

# PERFORMANCE AUDIT



Office of the  
Washington  
State Auditor  
Pat McCarthy

## Contracted Homeless Services:

Improving how local governments  
prioritize services and manage  
provider performance

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# Executive Summary

## State Auditor's Conclusions (page 38)

Washingtonians are growing more frustrated and concerned as the number of people living on the streets and in encampments continues to grow, even as government spends more on programs to address homelessness. Each county and city must determine how it wants to address this complex, human problem based on the needs of the people experiencing homelessness and the availability of local resources.

But one thing is certain: Each community also must do all it can to maximize the public's financial investments in programs to address homelessness by figuring out what works and what doesn't, and adjusting accordingly.

One long-term solution to our homelessness crisis is an adequate stock of permanent housing with necessary social supports. But in the meantime, local governments should be systematically collecting data on their homeless support programs, analyzing the data and working with contractors to move the needle. Data analysis also should inform elected officials and staff as they develop strategic plans. Contractors hired to provide services should have short- and long-term goals they can reasonably meet. And when goals are not met, it is incumbent on elected officials and other government leaders to hold them accountable and take appropriate action.

Public servants across the state are working hard to tackle this complex problem. This report has recommendations to help governments keep taking steps forward by following the best practices of procurement and performance management.

## Background (page 7)

Along with permanent housing, people experiencing homelessness have a wide range of needs. In Washington, local governments are responsible for identifying and determining which needs are the highest priority. They are also responsible for managing the performance of the service providers they hire to address needs. The Washington State Department of Commerce and the U.S. Department of Housing and Urban Development provide guidance and funding to help local governments address homelessness. Local governments in Washington have spent millions of dollars to provide services intended to move people out of homelessness. Despite increased spending, the number of homeless people has continued to grow.

Experts recommend investing in permanent housing solutions because this approach can help provide people a stable place to live with the support needed to stay housed. However, giving everyone a permanent home right away may not be feasible because it is expensive, and it takes time to build homes. As governments work to address homelessness, experts recommend using data to best identify and address unmet needs. They also recommend that governments take appropriate action to improve performance when providers are not making progress to help reduce homelessness. We selected two cities and two counties for review: the City of Spokane, the City of Seattle, Snohomish County and Yakima County. We chose them after considering factors such as the number of people experiencing homelessness, the government's spending on services and stakeholder concerns. This audit looked at how these governments could better identify and prioritize contracted homeless services. The audit also examined how they can better manage the performance of providers they hire to address the needs of people experiencing homelessness.

### **Governments can better prioritize services they procure by establishing a data-driven process to identify and address unmet needs for people experiencing homelessness** (page 13)

Federal guidelines recommend that governments establish a data-driven process to determine which service needs to prioritize for funding. All audited governments involved key stakeholders to identify homeless service needs. However, most lacked a data-driven prioritization process to identify and address unmet needs. Instead of data, funding priorities were often driven by grant requirements, consultation with homelessness boards, and approval from elected officials.

### **Although audited governments generally contracted for homeless services that aligned with their strategic plan priorities, some invested little in permanent housing solutions** (page 18)

Audited governments generally contracted for homeless services that aligned with their strategic plan priorities. However, two audited governments invested far less in permanent housing compared to temporary solutions. Spokane and Snohomish increased their investment in permanent housing over the last five years. In contrast, Seattle has consistently spent far more on shelters than on permanent housing. Yakima invested most of its funds in supportive services.



Audited governments included statewide objectives, and actions they would take to address them, in their strategic plans, but did not consistently establish other key components. They did not include required components because the right people were not involved, a perception that some plan objectives do not need the required components, or insufficient time to develop the plans.

## **Better use of data could help audited governments evaluate and monitor their service providers' performance** (page 25)

Experts recommend that governments collect and use performance measure data to evaluate and monitor provider performance. Audited governments could strengthen their oversight of service providers by making better use of performance data to evaluate and monitor provider performance, to discuss performance results with providers, and to inform decision making. Audited governments could also improve oversight by training staff and involving department leadership in performance reviews. Some governments did not follow practices for monitoring provider performance for a variety of reasons, including: limited authority to use performance results for corrective action, high staff turnover and technology issues, staffing limitations and prioritization of COVID-19 response.

## **Governments need to more consistently address poor provider performance to help reduce homelessness** (page 32)

Audited governments rarely took action to address underperforming providers. Experts recommend governments take appropriate action to address poor provider performance. The audited governments did not take corrective action to address poor performance for most underperforming programs the audit reviewed. Audited governments lacked procedures outlining a schedule of corrective actions to address ongoing poor performance. They did not have a tracking tool to capture and review actions taken for low-performing programs. Additionally, they did not have language in their contracts stating that they expect providers to work with them to devise an action plan if they have not met the established performance benchmarks. High staff turnover and limited staffing affected some governments' ability to address poor provider performance. However, holding contracted providers accountable is both feasible and necessary to reduce homelessness, even in the face of external factors.

## Recommendations (page 39)

We made recommendations to help audited governments better identify and address unmet needs for people experiencing homelessness. For example, we recommended that governments develop a data-driven process that compares homeless services needed and available in the community to identify the extent of unmet need for specific services, and to determine which unmet needs are the highest priority for funding. We also recommended that governments address causes for inadequate oversight of their service providers and implement leading practices we identified to strengthen monitoring and more consistently address poor provider performance.

### Next steps

Our performance audits of state programs and services are reviewed by the Joint Legislative Audit and Review Committee (JLARC) and/or by other legislative committees whose members wish to consider findings and recommendations on specific topics. Representatives of the Office of the Washington State Auditor will review this audit with JLARC's Initiative 900 Subcommittee in Olympia. The public will have the opportunity to comment at this hearing. Please check the JLARC website for the exact date, time, and location ([www.leg.wa.gov/JLARC](http://www.leg.wa.gov/JLARC)). The Office conducts periodic follow-up evaluations to assess the status of recommendations and may conduct follow-up audits at its discretion. See **Appendix A**, which addresses the I-900 areas covered in the audit. **Appendix B** contains information about our methodology.

# Background

## Addressing homelessness is a complex and far-reaching problem that local governments struggle to remedy

Investing in permanent housing solutions is key to ending homelessness, but it may not be feasible for local governments to provide everyone a permanent home right away. Experts recommend investing in permanent supportive housing because this approach can help provide people experiencing homelessness a stable place to live with the support needed to stay housed. Having a stable home can help people focus on addressing other issues that may have contributed to homelessness, such as substance use, mental health and unemployment. However, providing a permanent home right away to everyone who is experiencing homelessness may not be feasible because building housing takes time and requires substantial funding.

People experiencing homelessness very often have problems beyond the need for permanent housing. To understand the full range of issues in their communities, governments must identify the services and supports most needed and decide how to connect people to those services. For example, people who are unsheltered may need an intake assessment before entering housing, while families facing eviction may need legal assistance or help paying rent to remain at home. Similarly, people who struggle with mental health or substance use may need supportive services to learn how to live independently again once they are housed.

After gathering information and data about the needs of homeless people in their communities, governments can conduct data analysis to identify unmet needs and prioritize the services that will be most effective at addressing homelessness.

Stakeholders noted that the preferred term for this population is “people experiencing homelessness.” This report also uses the term “homeless people” or simply “people” when there is no risk of confusing them with people living in permanent homes

## Federal and state agencies provide guidance and funding to address homelessness

The U.S. Department of Housing and Urban Development (HUD) sets federal requirements, performance measures and leading practices for governments managing homeless programs. HUD guidance addresses how to identify and determine which unmet needs are the highest priority for funding, specific measures that governments must track for evaluating the performance of homeless programs, and strategies for monitoring and addressing poor provider performance.

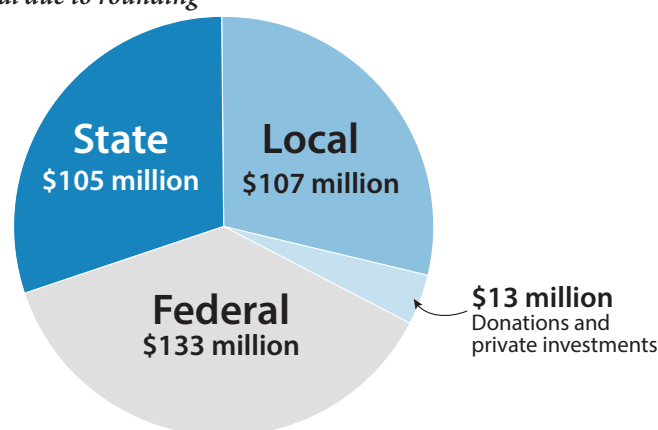
The Washington State Department of Commerce sets statewide objectives for addressing homelessness, and gives local governments guidance on components they must include in their strategic plans to achieve these objectives. Statewide objectives, such as engaging with people experiencing homelessness and prioritizing housing for people with the greatest need, are intended to ensure local efforts contribute to statewide goals for ending homelessness. Other required plan components — actions they plan to take, who will be responsible for them, timelines, milestones and measures of success — are designed to help local governments develop actionable and measurable steps to achieve their goals. Additionally, Commerce provides guidance on key performance measures and benchmarks governments should use for evaluating homeless programs.

### Funding to provide homeless services comes from federal, state and local sources

In 2021, Washington local governments spent \$357 million on homeless services. As Exhibit 1 shows, federal, state and local sources each provide roughly one-third of all funding, with a small percentage contributed by private sources. Commerce is the main source of state funding for homelessness, while HUD is the main source of federal funds.

#### Exhibit 1 – Percentage of statewide spending on homeless services by funding type for 2021

*Total spent \$357 million; numbers in the chart do not make this total due to rounding*



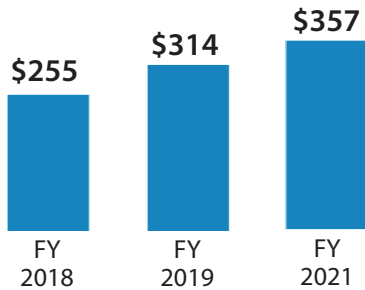
*Source: Auditor created from Department of Commerce's Golden Reports.*

### Even though spending on homelessness has increased, the number of people experiencing homelessness continues to grow

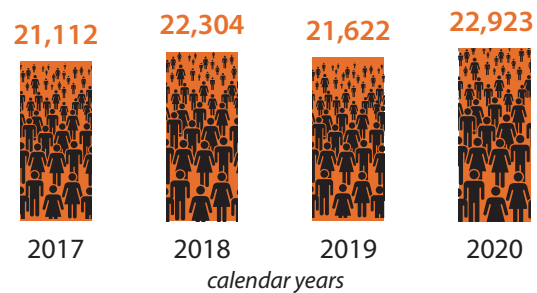
Local governments are spending more on services to address homelessness. Despite increased spending, the number of homeless people has continued to grow. Although this audit examined some aspects of local government spending, it did not review factors contributing to the increase in homelessness.

## Exhibit 2a – Spending on homeless services statewide

*Dollars in millions*



## Exhibit 2b – Number of people experiencing homelessness statewide



Source: Auditor created from analysis of the Department of Commerce's Golden Reports and Point-in-Time Count reports.

From 2018 to 2021, statewide spending on homelessness increased by \$102 million (Exhibit 2a), while the number of people experiencing homelessness remained stubbornly high from 2017 through 2020 (Exhibit 2b).

Statewide estimates of the number of people experiencing homelessness come from the annual Point-in-Time counts that local governments conduct of people living in temporary housing programs (sheltered) and people living in places not designed for human habitation (unsheltered). Local governments did not conduct a Point-in-Time count in 2021 because of the COVID-19 pandemic.

Commerce collects expenditures on homelessness from local governments on a fiscal year basis and compiles the information in its Golden Reports to make it publicly available. Commerce did not collect this data for 2020 because of the COVID-19 pandemic.

## In Washington, local governments are responsible for leading efforts to address the needs of people experiencing homelessness

State law requires local governments to identify the needs of people experiencing homelessness. It is rare for local governments to have the capability to directly provide all the services needed in a comprehensive homeless program. For the most part, they contract with service providers to deliver needed services. Some local governments have specific departments and a Continuum of Care board that help them develop strategic plans, identify needs, determine funding priorities and procure homeless services. Continuum of Care boards are intended to promote communitywide planning and strategic use of resources to address homelessness.

Local governments hire nonprofit organizations and other providers to deliver many services to people experiencing homelessness. Examples of services

include permanent housing, shelter, transitional housing, rapid rehousing, diversion, prevention and outreach. For descriptions of each of these services, see **Appendix C**.

Grant funders, such as HUD and Commerce, require local governments to monitor the performance of the service providers they hire and to address problems that affect their performance. In their contracts, governments establish performance benchmarks they expect providers to achieve for key measures, such as how long it takes people to exit a homeless program into permanent housing, the length of time a person stays in a homeless program, and whether people return to homelessness after receiving services. In their policies or procedures, local governments may include actions they can take for monitoring and addressing poor performance.

**Homelessness is a complex issue with many groups working to address the problem.** This performance audit focused on a small aspect of homelessness: the prioritization of contracted services and management of provider performance at four local governments. Other groups address various aspects of the issue. For example, Challenge Seattle, an alliance of business leaders that wants to address social issues, recently published a report outlining its strategies to end chronic homelessness in the state. The Low Income Housing Institute, a housing development advocacy group, and Facing Homelessness, an advocacy group that encourages community members to be part of the solution, build “tiny homes” for homeless people. Groups like the Housing Development Consortium and the Washington Low Income Housing Alliance bring people and organizations together to advocate for constructing more affordable housing in the state.

## Stakeholders think local governments could do a better job as they prioritize homeless services and manage provider performance

Some stakeholders think local governments are not prioritizing homeless services to address the areas of greatest need. For example, some legislators and government leaders said that local governments:

- Make greater investments in temporary housing solutions instead of permanent housing, which would actually move people out of homelessness
- Do not create enough housing opportunities for certain demographic groups who usually face greater barriers to finding stable housing, including people with criminal backgrounds, people who are part of the LGBTQ+ community, people who are experiencing substance use and mental health disorders, and those with disabilities

- Make little investment in preventive efforts that support people with basic needs, as well as financial, legal, pre-employment and health resources, before they experience homelessness

Furthermore, stakeholders said that some local governments do not adequately address poor provider performance, which affects the success of programs at reducing homelessness. For example, legislators and other Washingtonians said governments:

- Are spending more money on contracted services without reducing the number of homeless people
- Sign services contracts that lack performance outcome measures
- Use performance measures inconsistently

## This audit examined processes for prioritizing contracted homeless services and managing provider performance at four governments

This audit looked at a limited number of cities and counties to see how they are addressing homelessness through the contracts they make with service providers. The audit answered the following questions:

- How can selected cities and counties improve their processes for identifying and prioritizing homeless services needs for contracting?
- How can they improve their processes for monitoring and addressing gaps in provider performance?

The audit examined processes at two cities, Seattle and Spokane, and two counties, Snohomish and Yakima. **Exhibit 3** (on the following page) shows key decision-making authorities for homeless services at these governments.

In this report, we summarize the results of our interviews with representatives of homeless services programs at the selected local governments, documentation review and data analysis. For an overview of specific results for each audited government, see **Appendix D**.

### A note about audit interviewees

Unless otherwise indicated, information in this report was drawn from conversations with managers and staff in each audited government's homeless program. These programs or offices may be officially known by other names, such as the Human Services Department.

We note where information came from conversations with other people at that government.



**Exhibit 3 – Key decision-making authorities for homeless services at audited governments****City of Seattle**

Seattle's Human Services Department managed the homeless program for the city with assistance from King County's former Continuum of Care board, All Home. In January 2022, the city transferred the homeless program to the new King County Regional Homelessness Authority, which will manage the homeless response system for Seattle and King County going forward. Seattle's mayor and city council will continue to have decision-making authority around what homeless services Seattle provides.

**City of Spokane**

Spokane's Community Housing and Human Services Department manages the city's homeless program in collaboration with its Continuum of Care board. The mayor and city council also have decision-making authority around what homeless services the city provides.

**Snohomish County**

Within the Snohomish County's Department of Human Services, Division of Housing and Community Services, the Office of Community and Homeless Services manages the county's homeless program in collaboration with the county's Continuum of Care board, the Partnership to End Homelessness.

**Yakima County**

Yakima's Department of Human Services has managed the county's homeless program since July 2019. Yakima is part of Washington Balance of State Continuum of Care, which provides leadership and coordinates activities for small- to medium-sized local governments, to help them prevent and end homelessness in their jurisdictions.

All photos sourced from Wikimedia Commons.



# Audit Results

## **Governments can better prioritize services they procure by establishing a data-driven process to identify and address unmet needs for people experiencing homelessness**

### **Results in brief**

Federal guidelines recommend that governments establish a data-driven process to determine which service needs to prioritize for funding. All audited governments involved key stakeholders to identify homeless service needs. However, most lacked a data-driven prioritization process to identify and address unmet needs. Instead of data, funding priorities were often driven by grant requirements, consultation with homelessness boards, and approval from elected officials.

## **Federal guidelines recommend that governments establish a data-driven process to determine which service needs to prioritize for funding**

The U.S. Department of Housing and Urban Development recommends that governments develop a process for prioritizing and addressing the unmet needs of people experiencing homelessness. To provide for an inclusive, data-driven and consistent process, HUD and other experts recommend three key components.

1. **Involve key stakeholders to learn about the needs of people experiencing homelessness.** An inclusive approach can help government leaders learn about services their communities need and how to obtain resources to address complex homelessness problems. They might do this through a taskforce or committee that includes representatives from various groups. For example, the Washington State Department of Commerce recommends that local governments form a homelessness task force with representation from homeless services providers, people with lived experience of homelessness, behavioral health providers and other community organizations.

2. **Analyze data to identify and prioritize unmet needs.** Analyzing data to compare the homeless services people need to services available in a community can help governments identify unmet needs for specific services. This analysis can also help governments better prioritize limited resources for services most needed to address homelessness in their community.
3. **Document the process for identifying and prioritizing unmet needs for funding.** By documenting the process, decision makers can help establish structure and consistency in how they identify and prioritize the services they procure to address homelessness in their communities.

## **All audited governments involved key stakeholders to gather information about homeless service needs**

Audited governments said they involved key stakeholders to learn about needs for homeless services. They did so primarily by inviting representatives from different organizations and people with lived experience to join their homelessness boards and subcommittees. For example, the City of Spokane and Snohomish County said they have committees with representation from the Veteran's Administration and youth with lived experience of homelessness that meet regularly to discuss needs.

## **Most audited governments lacked a data-driven prioritization process to identify and address unmet needs**

While audited governments generally incorporated diverse voices in homelessness workgroups, their attention to the second recommended practice about using data was less consistent.

- **Snohomish County used data to identify unmet needs, but the analysis was not comprehensive.** Snohomish is the only audited government that provided evidence to show it used data to identify unmet needs, but the analysis was limited to just a few services. For example, managers gave us a report that quantified the level of unmet needs for rental housing, permanent supportive housing and behavioral health services. The report did not include measures of unmet needs for other homeless services people need. After the audit was completed, managers said the county produces additional reports that analyze gaps for other homeless services. However, they did not provide the additional reports because they thought such reports were outside the scope of the audit.
- **The City of Seattle said it used data to identify and prioritize unmet needs, but could not provide evidence it did so.** Managers said they stopped conducting service gap analyses to guide the city's priorities because the homeless program was set to transfer to the new Regional King County Homelessness Authority in January 2022. They said that in the past, the city participated in a service gap analysis led by its former Continuum of Care

board. However, they could not provide evidence to show that this service gap analysis took place or that the city used the analysis to inform funding priorities.

- **Neither Yakima County nor the City of Spokane used data to identify and determine which unmet needs were the highest priority for funding.** Staff in Yakima's homeless program said that they collect some homelessness data, but as a new department formed during the COVID-19 pandemic, they lacked sufficient staff capacity and the focus needed to implement a data-driven process for determining priorities. At the time, the homeless program only employed two people – the director and an analyst – and they prioritized distributing the rental assistance they had received to address the pandemic-driven housing crisis. Since then, Yakima has hired more staff to increase capacity and plans to implement a data-driven approach to deciding which unmet needs are the highest priority for funding. While limited staff capacity and the urgency of the pandemic response likely played a role, staff's unfamiliarity with leading practices also contributed to the county not using a data-driven approach to determine funding priorities. During the audit, staff said they were not as familiar with some of the leading practices we identified.

The Director of Spokane's homeless department said that while they are working to make improvements that will allow them to identify and quantify unmet needs, progress has been slow due to high staff turnover. Managers said the department has had four directors over the last five years, and most staff are new. The city recently hired the fourth director to oversee the homeless program. We agree that high turnover at the director and staff level has likely contributed to slow progress in program development, because both hinder a program's ability to complete critical work.

## **Homeless departments could make better use of data to identify and quantify unmet needs**

In order to identify and quantify unmet needs, governments need to compare the needs of people experiencing homelessness to the current capacity of services available to address their needs. To do this, they need to collect and analyze appropriate data. For example, homeless departments typically collect data about homeless services people need in the Homeless Management Information System (HMIS), the number of people needing services through Point-in-Time counts, and existing capacity for housing services (such as the number of beds available in shelters and transitional housing programs). Governments can then analyze the data to determine where the greatest unmet needs exist. To capture the broader picture of unmet needs, homeless departments would need to collect and analyze additional data. This includes data around existing capacity for non-housing services people may need, from employment support and vocational counseling to mental health and diversion programs. Only then can governments fully identify all gaps in key services.

## **Most audited governments had not documented the process used for identifying and determining which unmet needs they will prioritize for funding**

Developing policies and procedures that document the methods to be used to identify and prioritize homeless services for procurement can help governments establish structure and consistency for addressing homelessness in their communities. Only Seattle showed us a documented procedure that outlined key steps it takes to identify and determine which unmet needs are the highest priority for funding. Snohomish gave us a procedure listing guiding principles for prioritizing services, but the procedure did not describe the methods the county uses to identify unmet needs in the community and then decide which ones are the highest priority for funding with homeless system resources and through other human services organizations resources.

## **Instead of data, funding priorities were often driven by grant requirements, consultation with homelessness boards, and approval from elected officials**

Generally, we found that instead of making data-driven decisions about funding priorities, the audited governments' homeless departments developed funding proposals for purchased services using other methods. Most commonly, managers mentioned taking into consideration the specific requirements or priorities outlined in grants and input from their Continuum of Care boards. For city governments, funding proposals are submitted to the mayor and city council for review and final approval, and they may request changes to proposed priorities. These three factors – grant requirements, the views of their homeless services boards, and the concerns of elected officials – appeared to drive governments' decisions about which homeless service needs they prioritize.

## **Restrictions in funding grants influence the choice of services to provide**

During the five-year audit period (2017-2021), audited governments applied for and received grant funds from many of the same grantors. These grants specify which homeless services the money can be used for, limiting the government's ability to use funds to address needs not stipulated in the grants. For example, Spokane said that providing outreach services that help connect unsheltered people to support was a priority. However, managers said they could not spend more in outreach because the grants they receive limit the amount of granted money they can use for that purpose.

## **Input from homelessness boards helped determine which service needs were prioritized for funding**

Audited governments consulted with their Continuum of Care boards to decide which service needs to prioritize for funding. For example, managers in Spokane said the department's process is to develop a funding proposal, run the proposal by the Continuum of Care board to determine priorities, and then present it to the mayor and council for input and approval. Similarly, Snohomish's homeless department staff said they consult with their Continuum of Care board to determine funding priorities because the board examines gaps between the community's needs and the services provided.

## **Decisions about which services to procure are also part of a political process involving different branches of government**

For city governments, mayors and city councils have final decision-making authority around which homeless services to fund.

Seattle said the mayor approves the homeless department's proposed funding priorities for homeless services, while the council appropriates funding to procure prioritized services. Managers noted that during the approval and budgeting process, the mayor and council have at times made changes that differ from the priorities the department had established. For example, the homeless department planned to increase its investment on permanent supportive housing, but the mayor and council reprioritized the funds differently to instead spend more on shelters and other temporary solutions. When we followed up with staff at the mayor's office, they said that they were concerned about reducing shelter capacity because it could lead to more people living on the street. They added that the city council has at times chosen to fund different programs than those the homeless department and the mayor had proposed as priorities, or chosen to allocate less money than was requested. City council staff said that council decisions to fund different programs or provide less funding than requested are influenced by assessments about program performance or council members' interest in investing in new programs to meet emerging needs.

Managers in Spokane's homeless department said the mayor and city council provide input and final approval for funding priorities. While these government officials might request changes to priorities, department managers did not express concern with their involvement in the process.

## Although audited governments generally contracted for homeless services that aligned with their strategic plan priorities, some invested little in permanent housing solutions

### Results in brief

Audited governments generally contracted for homeless services that aligned with their strategic plan priorities. However, two audited governments invested far less in permanent housing compared to temporary solutions. For example, Spokane and Snohomish made greater investments in permanent housing over the last five years. In contrast, Seattle has consistently spent far more on shelters than on permanent housing. Yakima has invested most of its funds in supportive services.

Audited governments included statewide objectives, and actions they would take to address them, in their strategic plans, but did not consistently establish other key components. They did not include required components because the right people were not involved, a perception that some plan objectives do not need the required components, or insufficient time to develop the plans.

## Audited governments generally contracted for homeless services that aligned with their strategic plan priorities

Washington law requires that local governments develop a five-year strategic plan to address homelessness. In these strategic plans, governments establish goals that outline the homeless services they plan to provide to reduce homelessness. The four audited governments generally contracted for homeless services that aligned with their strategic plan priorities. For descriptions of common homeless services governments procure, see Appendix C.

- **The City of Seattle invested in all services outlined in its Pathways Home Plan.** During the five-year audit period (2017-2021), Seattle's homeless department spent more than \$317 million in contracted homeless services. These services included permanent supportive housing, rapid rehousing, outreach to connect unsheltered people to services, shelters, prevention, housing stability services, transitional housing and diversion.

- **Yakima County invested in all services outlined in its strategic plan priorities.** Since the homeless department started managing the homeless program in 2019, it has spent about \$13 million in contracted services. These services included coordinated entry, outreach, permanent housing, supportive services (such as counseling or resume writing), and shelters for youth and young adults.
- **The City of Spokane invested in most services outlined in its strategic plan priorities.** Over the five-year audit period, the homeless department spent more than \$36 million on contracted services. These services included emergency shelter, transitional housing, permanent supportive housing, coordinated assessments, rapid rehousing and outreach. Even though outreach was a priority, the department only invested in this service in 2019. Department staff said that the city's ability to spend money on certain services, such as outreach, was restricted by the funding sources they receive.
- **Snohomish County invested in most services outlined in its strategic plan priorities.** During the five-year audit period, the homeless program spent more than \$93 million in contracted services. These services included coordinated entry, outreach for youth, young adults and families, permanent supportive housing, rapid rehousing, shelters, and supportive services for youth and young adults (such as counseling services), and comprehensive employment services. The homeless program did not directly spend any money in one of the county's priority services – outreach to families – and spent less than 1 percent on supportive employment services. Staff explained that they coordinate with other divisions within the county to provide outreach and supportive employment services. Additionally, staff explained that they coordinate with other human services organizations in the community that provide these services to help people experiencing homelessness.

## Two audited governments invested far less in permanent housing compared to temporary solutions

Investing in permanent housing solutions is generally considered the key to ending homelessness because it is a successful method to ensure people have a stable place to live, without moving from one temporary situation to another. Once in a stable home, people can focus on addressing other issues that may have contributed to homelessness, such as substance use, mental health or unemployment. Permanent housing can also help reduce the strain on a community's crisis services, including emergency room care, law enforcement and psychiatric institutions.

With these benefits in mind, experts at the U.S. Department of Housing and Urban Development (HUD) and the U.S. Interagency Council on Homelessness

recommend that governments develop long-term solutions to homelessness by investing in permanent housing. The Washington State Department of Commerce requires local governments to build an efficient and effective homeless response system that swiftly moves people into stable permanent housing.

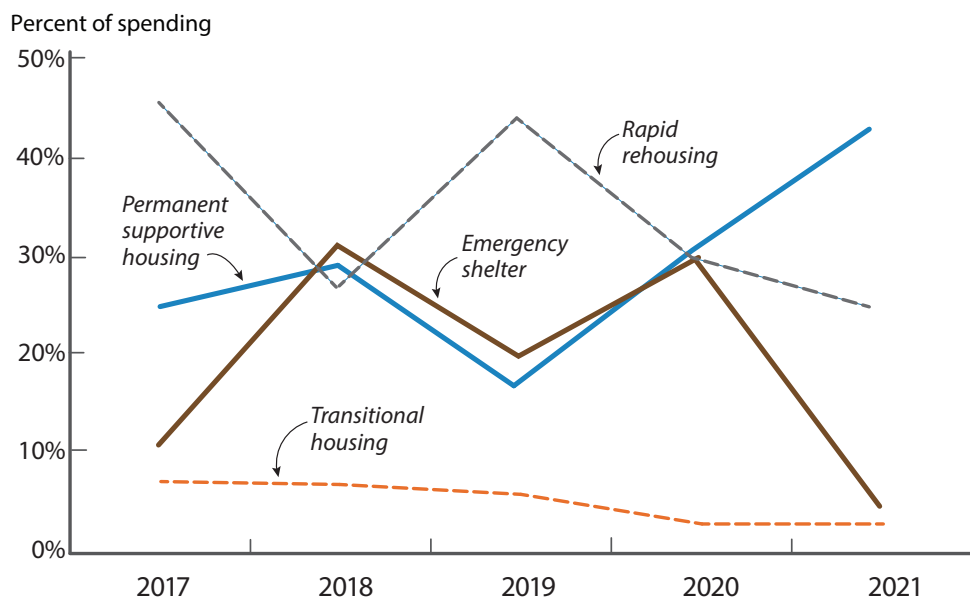
Of the four audited governments, Snohomish and Spokane chose to invest more in permanent solutions such as housing, supportive housing and rapid rehousing, while Seattle and Yakima focused their investments on temporary solutions such as emergency shelters and supportive services.

- **Spokane and Snohomish made greater investments in permanent housing over the last five years.**

Spokane's investment in permanent housing has been significantly greater than its investment on temporary solutions. As shown in **Exhibit 4**, homeless department spending in permanent supportive housing increased by 18 percent since 2019, while spending on temporary solutions such as emergency shelter decreased by 6 percent.

#### **Exhibit 4 – City of Spokane's level of expenditures on key temporary and permanent homeless services**

2017-2021

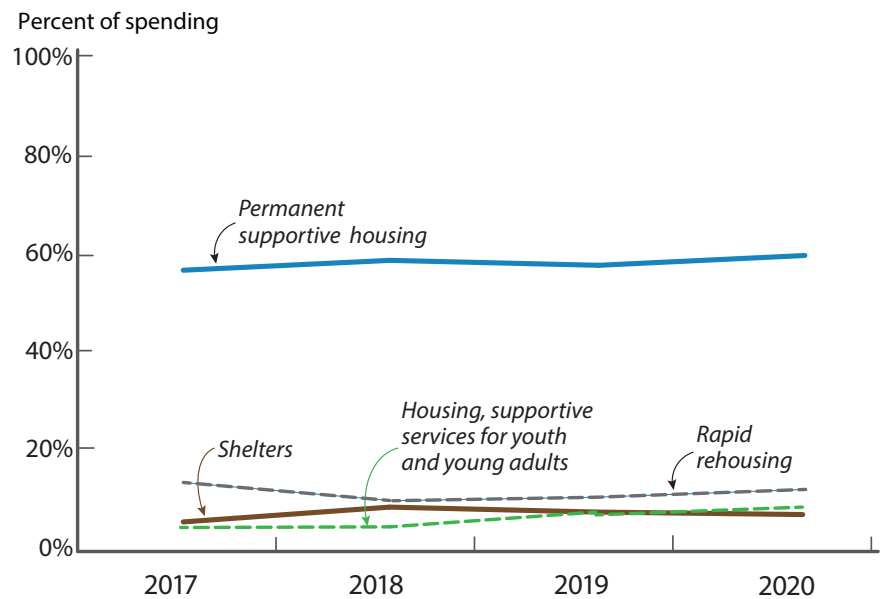


Source: Auditor created from analysis of contracted homeless service data the city provided.



Snohomish has consistently spent significantly more on permanent housing compared to temporary solutions. As shown in Exhibit 5, the homeless program consistently spent more than 58 percent annually on permanent supportive housing, compared to only about 8 percent annually in temporary solutions such as emergency shelters.

**Exhibit 5 – Snohomish County’s level of expenditures on key temporary and permanent homeless services**  
2017-2020

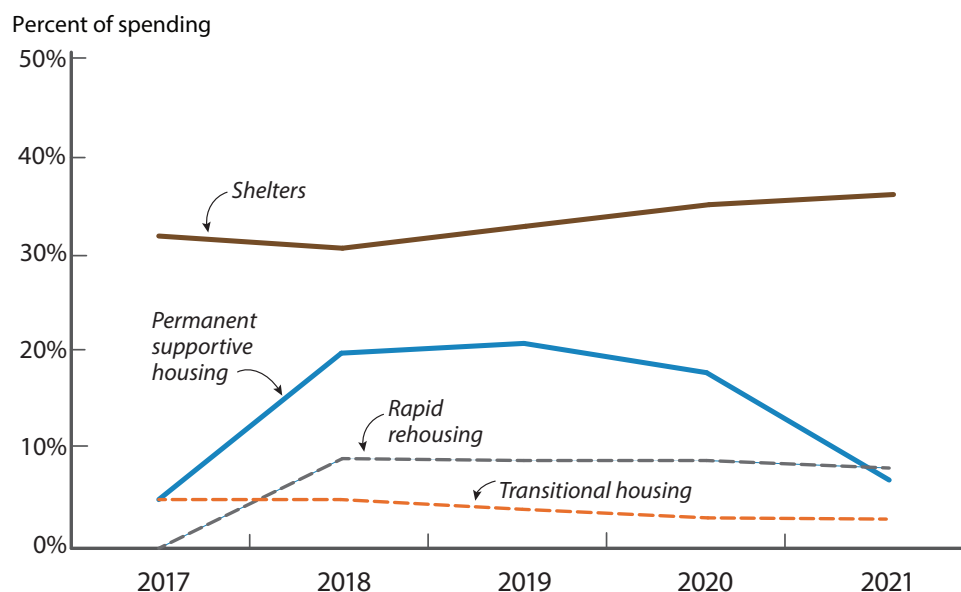


Source: Auditor created from analysis of contracted homeless service data the county provided.

- **Seattle’s homeless department consistently spent far more on shelters than on permanent housing.** As shown in Exhibit 6, spending on shelters increased to more than 36 percent in 2021, while spending on permanent supportive housing decreased to 7 percent in 2021.

**Exhibit 6 – City of Seattle’s level of expenditures on key temporary and permanent homeless services**

2017-2021



Source: Auditor created from analysis of contracted homeless service data the city provided.

In accordance with the Pathway Home Plan, Seattle’s homeless department had planned to increase spending for permanent supportive housing. However, managers said that the mayor and city council, who have final authority on how to use homelessness funds, chose to spend more on temporary solutions like shelters rather than make a systemic shift to prioritize permanent housing.

Staff from the mayor’s office said that they are concerned about reducing shelter services because it could lead to more people living on the street. They also said that the city council sometimes provides less funding than requested or does not fund the services the homeless department and mayor propose.

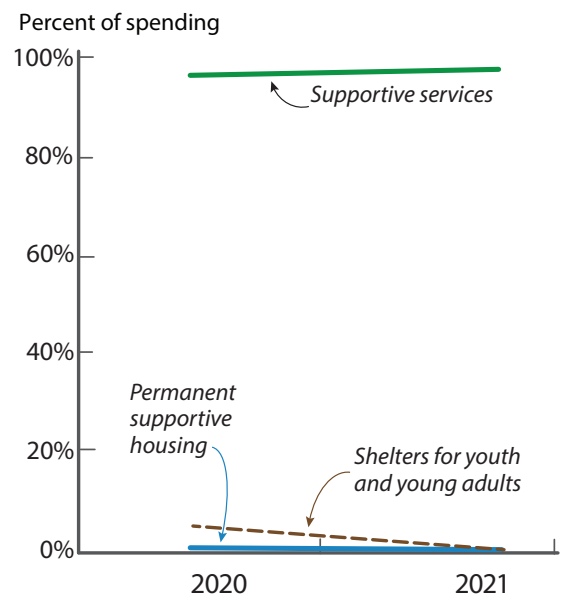
Staff from the city council offered similar comments. They said that without sufficient resources to fund every program, the council must make tough decisions each year about balancing the scale of funding: for shelters to meet an immediate housing need tonight, or funding permanent supportive housing that can be more expensive to operate and take longer to site, build and bring into service.

- **Yakima invested most of its funds in supportive services.** Yakima spent less than 1 percent annually in permanent housing compared to more than 90 percent in supportive services (Exhibit 7). The department director explained the county planned to spend more on permanent housing, but just two providers applied to offer this service and only one of them qualified. Staff had not yet investigated why only two providers applied, but thought the reason may be due to few providers in the region.

In addition to having few providers, the department director said that grant restrictions and limited local funding sources also contributed to lower investments in permanent supportive housing.

**Exhibit 7 – Yakima County’s level of expenditures on key temporary and permanent homeless services**

2020-2021



Source: Auditor created from analysis of contracted homeless service data the county provided.

## **Audited governments included statewide objectives, and actions they would take to address them, in their strategic plans, but did not consistently establish other key components**

The Department of Commerce has established statewide objectives and other key components that local governments receiving state funding must include in their strategic plans to address homelessness. These objectives are designed to ensure local efforts contribute to statewide goals for ending homelessness. Other plan components are required because they should help local governments develop actionable and measurable steps to achieve their goals. When strategic plans lack key components, organizations struggle to identify who will do the work to meet objectives, when the work will be completed, and how stakeholders will know that goals have been successfully accomplished. This, in turn, may hinder a government's ability to achieve its goals.

Local governments' five-year homeless strategic plans must include:

- Statewide objectives Commerce has established to address homelessness
- Actions to address each statewide objective
- Parties responsible for completing each action
- At least one implementation milestone for each action to be completed before 2022
- A description of how success will be measured for each action

Of the four audited governments, Seattle was not required to develop a five-year homeless strategic plan because the city does not contract directly with Commerce to receive state funding for homelessness. Spokane, Yakima and Snohomish each included required statewide objectives and some actions to achieve them (see

Exhibit 8). However, none consistently established responsible parties and clear timelines, or identified a milestone to complete before 2022 and described how they will measure success for each action.

### Exhibit 8 – Audited governments’ compliance with Department of Commerce guidelines for local homeless strategic plans

Requirements	Snohomish County	Yakima County	City of Spokane
Statewide objectives	✓	✓	✓
Actions	✓	✓	✓
Responsible parties	<i>Partial</i>	<i>Partial</i>	✓
Timeline	<i>Partial</i>	<i>Partial</i>	✗
Milestones before 2022	<i>Partial</i>	✗	✗
Measures of success	✗	✗	✗

Note: “Partial” means the plan included required components for some actions but not for all.

Source: Auditor created from review of audited government’s five-year homeless strategic plans.

Governments did not include required components because the right people were not involved, a perception that some plan objectives do not need required elements, or insufficient time to develop the plans. Managers in Spokane’s homeless department said they were not aware the plan lacked required components because they were not directly involved in plan development. They said they will inform the Continuum of Care board, which coordinates plan development for the city, of requirements to ensure all components are included in future plans. Snohomish’s managers said they included plan components only to the extent that they thought was feasible when the plan was developed. They perceived some objectives as ongoing and not necessitating a specific timeline, milestone, and measure of success. The director of the department overseeing Yakima’s homeless program said that when the county began managing the program in 2019, they were just given about four months to finalize the new five-year plan developed by the previous organization that managed the homeless program. They said this was insufficient time to adequately develop the current plan, but intend to develop a data-driven plan in the next cycle that better aligns with Commerce’s guidelines.

## Better use of data could help audited governments evaluate and monitor their service providers' performance

### Results in brief

Experts recommend that governments collect and use performance measure data to evaluate and monitor provider performance. Audited governments could strengthen their oversight of service providers by making better use of performance data to evaluate and monitor provider performance, to discuss performance results with providers, and to inform decision making. Audited governments could also improve oversight by training staff and involving department leadership in performance reviews. Some governments did not follow practices for monitoring provider performance for a variety of reasons, including: limited authority to use performance results for corrective action, high staff turnover and technology issues, staffing limitations and prioritization of COVID-19 response.

## Experts recommend governments collect and use performance measure data to evaluate and monitor provider performance

The U.S. Department of Housing and Urban Development (HUD) has developed performance measures to evaluate the performance of homeless programs. **Exhibit 9** lists some examples. HUD's measures have effectively become the industry standard in the U.S. because governments that receive HUD funding must track them to allow for evaluation of homeless programs across the country. The Washington State Department of Commerce also recommends local governments receiving state funding for homelessness use HUD's performance measures.

### Exhibit 9 – Examples of HUD-recommended performance measures for evaluating homeless programs

- Number of people they help access or retain a permanent home
- Length of time people remain in a homeless program
- The extent to which people who were placed in permanent homes returned to homelessness
- The extent to which street outreach helped place unsheltered people in shelter or permanent homes
- Number of people they help get jobs and higher income

Source: U.S. Department of Housing and Urban Development (HUD).

Performance measures offer governments standards to evaluate the effectiveness of homeless response systems and the progress their service providers are making in meeting the needs of people experiencing homelessness.

HUD and the U.S. Interagency Council on Homelessness recommend that agencies use performance data in the Homeless Management Information System (HMIS) to monitor provider progress. Analyzing performance data collected in HMIS can help governments assess how each homeless program is doing in achieving established targets for key measures, such as moving people out of the program and into permanent housing, the length of time people remain in a homeless program, and how many people returned to homelessness after participating in the programs.

Once a government has collected and analyzed its available performance data, it has an important tool to help formulate discussions with providers. The National Performance Management Advisory Commission and the Harvard Kennedy School of Government recommend that governments regularly discuss performance with providers. Furthermore, the National Performance Management Advisory Commission recommends displaying data against agreed-upon targets in a graphic or table format, which make it easy to see and chart actual performance against the plan. It advises that meetings to discuss performance should be widely attended by all who have an active role in contributing to positive performance. Such meetings offer a forum to discuss progress in achieving benchmarks and what providers can do to improve performance.

Finally, both HUD and the International City/County Management Association recommend governments use performance data to guide decision-making. Data can help them decide which providers to continue funding, where effective performance should be rewarded, and when to offer technical assistance to providers that are not meeting expectations.

We examined how well the audited governments used performance measure data in these three areas:

1. Using performance data to evaluate and monitor provider performance
2. Discussing performance results with providers
3. Using performance data to inform decision-making

## **Audited governments could strengthen oversight of service providers by making better use of performance data**

Although all four audited governments collect HUD performance measure data, not all of them consistently use it to evaluate and monitor their service providers' performance. We noted several opportunities for governments to make better use of the performance data they collect. We also suggest other practices that can strengthen oversight of service providers.

## Using performance data to evaluate and monitor provider performance

- **The City of Spokane and Yakima County collected performance data in HMIS, but took it no further.** Managers in their respective homeless departments said they did not use the data to monitor provider performance against established benchmarks.
- **The City of Seattle and Snohomish County both used data to monitor provider performance.** Managers in Snohomish said that supervisors, managers and sometimes the director review HMIS provider performance data as part of reviewing a provider's funding application. These reviews are also part of the county's contract management practice. Typically, they want to know the context for the performance to better understand what is affecting it. Managers in Seattle said they used performance data from HMIS when they did provider monitoring to assess whether providers were meeting performance targets. They also used performance data to prepare quarterly reports for the mayor and city council so they could see how homeless programs were performing.

## Discussing performance results with providers

- **Spokane and Yakima did not discuss performance results with providers.** Spokane has developed procedures to guide staff on how and when to discuss performance with providers, but did not communicate performance results to providers during the audit period. Yakima had not developed procedures and did not communicate performance results to providers during the audit period.
- **Seattle and Snohomish communicated performance results to providers through monitoring letters.** These letters stated whether providers were meeting performance targets on key measures. The monitoring letter that Seattle issued lists the unmet targets and corrective actions the department wants the provider to take. Snohomish's monitoring letter uses graphics to illustrate how the providers performed on measures, such as the rate of exits to permanent housing or time people spent in emergency shelters or transitional housing. Snohomish's letters also asked providers to respond with an explanation of why they were underperforming.

## Using performance data to inform decision-making

- **Snohomish was the only audited government that said it used performance data on a consistent basis to determine which projects to continue funding.** For example, staff said that before funding new projects, they rank projects based on whether the provider addressed specific priorities or met local needs. The county also said they use a program-monitoring tool to assess whether providers should be deemed "high risk," which is determined, in part, by a review of project performance.

- **Yakima, Spokane and Seattle made only limited use of data to guide decisions.** Staff in Yakima's homeless program said they only looked at past performance results if providers decided to include this information in their application for funding renewal. Staff in Spokane's homeless department said that the few times the department had taken performance into account to guide decisions, it was limited to programs funded by federal dollars. Managers in Seattle's homeless department said that while they considered performance data when deciding what actions to take for underperforming providers, their authority to take certain actions was limited. For example, they could offer technical assistance and issue a corrective action plan to an underperforming provider. However, more drastic measures like cutting funding or terminating contracts required the mayor's approval, which was not always granted.

## Audited governments could also improve oversight by training staff and involving department leadership in performance reviews

The National Association of State Procurement Officials recommends that agencies and local governments ensure employees who manage provider contracts receive contract-monitoring training. Training can help staff understand and apply activities for monitoring performance so they can identify and address poor provider performance in a timely manner. When all employees who are expected to hold contracted providers accountable have been well trained, the agency achieves greater consistency, even when there is staff turnover within a department.

The Harvard Kennedy School recommends that department leadership review provider performance throughout the life of the contract – not just when problems arise. Ongoing performance reviews allow the right levels of management to become aware of and address issues in a timely manner.

### Training contract management staff on how to monitor provider performance

- **Snohomish was the only audited government that said it consistently provided contract-monitoring training.** The training was mostly informal, through one-on-one learning and having newer staff shadow those with more experience. In addition, managers said some training and supervisory guidance on monitoring is given during staff meetings. Snohomish sent employees to funding-specific trainings, conferences and webinars that cover monitoring requirements.
- **Yakima has not yet provided contract-monitoring training.** Managers said that while they have not yet trained staff on monitoring provider



performance, they are working on developing the procedures and other materials needed to offer such training in the future.

- **Spokane lacks a contract-monitoring training plan.** Managers said that former staff were well trained, mostly from peer-to-peer cross training. However, most current staff are new and have not received training on monitoring provider performance against established benchmarks.
- **Seattle staff have not had contract-monitoring training.** Managers said the city plans to develop contract monitoring training in the future, but since it no longer manages the homeless program, the training will be for other types of contracts.

## Involving department leadership in ongoing provider performance reviews

- **Neither Spokane nor Yakima involved department leadership in ongoing provider performance reviews.** Spokane's homeless department had procedures stating that department leadership would review quarterly performance reports, but this review did not happen during the audit period. Managers in Yakima's homeless program did not review provider performance against performance measures during the audit period. The director of the department overseeing the homeless program has been involved in developing procedures for ongoing provider performance reviews. At the conclusion of the audit, the director shared a draft procedure they were working on, but we did not review it for alignment with leading practices because it was outside the scope of the audit.
- **Management in Seattle and Snohomish's homeless departments were involved in reviewing provider performance.** In Seattle, managers said that the division director reviewed quarterly performance reports and was included in decisions concerning how to escalate performance issues with a provider. In Snohomish, managers said that performance reports are reviewed by supervisors, the manager, and sometimes the director and/or the planning and evaluation manager. They said that management wanted to know the context for provider performance so they could better understand what had affected it, and what steps had or had not been taken to address performance issues.

## Some governments did not follow practices for monitoring provider performance for a variety of reasons

Snohomish followed the leading practices the audit examined for monitoring provider performance. Seattle implemented many of the practices as well, but did not prioritize training and had limited authority to use performance results for corrective action. Managers and staff in Spokane and Yakima experienced more challenges. They described issues which they said prevented them from following leading practices, ranging from staffing shortages to software limitations. And in some cases, they simply chose to prioritize other important activities within the department.

- **Seattle: Limited authority to use performance results for corrective action, low priority for training.** Managers in Seattle's homeless department said they had limited authority to address provider performance, despite having performance data to show the situation warranted action. For example, if a provider was underperforming, the department could provide technical assistance and issue a corrective action plan.

However, more drastic measures – such as cutting funding or terminating contracts – required mayoral approval, which was not always granted. Staff from the mayor's office said the mayor took into account how integral the underperforming provider is to serving homeless people in the region. Thus, the decision to cut funding or terminate an underperforming program was challenging if it meant losing shelter capacity and placing people back on the street. They went on to say that even if the mayor decided to go along with the city's recommendation to cut funding or terminate underperforming programs, providers have successfully lobbied city council members to have their funding reinstated.

Additionally, managers said they had not developed formal training on monitoring provider performance because it was not a department priority.

- **Spokane: High staff turnover and technology issues.** Managers said that the director and most of the current staff at the homeless department are new to the program. Managers said the high turnover has resulted in loss of institutional knowledge. The city hired a new director during the audit to oversee the homeless program. While we did not conduct a staffing analysis, high staff turnover likely contributed to gaps in monitoring performance because adequate and appropriate staffing are critical for completing essential work and ensuring consistent oversight.

Spokane staff also said that the information software used to track performance measure data could not produce the reports they needed to monitor provider performance and communicate performance issues with providers. The new director said they plan to use performance data to inform decision making in the future, and staff are resolving software issues to produce the necessary reports. We acknowledge that producing such reports would make monitoring and acting on performance results easier, but the city could monitor provider performance by analyzing available information.

- **Yakima: Staffing limitations and prioritization of COVID-19 response.**

The director of the department overseeing the homeless program said it lacked sufficient staff capacity and the focus needed to implement these leading practices. At that time, the homeless program was staffed with only two people: the director and an analyst. They prioritized distributing large sums of pandemic rental assistance the county had received. Since then, the director said the county has hired three additional staff members to increase capacity for operating the homeless program, and the department is working on developing procedures for:

- Using performance data to monitor performance
- Using performance data to guide decision-making
- Discussing performance with providers
- Involving department leadership in ongoing provider performance reviews
- Training staff on how to monitor provider performance

Limited staff capacity and the need to prioritize the county's pandemic response played a role in inadequate provider oversight. The department's unfamiliarity with leading practices also contributed. During the audit, staff said they were not as familiar with some of the leading practices we used to evaluate program performance.

## **Governments need to more consistently address poor provider performance to help reduce homelessness**

### **Results in brief**

Audited governments rarely took action to address underperforming providers. Experts recommend governments take appropriate action to address poor provider performance. The audited governments did not take corrective action to address poor performance for most underperforming programs we reviewed. Audited governments lacked procedures outlining a schedule of corrective actions to address ongoing poor performance. They did not have a tracking tool to capture and review actions taken for low-performing programs. Additionally, they did not have language in their contracts stating that they expect providers to work with them to devise an action plan if they have not met the established performance benchmarks. High staff turnover and limited staffing affected some governments' ability to address poor provider performance. However, holding contracted providers accountable is both feasible and necessary to reduce homelessness, even in the face of external factors.

### **Audited governments rarely took action to address underperforming providers**

Local governments spend millions of dollars in hiring providers to offer services that are intended to move people out of homelessness. Thus, it is critical that governments evaluate their providers' performance to assess the progress toward achieving set goals, and to take appropriate actions to improve performance when providers are falling behind.

### **Experts recommend governments take appropriate action to address poor provider performance**

The U.S. Department of Housing and Urban Development (HUD) recommends establishing a "schedule of actions" with deadlines and milestones to address gaps between expected and actual performance. The schedule should set out the specific actions the government will take based on the extent of underperformance, growing increasingly more severe if performance does not improve on the timetable set. Initial actions taken by the contract manager can include providing

technical support and developing a corrective action plan. If issues persist, more severe actions might include revising the program, reallocating funds, suspending payments, and ultimately cutting funding or terminating the contract. A selection of HUD's recommended actions is listed in **Exhibit 10**.

**Exhibit 10 – HUD's recommended schedule of actions governments should take to address poor performance**

- Prepare a schedule of remedial actions with deadlines and milestones necessary to make improvements.
- Establish and follow a management plan that assigns responsibilities for carrying out the remedial actions.
- If issues persist, establish escalating options, which could include revising programs, reallocating funds, suspending payments, cutting funding and terminating contracts

Source: U.S. Department of Housing and Urban Development (HUD).

Once governments have set up a schedule, a tracking tool can help staff responsible for monitoring performance capture and review actions the government has taken for underperforming programs. A basic spreadsheet or a more sophisticated data-management tool that documents actions taken can help staff decide when to escalate interventions if providers continue to underperform. For example, the Centers for Medicare and Medicaid Services use an Excel spreadsheet template to keep track of corrective actions taken to address issues identified through audits or provider performance reviews.

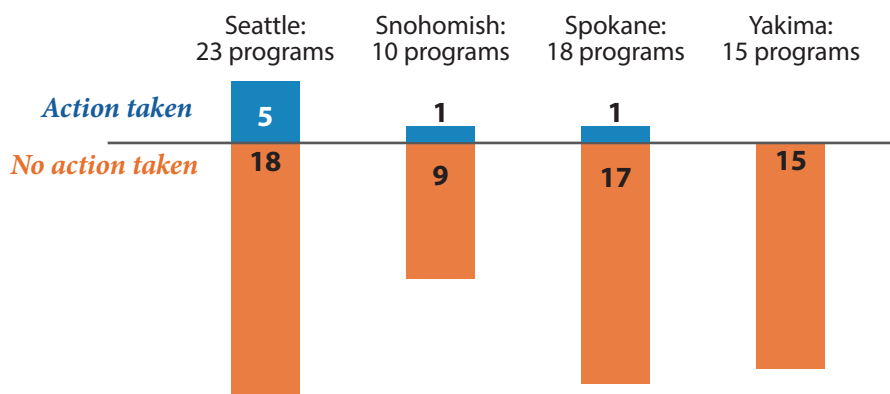
Finally, a contractual agreement about what is expected when provider performance does not meet established benchmarks can help governments hold providers accountable. The National State Auditors Association recommends that contracts contain performance standards and clear corrective actions for non-performance.

**Audited governments did not take corrective action to address poor performance for most underperforming programs the audit reviewed**

For the purposes of our analysis, we considered a program to be underperforming if it consistently missed performance targets the government had established for key measures. Such measures included: moving people into permanent housing, the length of time people stayed in the program, the number of people who returned to homelessness, and program use. While external factors outside providers' control may affect their ability to meet performance targets, grant funders expect governments to actively monitor performance, and to take appropriate action to

help providers improve and meet targets. However, when we examined a sample of underperforming programs, we found the audited governments did not take corrective action in most cases to address poor performance (Exhibit 11).

### Exhibit 11 – Audited governments took corrective action to address poor performance for few of the underperforming programs we reviewed



Source: Auditor review of corrective actions audited governments took for selected underperforming programs.

For the few underperforming programs where governments took corrective action, the actions included:

- **City of Spokane (1 program):** Changed the target to a level that was a better fit for that specific program
- **Snohomish County (1 program):** Offered technical assistance and reallocated funding. Managers said that they typically offer technical assistance to providers, but had limited evidence (such as emails) to show this, which they did not provide during the audit. They acknowledged they could improve their own documentation of these activities.
- **City of Seattle (5 programs):** Took various actions for five programs, including offering technical assistance, requiring performance improvement plans, and – in one case – cutting funding. While there were other programs for which the city took action, the corrective actions were to address issues unrelated to meeting performance measure targets.

**Yakima County** did not take action to address poor performance for any of the under-performing programs reviewed. The department is in the process of developing a plan for improving provider performance. At the conclusion of the audit, the director gave us the draft plan, but we did not review it for alignment with leading practices because it was outside the scope of the audit.

## **Audited governments lacked procedures outlining a schedule of corrective actions to address ongoing poor performance**

None of the audited governments had procedures outlining a schedule of corrective actions they will take to address poor performance. While governments' procedures listed some actions (for example, technical assistance, corrective action plans, cutting funding or contract termination), the procedures lacked key details around the following:

- What specific correction action will be taken relative to the degree of underperformance
- How long a program can lag in performance before the audited government steps in with each action
- Responsible parties to address poor performance

Managers' perceptions about the effectiveness of an escalation procedure with corrective actions varied. For example, managers in homeless departments in Seattle, Spokane and Yakima said having such a procedure would be beneficial for addressing poor performance. Managers in Snohomish also said having such a procedure is beneficial for addressing poor performance. However, their caveat is that such a procedure must be implemented with care because a limited number of providers to choose from may affect a government's ability to reduce funding or terminate a contract without disrupting services for people experiencing homelessness. We acknowledge that some corrective actions, such as contract termination, could affect the number of providers available to deliver services. However, an escalation procedure that includes other actions the county could take would allow them to retain existing providers and help them move closer to hitting performance targets.

## **Audited governments did not have a tracking tool to capture and review actions taken for poor performing programs**

None of the audited governments had a tracking tool to capture and review actions taken for low-performing programs. The lack of a tracking tool highlighted challenges for governments during our review. Some employees could not remember with certainty what actions (if any) had been taken for the underperforming programs we reviewed, and could not locate evidence of actions they thought may have occurred. For example, staff at Spokane said their homeless department may have provided technical assistance to some of the selected programs, but could not find evidence to show they had done so. Staff at Snohomish's homeless program said they have provided technical assistance to selected programs, but did not have a tracking tool to capture and review actions taken for poor performing programs and would benefit from such a tool. Using a spreadsheet or a more sophisticated data-management tool to record specific actions taken, dates and results would have allowed them to respond with more assurance.

## **Audited governments did not have contract language stating expectations for providers to work with them to devise an action plan to correct poor performance**

None of the governments had language in their contracts stating that they expect providers to work with them to devise an action plan if they have not met the established performance benchmarks. We reviewed a sample of master contracts the audited governments have established with homeless service providers to see how they framed their expectations for underperforming programs. We found they all included performance measures and targets in contracts with service providers. However, the contracts did not have language requiring that underperforming providers will agree to work with the government to develop an action plan detailing what they will do to improve performance.

## **High staff turnover and limited staffing affected some governments' ability to address poor provider performance**

- **Spokane** staff said that high turnover at the director and staff level has affected their ability to address poor provider performance, and we agree this likely played a role. However, not using performance data to identify when a provider was underperforming also contributed to inaction.
- **Yakima** staff said that limited staff capacity and focusing on the COVID-19 response affected their ability to address poor provider performance. The government's decision not to prioritize hiring more staff to help the homeless department address provider performance likely played a role in inconsistent oversight. However, not using performance data to identify when a provider was underperforming also contributed to inaction.

## **Holding contracted providers accountable is both feasible and necessary to reduce homelessness, even in the face of external factors**

Representatives of audited governments said that external factors affected their ability to address poor provider performance. The two factors mentioned most often were a lack of homeless service providers and an inadequate supply of affordable housing. For example, managers in Snohomish's homeless program said that there are not enough service providers to choose from, creating a challenge for holding underperforming providers accountable. They said that if a provider is underperforming and the county decides the provider should lose funding, the county cannot easily reallocate funding to another provider because too few offer similar services. In such cases, they said the county will continue to contract with the underperforming provider and offer assistance to help improve performance.



They said that should performance not improve due to conditions within the provider's control, the county will work with other providers to ensure the safe transfer of the individuals and families served by the underperforming provider. They said this action is rare and we did not see evidence of this happening during the audit period.

Spokane managers raised a similar dilemma. They said that in some cases, the city would continue to pay an underperforming provider because it was the sole provider for a specific service or population in the region. They also often maintain the contract if they believe performance issues are caused by factors outside the provider's control, such as insufficient housing in the area.

While we acknowledge that these external factors play a role, we do not agree that external factors should prevent local governments from holding providers accountable. Governments pay millions of dollars to service providers to help move people out of homelessness. Taxpayers and grant funders expect governments to take action to address poor performance because it is necessary for reducing homelessness. Taking appropriate action to gradually improve performance is feasible. Governments can start by providing technical assistance and requiring providers to submit a corrective action plan that outlines the changes they will make to improve their performance by a certain date. If poor performance persists, governments can take other recommended measures to compel improvement, such as revising programs, reallocating funds to high-performing programs, suspending payments or cutting funding.

# State Auditor's Conclusions

Washingtonians are growing more frustrated and concerned as the number of people living on the streets and in encampments continues to grow, even as government spends more on programs to address homelessness. Each county and city must determine how it wants to address this complex, human problem based on the needs of the people experiencing homelessness and the availability of local resources.

But one thing is certain: Each community also must do all it can to maximize the public's financial investments in programs to address homelessness by figuring out what works and what doesn't, and adjusting accordingly.

One long-term solution to our homelessness crisis is an adequate stock of permanent housing with necessary social supports. But in the meantime, local governments should be systematically collecting data on their homeless support programs, analyzing the data and working with contractors to move the needle. Data analysis also should inform elected officials and staff as they develop strategic plans. Contractors hired to provide services should have short- and long-term goals they can reasonably meet. And when goals are not met, it is incumbent on elected officials and other government leaders to hold them accountable and take appropriate action.

Public servants across the state are working hard to tackle this complex problem. This report has recommendations to help governments keep taking steps forward by following the best practices of procurement and performance management.

# Recommendations

## For the City of Spokane

To better identify and prioritize homeless services needs for procurement, we recommend the City of Spokane:

1. Build capacity in the homeless department, particularly in data collection and analysis
2. Develop a data-driven process to identify and determine which unmet needs are the highest priority for funding. The prioritization process should:
  - a. Include an analysis of data the city collects about homeless services needed and available in the community, to identify unmet needs and to determine which ones are the highest priority for funding
  - b. Be documented in policies or procedures that clearly outline the steps the city will take to identify and determine which unmet needs are the highest priority for funding
3. Amend the city's five-year homeless strategic plan to ensure it includes the components the Washington State Department of Commerce requires. If amending the existing plan is not feasible, ensure the city's next five-year homeless strategic plan includes all required components when the plan is developed.
4. Seek out and apply for funding sources that will allow the city to address prioritized unmet needs

To improve provider monitoring and address poor performance, we recommend the city:

5. Address the system limitations that are preventing staff from producing performance reports needed to monitor and discuss performance results with providers and city leadership
6. Investigate and take steps to address the causes for high staff turnover. Once staff turnover has been addressed, implement the following practices:
  - a. Provide consistent training to contract management staff on how to monitor provider performance against established performance measures to identify issues
  - b. Involve leadership in ongoing provider performance reviews to address gaps
  - c. Ensure performance data consistently informs decision-making about which programs and providers to continue funding

- d. Update procedures to establish a schedule of corrective actions the city will take to address poor provider performance, when each action will be taken, and who will take action
- e. Create a tracking mechanism to capture and review actions the city takes to address poor provider performance
- f. Include language in contracts that specifically requests providers with underperforming programs to develop an action plan detailing what they will do differently to improve performance

## For Yakima County

To better identify and prioritize homeless services needs for procurement, we recommend Yakima County:

1. Use increased capacity to prioritize development of a data-driven process for identifying and determining which unmet needs are the highest priority for funding. The prioritization process should:
  - a. Include an analysis of data the county collects about homeless services needed and available in the community, to identify unmet needs and to determine which ones are the highest priority for funding
  - b. Be documented in policies or procedures that clearly outline the steps the county will take to identify and determine which unmet needs are the highest priority for funding
2. Amend the county's current five-year homeless strategic plan to ensure it includes the components the Washington State Department of Commerce requires. If amending the existing plan is not feasible, ensure the county's next five-year homeless strategic plan includes all required components when the plan is developed.
3. Work with providers in the community to identify the reasons why few providers applied to provide permanent housing, and take steps to help support providers interested in providing this service

To improve provider monitoring and address poor performance, we recommend the county:

4. Use increased capacity to prioritize development of processes for monitoring and addressing gaps in provider performance. Processes should include the following practices the county has not yet implemented:
  - a. Using performance data in Homeless Management Information System (HMIS) to monitor provider progress in achieving expected performance benchmarks
  - b. Using performance data to guide decision making, such as determining which projects and providers to continue funding
  - c. Discussing performance results with providers to promptly address performance issues
  - d. Providing training to contract management staff on how to monitor provider performance against established performance benchmarks to identify issues
  - e. Involving leadership in ongoing provider performance reviews to address gaps

- f. Establishing a schedule of corrective actions the county will take to address poor provider performance, when each action will be taken, and who will take action
- g. Creating a tracking mechanism to capture and review actions the county takes to address poor provider performance
- h. Including language in provider contracts that specifically requests those with underperforming programs develop an action plan detailing what they will do differently to improve performance

## For Snohomish County

To better identify and prioritize homeless services needs for procurement, we recommend Snohomish County:

1. Develop a data-driven process to identify and determine which unmet needs are the highest priority for funding with homeless system resources and through other human services organizations resources in the community. The prioritization process should:
  - a. Include an analysis of data the county collects about homeless services needed and available in the community, to identify unmet needs and to determine which ones are the highest priority for funding
  - b. Be documented in policies or procedures that clearly outline the steps the county will take to identify and determine which unmet needs are the highest priority for funding
2. Amend the county's current five-year homeless strategic plan to ensure it includes the components the Washington State Department of Commerce requires. If amending the existing plan is not feasible, ensure the county's next five-year homeless strategic plan includes all required components when the plan is developed.

To better address poor provider performance, we recommend the county:

3. Update procedures to establish a schedule of corrective actions the county will take to address poor provider performance, when each action will be taken, and who will take action
4. Create a tracking mechanism to capture and review actions the county takes to address poor provider performance
5. Include language in contracts that specifically requests providers with underperforming programs develop an action plan detailing what they will do differently to improve performance

## City of Seattle

While the audit identified opportunities for the City of Seattle to improve how it prioritizes contracted homeless services and manages provider performance, we have not made recommendations to the city. This is because Seattle no longer manages the homeless program. As of January 2022, the new Regional King County Homelessness Authority now manages the homeless program for the region, which includes Seattle and King County.



# Agency Responses

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## **YAKIMA COUNTY DEPARTMENT OF HUMAN SERVICES**

(509) 574-1365 • [HumanServices@co.yakima.wa.us](mailto:HumanServices@co.yakima.wa.us) •  
128 North Second Street - Room #102, Yakima, WA 98901  
Esther Magasis, H.S. Director

October 12, 2022

The Honorable Pat McCarthy  
Washington State Auditor  
P.O. Box 40021  
Olympia, WA 98504-0021

Dear Auditor McCarthy:

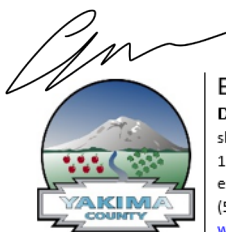
Thank you for the opportunity to review and respond to the State Auditor's Office (SAO) performance audit report, "Contracted Homeless Services: Improving how local governments prioritize services and manage provider performance."

We appreciate your team's analysis of homeless service contracting in Washington State communities. As a fairly new department, the recommendations provided in the report are especially helpful to our team as we continue to establish our practices. Yakima County is committed to continual improvement, and we appreciate the SAO's invaluable feedback towards that end.

As noted in this report, Yakima County took on management of the Homeless Program in July 2019 and established the Human Services Department which houses the program in January 2020. Since the period reviewed in this audit, Yakima County has invested in expanding capacity within the Human Services Department by hiring additional staff to support the Homeless Program. We are committed to continuing to make these capacity investments in the coming year, with the goal of becoming a data-driven department that meets the objectives highlighted in this report.

It was a pleasure working with your team; they were consistently attentive, curious, informative, and professional. Please thank them for their collaborative approach throughout this performance audit.

Sincerely,



**Esther Magasis**  
Director of Human Services  
she/her/hers  
128 N 2<sup>nd</sup> Street, Rm 102, Yakima, WA 98901  
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[www.yakimacounty.us](http://www.yakimacounty.us)

cc: Amanda McKinney, Yakima County Commissioner, District 1  
Ron Anderson, Yakima County Commissioner, District 2  
LaDon Linde, Yakima County Commissioner, District 3  
David Garent, Finance Manager, Yakima County Auditor's Office

[www.yakimacounty.us/2333/Human-Services](http://www.yakimacounty.us/2333/Human-Services)


**Snohomish County**
**Human Services**

October 12, 2022

The Honorable Pat McCarthy  
 Washington State Auditor  
 P.O. Box 40021  
 Olympia, WA 98504-0021

3000 Rockefeller Ave., M/S 305  
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**Dave Somers**  
*County Executive*

**RE: Homeless Services Performance Audit Response for Snohomish County**

Dear Auditor McCarthy:

Thank you so much for the opportunity to review and respond to the State Auditor's Office (SAO) Formal Response Draft issued on September 21, 2022 for the Performance Audit entitled "Contracted Homeless Services: Improving How Local Governments Prioritize Services and Manage Provider Performance." Thank you too, for providing an overview of the process for finalizing and presenting the report at the Exit Conference on October 4, 2022.

We here in Snohomish County very much appreciate the SAO's recognition of our extensive efforts to continuously improve on our system for responding to the housing and services needs of individuals and households who are unhoused and in search of housing services from our local homeless housing system.

We have found the recommendations 3., 4., and 5. regarding provider performance to be helpful and have begun updating procedures for documenting our corrective action processes along with development of an associated tracking mechanism to capture and review actions the County is taking to address subcontractor performance issues. We are also in the process of drafting language to be included in subcontracts that address the development of action plans for underperforming programs.

We appreciate that the SAO recognizes that there are a number of factors outside of the control of the homeless housing system that impact performance including, first and foremost, the lack of affordable housing in our community. Conditions such as the COVID-19 pandemic dramatically impacted the ability of all providers and systems to address households' needs during the performance audit period and led to extraordinary circumstances that impacted every aspect of service delivery and documentation of that delivery. This impact simply cannot be overstated.

We believe recommendations 1. and 2 regarding identification and prioritization of homeless services needs for procurement requires some context. Snohomish County's homeless housing system operates under the guidance of the local Continuum of Care, the Partnership to End Homelessness (PEH), one of a very small number of continua in the nation to be designated as a Unified Funding Agency by the United States Department of Housing and Urban Development (HUD). This designation is a recognition of the high-quality work being performed by the PEH and Snohomish County's homeless housing system. Outcomes of this work are illustrated through HUD's [National Summary of its System Performance Measures](#) spanning 2015-2021 which show that, despite a decrease in available affordable housing units, the effects of the worldwide pandemic, and amidst an increase in the number of people experiencing

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homelessness statewide, Snohomish County has exceeded the national average for performance in multiple measures over the last several years.

The vision of the PEH is to ensure that every person in Snohomish County lives in safe, stable, and affordable housing with access to necessary services and economic opportunity. Its mission is to lead a collaborative, comprehensive, and cohesive system of care that eliminates homelessness in our county. Some of the key charges of the PEH are to ensure strategic utilization of all available resources and promote access to and effective use of mainstream programs by individuals and families who are unhoused. These charges are predicated on the recognition that the homeless housing system is one of multiple systems that exist to promote self-sufficiency among individuals and households. They are further predicated on the need to utilize the resources of those systems to meet the non-housing needs of households to the extent possible while reserving homeless housing system resources for housing.

To that end, and in conformance with guidance from HUD; the PEH, the County, and service delivery partners identify those other mainstream systems that exist to meet households' non-housing needs and reserve homeless housing system resources for housing to the extent possible. Recognizing that non-housing needs cannot always be addressed by other systems, Snohomish County provides limited funding to meet those needs with homeless housing system funds, primarily through flexible funds that can be used to fill gaps in services on an individual basis in real time. The PEH utilizes a data-driven process to identify the range of needs as well as the systems that address those needs and that information is factored into its recommendations to HUD and Snohomish County regarding the use of homeless housing system resources to address any gaps. We agree that we can provide more comprehensive documentation of that process which relies on extensive data that is gathered outside of the homeless housing system in addition to the data made available through that system.

We will amend the current five-year homeless strategic plan to address the data element identified by the SAO, fully recognizing that any such plan is a living, iterative document impacted by a wide variety of conditions including, most recently, the COVID-19 pandemic. We ask that the Washington State Department of Commerce review the plan in draft form and advise us of any deficiencies.

Enclosed please find a management plan to address these recommendations. On behalf of Snohomish County and its Partnership to End Homelessness, we look forward to working with our partners in the Washington State Department of Commerce to ensure that every Snohomish County resident has a place to call home to the benefit of us all.

Sincerely,



Mary Jane Brell Vujovic, Director  
Snohomish County Human Services

Enclosure/Attachment (1)

cc: Dave Somers, Snohomish County Executive  
Lacey Harper, Executive Director, Snohomish County  
Sohara Monaghan, Senior Performance Auditor, Office the Washington State Auditor



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**OFFICIAL SNOHOMISH COUNTY RESPONSE TO PERFORMANCE AUDIT ON CONTRACTED HOMELESS SERVICES: IMPROVING HOW LOCAL GOVERNMENTS PRIORITIZE SERVICES MANAGE PROVIDER PERFORMANCE – OCTOBER 6, 2022**

This management response to the State Auditor's Office (SAO) performance report received on September 21, 2022 is provided by Snohomish County.

**SAO PERFORMANCE AUDIT OBJECTIVES:**

The purpose of the performance audit was to answer the following questions:

1. How can selected cities and counties improve their processes for identifying and prioritizing homeless services needs for contracting?
2. How can they improve their processes for monitoring and addressing gaps in provider performance?

**SAO RECOMMENDATIONS TO SNOHOMISH COUNTY**

To better identify and prioritize homeless services needs for procurement, we recommend Snohomish County:

1. Develop a data-driven process to identify and determine which unmet needs are the highest priority for funding with homeless system resources and through other human services organizations' resources in the community. The prioritization process should:
  - a. Include an analysis of data the County collects about homeless services needed and available in the community, to identify unmet needs, and to determine which ones are the highest priority for funding.
  - b. Be documented in policies or procedures that clearly outline the steps the County will take to identify and determine which unmet needs are the highest priority for funding.
2. Amend the County's current five-year homeless strategic plan to ensure it includes the components the Washington State Department of Commerce requires. If amending the existing plan is not feasible, ensure the County's next five-year homeless strategic plan includes all required components when the plan is developed.

To better address poor provider performance, we recommend the County:

3. Update procedures to establish a schedule of corrective actions the County will take to address poor provider performance, when each action will be taken, and who will take action.
4. Create a tracking mechanism to capture and review actions to County takes to address poor provider performance.
5. Include language in contracts that specifically requests providers with underperforming programs develop an action plan detailing what they will do differently to improve performance.

**SNOHOMISH COUNTY RESPONSE:**

1. Develop a policy and procedures to outline steps the County will take to identify and determine which unmet needs are the highest priority for funding with homeless housing system dollars to include the source documentation that will be utilized, the system(s) that address each specific need identified through the review of source documentation, the needs that are not met by any other system, and the process for prioritizing those unmet needs for funding with homeless housing system resources.

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#### **Action Steps and Time Frame**

- Identification of all relevant source documents will be completed *by April 30, 2023*.
  - Identification of all relevant needs through analysis of source documents *by July 1, 2023*.
  - Identification of all systems that address the needs identified *by December 31, 2023*.
  - Identification of remaining unmet needs *by March 31, 2024*.
  - Development of a policy and procedures to prioritize unmet needs for homeless housing system funding *by June 30, 2024*.
2. Review the current five-year plan and identify areas where it may be incomplete, develop additional components as indicated, and submit to Washington State Department for review and approval.

#### **Action Steps and Time Frame**

- Completion of a review of the current plan and identify areas where it may be incomplete *by March 31, 2023*.
  - Development of a redline version of the current plan for review and approval by the PEH *by June 30, 2023*.
  - Submission of the approved redline plan to the Washington State Department of Commerce for review and approval *by September 30, 2023*.
3. Adopt progressive action procedures with timelines and responsibilities.

#### **Action Steps and Time Frame**

- Development of draft procedures for review by the PEH *by March 31, 2023*.
  - Finalization and Adoption of procedures *by June 30, 2023*.
4. Create a performance tracking mechanism.

#### **Action Steps and Time Frame**

- Development of a tracking tool and procedure *by December 31, 2023*.
  - Implementation of the tracking tool and procedure *by June 30, 2024*.
5. Modify contract boilerplates to include action steps for underperforming contractors.

#### **Action Steps and Time Frame**

- Completion of a review of current contract boilerplate to determine where to best incorporate the required language *by December 31, 2023*.
- Development of a redline version of the boilerplate for review by counsel *by March 31, 2024*.
- Incorporation of approved language into the contract boilerplate *by June 30, 2024*.



**Seattle**  
Human Services

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October 12, 2022

The Honorable Pat McCarthy  
Washington State Auditor  
P.O. Box 40021  
Olympia, WA 98504-0021

**Re: SAO Contracted Homeless Services Audit: City of Seattle Response**

Dear Auditor McCarthy,

On behalf of the Seattle Human Services Department (Department), I would like to thank you and your team for the opportunity to review the State Auditor's Office (SAO) performance audit report which you've titled "Contracted Homeless Services: Improving How Local Governments Prioritize Services and Manage Provider Performance." The Department strives to connect people with resources and solutions during times of need so that all Seattle residents can live, learn, work, and take part in strong, healthy communities. The Department believes the work carried out by your organization allows us to further support that mission.

As noted in your report, the City of Seattle transitioned management of its homelessness service provider contracts to the newly established King County Regional Homelessness Authority (Authority) in January 2022. As a result, there are no recommendations for the Department to respond to.

The Authority is an independent quasi-governmental agency. The City of Seattle's Human Services Department maintains a Master Services Agreement (MSA) with the Authority. The Department has been in discussion with the Authority regarding the Department's desire to improve monitoring and data collection around the Authority's contracted service providers. The Department plans to share a copy of the SAO audit with the Authority's leadership.

Thank you again for your time and for the opportunity to review the abovementioned report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Bailey".

Michael Bailey  
Deputy Director  
Seattle Human Services Department



**COMMUNITY, HOUSING, AND HUMAN  
SERVICES DEPARTMENT**

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October 12, 2022

The Honorable Pat McCarthy  
Washington State Auditor  
P.O. Box 40021  
Olympia, WA 98504

Dear Auditor McCarthy,

Thank you for the opportunity to review and respond to the State Auditor's Office (SAO) performance audit report, "Contracted Homeless Services: Improving how local governments prioritize services and manage provider performance."

We appreciate the analysis provided which is intended to maximize the public's financial investments in programs to address homelessness and we agree with the findings of the audit. We have noted that the long-term solution to our homelessness crisis is an adequate stock of permanent housing with necessary social supports, but while we work on this long-term goal communities should be systematically collecting data on their homeless support programs, analyzing the data and working with contractors to move the needle. This data should be used to inform elected officials and staff during the development of strategic plans. In addition, when the goals set for contractors providing services are not met, we need to hold them accountable.

Following are the recommendations from the State Auditors Office and the City of Spokane's response and action for each recommendation:

1. Build capacity in the homeless department, particularly in data collection and analysis  
*The CHHS department has a robust HMIS system for data collection and analysis. Our HMIS department has been understaffed and our hiring plan gets us to full staffing levels within the next year.*
2. Develop a data-driven process to identify and determine which unmet needs are the highest priority for funding. The prioritization process should include:
  - a. An analysis of data the city collects about homeless services needed and available in the community, to identify unmet needs and to determine which ones are the highest priority for funding  
*The CHHS department currently uses the Point in Time (PIT) data regarding the populations experiencing homelessness in Spokane; we also compile the Housing Inventory Chart (HIC) and use that data to identify housing needs. We will continue to use this information, as well as information from the State, our Housing Authority, and*



*local service/advocacy groups to identify unmet needs and inform which ones are the highest priority for funding.*

- b. Be documented in policies or procedures that clearly outline the steps the city will take to identify and determine which unmet needs are the highest priority for funding.  
*The CHHS department uses local, state and regional plans to direct the steps the city will take to identify and determine which unmet needs are the highest priority for funding. These plans include the Spokane City/Spokane County Continuum of Care 5 Year Strategy to End Homelessness, local municipal codes, RCW 43.185C.050, and national goals and objectives through the Department of Housing and Urban Development. We will use these plans to develop our policies and procedures.*
3. Amend the city's five-year homeless strategic plan to ensure it includes the components the Washington State Department of Commerce requires. If amending the existing plan is not feasible, ensure the city's next five-year homeless strategic plan includes all required components when the plan is developed  
*We will continue to work with the Spokane City/County Regional Continuum of Care to make updates to the five year strategic plan. Please note this plan is a regional plan, not just a plan for the City of Spokane.*
4. Seek out and apply for funding sources that will allow the city to address prioritized unmet needs  
*The CHHS department will use prioritized unmet needs identified to build on the current process of vetting new funding opportunities that would be appropriate for the City to apply for, and to pass along and give support for funding opportunities which may be better suited to local non-profit organizations.*
5. Address the system limitations that are preventing staff from producing performance reports needed to monitor and discuss performance results with providers and city leadership  
*The HMIS system administered by CHHS is robust in its capabilities for collecting and tracking relevant information on our system needs and usage. The limitation on reports was specific to one set of funds. In our most recent contract amendments, we aligned the performance outcomes with our standard reporting.*
6. Investigate and take steps to address the causes for high staff turnover. Once staff turnover has been addressed, implement the following practices:  
*Since January of this year the CHHS department has worked to reduce employee turnover by ensuring that we are finding the right fit for the positions we have available, recognizing and rewarding employees, identifying opportunities for learning and development, and encouraging a healthy work-life balance.*
  - a. Provide consistent training to contract management staff on how to monitor provider performance against established performance measures to identify issues  
*CHHS department has a plan in place to provide training to staff on monitoring. After the audit we implemented training and will continue to provide training to new staff going forward.*
  - b. Involve leadership in ongoing provider performance reviews to address gaps  
*The CHHS department will involve Regional Governance leadership and provider leadership in ongoing performance reviews as appropriate.*

- c. Ensure performance data consistently informs decision-making about which programs and providers to continue funding  
*The City utilizes the CHHS board for any non-HUD funded programs, and the CoC board for HUD funded programs. Performance data will continue to be part of the review conversation for HUD funded programs, implemented with non-HUD funds, and be used to inform decision making about which programs and providers should continue to be funded.*
- d. Update procedures to establish a schedule of corrective actions the city will take to address poor provider performance, when each action will be taken, and who will take action.  
*The CHHS department will review the existing Project Monitoring Guide to ensure that the remedial actions and sanctions are included. For HUD funded programs the CoC will be ultimately responsible for making decisions to implement remedial actions and sanctions. For non-HUD programs the CHHS board will be responsible for making decisions to implement remedial actions and sanctions.*
- e. Create a tracking mechanism to capture and review actions the city takes to address poor provider performance  
*Since the audit, the CHHS department has implemented a monitoring tracking spreadsheet to track the reviews and actions.*
- f. Include language in contracts that specifically requests providers with underperforming programs to develop an action plan detailing what they will do differently to improve performance.  
*The CHHS department will update contracts as they renew with standardized language to ensure that underperforming agencies submit an action plan.*

The Community, Housing, and Human Services Department of the City of Spokane is committed to continuing to invest in process improvements to improve service delivery to our most vulnerable populations.

Sincerely,



Jenn Cerecedes | Director  
 Community, Housing, and Human Services  
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# Appendix A: Initiative 900 and Auditing Standards

## Initiative 900 requirements

Initiative 900, approved by Washington voters in 2005 and enacted into state law in 2006, authorized the State Auditor's Office to conduct independent, comprehensive performance audits of state and local governments.

Specifically, the law directs the Auditor's Office to "review and analyze the economy, efficiency, and effectiveness of the policies, management, fiscal affairs, and operations of state and local governments, agencies, programs, and accounts." Performance audits are to be conducted according to U.S. Government Accountability Office government auditing standards.

In addition, the law identifies nine elements that are to be considered within the scope of each performance audit. The State Auditor's Office evaluates the relevance of all nine elements to each audit. The table below indicates which elements are addressed in the audit. Specific issues are discussed in the Results and Recommendations sections of this report.

I-900 element	Addressed in the audit
1. Identify cost savings	<b>No.</b> This audit was not intended to identify cost savings associated with how governments prioritize services for procurement or manage provider performance.
2. Identify services that can be reduced or eliminated	<b>No.</b> This audit was not intended to identify homeless services that can be reduced or eliminated. It focused on finding opportunities to improve how local governments identify and prioritize homeless services for procurement and manage provider performance.
3. Identify programs or services that can be transferred to the private sector	<b>No.</b> Local governments already contract with non-profit and other service providers to serve people experiencing homelessness.
4. Analyze gaps or overlaps in programs or services and provide recommendations to correct them	<b>No.</b> This audit did not examine gaps and overlaps in programs or services. However, it did identify practices governments can use to better prioritize services for procurement and to strengthen how they monitor and address poor provider performance.
5. Assess feasibility of pooling information technology systems within the department	<b>No.</b> This audit did not address pooling information technology systems.

I-900 element	Addressed in the audit
6. Analyze departmental roles and functions, and provide recommendations to change or eliminate them	<b>No.</b> The audit did not evaluate overall departmental roles or functions and whether or not they should be changed or eliminated. The audit examined the adequacy of specific processes within homeless departments' roles and functions.
7. Provide recommendations for statutory or regulatory changes that may be necessary for the department to properly carry out its functions	<b>No.</b> This audit does not make recommendations for statutory or regulatory changes.
8. Analyze departmental performance data, performance measures and self-assessment systems	<b>Yes.</b> The audit evaluated how local governments use performance measure data to manage provider performance.
9. Identify relevant best practices	<b>Yes.</b> The audit used leading practices to identify opportunities to improve how local governments identify and prioritize homeless services for procurement and manage provider performance.

## Compliance with generally accepted government auditing standards

We conducted this performance audit under the authority of state law (RCW 43.09.470), approved as Initiative 900 by Washington voters in 2005, and in accordance with generally accepted government auditing standards as published in *Government Auditing Standards* (July 2018 revision) issued by the U.S. Government Accountability Office. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## The mission of the Office of the Washington State Auditor

To provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective. The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service. We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program. For more information about the State Auditor's Office, visit [www.sao.wa.gov](http://www.sao.wa.gov).

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# Appendix B: Objectives, Scope and Methodology

## Objectives

The purpose of this performance audit was to answer the following questions:

1. How can selected cities and counties improve their processes for identifying and prioritizing homeless services needs for contracting?
2. How can they improve their processes for monitoring and addressing gaps in provider performance?

## Scope

This performance audit examined opportunities for selected governments to improve their processes for identifying and prioritizing homeless services for procurement. It also looked at how they monitored contracted providers and addressed poor provider performance. We selected four city and county governments based on factors such as the number of people experiencing homelessness, spending on homeless services, and stakeholder concerns. We selected these governments:

- City of Seattle
- Snohomish County
- City of Spokane
- Yakima County

## Methodology

To answer the audit objectives, we used a variety of qualitative and quantitative approaches, which are outlined below.

### ***Assessed adequacy of governments' processes for identifying and prioritizing services by comparing them to requirements and leading practices***

We conducted a literature review to identify leading practices for identifying and prioritizing homeless services. This review included reviewing state laws, as well as guidance from experts including the U.S. Department of Housing and Urban Development (HUD), the National Alliance to End Homelessness, and the Corporation for Supportive Housing.

We requested and reviewed policies, procedures and other relevant documentation to compare each government's practices to relevant state laws and leading practices. We also interviewed staff in their homeless services departments to learn about the practices they had implemented.

### ***Reviewed audited governments' five-year homeless strategic plans to assess whether the plans aligned with Washington State Department of Commerce's guidelines***

We reviewed the five-year homeless strategic plan for three of four audited governments (Spokane, Yakima and Snohomish) to evaluate whether the plans aligned with Commerce's guidelines for local plans, which included:

1. Incorporating the five statewide objectives to address homelessness
2. Developing action steps to achieve each statewide objective
3. Assigning responsible parties for each action
4. Establishing timelines to achieve each action
5. Establishing a milestone before 2022 to achieve each action
6. Describing how success will be measured for each action

Seattle was not required to develop a five-year homeless strategic plan because the city does not contract with Commerce to receive state funding for homelessness. King County's homeless strategic plan covers the city, but because King County was not an auditee, its plan was outside the scope of this audit and not reviewed.

### ***Evaluated whether audited governments invested in the services they included in their strategic plan priorities***

To assess whether audited governments contracted for homeless services set in their five-year homeless strategic plan priorities, we reviewed each audited government's plan to identify the priority services. We then requested and evaluated each government's expenditures for contracted homeless services over a five-year period to determine whether governments were procuring services identified as priorities. We took the following steps for each government:

- Reviewed the priority services outlined in each government's five-year strategic plan
- Requested and obtained expenditures for each audited government's contracted homeless service from 2017 to 2021. Because Yakima began managing the countywide homeless program in July 2019, we only obtained its spending data for 2019-2021.
- Conducted data reliability testing to ensure we received all data requested and the data was sufficiently accurate for the intended analysis.
- For each fiscal year, we analyzed each audited government's expenditures by service type. For some governments, grant award expenditures had start and end dates that did not always align with a single fiscal year. In these instances, we tracked these expenditures to those fiscal years the grant was most closely aligned with. For example, a grant that began in March 2020 and ended in June 2021 was most closely aligned with fiscal year 2021.
- Analyzed government spending in contracted homeless services to determine:
  - a. If it spent funds in all its priority services
  - b. If it spent significantly on non-priority services
  - c. How its level of spending in permanent solutions (such as permanent supportive housing) compared to temporary services (such as shelters)

### ***Assessed adequacy of governments' processes for monitoring and addressing poor provider performance by comparing them to requirements and leading practices***

We conducted a literature review to identify leading practices for monitoring and addressing poor provider performance. We reviewed guidance from experts including HUD, U.S. Interagency Council on Homelessness, National Association of State Procurement Officials, Harvard Kennedy School's Government Performance Lab, City/County Management Association, and National Performance Management Advisory Commission.

We requested and reviewed governments' policies and procedures and other relevant documentation to compare each government's practices to leading practices. We also interviewed staff at each audited government's homeless department to learn about practices they had implemented.

### ***Assessed if audited governments are using leading performance measures to evaluate provider performance***

We conducted a literature review to identify performance measures experts recommended to evaluate the performance of homeless programs. We reviewed guidance from experts including HUD, the National Alliance to End Homelessness and Commerce. We then reviewed governments' five-year strategic plans, a sample of provider contracts, and other relevant documentation to assess if the audited governments are using leading performance measures to monitor and evaluate provider performance.

### ***Assessed whether audited governments took action to address poor provider performance***

To assess whether governments took action to address poor provider performance, we analyzed performance data to select a sample of low performing programs. A low performing program is one that consistently failed to meet the performance targets governments had established for key measures such as exiting people into permanent housing, length of time people stay in homeless programs, people returns to homelessness, and program utilization. We reviewed each government's policies and procedures to identify actions governments had established to address poor performance. We then followed up with each government to determine what actions they had actually taken to address poor performance for the selected programs. We took the following steps:

- Reviewed strategic plans, sample contracts and other relevant documentation to identify the specific performance measures and targets governments had established for their homeless programs
- Requested and obtained performance measure results data for each audited government for years 2017-2021. Because Yakima County started managing the homeless program for the county in July 2019, we only obtained this government's expenditure data for 2019-2021.
- Conducted data reliability testing to ensure we received all data requested and the data was sufficiently accurate for intended analysis



- Selected a sample of low performing programs. We selected programs based on number of years the programs had been underperforming as well as programs with outcomes far below their established performance targets. See **Figure 1** for the number of programs selected.
- Reviewed each audited government's policies and procedures to identify actions governments had established to address poor performance
- Followed up with each audited government to learn what actions they had taken to address poor performance for selected programs and requested evidence to verify the actions taken.

**Figure 1 – Sample of underperforming programs selected for review**

Audited government	Number of programs selected
Snohomish County	10
Yakima County	15*
City of Seattle	23
City of Spokane	18*

\* Note: Yakima and Spokane initially had larger samples of underperforming programs selected for review. However, leadership at these entities notified us they did not contract directly with some of the selected programs and, therefore, had no authority to take action for those programs. As a result, we excluded those programs from our review.

### ***Analyzed Point-in-Time count data to identify the number of people experiencing homelessness in Washington and for the four audited governments***

We analyzed data from Commerce's Point-in-Time Count reports to identify the number of people experiencing homelessness statewide as well as for the four audited governments. Point-in-Time counts are counts of sheltered and unsheltered people experiencing homelessness on a single night in January of each year. According to Commerce, local governments in Washington did not conduct a 2021 count of unsheltered people due to the difficulties and risks imposed by the COVID-19 pandemic.

Point-in-Time counts are done at the county level. As a result, there was no count data specifically for Seattle or Spokane. Instead, the audit team used count data from the counties of the selected governments. For Seattle, this was data for King County; for Spokane, this was data for Spokane County.

### ***Analyzed expenditure data to calculate statewide spending on homeless services in Washington***

Commerce collects data on expenditures on homelessness from local governments each fiscal year and publishes the data in its Golden Reports. We analyzed homelessness expenditure data to calculate statewide spending on homeless services.

Data in the Golden Reports is self-reported by each county. Commerce staff said they conduct some quality assurance steps, such as comparing expenditure totals they received from each county to their own contract management system. They also compare expenditures per project to persons served to make sure the cost per day was within the expected range. We also conducted limited data reliability testing, including removing duplicates in the data, before calculating total statewide expenditures on homeless services for fiscal years 2018, 2019 and 2021. Commerce staff said that they did not require counties to provide expenditures for fiscal year 2020 due to the COVID-19 pandemic.



## Work on internal controls

Internal controls were significant to our audit objectives, which sought to identify opportunities to improve local governments' processes to identify and prioritize homeless services for procurement as well as to monitor and address gaps in provider performance. We assessed whether processes established by the audited governments were adequate. We did so by comparing government processes to leading practices and by analyzing data to determine whether governments actually follow key processes.

# Appendix C: Types of homeless services local governments procure

Figure 2 – Key homeless services local governments procure

Homeless service type	Description
<b>Coordinated entry</b>	The coordinated entry process is an approach to coordination and management of a crisis response system's resources that allows users to make consistent decisions from available information to efficiently and effectively connect people to interventions that will rapidly end their homelessness.
<b>Diversion</b>	Diversion helps people explore all safe and appropriate housing options and only enroll people in crisis housing projects, such as emergency shelter, after all other alternatives have been exhausted.
<b>Emergency shelter</b>	Emergency shelter provides temporary shelter for people experiencing homelessness and does not require that people sign leases or occupancy agreements.
<b>Permanent supportive housing</b>	Permanent supportive housing combines housing assistance and supportive services for homeless persons with disabilities, primarily serving individuals and members of their household who have serious mental illnesses, chronic substance use problems, physical disabilities, or AIDS and related diseases.
<b>Other permanent housing</b>	Other permanent housing provides housing with or without supportive services to assist homeless persons to live independently, but does not limit eligibility to individuals with disabilities. To be considered other permanent housing, the provider must provide long-term housing that is not otherwise considered permanent supportive housing or rapid re-housing.
<b>Outreach services</b>	Outreach-specific services target the most vulnerable of the homeless population who are often unable or unwilling to accept emergency shelter services. This category includes specialized outreach and engagement services for unsheltered people meeting the definition of chronic homelessness. Outreach services help connect unsheltered people with services and supports.

Figure 2 – Key homeless services local governments procure, *continued*

Homeless service type	Description
<b>Prevention</b>	Prevention services involve assisting individuals and households at risk of becoming homeless to maintain their housing by providing stabilization services and/or short-term emergency financial assistance. Prevention also encompasses discharge planning in coordination with mainstream agencies, such as health, mental health, foster care, and the justice system, to ensure that these agencies are helping clients locate and secure housing upon discharge from the institution.
<b>Rapid re-housing</b>	The provision of housing relocation and stabilization services and short- and/or medium-term rental assistance as necessary to help a homeless individual or family move as quickly as possible into permanent housing and achieve stability in that housing.
<b>Supportive services</b>	Supportive services are those services needed for a person to move towards self-sufficiency and independent living, such as resume writing, employment services, training, vocational and psychological counseling, or other similar programs designed to assist the homeless to transition into independent living.
<b>Transitional housing</b>	A project that is designed to provide housing and appropriate supportive services to homeless persons to facilitate movement to independent living within 24 months, or a longer period approved by HUD.

Source: U.S. Department of Housing and Urban Development, Code of Federal Regulations, and Washington regulations.

# Appendix D: Key results for all audited governments

This appendix summarizes key results for each audited government, organized by topic:

- Use of data-driven process to identify and decide which unmet needs are the highest priority for funding
- Investment in homeless services outlined in the local government's five-year homeless strategic plan priorities
- Level of investment in permanent housing vs. temporary solutions
- Local homeless strategic plan alignment with Department of Commerce guidelines for local plans
- Monitoring provider performance
- Addressing poor provider performance

## Notes:

All spending is from the five years covered by this performance audit: January 2017 through December 2021.

The term Homeless Management Information System is abbreviated HMIS throughout this section

Audited government	page
City of Seattle	65
City of Spokane	67
Snohomish County	69
Yakima County	71

## The City of Seattle

### Background

The City of Seattle's Human Services department managed the city's homeless program until January 2022. During the 2020 Point-in-Time count, King County identified 11,751 people experiencing homelessness countywide. From 2017 through 2021, the department spent more than \$317 million on contracted homeless services, including shelters, permanent supportive housing, outreach, rapid re-housing, prevention, and transitional housing. The department worked with the city mayor and council to determine which services would be prioritized for funding.

### Results in Brief

***Seattle's homeless services funding priorities were not fully driven by identified gaps between services needed and services available in the community***

Although the city had a process to prioritize homeless services needs for procurement, funding priorities were not fully driven by identified gaps between services available and those needed in the community. Managers said the city mayor and council had final decision-making authority about what services would be funded. These officials made changes that at times differed from the priorities the city's homeless department had established. For example, managers said the homeless department planned to increase its investment on permanent supportive housing but the mayor and council reprioritized the funds differently to instead spend more on shelters and other temporary solutions. Additionally, managers said that they stopped conducting service gaps analysis because the homeless program was set to transfer to the new Regional King County Homelessness Authority in January 2022. They said that in the past the city participated in a service gap analysis led by the former Continuum of Care, All Home. However, managers were not able to provide evidence to show that their former Continuum Care had conducted a service gap analysis or that they used the analysis to determine funding priorities.

***Seattle invested in all services outlined in its Pathways Home plan priorities***

The city's homeless department spent more than \$317 million in contracted homeless services that aligned with plan priorities. These services included permanent supportive housing, rapid re-housing, outreach, shelters, prevention, housing stability services, transitional housing and diversion.

***The city has invested significantly more in shelters than in permanent housing***

Experts recommend investing in permanent housing solutions to help move people out of homelessness. However, the city's spending in shelters increased to over 36 percent in 2021, while its spending in permanent supportive housing decreased to 7 percent in 2021. Managers said that the city mayor and council have final authority on how to use homelessness funds and have chosen to spend more on temporary solutions such as shelters rather than make a system shift to permanent housing.

***The city has implemented several leading practices for monitoring provider performance but could further strengthen monitoring***

The city has implemented many of the leading practices experts recommend for monitoring provider performance, but could benefit from using additional practices. The city implemented the following practices:

- Adopted good performance measures for evaluating and monitoring provider performance
- Used performance data in HMIS to monitor provider progress in achieving results and to guide some decisions to address poor performance
- Communicated performance results to providers
- Involved leadership in ongoing reviews of provider performance

The city could further strengthen monitoring by using performance data to fully guide decision-making. Managers said that while they use performance data to inform what actions to take for underperforming providers, they have limited authority to take certain actions. If a provider is underperforming, they can provide technical assistance and issue a corrective action plan. However, more drastic measures such as cutting funding or terminating contracts requires the city mayor's approval, which has not always been granted.

Moreover, the city could strengthen monitoring by providing training to contract management staff on how to monitor provider performance against established performance benchmarks. Managers said they have not developed formal training for monitoring provider performance because this has not been a priority for the department.

***Seattle only occasionally took corrective action to address poor provider performance***

The city took action to address poor performance with performance measures for five of 23 underperforming programs we examined. Actions included providing technical assistance, requiring performance improvement plans, and in one case, terminating the contract. While there were another six programs for which the city took action, the corrective actions were to address issues unrelated to meeting performance measures expectations. Factors that contributed to the city not holding poor performing providers accountable included: lack of adequate processes and the perception that external factors such as limited housing supply prevent them from taking action.

## The City of Spokane

### Background

The City of Spokane's Community Housing and Human Services (CHHS) Department oversees the city's homeless program. During the 2020 Point-in-Time count, Spokane County identified 1,559 people experiencing homelessness across the county. During the five-year audit period, 2017-2021, CHHS spent more than \$36.4 million on contracted homeless services including permanent supportive housing, rapid rehousing and emergency shelters. CHHS works with its Continuum of Care Board, the city's mayor and the city council to identify and prioritize homeless services.

### Results in Brief

***Spokane has not established data-driven process to identify and determine which unmet needs should be prioritized for funding***

The city could improve how it prioritizes homeless services for procurement by establishing a data-driven process in which funding priorities are driven by gaps between services available and those needed in the community. While the city involves key stakeholders, such as people with lived experience, to identify needs, it does not analyze data it has available on needs and capacity to identify gaps in services and determine funding priorities based on filling those gaps. Instead, the city determines funding priorities based on what existing funding sources allow, consultation with its Continuum of Care Board, and input and approval from the mayor and city council. Staff said that the homeless department has experienced high turnover in leadership and staff over the past five years. They said they are working to make improvements that would allow them to identify and quantify gaps in services.

***The city invested in most services outlined in its strategic plan priorities***

Spokane's homeless department spent more than \$36 million on contracted homeless services that aligned with strategic plan priorities. These services included: emergency shelter, transitional housing, permanent supportive housing, coordinated assessments, rapid rehousing, and outreach. While outreach was a priority, the city's homeless department invested in this service in only one year, 2019. Managers said that providing outreach services that help connect unsheltered people to supports was a priority, but the grants they receive restrict the amount of money that can be used for outreach.

***The city has increased investment in permanent housing solutions to help move people out of homelessness***

The homeless department's investment in permanent housing has been significantly larger than its investment in temporary solutions. Its spending on permanent supportive housing increased by 18 percent since 2019, while spending in temporary solutions like shelter decreased by 6 percent.

### ***The city's homeless strategic plan only partially aligned with Commerce guidelines***

The city's homeless strategic plan only partially aligned with Commerce guidelines for local plans. The plan included required statewide objectives, actions and responsible parties to address objectives. However, it generally lacked clear timelines, a milestone to reach before 2022, and measures of success for each action. Managers said they were not aware the plan lacked key components because they are not directly involved in plan development. They also said they will inform the Continuum of Care Board, which coordinates plan development, to ensure future plans include required components.

### ***The city did not monitor provider performance***

The city has adopted good performance measures, but it has not used performance data to evaluate and monitor provider performance. It has yet to implement the following leading practices to strengthen provider monitoring:

- Use performance data in HMIS to monitor provider progress in achieving results and to guide decision-making, such as deciding which projects to continue funding
- Communicate performance results to providers
- Train contract management staff on how to monitor performance to identify when providers have not met established benchmarks
- Involve leadership in ongoing reviews of provider performance

Staff from the city's homeless department noted several factors that affected their ability to monitor provider performance. Issues included high turnover in department director and staff positions over the previous five years that led to loss of institutional knowledge and reduced staff capacity. The homeless department changed directors four times over a five-year period. Additionally, staff shared that software limitations prevented production of reports needed for monitoring performance. The city recently hired a new director to oversee the homeless program. The new director said that they do plan to review provider performance regularly to address issues and to inform decision-making. Staff also said they are working on finding alternative methods to produce performance reports.

### ***The city did not address poor provider performance***

The city did not take corrective action to address poor performance for most of the underperforming programs we selected for review. Of 18 underperforming programs we examined, the city addressed poor performance for only one program. Several factors contributed to this, including: lack of processes, system limitations, high turnover in department director and staff positions, and the perception that external factors, such as limited housing supply and few providers, prevent them from taking action.



## Snohomish County

### Background

Snohomish County's Office of Community and Homeless Services (OCHS) manages the county homeless program. During the 2020 Point-in-Time count, the county identified 1,132 people experiencing homelessness across the county. From 2017 through 2021, OCHS spent more than \$93.7 million on contracted homeless services including shelter and permanent housing for individuals and families. OCHS works with the county's Continuum of Care Board to identify and prioritize homeless services.

### Results in Brief

***Snohomish County can benefit from establishing a process where funding priorities are driven to a greater extent by an analysis of identified gaps in services***

The county could improve how it prioritizes homeless services for procurement by establishing a process where funding priorities are driven to a greater extent by an analysis of identified gaps between services available and needed in the community. The county involves key stakeholders, such as people with lived experience, to identify needs. The county also supplied a report that showed it analyzed data to identify unmet needs for some services, namely behavioral health, supportive housing and rental housing. However, funding priorities for the county are driven to a great degree by what existing funding sources allow. County staff said that 95 percent of the funding they receive is renewal funding, which comes with specific requirements regarding what services can be funded. While county leaders said their Continuum of Care Board examines gaps in services to help determine priorities, the evidence the county provided for review showed an analysis of unmet needs for only three services. After the audit was completed, managers said the county produces additional reports that analyze gaps for other homeless services. However, they did not provide these reports because they thought such reports were outside the scope of the audit.

***The county invested in most services outlined in its strategic plan priorities***

Snohomish's homeless program spent more than \$93 million in contracted homeless services that aligned with strategic plan priorities. These services included: coordinated entry, outreach for youth and young adults, outreach for families, permanent supportive housing, rapid re-housing, shelters, supportive services for youth and young adults (for example, counseling services), and comprehensive employment services.

The homeless program did not directly spend any funds in outreach to families and spent less than 1 percent on supportive employment services. Managers explained that they coordinate with other divisions in the county to provide these services. They also coordinate with other human services organizations in the community to provide outreach and employment services.

***The county consistently invested in permanent housing solutions to help move people out of homelessness***

Snohomish's homeless program has spent significantly more on permanent housing compared to temporary solutions. The program consistently spent more than 58 percent annually in permanent supportive housing compared to only about 8 percent annually in temporary solutions like shelter.

***Snohomish's homeless strategic plan only partially aligned with the Department of Commerce's guidelines***

The county's homeless strategic plan followed some of the Department of Commerce's required elements but not others. The plan included required statewide objectives, some actions and responsible parties to address objectives. However, the county did not consistently establish clear timelines, a milestone before 2022 and measures of success for each action when the plan was developed. Managers said they included plan components only to the extent that they thought was feasible when the plan was developed. They also perceived some objectives as ongoing and not necessitating a specific timeline, milestone, and measure of success.

***The county has implemented many leading practices for monitoring provider performance***

The county has implemented many of the leading practices the audit identified for monitoring provider performance. The county has:

- Generally adopted good performance measures for evaluating and monitoring provider performance
- Communicated performance results with providers
- Used performance data in HMIS to monitor provider progress in achieving results and to guide decision-making, such as determining which projects to continue funding
- Provided training to contract management staff on how to monitor provider performance to identify when they are not meeting established benchmarks
- Involved leadership in ongoing review of provider performance

***The county did not consistently address poor provider performance***

The county did not take corrective action to address poor performance for most underperforming programs selected for review. For the 10 underperforming programs we examined, the county asked providers why programs were underperforming, but only took corrective action to address poor performance for one program. Several factors contributed to this, including a lack of adequate processes and the perception that external factors – such as not enough housing or providers – prevent them from taking action.

## Yakima County

### Background

The Yakima County's Human Services Department took on managing the county's homeless program in 2019. During the 2019 Point-in-Time count, the county identified 435 people experiencing homelessness. From 2019 through 2021, the county spent more than \$13 million on contracted homeless services, including coordinated entry, outreach, permanent housing, shelters, and other services for youth and young adults. The department works with the Yakima Homeless Coalition and the Board of County Commissioners to identify and prioritize homeless services. The county also participates in the Balance of States Continuum of Care, a statewide collaborative overseen by the Department of Commerce.

### Results in Brief

***Yakima County has not established a data-driven process to identify and determine which unmet needs should be prioritized for funding***

The county could improve how it prioritizes homeless services for procurement by establishing a data-driven process in which funding priorities are driven by identified gaps between services available and services needed in the community. The county involves key stakeholders, such as people with lived experience, to identify needs; staff said they collect some data on needs and capacity. However, it does not analyze data to identify gaps in services and determine funding priorities based on identified gaps. Instead, the county primarily determines funding priorities based on what its existing funding sources allow. Managers said that limited capacity and the need to prioritize the county's response to COVID-19 affected their ability to develop data-driven processes for identifying and deciding which unmet needs were the highest priority for funding. Managers said they have hired more staff to increase capacity, and that they plan to use a data-driven process to determine funding priorities in the future.

***The county invested in all services outlined in its strategic plan priorities***

Since the county started managing the homeless program in 2019, the homeless program has spent about \$13 million in contracted homeless services that aligned with strategic plan priorities. These services included coordinated entry, outreach, permanent housing, supportive services (such as resume writing and psychological counseling), and shelters for youth and young adults. The department's director said that a significant portion of the \$13 million were COVID-19-related funds for services such as rental assistance. While use of COVID-19 funds was not intended to be in alignment with the five-year plan, the county's spending generally aligned with plan priorities.

***The county invested significantly more in supportive services than in permanent housing***

Experts recommend investing in permanent housing solutions to help move people out of homelessness. However, Yakima's homeless program spent less than 1 percent annually on permanent housing compared to more than 90 percent on supportive services. Staff said they had planned to spend more funds in permanent housing, but just two providers applied and only one of them qualified. Staff had not yet investigated why only two providers applied, but said the reason may be that there are too few providers of

this service in the region. In addition to few providers, the department director said that grant restrictions and limited local funding sources contributed to lower investments in permanent supportive housing.

### ***Yakima's homeless strategic plan only partially aligned with Commerce guidelines***

The county's homeless strategic plan only partially aligned with Commerce guidelines for local plans. The plan included required statewide objectives and some actions to address objectives. However, the plan did not clearly establish responsible parties, timelines, a milestone before 2022, and measures of success for each action. Managers said that when the county started managing the homeless program in 2019, they were just given about four months to finalize the new five-year plan created by the prior organization that managed the homeless program. They said this was insufficient time to do an adequate job, but in the next cycle, they intend to develop a data-driven plan that better aligns with Commerce guidelines.

### ***The county did not monitor provider performance***

The county has adopted some good performance measures, but it has not used performance data to evaluate and monitor provider performance. It had yet to implement the following leading practices to strengthen provider monitoring:

- Adopt more of the performance measures HUD recommends for evaluating performance
- Communicate performance results to providers
- Use performance data in HMIS to monitor provider progress in achieving results, and to guide decision-making such as determining which projects to continue funding
- Train contract management staff on how to monitor performance to identify when providers have not met established benchmarks
- Involve leadership in ongoing reviews of provider performance

Staff said they had not implemented the practices we examined because they were not as familiar with some of them. They also said they had limited staff capacity and were focused on prioritizing the county's COVID-19 response. The department director said the county has hired three more employees to increase capacity for operating the homeless program, and they are working on developing processes to monitor provider performance.

### ***Yakima did not address poor provider performance***

The county did not take corrective action to address poor performance for any of the 15 underperforming programs we selected for review. Several factors contributed to this, including: lack of processes, limited staff capacity, and prioritization of COVID-19 response. Staff said that the increased staffing and processes they are developing will help them address poor provider performance in the future.



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