2013 - 2014 Seattle City Council Statement of Legislative Intent

Ready for Notebook

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88	1	A	1

Budget Action Title: Requesting the Human Services Department (HSD) to update Council on implementation of its strategic plan and to conduct a review of outcome-based contracts.

Councilmembers: Burgess; Clark; Licata

Staff Analyst: Michael Fong

Date		Total	SB	BH	TR	RC	TB	NL	JG	SC	MO
	Yes										
	No										
	Abstain										
	Absent										

Statement of Legislative Intent:

In 2013, the Human Services Department (HSD) plans to continue implementing elements of the department's new strategic plan. HSD internal policy decisions are likely to impact the development of future Requests for Investments (RFIs), agency contracting, contract monitoring, service outcomes and delivery and have ongoing staffing and budget implications. Council is interested in monitoring HSD's progress in 2013 through this Statement of Legislative Intent (SLI). In addition, Council requests HSD to conduct a comprehensive review and analysis of its approach to outcome based contracting. The department is requested to provide the following:

1. Two written summaries on progress toward implementing the HSD strategic plan to the Housing, Human Services, Health and Culture (HHSHC) Committee. The first summary is due no later than March 30, 2013. The second summary is due no later than August 31, 2013. The HHSHC committee may request formal public briefings for each of these reports.

2. One written report on a comprehensive review of the department's use of outcome- based contracting with clearly articulated goals for using this tool and analysis of other models from around the country. This report is due no later than August 31, 2013. The HHSHC committee may request a formal public briefing on this report.

Below is additional information related to what the Council is seeking from the written reports requested in this SLI.

<u>1. HSD Strategic Plan Implementation</u>

The Council is particularly interested in HSD's progress on the following related to implementation of its new strategic plan:

- Progress related to developing new "outcome frameworks" and "logic models" for each division.
- Status of new investment plans for each division.
- Public outreach and stakeholder input associated with outcomes frameworks and investment plans. In particular, a specific plan should be outlined that clearly articulates HSD's engagement with agencies and service providers prior to the release of final products.
- Changes relating to RFI's and other procurement tools.
- Changes relating to contracts, including progress toward increasing the amount of detail and financial information required from service agencies.
- Changes underway to improve contract monitoring.
- Update on implementation of HSD job duties and expectations and staff performance evaluation tools.
- Summary of findings and progress to address staff capacity and data infrastructure needs for the department.

2. Outcomes-Based Contracts Review

In addition, Council is interested in HSD's approach to outcomes (performance) based contracting. The department primarily uses an 80% base pay/20% performance pay model to incentivize service agencies to meet certain outcome thresholds. In Central Staff's review of a small subset of HSD's outcomes based contracts, it appears that the 80% base pay portion is not consistently tied to outcomes, but rather to outputs. It is also unclear as to whether failure to meet performance outcomes leads to any consequence for service agencies, other than not receiving the 20% performance pay for that particular contract year. The department's ability to track, monitor and report on the relative effectiveness of the use of performance based contracts also appears lacking and insufficient.

There are many other models throughout the country for human services outcomes or performance based contracting (see "Approaches to Performance Based Contracting (PBC) For Social Services" by Lawrence L. Martin, MSW, MBA, PhD, University of Central Florida). HSD is requested to review its approach to outcomes-based contracting, identify any opportunities for improvement, evaluate other potential models and share with Council its findings and recommendations. HSD should develop clear goal(s) for having outcome based contracts and whether to continue the department's current approach, modify it or potentially implement new models for outcomes-based contracting to meet the articulated goals.

Responsible Council Committee(s): Housing, Human Services, Health, & Culture

Date Due to Council: March 30, 2013 and August 31, 2013