance as of 2017

The 2017-19 Operating Budget directed JLARC staff to evaluate compliance with requirements in Ch. 43.185C RCW.

Some requirements are annual, so JLARC staff reviewed compliance as of the last full calendar year (2017). Some of the requirements changed during the 2018 legislative session.

We discuss the effect of the changes in the next section.

Exhibit 1.1: State funds paid for 23% of homelessness program expenditures reported to Commerce in 2016



Source: Commerce 2016 "Golden Report."

Commerce wrote and regularly updates statewide strategic homeless plan

Until 2018, statute has required that Commerce publish a [10-year strategic plan](#)² to address homelessness. The plan, titled Washington State Homeless Housing Strategic Plan, must include census data, statewide goals, and performance measures.

Commerce wrote its first strategic plan in 2006, and updated it four times, most recently in 2018. The current plan is posted on the agency's web site and includes elements required by statute.

Commerce set system-wide [performance measures](#)³ in its strategic plan and incorporated them into its Consolidated Homeless Grant. These measures cover major types of homeless assistance offered throughout the state. As directed by the Legislature, Commerce added three new performance measures in 2017. The measures are consistent with federal measures and national frameworks to end homelessness. For example, the U.S. Department of Housing and Urban Development uses performance measures such as length of time homeless, returns to homelessness, and successful housing placements.

² A 5-year plan is required starting in 2019.

³ Ch. 43.185C RCW defines performance measurement as the process of comparing specific measures of success against ultimate and interim goals.

Exhibit 1.2: Commerce uses five performance measures across the state's homelessness system



Source: JLARC staff depiction of the measures in the statewide strategic homeless plan.

All local governments have plans in place to address homelessness

Until 2018, statute has required local governments to adopt local 10-year plans to address homelessness⁴ that are "not inconsistent" with the state's strategic plan.

- 36 of the 40 local homeless plans are current (updated within the last 10 years). See Appendix 1 for links to local plans.
- Commerce collects the plans from local governments, but it has not formally reviewed them for consistency with the state plan or its guidance documents. Statute⁵ allows Commerce to recommend changes to local government plans based on performance or population changes.
- JLARC staff analysis found that while local plans vary in how closely they align with Commerce's plan and guidance, none are inconsistent with the state goal to end homelessness.

40 local governments: 39 counties and the city of Spokane

Local governments are counties and any city that chooses to participate (RCW 43.185C.010).

While many cities have local plans to address homelessness, only the city of Spokane has opted to plan under this statute.

⁴ 5-year plans are now required.

⁵ RCW 43.185C.040 gives Commerce the authority to recommend changes in local governments' plans based on the performance of local homeless housing programs in meeting their interim goals, on general population changes and on changes in the homeless population recorded in the annual census.

Commerce reports information through an annual report and interactive online tools

Statute requires that Commerce publicly report performance and financial data on homelessness programs. Local governments report data to Commerce, which then produces statewide reports.

- Commerce compiles and reports program and performance data through an annual report and online data portal. The portal provides access to interactive county report cards and year-over-year comparative data.
- Commerce produces an annual report that includes summarized county-level spending data. Detailed information including county, provider, and funding source, is reported in a spreadsheet posted to its web site.

In 2017, 38 of 39 counties reported data that met Commerce's standards for timeliness, completeness, and validity

Statute requires local governments to submit data of "sufficient quality for reporting."

- Commerce defines quality as on time, complete, and accurate. Accurate means that the data is valid for the field (e.g., a date, not text, is entered in a date field). This definition is consistent with HUD requirements.
- According to Commerce, all counties except Jefferson County are submitting data of sufficient quality for Commerce to publish in its report cards. It is working with Jefferson County to correct deficiencies.

In 2018, Commerce began publishing interactive online dashboards to help counties and providers better understand the data and identify areas for improvement.

Exhibit 1.3: Commerce provides homeless system performance data through interactive online tools



Click a link below to link to the dashboards:

- [Rapid Re-Housing](#)
- [Temporary Housing Dashboard](#)

[Homelessness Prevention Dashboard](#)

Source: [Commerce web site](#) as of November 2018.

2. Commerce can improve reporting how actions advance goals

As Commerce implements new statutory requirements, it should specify how its actions will measurably contribute to the state's goal of ending homelessness

2018 legislation changes Commerce's planning and reporting requirements

Under [Chapter 85, Laws of 2018](#), Commerce must:

- Rewrite the state strategic homeless plan by July 1, 2019 and update it every five years.
 - Include performance measures, short- and long-term goals, and an implementation strategy in the plan.

- **Report implementation progress** annually in December.
 - Include current conditions, progress toward goals, funding, expenditures, and outcomes in the report.
 - Post the report on its website and link to additional data.

Commerce should more clearly link actions and performance measures to statewide goals

As required by state law, Commerce has maintained a state strategic plan to address homelessness since 2005. The current plan includes statewide goals and 29 actions for Commerce to take to support the goals.

While the plan identifies a deliverable for each action, best practice in performance management suggests using outcome-based performance measures to demonstrate progress toward the goals. The current state strategic plan does not measure whether Commerce's actions are helping to achieve its goals.

The Office of Financial Management (OFM) suggests state agency strategic plans describe whether an agency or activity is achieving its interim objectives, and if progress is being made to attain the agency's goals.

Commerce will need to update its existing strategic plan to reflect new requirements

The requirements set by the 2018 Legislature represent a shift from the current state plan to address homelessness:

- While the current strategic plan has statewide measures, the actions are specific to Commerce. The 2018 legislation will require Commerce to identify not only its own actions, but also the actions of local governments, needed to end homelessness.

Six goals in current state plan

1. Effective and efficient coordinated access and assessment for services and housing.
2. Effective and efficient crisis response system.
3. Identification of policy changes and resources necessary to house all people living unsheltered.
4. Quantifying what would reduce the number of new people becoming homeless.
5. Transparent and meaningful accounting of state and local recording fee funds.
6. Fair and equitable resource distribution.

- Commerce will need to link those actions to short- and long-term goals, as well as an implementation strategy that has performance measures, timelines, roles, and responsibilities.
 - As a starting point, the plan already relates performance measures to interventions at the local level (e.g., emergency shelter, transitional housing). Commerce holds local governments accountable to performance targets as a condition of grant funding.
- The new annual progress report must include current conditions, progress toward goals, funding, expenditures, and outcomes.

Law also changes planning and reporting requirements for local governments

Under Chapter 85, Laws of 2018, local governments must:

1. **Update local homeless plans**, consistent with guidance from Commerce, by December 2019.
2. **Submit annual progress reports to Commerce** that document the current condition of homelessness, performance in meeting local goals, and significant changes to local plans.

New requirements can help ensure consistency between state and local efforts and improve transparency

Commerce will be required to review the annual reports and take corrective action if a local government's report is incomplete or inadequate. It also must post the reports to its web site. Commerce indicated to JLARC staff that, based on these requirements, it intends to begin reviewing local plans for consistency with the state plan.

Legislative Auditor Recommendation

When implementing the planning and reporting requirements in RCW 43.185C.040 and RCW 43.185C.045, Commerce should clearly explain how its actions will measurably contribute to the state's goal of ending homelessness.

The Department of Commerce concurs. You can find additional information on the Recommendations tab.

3. Compliance with quality award requirement is unclear

Data is not collected to determine whether all organizations that are required to apply to WSQA have done so

The 2017-19 Operating Budget directed JLARC staff to evaluate whether recipients of state homeless/housing funds are applying to the Washington State Quality Award when they are required by statute to do so.

WSQA is an assessment of an organization's quality management and performance systems

The Legislature established the Washington State Quality Award (WSQA) in 1994. WSQA is a review of an organization's performance system and processes based on the [Baldrige Criteria for Performance Excellence](#)⁶. A nonprofit organization called Performance Excellence Northwest (PENW) conducts the WSQA assessments for applicant organizations, consistent with national Baldrige criteria.

Organizations submit a written application that addresses topics such as the organization's structure, leadership, strategy, customers, and performance management. Trained volunteer examiners review the application and provide a feedback report about the organization's strengths and opportunities for improvement. The organization pays between \$1,000 and \$6,400 for the application and evaluation.

Statute requires organizations that receive a certain amount of state or local housing/homeless funding to apply for a WSQA assessment

Statute requires an organization to apply for a WSQA assessment if it receives more than \$500,000 from specific funding sources in a single year.

⁶ The Baldrige Performance Excellence Program aims to improve the competitiveness and performance of organizations.

- Organizations include nonprofit organizations, local housing authorities, cities, and counties. Until 2018, cities and counties were exempt unless they received more than \$3.5 million.
- The funding sources include local document recording fees⁷ for homelessness and housing, as well as Commerce's Consolidated Homeless Grant (CHG)⁸ and grants for homeless youth programs.
- After the first application, organizations must reapply every three years.

Some organizations have applied, but it is unclear whether all required organizations have done so

Information on which organizations are required to apply to WSQA, and whether those organizations submitted applications, is not available for statewide analysis.

1. **Number of organizations required to apply unclear:** The application requirement is based on the amount of funding organizations receive from specific sources. In 2018, Commerce identified organizations that had received grants of more than \$500,000 in previous years and reminded them of the WSQA requirement. At the same time, it advised all organizations that received grants to review the total amount they received from all funding sources to determine whether the requirement applied. However, Commerce did not request that the organizations report this information to the state.
2. **Number of organizations that applied:** By combining data from PENW and Commerce, JLARC staff determined that 25 of the WSQA's 2016 applicants had spent homeless grant funds that year. However, funding data is unavailable to indicate whether those reflect the organizations required to apply.

Commerce collects proof of WSQA application for another grant program

Under a different chapter of state law (RCW 43.185.060), organizations that receive a Housing Trust Fund (HTF) grant also must apply to WSQA. Commerce manages these grants and requires that any eligible organization include a copy of its WSQA application when it applies for an HTF grant. As a result, Commerce knows which entities have applied for WSQA.

⁷ Affordable housing for all and home security fund surcharges under Ch. 36.22 RCW.

⁸ The CHG combines the state's funding for homelessness programs into a single competitive grant.

In contrast, Commerce does not currently require its CHG grantees to provide proof of WSQA application. Commerce notifies grantees that they must apply if they meet the funding threshold, but grantees do not need to follow up regarding their applications.

Commerce and PENW have processes that could be adapted to collect compliance data

Commerce and PENW, the organization that conducts WSQA assessments, have developed processes to collect data from local governments and other organizations. These processes could be used to collect information on WSQA compliance for all types of homeless/housing funds.

- Commerce collects data about **how much organizations spend** in state and local homeless/housing fees. Counties, or their representatives, report the information each year, and Commerce publishes the information on its web site.
- The amount organizations spend may be different than **the amount of funds they receive**. The latter is the threshold used to determine whether organizations must apply for a WSQA assessment.
- PENW collects data about which organizations apply for and complete the WSQA assessment.

Legislative Auditor Recommendation

Commerce should implement processes to track compliance with WSQA application requirements in RCW 43.185C.210.

The Department of Commerce concurs. You can find additional information on the Recommendations tab.

4. OHY implementing JLARC recommendation

Commerce has made progress implementing a JLARC recommendation. It plans to enter performance-based contracts in July 2019.

The 2017-19 Operating Budget directed JLARC staff to evaluate the adequacy of the Office of Homeless Youth's (OHY) performance-based contracting.

In 2017, JLARC recommended that Commerce's newly-created Office of Homeless Youth develop a performance measurement system

In 2017, JLARC issued the [Unaccompanied Homeless Youth Performance Measures and Population Estimates report](#). It noted that while Commerce had begun developing system-wide performance measures, it needed to develop measures specific to the youth programs. The Legislative Auditor also recommended that Commerce incorporate performance measurement into grant agreements.

Commerce concurred with the Legislative Auditor's recommendation, and later that year used competitive processes to award grants for the [remainder of the biennium](#)⁹. Those grants include the initial collection of performance measures from grantees, but do not yet include provisions for evaluating grantees based on the level of their performance.

Legislature created the Office of Homeless Youth in 2015

Office of Homeless Youth (OHY) is:

- Part of a larger division in Commerce that manages grants and programs to address family and adult homelessness.
- Responsible for six grant programs that provide services to homeless youth (under 18) and young adults (18-24). Services include street outreach, rent assistance, residential programs, emergency shelter, and transitional housing.

⁹ January 2018 - June 2019

Commerce is using a phased approach to implement the recommendation and plans to enter performance-based contracts in July 2019

Commerce has worked with stakeholders, grantees, and consultants to implement performance-based grant agreements for its homeless youth and young adult grant programs. There are three phases:

1. Drafting, testing, and finalizing the measures.
2. Setting benchmarks based on the data collected.
3. Incorporating the final measures into agreements and evaluating performance against benchmarks.

Exhibit 4.1: Commerce expects to enter the third phase – using performance-based contracts – by July 2019

<p>① MEASURES & DATA</p> <p>Finalize performance measures Collect data based on draft measures in agreements</p> <p>JAN-DEC 2018</p>	<p>② BENCHMARKS</p> <p>Set benchmarks based on data collected in Phase 1</p> <p>JAN-JUNE 2019</p>	<p>③ EVALUATION</p> <p>Evaluate grantee performance Provide technical assistance to those that underperform</p> <p>JUL 2019-DEC 2021</p>
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Source: JLARC staff depiction of documents provided by Commerce.

In 2018, Commerce collected data based on the program-specific performance measures in current grant agreements

Commerce worked with OHY stakeholders, grantees, and an advisory group to develop program-level performance measures that relate to statutory priorities. The measures are consistent with best practices and national guidelines.

The current grant agreements include these measures, and grantees must report data to Commerce. Commerce is using the data to test the measures and collection processes, and to establish baselines. It intends to use a subset of these measures to evaluate grantee performance in the future.

Exhibit 4.2: Current grant agreements include performance measures that relate to statutory priorities

Statutory Priority	Sample of measures in current grant agreements
Stable housing	Increase in the percent of youth who exit to safe and stable housing.
Family reconciliation	Increase in the percent of youth who exit to permanently living with family.
Permanent connections	Increase in the percent of youth who engage in case management.
Education and employment	Increase in percent of youth who are currently enrolled in school, have graduated from high school, or obtained a GED for education.
Social and emotional well-being	Increase in youth with a mental health issue who receive counseling services.

Source: Office of Homeless Youth Draft Performance Measures, July 2018. Priorities set in RCW 43.330.700.

Recent legislation addressed challenges in collecting youth data

In 2018, the Legislature passed a law that addressed a data collection challenge identified in [JLARC's 2017 report](#). Specifically, the new law allows minors age 13 or older consent to have their personal data shared with Commerce. The data would give Commerce the ability to produce accurate, unduplicated counts of youth served by the programs and evaluate program outcomes.

The law took effect June 7, 2018. Since then, Commerce reports that 36% of unaccompanied youth have consented to the inclusion of their personal information in the Homeless Management Information System (HMIS). It is unclear how this change to data collection will affect the evaluation of youth outcomes. It may take several months for enough data to be collected to establish baselines and evaluate performance on measures that require unduplicated counts rather than aggregate information.

Appendix A: Local Plans

All local governments have plans in place to address homelessness

The most recent local homeless plan for each local government is linked below.

<u>Adams</u>	<u>Franklin</u>	<u>Lewis</u>	<u>Snohomish</u>
<u>Asotin</u>	<u>Garfield</u>	<u>Lincoln</u>	<u>Spokane County</u>
<u>Benton</u>	<u>Grant</u>	<u>Mason</u>	<u>City of Spokane</u>
<u>Chelan</u>	<u>Grays Harbor</u>	<u>Okanogan</u>	<u>Stevens</u>
<u>Clallam</u>	<u>Island</u>	<u>Pacific</u>	<u>Thurston</u>
<u>Clark</u>	<u>Jefferson</u>	<u>Pend Oreille</u>	<u>Wahkiakum</u>
<u>Columbia</u>	<u>King</u>	<u>Pierce</u>	<u>Walla Walla</u>
<u>Cowlitz</u>	<u>Kitsap</u>	<u>San Juan</u>	<u>Whatcom</u>
<u>Douglas</u>	<u>Kittitas</u>	<u>Skagit</u>	<u>Whitman</u>
<u>Ferry</u>	<u>Klickitat</u>	<u>Skamania</u>	<u>Yakima</u>

Appendix B: Applicable Statutes (2017)

Applicable sections of chapter 43.185C RCW

JLARC staff reviewed the planning, reporting, performance measurement, and WSQA requirements throughout Ch. 43.185C.RCW. The following sections are provided as context for the report, and show language as of December 31, 2017.

Planning, reporting, and performance measurement

RCW 43.185C.040

Homeless housing strategic plan—Program outcomes and performance measures and goals—Statewide data gathering instrument—Reports.

(1) Six months after the first Washington homeless census, the department shall, in consultation with the interagency council on homelessness and the affordable housing advisory board, prepare and publish a ten-year homeless housing strategic plan which shall outline statewide goals and performance measures and shall be coordinated with the plan for homeless families with children required under RCW 43.63A.650. To guide local governments in preparation of their first local homeless housing plans due December 31, 2005, the department shall issue by October 15, 2005, temporary guidelines consistent with this chapter and including the best available data on each community's homeless population. Local governments' ten-year homeless housing plans shall not be substantially inconsistent with the goals and program recommendations of the temporary guidelines and, when amended after 2005, the state strategic plan.

(2) Program outcomes and performance measures and goals shall be created by the department and reflected in the department's homeless housing strategic plan as well as interim goals against which state and local governments' performance may be measured, including:

- (a) By the end of year one, completion of the first census as described in RCW 43.185C.030;
- (b) By the end of each subsequent year, goals common to all local programs which are measurable and the achievement of which would move that community toward housing its homeless population; and
- (c) By July 1, 2015, reduction of the homeless population statewide and in each county by fifty percent.

(3)

- (a) The department shall work in consultation with the interagency council on homelessness, the affordable housing advisory board, and the state advisory council on homelessness to develop performance measures that address the limitations of the annual point-in-time count on measuring the effectiveness of the document recording fee surcharge funds in supporting homeless programs. The department must report its findings and recommendations regarding the new performance measures to the appropriate committees of the legislature by December 1, 2017.

- (b) The department must implement at least three performance metrics, in addition to the point-in-time measurement, that measure the impact of surcharge funding on reducing homelessness by July 1, 2018.
- (c) The joint legislative audit and review committee must review how the surcharge fees are expended to address homelessness, including a review of the related program performance measures and targets. The joint legislative audit and review committee must report its review findings by December 1, 2022, and update the review every five years thereafter.

(4) The department shall develop a consistent statewide data gathering instrument to monitor the performance of cities and counties receiving grants in order to determine compliance with the terms and conditions set forth in the grant application or required by the department. The department shall, in consultation with the interagency council on homelessness and the affordable housing advisory board, report biennially to the governor and the appropriate committees of the legislature an assessment of the state's performance in furthering the goals of the state ten-year homeless housing strategic plan and the performance of each participating local government in creating and executing a local homeless housing plan which meets the requirements of this chapter. To increase the effectiveness of the report, the department must develop a process to ensure consistent presentation, analysis, and explanation in the report, including year-to-year comparisons, highlights of program successes and challenges, and information that supports recommended strategy or operational changes. The annual report may include performance measures such as:

- (a) The reduction in the number of homeless individuals and families from the initial count of homeless persons;
- (b) The reduction in the number of unaccompanied homeless youth. "Unaccompanied homeless youth" has the same meaning as in RCW 43.330.702;
- (c) The number of new units available and affordable for homeless families by housing type;
- (d) The number of homeless individuals identified who are not offered suitable housing within thirty days of their request or identification as homeless;
- (e) The number of households at risk of losing housing who maintain it due to a preventive intervention;
- (f) The transition time from homelessness to permanent housing;
- (g) The cost per person housed at each level of the housing continuum;

- (h) The ability to successfully collect data and report performance;
- (i) The extent of collaboration and coordination among public bodies, as well as community stakeholders, and the level of community support and participation;
- (j) The quality and safety of housing provided; and
- (k) The effectiveness of outreach to homeless persons, and their satisfaction with the program.

(5) Based on the performance of local homeless housing programs in meeting their interim goals, on general population changes and on changes in the homeless population recorded in the annual census, the department may revise the performance measures and goals of the state homeless housing strategic plan, set goals for years following the initial ten-year period, and recommend changes in local governments' plans.

RCW 43.185C.050

Local homeless housing plans.

(1) Each local homeless housing task force shall prepare and recommend to its local government legislative authority a ten-year homeless housing plan for its jurisdictional area which shall be not inconsistent with the department's statewide temporary guidelines, for the December 31, 2005, plan, and thereafter the department's ten-year homeless housing strategic plan and which shall be aimed at eliminating homelessness, with a minimum goal of reducing homelessness by fifty percent by July 1, 2015. The local government may amend the proposed local plan and shall adopt a plan by December 31, 2005. Performance in meeting the goals of this local plan shall be assessed annually in terms of the performance measures published by the department. Local plans may include specific local performance measures adopted by the local government legislative authority, and may include recommendations for any state legislation needed to meet the state or local plan goals.

(2) Eligible activities under the local plans include:

- (a) Rental and furnishing of dwelling units for the use of homeless persons;
- (b) Costs of developing affordable housing for homeless persons, and services for formerly homeless individuals and families residing in transitional housing or permanent housing and still at risk of homelessness;
- (c) Operating subsidies for transitional housing or permanent housing serving formerly homeless families or individuals;

- (d) Services to prevent homelessness, such as emergency eviction prevention programs including temporary rental subsidies to prevent homelessness;
- (e) Temporary services to assist persons leaving state institutions and other state programs to prevent them from becoming or remaining homeless;
- (f) Outreach services for homeless individuals and families;
- (g) Development and management of local homeless plans including homeless census data collection; identification of goals, performance measures, strategies, and costs and evaluation of progress towards established goals;
- (h) Rental vouchers payable to landlords for persons who are homeless or below thirty percent of the median income or in immediate danger of becoming homeless; and
- (i) Other activities to reduce and prevent homelessness as identified for funding in the local plan.

Washington State Quality Award (WSQA) Program Statutes

RCW 43.185C.210

Transitional housing operating and rent program.

(5)(a) Except as provided in (b) of this subsection, beginning in 2011, each eligible organization receiving over five hundred thousand dollars during the previous calendar year from the transitional housing operating and rent program and from sources including:

- (i) State housing-related funding sources; (ii) the affordable housing for all surcharge in RCW 36.22.178; (iii) the home security fund surcharges in RCW 36.22.179 and 36.22.1791; and (iv) any other surcharge imposed under chapter 36.22 or 43.185C RCW to fund homelessness programs or other housing programs, shall apply to the Washington state quality award program for an independent assessment of its quality management, accountability, and performance system, once every three years.

(5)(b) Cities and counties are exempt from the provisions of (a) of this subsection until 2018.

43.185C.240

Document recording surcharge funds—Use—Local government obligations—Washington state quality award program—Department's duties—Definitions. (Section expires June 30, 2019)

(1)(b) Any local government receiving more than three million five hundred thousand dollars during the previous calendar year from document recording surcharge funds collected pursuant to RCW 36.22.178, 36.22.179, and 36.22.1791, must apply to the Washington state quality award program, or similar Baldrige assessment organization, for an independent assessment of its quality management, accountability, and performance system. The first assessment may be a lite assessment. After submitting an application, a local government is required to reapply at least every two years.

(3) This section expires June 30, 2019.

Appendix C: Statutory changes beginning June 2018

Applicable sections of chapter 43.185C RCW

The following shows sections of Ch. 43.185C RCW as amended by the 2018 Legislature ([Ch. 85, Laws of 2018](#), sections 4, 5, and 9)

Planning, reporting, and performance measurement

RCW 43.185C.040

Homeless housing strategic plan—Program outcomes and performance measures and goals—Coordination—Statewide data gathering instrument—Reports.

(1) The department shall, in consultation with the interagency council on homelessness, the affordable housing advisory board, and the state advisory council on homelessness, prepare and publish a five-year homeless housing strategic plan which must outline statewide goals and

performance measures. The state homeless housing strategic plan must be submitted to the legislature by July 1, 2019, and every five years thereafter. The plan must include:

- (a) Performance measures and goals to reduce homelessness, including long-term and short-term goals;
- (b) An analysis of the services and programs being offered at the state and county level and an identification of those representing best practices and outcomes;
- (c) Recognition of services and programs targeted to certain homeless populations or geographic areas in recognition of the diverse needs across the state;
- (d) New or innovative funding, program, or service strategies to pursue;
- (e) An analysis of either current drivers of homelessness or improvements to housing security, or both, such as increases and reductions to employment opportunities, housing scarcity and affordability, health and behavioral health services, chemical dependency treatment, and incarceration rates; and
- (f) An implementation strategy outlining the roles and responsibilities at the state and local level and timelines to achieve a reduction in homelessness at the statewide level during periods of the five-year homeless housing strategic plan.

(2) The department must coordinate its efforts on the state homeless housing strategic plan with the office of homeless youth prevention and protection programs advisory committee under RCW 43.330.705. The state homeless housing strategic plan must not conflict with the strategies, planning, data collection, and performance and outcome measures developed under RCW 43.330.705 and 43.330.706 to reduce the state's homeless youth population.

(3) To guide local governments in preparation of local homeless housing plans due December 1, 2019, the department shall issue by December 1, 2018, guidelines consistent with this chapter and including the best available data on each community's homeless population. Program outcomes, performance measures, and goals must be created by the department in collaboration with local governments against which state and local governments' performance will be measured.

(4) The department shall develop a consistent statewide data gathering instrument to monitor the performance of cities and counties receiving grants in order to determine compliance with the terms and conditions set forth in the grant application or required by the department.

The department shall, in consultation with the interagency council on homelessness and the affordable housing advisory board, report biennially to the governor and the appropriate

committees of the legislature an assessment of the state's performance in furthering the goals of the state five-year homeless housing strategic plan and the performance of each participating local government in creating and executing a local homeless housing plan which meets the requirements of this chapter. To increase the effectiveness of the report, the department must develop a process to ensure consistent presentation, analysis, and explanation in the report, including year-to-year comparisons, highlights of program successes and challenges, and information that supports recommended strategy or operational changes. The report may include performance measures such as:

- (a) The reduction in the number of homeless individuals and families from the initial count of homeless persons;
- (b) The reduction in the number of unaccompanied homeless youth. "Unaccompanied homeless youth" has the same meaning as in RCW 43.330.702;
- (c) The number of new units available and affordable for homeless families by housing type;
- (d) The number of homeless individuals identified who are not offered suitable housing within thirty days of their request or identification as homeless;
- (e) The number of households at risk of losing housing who maintain it due to a preventive intervention;
- (f) The transition time from homelessness to permanent housing;
- (g) The cost per person housed at each level of the housing continuum;
- (h) The ability to successfully collect data and report performance;
- (i) The extent of collaboration and coordination among public bodies, as well as community stakeholders, and the level of community support and participation;
- (j) The quality and safety of housing provided; and
- (k) The effectiveness of outreach to homeless persons, and their satisfaction with the program.

RCW 43.185C.045 (New Section)

Homeless housing strategic plan—Annual report of department and local governments.

(1) By December 1st of each year, the department must provide an update on the state's homeless housing strategic plan and its activities for the prior fiscal year. The report must include, but not be limited to, the following information:

- (a) An assessment of the current condition of homelessness in Washington state and the state's performance in meeting the goals in the state homeless housing strategic plan;
- (b) A report on the results of the annual homeless point-in-time census conducted statewide under RCW 43.185C.030;
- (c) The amount of federal, state, local, and private funds spent on homelessness assistance, categorized by funding source and the following major assistance types:
 - (i) Emergency shelter;
 - (ii) Homelessness prevention and rapid rehousing;
 - (iii) Permanent housing;
 - (iv) Permanent supportive housing;
 - (v) Transitional housing;
 - (vi) Services only; and
 - (vii) Any other activity in which more than five hundred thousand dollars of category funds were expended;
- (d) A report on the expenditures, performance, and outcomes of state funds distributed through the consolidated homeless grant program, including the grant recipient, award amount expended, use of the funds, counties served, and households served;
- (e) A report on state and local homelessness document recording fee expenditure by county, including the total amount of fee spending, percentage of total spending from fees, number of people served by major assistance type, and amount of expenditures for private rental housing payments required in RCW36.22.179;
- (f) A report on the expenditures, performance, and outcomes of the essential needs and housing support program meeting the requirements of RCW 43.185C.220; and

- (g) A report on the expenditures, performance, and outcomes of the independent youth housing program meeting the requirements of RCW 43.63A.311.

(2) The report required in subsection (1) of this section must be posted to the department's web site and may include links to updated or revised information contained in the report.

(3) Any local government receiving state funds for homelessness assistance or state or local homelessness document recording fees under RCW 36.22.178, 36.22.179, or 36.22.1791 must provide an annual report on the current condition of homelessness in its jurisdiction, its performance in meeting the goals in its local homeless housing plan, and any significant changes made to the plan. The annual report must be posted on the department's web site. Along with each local government annual report, the department must produce and post information on the local government's homelessness spending from all sources by project during the prior state fiscal year in a format similar to the department's report under subsection (1)(c) of this section. If a local government fails to report or provides an inadequate or incomplete report, the department must take corrective action, which may include withholding state funding for homelessness assistance to the local government to enable the department to use such funds to contract with other public or nonprofit entities to provide homelessness assistance within the jurisdiction.

RCW 43.185C.050

Local homeless housing plans.

(1) Each local homeless housing task force shall prepare and recommend to its local government legislative authority a five-year homeless housing plan for its jurisdictional area, which shall be not inconsistent with the department's statewide guidelines issued by December 1, 2018, and thereafter the department's five-year homeless housing strategic plan, and which shall be aimed at eliminating homelessness. The local government may amend the proposed local plan and shall adopt a plan by December 1, 2019. Performance in meeting the goals of this local plan shall be assessed annually in terms of the performance measures published by the department. Local plans may include specific local performance measures adopted by the local government legislative authority, and may include recommendations for any state legislation needed to meet the state or local plan goals.

(2) Eligible activities under the local plans include:

- (a) Rental and furnishing of dwelling units for the use of homeless persons;

- (b) Costs of developing affordable housing for homeless persons, and services for formerly homeless individuals and families residing in transitional housing or permanent housing and still at risk of homelessness;
- (c) Operating subsidies for transitional housing or permanent housing serving formerly homeless families or individuals;
- (d) Services to prevent homelessness, such as emergency eviction prevention programs including temporary rental subsidies to prevent homelessness;
- (e) Temporary services to assist persons leaving state institutions and other state programs to prevent them from becoming or remaining homeless;
- (f) Outreach services for homeless individuals and families;
- (g) Development and management of local homeless plans including homeless census data collection; identification of goals, performance measures, strategies, and costs and evaluation of progress towards established goals;
- (h) Rental vouchers payable to landlords for persons who are homeless or below thirty percent of the median income or in immediate danger of becoming homeless; and
- (i) Other activities to reduce and prevent homelessness as identified for funding in the local plan.

RECOMMENDATIONS & RESPONSES

Legislative Auditor Recommendations

The Legislative Auditor makes two recommendations to Commerce regarding planning, reporting, and WSQA application compliance

Recommendation #1: When implementing the planning and reporting requirements in RCW 43.185C.040 and RCW 43.185C.045, Commerce should clearly explain how its actions will measurably contribute to the state’s goal of ending homelessness.

Commerce should link actions in the plan to short- and long-term goals, and clearly explain its implementation strategy with performance measures, timelines, roles, and responsibilities.

Legislation Required:	None
Fiscal Impact:	None
Implementation Date:	July 2019 (new strategic plan) and January 2020 (annual report)
Agency Response:	Commerce concurs

Recommendation #2: Commerce should implement processes to track compliance with WSQA application requirements in RCW 43.185C.210.

This process may include collecting data from counties regarding state and local funds received by eligible organizations as part of its overall data collection, and requiring proof of application in Consolidated Homelessness Grant guidelines, as it does for Housing Trust Fund grants.

Commerce should work with Performance Excellence Northwest (PENW) to share information about entities that have applied for and received a WSQA assessment.

Legislation Required:	None
Fiscal Impact:	None
Implementation Date:	July 2019
Agency Response:	Commerce concurs

RECOMMENDATIONS & RESPONSES

Department of Commerce



STATE OF WASHINGTON
DEPARTMENT OF COMMERCE

1011 Plum Street SE • PO Box 42525 • Olympia, Washington 98504-2525 • (360) 725-4000

April 4, 2019

Via email: Keenan.Konopaski@leg.wa.gov

Keenan Konopaski
Legislative Auditor
Joint Legislative Audit and Review Committee
P O Box 40910
Olympia, WA 98504-0910

Dear Mr. Konopaski,

Thank you for the opportunity to submit our agency's formal response to the preliminary Performance Measurement of Homeless Programs report. We appreciate the work your staff completed to develop the information and look forward to meeting with the Committee at the May 15th meeting.

If you have any questions about the response, please contact Tedd Kelleher by email at tedd.kelleher@commerce.wa.gov or by phone at (360) 725-2930.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Brown".

Lisa Brown
Director

cc: Shanna-Mae Cullen-Oden, Department of Commerce
Diane Klontz, Department of Commerce
Connie Robins, Department of Commerce
Tedd Kelleher, Department of Commerce
Kathy Kinard, Department of Commerce
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Suzanna Pratt, Research Analyst, JLARC
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Eric Thomas, Audit Coordinator, JLARC

Performance Measurement of Homelessness Programs

<i>JLARC Recommendation</i>	<i>Commerce Position</i>	<i>Commerce Comments</i>
When implementing the planning and reporting requirements in RCW 43.185C.040 and RCW 43.185C.045, Commerce should clearly explain how its actions will measurably contribute to the state's goal of ending homelessness.	Concur	The updated state strategic plan scheduled to be finalized in June 2019 will explicitly describe the how the plan's objectives and the related actions will reduce the count of people experiencing homelessness.
Commerce should implement processes to track compliance with WSQA application requirements in RCW 43.185C.210.	Concur	Commerce implemented an annual WSQA attestation process for grantees and internal procedures for ensuring scheduling with Performance Excellence NW.

RECOMMENDATIONS & RESPONSES

Other Responses

The Office of Financial Management (OFM) was given an opportunity to comment on this report. OFM responded that it does not have any comments.

MORE ABOUT THIS REVIEW

Audit Authority

The Joint Legislative Audit and Review Committee (JLARC) works to make state government operations more efficient and effective. The Committee is comprised of an equal number of House members and Senators, Democrats and Republicans.

JLARC's non-partisan staff auditors, under the direction of the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other analyses assigned by the Legislature and the Committee.

The statutory authority for JLARC, established in [Chapter 44.28 RCW](#), requires the Legislative Auditor to ensure that JLARC studies are conducted in accordance with Generally Accepted Government Auditing Standards, as applicable to the scope of the audit. This study was conducted in accordance with those applicable standards. Those standards require auditors to plan and perform audits to obtain sufficient, appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. The evidence obtained for this JLARC report provides a reasonable basis for the enclosed findings and conclusions, and any exceptions to the application of audit standards have been explicitly disclosed in the body of this report.

Committee Action to Distribute Report

On May 15, 2019 this report was approved for distribution by the Joint Legislative Audit and Review Committee. Action to distribute this report does not imply the Committee agrees or disagrees with Legislative Auditor recommendations.

MORE ABOUT THIS REVIEW

Study Questions

Study to evaluate performance measurement and reporting requirements for homelessness programs

The 2017-19 Operating Budget directed the Joint Legislative Audit and Review Committee (JLARC) to:

- A. Evaluate compliance with statutory performance measurement, reporting, and quality award requirements for homelessness programs.
- B. Evaluate the adequacy and effectiveness of performance based contracting in the Office of Youth Homelessness.

The Department of Commerce, local governments, and service providers share responsibility for performance measurement and reporting

Under state law, the Department of Commerce (Commerce) must develop a statewide homelessness strategic plan, create performance measures, and fulfill state and federal reporting requirements. Commerce also manages the state's Office of Homeless Youth (OHY). A [2017 JLARC report](#) recommended that OHY incorporate performance measurement in its grant agreements with service providers.

Counties and some other local governments must develop strategic plans to address homelessness in their local areas. These governments work with service providers to collect data about homelessness and report it to Commerce. Some of these entities also are required to apply to the Washington State Quality Award program. The award program judges local governments' and service providers' efforts to set measurable goals, assess their progress in meeting them, and commit to ongoing improvement.

Study will focus on statutory compliance and consistency with best practices

1. To what extent have Commerce, local governments, and service providers complied with statutory requirements for performance measurement, reporting, and quality award applications?
2. Has the Office of Homeless Youth improved how it measures the performance of service providers since the 2017 JLARC study? Has the Office incorporated performance measurement in its grant management and contracting practices?

Study Timeframe

Staff will present the preliminary report in January 2019 and the final report in May 2019.

MORE ABOUT THIS REVIEW

Methodology

The methodology JLARC staff use when conducting analyses is tailored to the scope of each study, but generally includes the following:

- **Interviews** with stakeholders, agency representatives, and other relevant organizations or individuals.
- **Site visits** to entities that are under review.
- **Document reviews**, including applicable laws and regulations, agency policies and procedures pertaining to study objectives, and published reports, audits or studies on relevant topics.
- **Data analysis**, which may include data collected by agencies and/or data compiled by JLARC staff. Data collection sometimes involves surveys or focus groups.
- **Consultation with experts** when warranted. JLARC staff consult with technical experts when necessary to plan our work, to obtain specialized analysis from experts in the field, and to verify results.

The methods used in this study were conducted in accordance with Generally Accepted Government Auditing Standards.

More details about specific methods related to individual study objectives are described in the body of the report under the report details tab or in technical appendices.

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