



# **PERFORMANCE AUDIT REPORT**

**SRS: Reviewing the Recent Restructuring of Area  
Offices and Its Impacts on Employees and Clients**

**A Report to the Legislative Post Audit Committee  
By the Legislative Division of Post Audit  
State of Kansas  
July 2005**

# ***Legislative Post Audit Committee***

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## ***Legislative Division of Post Audit***

**THE LEGISLATIVE POST** Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$10 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

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LEGISLATURE OF KANSAS

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July 19, 2005

To: Members, Legislative Post Audit Committee

Representative John Edmonds, Chair  
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This report contains the findings, conclusions, and recommendations from our completed performance audit, *SRS: Reviewing the Recent Restructuring of Area Offices and Its Impacts on Employees and Clients*.

The report includes several recommendations including the following: SRS should classify all personnel appropriately in accordance with State law; SRS management should take steps to ensure that its staff who are involved in hiring decisions know and follow the agencies personnel requirements; SRS should ensure that staff have appropriate workloads by updating the information used to match workers with workloads across the State; SRS should take steps to ensure clients are able to access services by investigating the slow growth in number of applications in counties where offices closed, and the minimal usage of access points; and SRS should ensure that Quality Performance Improvement staff fully investigate and resolve quality issues including fraud.

We would be happy to discuss the findings presented in this report with any legislative committees, individual legislators, or other State officials. These findings are supported by a wealth of data, not all of which could be included in this report because of space considerations. These data may allow us to answer additional questions about the audit findings or to further clarify the issues raised in the report.

Barbara J. Hinton  
Legislative Post Auditor

## Get the Big Picture

Read these Sections and Features:

1. **Executive Summary** - an overview of the questions we asked and the answers we found.
2. **Conclusion and Recommendations** - are referenced in the Executive Summary and appear in a box after each question in the report.
3. **Agency Response** - also referenced in the Executive Summary and is the last Appendix.

### *Helpful Tools for Getting to the Detail*

- In most cases, an “**At a Glance**” description of the agency or department appears within the first few pages of the main report.
- **Side Headings** point out key issues and findings.
- **Charts/Tables** may be found throughout the report, and help provide a picture of what we found.
- **Narrative text boxes** can highlight interesting information, or provide detailed examples of problems we found.
- **Appendices** may include additional supporting documentation, along with the audit **Scope Statement** and **Agency Response(s)**.

## **EXECUTIVE SUMMARY**

LEGISLATIVE DIVISION OF POST AUDIT

### **Overview of the Department of Social and Rehabilitation Services' Restructuring of Integrated Service Delivery**

**Integrated Service Delivery is the area within SRS that administers public assistance and other programs.** This program area has 3,460 full-time equivalent staff and a budget of about \$560 million. This audit focuses primarily on Integrated Service Delivery field operations which is divided into 6 regions across the State. Staff in these regional offices determine eligibility for public assistance, investigate allegations of abuse and neglect, enforce child support orders, and provide employment assistance for people with disabilities.

Several factors have contributed to SRS changing the way it delivers services to needy Kansans. These include ongoing budget shortfalls, shifting caseloads from rural to urban areas, and recommendations to streamline the agency from a team appointed by then-Governor-elect Sebelius.

SRS closed local offices, consolidated regions, and cross-trained staff. Until May 2003, SRS had a local office in every county (105 total). In these offices, SRS staff specialized in specific program areas. For example, food stamp workers only handled food stamp cases. SRS began its restructuring in 2002, and it involves several major components:

- SRS implemented integrated service teams in local offices. Instead of having workers segregated by program, staff are now cross-trained and work in teams to help clients.
- Access points— a location in the community where potential clients can learn about and apply for SRS services— were established to eliminate the need for clients to come to an office to access services.
- Toll-free phone and fax lines were set up to allow clients to contact SRS staff at no cost or to submit information.
- SRS closed 62 local offices Statewide, leaving 43 offices which are now called service centers.
- SRS reduced the number of regional management areas from 11 to 6.

These changes, which resulted in elimination of some positions and creation of new positions, have been controversial.

**Question I: Has SRS Adopted and Followed a Consistent Model for Restructuring Service Delivery in Those Areas of the State Where Offices Are Being Closed?**

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**In restructuring its 11 service delivery areas into 6 regions, SRS didn't accomplish the intended goal of reducing overall administrative costs.** A team of public and private sector individuals (Budget Efficiency Savings Teams or BEST) recommended that SRS consolidate its existing 11 administrative areas to 5 regions, resulting in an estimated savings of \$1.2 million. SRS reduced the number to 6 instead of the suggested 5.

The way in which SRS restructured the service-delivery areas actually added to overall management, rather than reducing it. New directorships were established, and after the reorganization, there were 62 more management-related positions than before. There were 23 fewer positions for caseworkers, support staff, supervisors, and other staff.

..... page 8

**Although most local office closures made sense, we noted several apparent inconsistencies in the decisions that were made.** SRS' original plan was to close as many as 70 local offices across the State. SRS officials told us they solicited input from regional managers, and based their decisions on which offices to close on several factors including client data, proximity to other offices, staffing data and aspects of the community. The criteria seemed to be reasonable, and the vast majority of closings seemed to make sense. However, 3 offices that were slated for closure (Anderson, Kiowa and Pratt counties) remained open. Officials told us these offices were kept open due to political pressure. In all, 62 local offices were closed Statewide.

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**The process of filling positions that were new or vacated because of the restructuring wasn't consistent.** The closing of 62 local offices, restructuring service delivery, and consolidating regions from 11 to 6 resulted in numerous positions being created, eliminated, or vacated. Decisions about hiring procedures and staff structure were left to regional managers, and we saw inconsistencies in whether people had to re-apply for their jobs or not, and in how positions were classified. SRS currently has established the assistant regional director positions as unclassified, which isn't currently allowed by State law.

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**Question I Conclusion** ..... page 13

**Question I Recommendation** ..... page 13

## Question II: What Impact Has the Reorganization Had on Department Staff?

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**SRS field staff expressed many concerns about how the reorganization affected them. These included the following:**

- caseloads are higher now
- number of support staff is now insufficient
- lines of authority are unclear
- hiring processes were unfair
- staff are spending more time driving to meet with clients
- experienced staff had left
- overall morale is worse

We looked at data related to as many of these concerns as possible. We focused our analyses primarily on caseloads and job hiring procedures.

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**Caseloads in most SRS programs have increased significantly, while the number of caseworkers and supervisors is up only about 1.8%.** We reviewed 7 programs to determine the number of cases in calendar year 2002 and calendar year 2004, and the number of staff available to handle those cases. Cases in 6 of the 7 programs experienced growth with General Assistance, Food Stamps and Temporary Assistance to Families programs exhibiting large growth ranging from 15% to 35%.

However, the number of caseworkers and their supervisors hasn't kept pace. Looking at just case-carrying staff and their supervisors, we saw only a 1.8% increase in number of staff from 1,653 positions before the reorganization to 1,683 after. The number of support staff who directly support caseworkers is down significantly— 12%— since the reorganization. These workers filed documents and answered phones for caseworkers.

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**SRS has a process to match authorized positions to regional workload, but we noted some problems with it.** This process shifts authorized positions from one region to another based on calculated workloads which are based on a formula that takes into account the amount of time it takes to work on various types of cases. Although, the workload distribution and authorized positions match up fairly well in each region, the workload data used to redistribute staff are out-of-date so the calculations may not reflect accurate workloads. We also noted the following issues:

- the accuracy of the case counts isn't verified. (An SRS internal audit noted some problems back in 2001.)
- only one staff member is responsible for the calculations and no one double checks for accuracy.
- staff drive time to meet with clients isn't factored into the workload
- regional differences in how cases are handled haven't been determined
- the number of staff to assist caseworkers isn't considered

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**Our review of documentation related to job vacancies showed that some employee concerns about hiring practices may be valid.** One theme employees expressed in our staff survey was the suspicion that job openings were manipulated to give certain applicants an advantage over others. We reviewed the process to fill 23 position announcement and 65% were missing documentation on at least one item that SRS requires. For example, SRS policy is that position descriptions be finalized before the position is advertised. Only 30% of the files we reviewed met this requirement. The rest were either missing documentation (48%) or didn't meet the requirement (22%).

We also noted some problems related to the qualifications of the people hired to fill some of the positions. One position was filled by a candidate who didn't meet the minimum requirement of having a college degree. Nine other people were hired who didn't meet the preferred requirements on the job descriptions, when other applicants did meet them. Although applicants don't have to meet preferred qualifications, hiring people who don't meet them when others do may be perceived as unfair.

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**Some SRS employees who had a decrease in pay grade during the reorganization have recently won appeals.** Our limited review of 2,408 people who were on both the January 2004 and January 2005 payroll showed 77 people experienced a decrease in pay grade, and only 21 of those had an actual decrease in pay. We didn't look into any specific cases, but recently several employees have won appeals before the Civil Service Board which found that SRS had not given them proper notice and a chance for a hearing.

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**Some people do report to 2 supervisors, and requirements for some people who supervise social workers have been lowered.** Staff had expressed complaints about poor quality of supervision, and unclear lines of authority. These complaints appear to have merit. Case-workers now report to both a team leader and their program-specific supervisor, and some who supervise licensed social workers no longer need a college degree.

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**Question II Conclusion** ..... page 22

**Question II Recommendations** ..... page 23

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### **Question III: What Impact Has the Reorganization Had On Client Services in the Areas Affected by the Office Closures?**

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**SRS staff, clients, and access point providers have differing perceptions about how SRS' service-delivery model changes have affected clients' access to services.** About two-thirds of SRS staff responding to our survey said they thought clients were having a more difficult time accessing services, specifically that services were more difficult to access, it was now more difficult to get questions answered, and client travel time had increased. Others mentioned problems with the toll-free phone and fax lines including the fact that some clients don't have phones.

*In contrast, more than 75% of clients responding to a survey conducted on behalf of SRS by the Docking Institute at Fort Hays State University rated access to services as good or very good.*

*Local access point providers seem to have the opinion that the access points are better at providing materials to clients than they are at helping them access services. On a different Docking Institute survey, 65% of the access point providers said clients' needs for materials are met most of the time, while only 41% said clients' needs for services are being met most of the time. Many said they thought access points were rarely used.*

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***Our review of the files of some high-needs clients didn't show a major drop-off in SRS contact, but some of those clients told us accessing services is more difficult.*** *We reviewed the files for 29 high-needs clients and found no decrease in SRS contact frequency after the reorganization that wasn't explainable by a change in the client's programs or eligibility for 28 of the clients. One file did show a drop in contact after the local office that was handling the case closed.*

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***Fewer service applications in areas where offices have closed could indicate that potential clients are having a more difficult time accessing services.*** *One indication of the success of access points, toll-free phone and fax lines, and computerized application capabilities is whether clients are applying for and receiving the services they need. Our review of the growth in number of applications for services for calendar year 2002 and calendar year 2004 for 6 programs showed a general increase in clients' applications for most programs Statewide.*

*However, the percentage increase in number of applications was the most for clients living in those counties where the SRS office remained open. The percentage increase was less for clients living in counties with no SRS office, which may indicate that clients in those counties are having trouble applying for services.*

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***SRS records show only a slight slowdown in application processing times since the reorganization.*** *Because of complaints about things taking longer, we reviewed data on application processing times and found it's only taking 1-2 days longer to process General Assistance and Food Stamp applications, and no change in the processing time for Temporary Assistance for Families. Our review of a sample of applications that weren't processed timely showed most of the delay resulted from waiting for clients to provide requested documentation.*

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***SRS has set up a mechanism for identifying problems with its new service delivery system, but has been slow to implement it.*** *In response to our staff survey, 64% of SRS staff indicated they thought the organization's ability to detect fraud had been significantly or somewhat reduced, and 84% said that errors are more likely now after all the changes in service delivery and staffing.*

SRS' new regional plans call for quality assurance unit in each region, and these units were formed and had at least some staff as of July 2004. However, SRS officials told us many of these units hadn't been fully staffed and they hadn't yet developed goals and procedures, much less completed any reviews. .... page 31

**Question III Conclusion** ..... page 32

**Question III Recommendations** ..... page 32

### **Question IV: Has the Reorganization Resulted in Savings for the State?**

**With inflation taken into account, it appears that SRS spent approximately \$5 million less during a 9-month period after it reorganized field operations.** In the 9 months after the reorganization, actual operating expenditures for field offices (not including expenditures for central office, adoption and foster care) were about \$2.3 million more than during the same 9-month period before the reorganization. However, after adjusting for cost-of-living increases and inflation over that 2-year period it appears that SRS spent about \$5 million less on field service operations in the 9 months immediately after the reorganization, than in the corresponding 9 months before the reorganization.

Most of the savings was in salary costs which appear to be due to increased vacancy rates. Even though the number of authorized positions actually increased slightly, more vacancies would lead to reduced salary expenditures. The vacancy rate grew from 11.8% in January 2003 to 17.6% in January 2005. Substantial turnover may also be contributing to lower salary costs.

About \$1.4 million in non-salary savings likely was generated through closing local offices and changing how services are delivered. We saw decreased spending in building rent, and in-State travel for employees. .... page 34

**Question IV Conclusion** ..... page 38

**APPENDIX A: Scope Statement** ..... page 39

**APPENDIX B: Agency Response** ..... page 41

This audit was conducted by Chris Clarke, Brenda Heafey, and Jill Shelley. Leo Hafner was the audit manager. If you need any additional information about the audit's findings, please contact Ms. Clarke at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

# **SRS: Reviewing the Recent Restructuring of Area Offices And Its Impacts on Employees and Clients**

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In August 2002, the Secretary of Social and Rehabilitation Services (SRS) announced plans to close as many as 70 local SRS offices and restructure the way the Department provides services to the public.

Legislators have raised concerns about the effects these local office closures and the associated restructuring have had on SRS staff and the people the Department serves. The client-related concerns were that services were less accessible, that meetings with social workers had to be held in public settings where others could potentially overhear discussions between the client and the social worker, and that clients may have to travel long distances to access services after local offices closed. Staff-related concerns included low morale, inequitable treatment of staff as positions were filled or left unfilled, heavier caseloads, and new levels of management that didn't exist before. Finally, an overall concern was whether the Department had a clear model in mind for making changes to the area offices, and whether the goals of the reorganization mesh with the mission of the Department.

This performance audit answers the following questions:

- 1. Has the Department adopted and followed a consistent model for restructuring service delivery in those areas of the State where local offices are being closed?**
- 2. What impact has the reorganization had on the Department's staff?**
- 3. What impact has the reorganization had on client services in the areas affected by the office closures?**
- 4. Has the reorganization resulted in savings for the State?**

To answer these questions, we interviewed Department officials and reviewed documentation of their plans and decisions regarding the changes and the rationale for closing local offices.

To determine the impact on staff, we reviewed caseload data for several programs, payroll data, the process related to staffing changes, and organizational charts. We surveyed 500 randomly selected SRS staff to ask about adequacy of staff and other topics

related to the reorganization; 285 responded, a response rate of 57%. We also reviewed documentation for a sample of hiring decisions.

To determine the impact on clients, we reviewed changes in the number of applications for several programs over time, reviewed client files, and called clients directly. We spoke with staff from Area Agencies on Aging, Community Development Disability Organizations and county health departments to get their opinions about the reorganization's effects on SRS clients. We also reviewed the results of two surveys conducted for SRS by the Docking Institute at Fort Hays State University this spring.

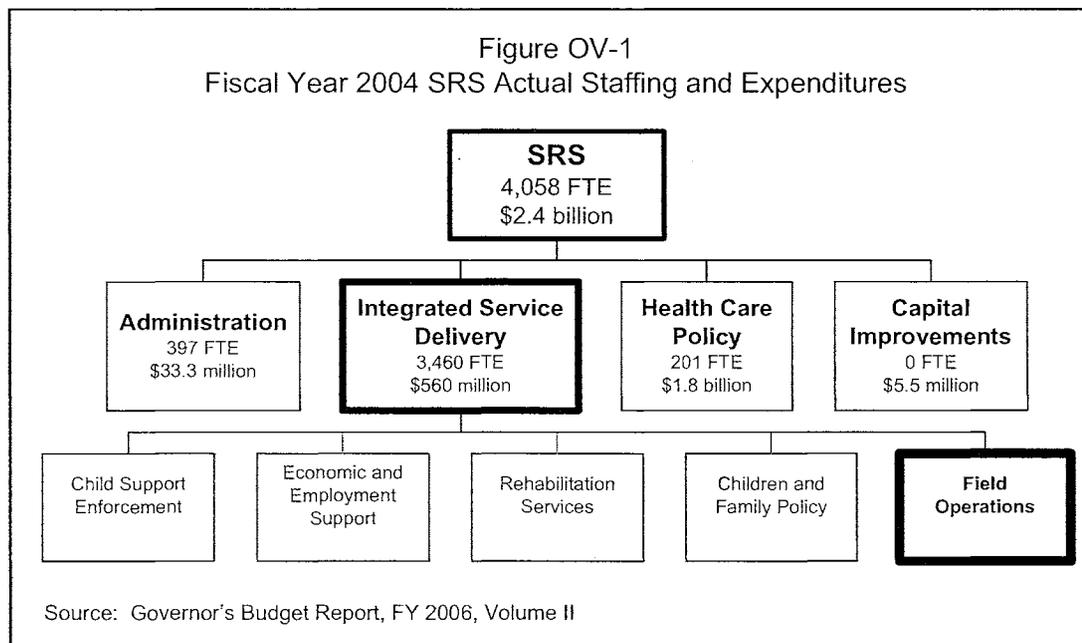
In doing this work, we followed all applicable government auditing standards set forth by the U.S. Governmental Accountability Office, except for testwork verifying the accuracy of computer processed data received from SRS. We verified that the caseload and application data SRS officials sent us matched what was in the SRS system, and found no errors. However, because of time constraints, we didn't conduct testing of the actual computer system or the accuracy of its data. We relied on other data from the SHaRP system, which is audited during the annual Statewide audit. Much of our work was done based on samples (reviewing a sample of files, calling a sample of clients), none of which are statistically large enough to project findings to the entire population. Our findings begin on page 8 after a brief overview of the recent Statewide changes for SRS.

## Overview of SRS' Restructuring of Integrated Service Delivery

### *Integrated Service Delivery Is the Area Within SRS That Administers Public Assistance Programs and Other Programs*

The Department of Social and Rehabilitation Services' mission is to protect children and to promote adult self-sufficiency. To accomplish this, the Department's budget is divided into four program areas: Administration, Integrated Service Delivery, Health Care Policy, and Capital Improvements. Integrated Service Delivery includes Child Support Enforcement, Economic and Employment Support, Rehabilitation Services, Children and Family Policy, and Field Operations.

This audit focuses primarily on Field Operations, which is divided into 6 regions across the State. Regional office staff determine eligibility for public assistance, investigate allegations of abuse and neglect, establish and enforce child support orders, and provide employment assistance for people with disabilities. Integrated Service Delivery accounts for a large portion of SRS staff, but a smaller portion of the budget, as shown in *Figure OV-1*. More detail about expenditures and funding can be found in the "At-A-Glance" box on the next page.



### *Several Factors Have Contributed to SRS Changing the Way It Delivers Services to Needy Kansans*

In recent years, several factors have caused SRS officials to think about different ways of providing services to needy Kansans. Those factors included:

- **Ongoing budget shortfalls** - Kansas has experienced a period when growth in State revenues has not kept pace with the escalating costs of providing State services. Accordingly, Governors and the Legislature have had to reduce the amount of money State agencies could include in their budgets. For example, SRS' budget allotment for fiscal year 2003 was reduced by \$5.8 million. For 2005,

the Governor recommended that the agency increase its “shrinkage rate” from 11% to 12.75%. Shrinkage rate refers to the amount of salary savings that are generated when authorized positions turnover or remain unfilled. To achieve this level of shrinkage means that SRS will have to generate about \$2 million in salary savings. Further, the Governor’s budget for SRS for fiscal year 2005 called for an additional \$2.2 million reduction from other sources.

- **Changes in where cases are located** - At the same time that budget cuts were taking place, SRS officials were seeing caseloads shift away from the rural areas into the urban areas. They told us they needed to redirect resources to areas where the caseloads were increasing.
- **Recommendations to streamline the Agency** - Shortly after she was elected, but before taking office, then-Governor-elect Sebelius appointed a number of BEST (Budget Efficiency Savings Teams) to study ways in which State government could be made more efficient. The team that studied social services recommended that SRS reduce the number of area offices it operated across the State and consolidate management regions to reduce administrative costs and achieve operating efficiencies.

### Department of Social & Rehabilitation Services - Integrated Service Delivery AT A GLANCE

**Authority:** SRS is authorized to operate federal and State assistance programs under KSA 39-708c.

**Operations:** The Integrated Service Delivery Division includes Child Support Enforcement, Economic and Employment Support, Rehabilitation Services, Children and Family Services, and Field Operations.

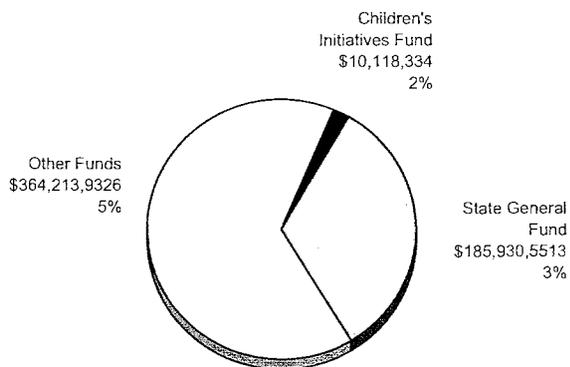
**Staffing:** The Integrated Service Delivery Division of SRS operates with 3,407.86 FTE's and 52 non-FTE unclassified permanent positions.

**Budget:** The Division's major funding source comes from "Other" funds which are primarily federal funds. The Division also receives moneys from the State General Fund and a small portion from the Children's Initiatives Fund. In fiscal year 2004, the Division's expenditures were more than \$560 million, as shown below. The largest category of expenditures is Other Assistance which represents the aid payments made to clients under the various programs.

**FY 2004 Expenditures**

Type	Amount	% of Total
Aid to Local Governments	\$1,676,850	0.3%
Other Assistance	\$363,569,521	65%
Salaries & Wages	\$120,168,538	21%
Contractual Services	\$65,919,934	12%
Capital Outlay & Improvements	\$968,736	0.2%
Commodities	\$1,674,448	0.3%
Non-expense Items	\$6,284,790	1%
<b>Total Expenses:</b>	<b>\$560,262,817</b>	<b>100%</b>

**Sources for Funding for Expenditures**



**Total Funding: \$560,262,817**

Source: *The Governor's Budget Report*, Vol. 2, FY 2006.

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***SRS Closed  
Local Offices,  
Consolidated Regions,  
And Cross-Trained  
Its Staff***

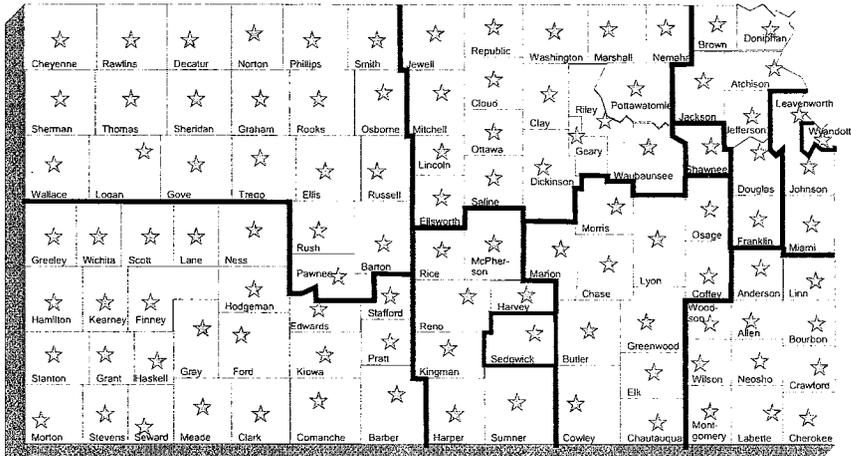
Until May 2003, SRS had a local office in every county (105 total), and the State was divided into 11 management areas, as depicted in the top map in *Figure OV-2* on page 6. In these offices SRS staff specialized in specific program areas. For example, eligibility workers handled only eligibility determinations. Clients came to the local offices to apply for services and to find out about programs they may be eligible for.

SRS' began its restructuring back in 2002. The changes involved several major components that were happening simultaneously:

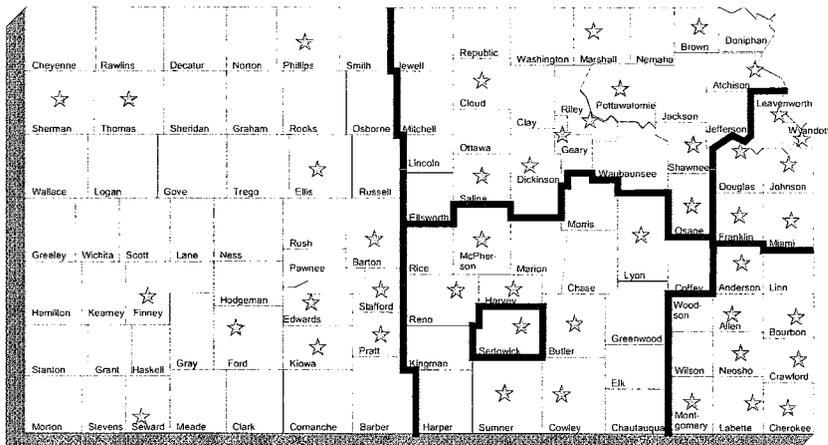
- **Workers were cross-trained so they could assist clients with all programs (January 2004 - present).** Instead of having workers segregated by program with each program having intake, assessment, and case-management workers, SRS officials have implemented what's called integrated service team pilots. Staff from each program area are represented on these teams. The teams are physically located together. As a case is assigned to a team, the team "staffs" the case to help the clients identify what they need, and what other resources (including community resources) may be available. Workers are expected to retain their specialized expertise while being generally knowledgeable and cross-trained in many program areas. In essence, clients are now served by teams of SRS staff who can assist in all aspects of the client's needs. These teams are being implemented in all regions, each with a slightly different model.
- **Access Points were established to eliminate the need for most clients to come to an SRS office to access services. (June 2003-present)** An "access point" is a location in the community (a business, library, or health department) where local citizens can learn about and apply for SRS services. Currently more than 850 access points exist Statewide.
- **SRS also established a toll-free phone line that clients can call to get information and to request that applications or other materials be mailed to them. (June-December 2003)** Also, a toll-free fax line has been established so that clients can send any required documents to SRS without incurring fax charges. In addition, programs have been set up that allow potential clients to enter necessary information into a computer to apply for and qualify for services. Some, but not all, of the access points have the telephone, fax, and computer capabilities.
- **In all, 62 local offices were closed. (May 2003 to March 2005)** In August 2002, SRS officials originally anticipated closing up to 70 local offices. The goals were to eliminate small part-time offices and instead have full-service centers Statewide. The first office closed in May 2003, and to date, 62 local offices have been closed, leaving 43 offices Statewide, which are now called service centers. These are shown in the middle map in *Figure OV-2*.
- **The number of management areas was reduced from 11 to 6. (July 2004)** On July 1, 2004, SRS consolidated 11 management areas into 6 management regions as shown in *Figure OV-2*. Each region varies in how far along it is in the process of implementing all the changes.

**Figure OV-2**

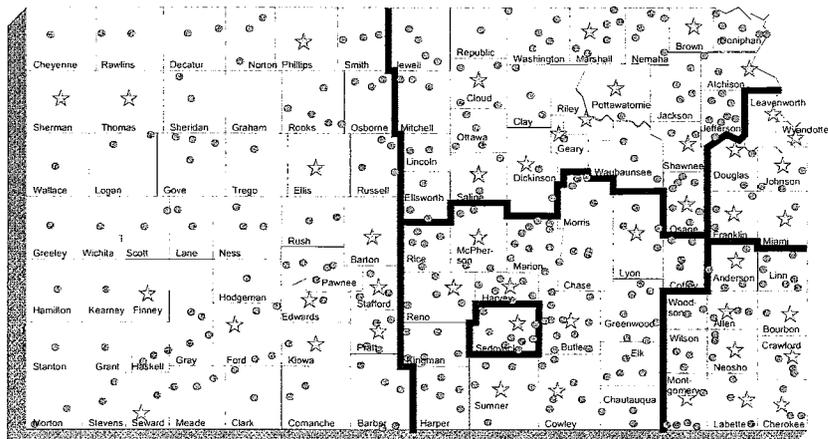
**Before Realignment**  
Offices in 105 counties, 11 Areas



**After Realignment**  
Offices in 43 counties, 6 Regions



**After Realignment**  
SRS Offices and Additional Access Points



★ SRS office      ● Additional cities with at least one access point

Access points are public places (e.g., businesses, libraries) where clients can pick up applications and program information. At some Access Points, they can use a phone, fax, or internet to contact SRS. There are approximately 850 Access Points across the State.

Source: Data from SRS

These changes resulted in elimination of some positions and creation of new positions, and have been controversial. SRS staff have complained about heavier caseloads, new levels of management, inequitable treatment of staff, and overall low morale. Many concerns related to how positions were filled. Legislators also have raised concerns that these changes have resulted in clients having to meet with SRS workers in public places, services being less accessible, and clients needing to travel farther to talk with SRS staff. These and other concerns are addressed in the questions that follow.

**Question 1: Has SRS Adopted and Followed a Consistent Model for Restructuring Service Delivery in Those Areas of the State Where Offices Are Being Closed?**

**ANSWER IN BRIEF:** *For the most part, the Department followed a logical and consistent process for combining its former 11 service “areas” into 6 new “regions,” and for determining which local offices should be closed to meet budgetary targets imposed by the Governor and Legislature. We noted some problems, however. Although the BEST team’s recommendation for reducing the number of administrative regions from 11 to 5 seemed to be aimed at streamlining administration and reducing administrative costs, the opposite occurred. In accomplishing the restructuring, the Department actually added management-related positions, and took away from staff resources that directly serve clients.*

*We also noted that, during the office-closure phase of the reorganization, several local offices were left open even though they met the same criteria as other local offices that were closed. Department officials told us those offices, although originally slated for closure, were left open because of political pressure.*

*The process for filling the positions that were created or vacated because of the restructuring wasn’t always consistent because it was left up to the regional directors. These and other findings are discussed in more detail in the sections that follow.*

***In Restructuring Its 11 Service Delivery Areas Into 6 Regions, SRS Didn’t Accomplish The Intended Goal Of Reducing Overall Administrative Costs***

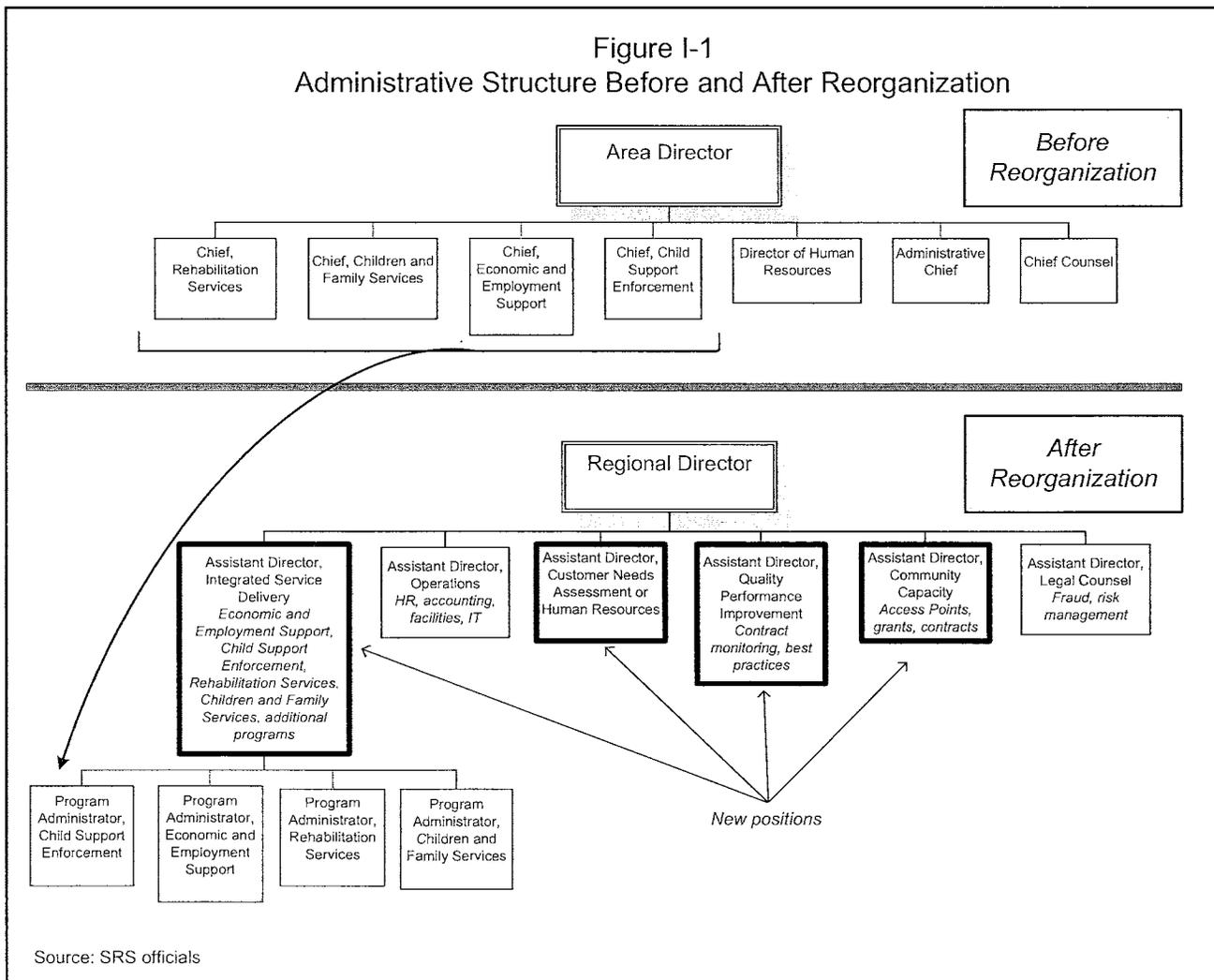
Shortly after being elected, then-Governor-elect Sebelius appointed BEST (Budget Efficiency Savings Teams) teams of public- and private-sector individuals to recommend ways to improve the efficiency and effectiveness of State government operations.

The BEST team that examined social services delivery in the State recommended that SRS consolidate its existing 11 administrative areas to 5 regions in an effort to redistribute resources. As planned, that consolidation would have resulted in an estimated savings of \$1.2 million.

Effective July 1, 2004, SRS officials consolidated the regions from 11 to 6. SRS officials indicated that, in determining the new regional lines, they considered the regional boundaries of the judicial districts and of other State programs such as the Department of Commerce’s Workforce programs. SRS officials told us they also attempted to minimize disruption that might be caused by splitting existing areas into separate regions. To the extent possible, they said they merged existing areas into the same region with the exception of only a handful of counties.

The way in which the Department restructured the service-delivery areas actually added to overall management, rather than reducing it. SRS officials told us they established a uniform management structure (shown in *Figure I-1*) that would be put in place for each of the six newly established regional offices.

Before the 11 areas were combined into 6 regions, each area had an eight-person management team consisting of an area director, four program chiefs, an administrator, a chief attorney, and a lead human resources person. As shown in the figure below, many former program chiefs now fall under a position called Assistant Director of Integrated Service Delivery, and additional assistant directorships were established.



One thing to note from the chart is that although some positions were combined into newly designated assistant-director positions, several new assistant-director functions were added that didn't exist before. SRS officials told us these administrative functions were necessary to serve all the needs of their clients, increase usage of community resources, track and report data required for federal programs, and adequately train workers.

**After the reorganization, there were 62 more management or management-related positions than before, and 23 fewer positions for caseworkers, support staff, supervisors, and other staff.** The total number of positions actually increased. *Figure I-2* summarizes this information. The discrepancies between the management-related staff and other staff are even greater when you look at the filled positions. After the reorganization, 65 more management-related positions were filled, while 50 fewer caseworker or other positions were filled. Also, the management staff salaries increased over this time period by 45%, from about \$7 million to more than \$10 million, based on filled positions.

**Figure I-2  
Changes in Management Staff Positions Versus Other Positions  
From July 2003 to May 2005**

<b>Management-Related</b> ( <i>Directors, Program chiefs, Human Resources, Public Service Administrators, etc</i> )	<b>Before Reorganization</b> (7/1/03)	<b>After Reorganization</b> (5/7/05)	<b>Difference</b>
Total	182	244	+62
Filled	156	221	+65
<b>Caseworker/Other</b> ( <i>Supervisors, Social Workers, support staff, building and IT staff</i> )	<b>Before Reorganization</b> (7/1/03)	<b>After Reorganization</b> (5/7/05)	<b>Difference</b>
Total	2,970	2,947	-23
Filled	2,415	2,365	-50
<b>Total</b>	<b>Before Reorganization</b> (7/1/03)	<b>After Reorganization</b> (5/7/05)	<b>Difference</b>
Total	3,152	3,191	39
Filled	2,571	2,586	15

Source: SHaRP payroll data received from SRS

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***Although Most Local Office Closures Made Sense, We Noted Several Apparent Inconsistencies In the Decisions That Were Made***

SRS' original plan was to close as many as 70 offices across the State. A map showing the closures can be found in the Overview, *Figure OV-2*. SRS officials told us if they were going to close that many offices, they had to come up with a new way to provide services to clients in those areas of the State where the offices closed. Consequently in conjunction with office closures, SRS implemented a new service-delivery model that would allow current and potential clients to access the services they needed without going to an office. Some of the major aspects of the new service-delivery model included:

- A toll-free telephone number and fax number that clients could access without incurring costs.
- A computer website that would allow clients to access information and electronically fill out applications or other forms.
- Access Points where clients or potential clients could get information or assistance, use faxes or computers or even meet with SRS staff. Access Points range from an unattended brochure rack (see picture below) to a place with a computer or meeting room. However, as described in Question 3, some people have questioned the usefulness of the access points.



**SRS officials told us they looked at several criteria before deciding which offices to close.** SRS officials told us they didn't start out with a "cookie-cutter" approach to determining which local offices would close or remain open. They told us they asked each area director to review the offices in his or her area and make recommendations for closure. SRS central management made the final decisions. Those officials told us they generally based their decisions on the following factors:

- Client Data - The numbers of cases, intensity and types of services provided, and location of customers.
- Staffing Data - The number and type of staff working in each office and their workloads.

- Community Location and Characteristics - Whether there were access point possibilities, and whether the city/town was a trade hub/local area of commerce.
- Operations - How close one office was to another local office, when building leases were to expire (affected timing of closure more than decision to close), presence of an op-out clause in the lease, etc.

These criteria appeared to be reasonable. When we reviewed the data, the vast majority of the 43 offices that remained open were those with heavier caseloads, more intensive cases, were located in a town that was a trade hub, or met a combination of these criteria. In contrast, most offices that closed had relatively few cases, were not in towns that are trade hubs, or were near another office that remained open.

**Three offices that met criteria for closure weren't closed.** Under the reorganization plan, SRS officials had scheduled offices in Anderson, Kiowa, and Pratt Counties for closure. Anderson and Kiowa each had a small number of cases and were not trade hubs. Pratt is a trade hub, but had a small number of cases and its lease was set to expire soon.

These offices weren't closed. When we questioned why they were kept open while other offices with similar characteristics were closed, SRS officials told us that political pressure had been applied to keep these offices open.

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***The Process for Filling Positions That Were New, Or Vacated Because of the Restructuring, Wasn't Consistent***

The closing of 62 local offices, restructuring service delivery, and consolidating regions from 11 to 6 resulted in various positions being created, eliminated, or vacated. For example, a comparison of payroll lists from July 2003 and May 2005 shows 275 positions created and 254 different positions eliminated.

As discussed on page 9, SRS imposed a basic management structure on each regional office. However, beyond that there was no consistency to the way other positions in the region were filled.

SRS officials told us they left decisions about hiring procedures and staff structure up to regional management to have flexibility based on client needs in each region. This resulted in inconsistencies in the way job vacancies were filled in each region. Some of the inconsistencies we noted included:

- The northeast region required more staff to re-apply for jobs than did other regions.
- In the west region assistant directors positions were classified, but in other regions they were unclassified.
- The northeast region wrote specific preferred qualifications into the position descriptions for human services specialist positions; the

Kansas City and west regions generally didn't. (We didn't review position descriptions for other regions.)

- The northeast, south central, and west regions filled supervisory positions competitively; other regions kept supervisors in their jobs.
- The northeast region didn't hold interviews for competitively filled support positions, relying instead on written application materials and references.

The job-filling process and staff morale are discussed in more detail in Question 2 of this report.

**SRS's attempts to make the assistant regional director positions unclassified, aren't currently allowed by State law.** State law specifies which positions in SRS can be unclassified, and this list doesn't include assistant regional directors. SRS is hoping to make them unclassified regular positions in the future because SRS considers assistant regional directors to be top management. In the meantime, SRS categorizes assistant regional directors as unclassified temporary positions, even though these positions are permanent. As unclassified temporaries, these positions don't count against the total authorized number of positions. We asked Department of Administration officials about using the unclassified temporary category for these positions, and they agreed that it currently isn't allowed by State law. However, they said SRS and other agencies have used this designation over the past several years. We included these positions in our analysis of positions shown in Figure 1-2.

**Conclusion:** SRS had a reasonable and logical plan for establishing regions and deciding which offices should be closed. It followed that plan except in three instances where officials told us there was political pressure to keep local offices open that met the criteria for closure. Its plans for restructuring the staffing in local and regional offices were more haphazard. Although there was some consistency in the way SRS structured upper-management positions, there was little consistency in how lower-level position changes were handled in individual regions. While this may have provided the regional directors a certain level of flexibility, it has tended to open the agency up to allegations that employees weren't treated consistently and fairly.

**Recommendation:** To ensure that it is in compliance with K.S.A. 75-5310, SRS should classify its assistant regional director positions appropriately in accordance with the law.

## Question 2: What Impact Has the Reorganization Had on Department Staff?

**ANSWER IN BRIEF:** *SRS field services staff told us the reorganization has negatively impacted their ability to handle cases by increasing caseloads, reducing support staff, and weakening supervision. They also claimed that unfair processes were used to fill jobs which has had a negative effect on morale. The data show that the number of cases has increased significantly while the number of direct casework staff has remained about the same. Also, there has been a significant reduction in the number of total positions that support the activities of caseworkers. In addition, the process the Department has been using to match staffing needs with caseloads in its offices around the State is out-of-date and needs to be revised.*

*Many of the complaints about hiring practices could not be substantiated or dispelled. However, one major complaint was that position descriptions were tailored to favor certain applicants. For more than half of the positions we looked at, we did not find evidence that the position description had been finalized before the job vacancy was posted as SRS procedures require. Another complaint was that employees had a decrease in pay grade or received pay cuts, and our testwork showed this to be true for some employees. A few of these employees recently won an appeal before the Civil Service Board.*

*We were able to verify two complaints we heard about supervision. It is true that some people have to report to two supervisors, which can be confusing and problematic. Also, we noted that the experience level required of some supervisors of social workers has been lowered. These and related findings will be discussed in more detail in the sections that follow.*

### ***SRS Field Staff Expressed Many Concerns About How the Reorganization Affected Them***

This audit was requested because SRS employees had expressed a number of concerns to legislators and others about the realignment and closing of offices. We surveyed a random sample of 500 current SRS field staff to ask them about the concerns we had already heard and about any other concerns they had. We received 285 responses, for a total response rate of 57%. The following is a summary of concerns they frequently expressed on their surveys:

- Caseloads are higher now than before the reorganization (67% said this)
- The number of support staff is now insufficient (78% said this)
- The quality of supervision is now insufficient (48% said this)
- Lines of authority are unclear (67% said this)

- Hiring processes during the restructuring were unfair (41% said this)
- All the changes were not communicated clearly (44% said this)
- Staff are having to spend more time driving to meet with clients (39% said this)
- Overall morale is worse than before the reorganization (66% said this)
- Experienced staff had left the agency because of the reorganization (64% said this)
- The reorganization has reduced SRS staff's ability to detect fraud (64% said this)

We looked at data related to as many of these concerns as possible. For some issues, there was nothing we could review to confirm or dispel the concern. For example, it would be difficult to determine the quality of supervision, and there's no consistent recording of staff members' drive time. As a result, we focused our analyses primarily on caseloads and job hiring procedures.

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***Caseloads in Most SRS Programs Have Increased Significantly, While the Number of Caseworkers and Supervisors Is Up Only About 1.8%***

To determine how caseloads in Kansas have changed relative to the number of caseworkers and their supervisors, we looked at the number of cases by program type in calendar year 2004 compared to calendar year 2002, as well as the number of staff available to handle those cases. SRS didn't have information about cases per worker readily available, so we calculated that information. In doing so, we focused on the seven major programs that SRS field staff deal with frequently. We didn't analyze Medicaid caseloads because case counts from past years were too inconsistent to provide reliable information. Also, we didn't analyze small programs like Refugee Assistance. The caseload information we assembled is displayed in *Figure II-1* on the next page.

As the table shows, the number of cases in most programs we reviewed has grown over the past two years. Large growth has occurred in the General Assistance, Food Stamp, and Temporary Assistance to Families Programs. The growth in those programs ranged from 15% to 35%.

The number of caseworkers and their supervisors hasn't kept pace with the heavier caseloads. Looking just at case-carrying staff and their supervisors, we saw only a 1.8% increase in the number of staff, from 1,653 filled positions before the reorganization to 1,683 after, for an increase of 30 positions. This is shown in *Figure II-2* on page 17. The points in time at which caseworkers were counted were off by about 6 months from the caseload data discussed above. However, our analysis of case trends shows a fairly consistent rise in total cases for most programs over the past 3 years. Consequently, we don't think the timing differences

**Figure II-1**  
**Changes in Number of Active Cases, By Program and Region**  
**Calendar Year Averages for 2002 and 2004**

Region	Child Support Enforcement			Food Stamps			Temp. Assistance to Families			Child Care Subsidy		
	2002	2004	% chg	2002	2004	% chg	2002	2004	% chg	2002	2004	% chg
KC	23,525	24,708	5.0%	12,756	15,111	18.5%	3,100	3,673	18.5%	2,308	2,425	5.1%
NE	21,076	21,017	-0.3%	11,725	13,661	16.5%	2,259	2,523	11.7%	1,989	1,962	-1.4%
SC	11,641	12,011	3.2%	9,245	10,490	13.5%	1,664	1,820	9.4%	1,129	1,310	16.0%
SE	8,543	9,122	6.8%	7,934	9,026	13.8%	1,739	1,904	9.5%	972	1,006	3.5%
West	9,414	9,577	1.7%	6,634	7,570	14.1%	1,253	1,469	17.2%	926	977	5.5%
Wichita	19,886	20,175	1.5%	16,988	19,492	14.7%	4,064	5,288	30.1%	1,983	2,407	21.4%
<b>State</b>	<b>94,085</b>	<b>96,610</b>	<b>2.7%</b>	<b>65,282</b>	<b>75,350</b>	<b>15.4%</b>	<b>14,079</b>	<b>16,677</b>	<b>18.5%</b>	<b>9,307</b>	<b>10,087</b>	<b>8.4%</b>
Region	Rehabilitation Services			General Assistance			Child Protective Services					
	2002	2004	% chg	2002	2004	% chg	2002	2004	% chg			
KC	1,948	2,184	12.1%	710	951	33.9%	702	623	-11.3%			
NE	2,001	1,946	-2.7%	595	754	26.7%	574	576	0.3%			
SC	1,169	1,077	-7.9%	437	567	29.7%	419	356	-15.0%			
SE	568	540	-4.9%	421	503	19.5%	245	258	5.3%			
West	831	795	-4.3%	245	337	37.6%	230	210	-8.7%			
Wichita	943	949	0.6%	984	1457	48.1%	478	448	-6.3%			
<b>State</b>	<b>7,460</b>	<b>7,491</b>	<b>0.4%</b>	<b>3,392</b>	<b>4,569</b>	<b>34.7%</b>	<b>2,648</b>	<b>2,471</b>	<b>-6.7%</b>			

source: SRS data; yearly averages for calendar years 2002 and 2004

**Figure II-2  
Changes in Numbers of Support Workers  
And Caseworkers plus Supervisors  
From 7/03 to 5/05**

	Support workers		Caseworkers and Casework Supervisors	
	Positions Authorized	Positions Filled	Positions Authorized	Positions Filled
Before (7/03)	979	725	1,945	1,653
After (5/05)	910	638	1,979	1,683
Difference	-69	-87	34	30
% change	-7.0%	-12.0%	1.7%	1.8%

Source: SHaRP Payroll Data

would have a significant effect on our finding that caseloads are increasing. If anything, we think the differences shown would be somewhat worse if the time frames were matched up exactly.

The number of staff who directly support caseworkers is down significantly since the reorganization. One major

complaint from survey respondents was that the number of support staff positions, responsible for things like answering phones and filing, was “insufficient.” As a result, caseworkers had to spend time doing that work in addition to their regular case-handling duties. Our review of positions available to support caseworkers before and after the reorganization shows that the number of support worker positions filled had dropped by 87 positions, or about 12%, as shown in *Figure II-2*.

***SRS Has a Process To Match Authorized Positions to Regional Workload, But We Noted Some Problems With It***

Since 2002 (except for a brief period in 2004 when it was realigning its regional boundaries), SRS has shifted authorized positions from one region to another based on calculated workloads using an established methodology. The staffing shifts are made based on a formula a consultant developed that takes into account the amount of time it takes staff to work on various types of cases. For example, the formula assigns a lower weight to food stamp cases (which often require only annual review) than it assigns to rehabilitation services cases (which may require weekly interaction with the client). SRS officials then use a formula to compute the percentage of total workload that exists in each area or region and transfer positions to where the workloads exist.

*Figure II-3* on the next page shows that the workload distribution and authorized positions match up fairly well in each region. We also looked at filled positions in each region (the 2 right-hand columns) and found that staff were being relatively closely matched to caseloads on that basis as well.

In reviewing the system for matching staff with caseloads, we noted the following problems.

**Figure II-3  
Comparing Workload to Staffing  
FY 2005**

Region	SRS Data		LPA Calculations	
	% of Statewide Workload	% of Statewide Authorized Positions	% of Statewide Filled Positions, all Types	% of Statewide Filled Positions, Case Carrying Staff
KC Metro	21.8%	21.8%	22.8%	22.2%
Northeast	20.2%	20.9%	20.9%	20.1%
South Central	14.1%	14.0%	13.6%	14.1%
Southeast	10.9%	11.1%	10.8%	10.7%
West	11.7%	11.9%	11.4%	11.6%
Wichita	21.3%	20.3%	20.5%	21.3%

Source: Data provided by SRS showing workload and authorized FTEs for Fiscal Year 2005. SHaRP payroll data showing filled positions, dated 5/7/05.

**The workload data used to redistribute staff are out-of-date so the calculations may not reflect accurate workloads.** The assumptions and calculations in the formula used to allocate staff resources were based on processes and procedures that were in effect in 2001. Since then, changes in technology and the way services are provided have affected how much time a worker takes to process a case. As a result, the weights assigned to various cases may not accurately reflect the amount of work currently involved in handling each type of case. Consequently using those weights may not result in an accurate match between staff and workloads.

SRS officials told us they plan to re-assess the weighting factors in 2006. We noted some procedural issues that should be addressed when the update occurs.

- The accuracy of case reports isn't verified. An SRS internal audit of case reporting accuracy in 2001 found improper counting/reporting of the number of cases when auditors compared staff logs of cases to what was in the system. For example, some cases were counted as active, when really they should have been closed. SRS auditors also found that some cases had been identified incorrectly, leading to inaccurate weighting factors being applied. SRS officials have not done any subsequent reviews of accuracy. Because SRS officials use the monthly results to annually shift staffing positions from region to region, it's crucial that the results be based on accurate information.
- Only one staff member is responsible for the calculations. Also, no one checks that staff member's work for accuracy. In fact, during a review we discovered an error in calculating total case counts on the summary sheets. SRS was unaware of the error.

- Staff drive time to meet with clients isn't considered. When we surveyed staff, 39% said they drive more now to meet with clients than before the office closures, area realignment, and service-delivery changes.
- Regional differences haven't been determined. For example, during our review of client files, we saw more frequent worker involvement with TAF families involved in work programs in the Kansas City Metro region than in the West.
- Staff that can assist caseworkers aren't considered. Caseworkers who have more supervisors and more support staff available may be able to spend less time on individual cases.

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***Our Review of Documentation Related to Job Vacancies Showed That Some Employee Concerns About Hiring Practices May Be Valid***

One theme employees expressed in the survey documents they returned to us was the suspicion that job descriptions and interview processes were deliberately manipulated to give certain employees an advantage over others. Some specific comments employees provided were:

- "The positions were already decided before the interviews, by administration."
- "It just seemed like the players were cast long before the interviews were conducted, like it was a done deal for ... those wanting to put the new service delivery plan into place."
- "They hire their friends for all jobs unless it is support staff."
- "I feel people that were [already] located in the office I applied for were hired before "outsiders."
- "Foolish" questions that had nothing to do with the job were asked at interviews, such as "what kind of superhero would you be?"

Because of these complaints, we reviewed the process used to fill a sample of 23 position announcements in three regions – Northeast, Kansas City Metro, and the West – to determine whether the process in each region adhered to SRS personnel requirements, and best practices.

For some of the things employees alleged, there was nothing in the files that would allow us to confirm or dispel the allegations. Some of the specific items we looked for, and what we found are summarized in *Figure II-4* on the next page.

As the table shows, one of the major problems we found related to documentation that requirements were met. For more than half of the files we looked at, we couldn't tell whether the position description had been finalized before the job was posted as is required by SRS policy. Although we couldn't tell whether job descriptions were being tailored to certain job candidates, as employees had alleged, the fact that there was no evidence the job descriptions were finalized before the jobs were posted in so many cases, raises questions about the process that was followed.

**Figure II-4  
Comparing Personnel Files to SRS Requirements and Best Practices**

	Number (%) of files that met this requirement	Number (%) of files that didn't meet this requirement	Number (%) of files we couldn't tell
<b>SRS Requirements</b>			
Position descriptions finalized before position opening posted	7 (30%)	5 (22%)	11 (48%)
Minimum of two interviewers conducted interviews	23 (100%)	0	0
At least one interviewer had completed approved EEO training	23 (100%)	0	0
Structured interview questions were asked	21 (91%)	0	2 (9%)
Same questions asked of each applicant	20 (87%)	0	3 (13%)
<b>Best Practices</b>			
Documentation was in the file to show that <u>all requirements</u> were met.	8 (35%)	15 (65%) (a)	
Applicants were screened/ranked according to job-related criteria	20 (87%)	0	3 (13%)
(a) These files were missing documentation on one or more items called for by SRS procedures			
Source: LPA review of SRS employment files			

Aside from missing documentation on the position descriptions, we found a few other items that weren't documented as well. Overall, 15 or 65% of the files we looked at were missing documentation on at least one item that SRS requires.

**We also noted some issues related to the qualifications of the people who were hired to fill some of the position openings.**

In all, the 23 position announcements in our sample resulted in 34 people being hired. In looking at whether those hires met the minimum qualifications, we noted the following:

- Nine positions (26%) were filled by candidates who didn't meet the preferred qualifications listed on the formal job descriptions. Examples of preferred qualifications we saw listed were "degree preferred," "broad knowledge of SRS programs," and "case management experience." Preferred qualifications are not required to be met, but hiring those who don't have preferred qualifications, when other candidates do, may be perceived as unfair. In all 9 cases, other candidates met the preferred as well as the required qualifications.
- One position was filled with a candidate who had no obvious job qualifications, while other candidates did. For this position a

bachelor's degree was required (as opposed to preferred), and the person hired didn't have a degree. Regional officials acknowledged this as being a problem, and told us they have since tightened up their hiring procedures.

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*Some SRS Employees Who Had a Decrease in Pay Grade During the Reorganization Recently Have Won Appeals*

We compared the pay grades and actual pay for 2,408 people who were employed in SRS field offices both in January 2004 and January 2005. For those staff over that time period:

- 77 had a decrease in grade; for 21, that decrease in grade also meant a decrease in pay
- 331 had an increase in grade and pay
- 1,969 retained the same grade and pay.
- 31 had their jobs reclassified and received pay increases

SRS central management officials told us no one directly lost a job because of the reorganization. However, several SRS staff said co-workers had taken early retirement because of the reorganization, and 64% of survey respondents said they know someone who had left primarily because of the reorganization.

**Recently, several employees who had a decrease in pay grade during the restructuring won an appeal before the Civil Service Board.** The Board found that SRS had demoted the employees without giving them formal notice and a chance to have a hearing which is required by State law. SRS has appealed the decision, but no court dates have been set.

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*Some People Do Report to Two Supervisors, and Requirements for Some People Who Supervise Social Workers Have Been Lowered*

As mentioned earlier, staff expressed several complaints about supervision after the reorganization including, the quality of supervision is now insufficient, and the lines of authority are now unclear. There is some truth to these allegations.

**A case-worker may report to team leader and a program-specific supervisor.** Under SRS' new service delivery approach of using integrated service teams, staff from different program areas work as a team to help the clients. This team reports to a team leader. Each team member also reports to their program-specific supervisor. Staff complained to us that reporting to multiple "supervisors" is confusing.

**Some who supervise social workers no longer need a degree or social work license.** Before the reorganization, many people who supervised social workers who were handling client cases were called social work supervisors. Social work supervisors had to have a college degree and be licensed social workers. That changed with the reorganization. SRS has fewer social work

supervisors and more human services supervisors. These positions don't require a college degree, a social work license, or any previous supervisory experience, yet still supervise social workers.

Human services supervisors now supervise many of the licensed social workers. Of the 108 human services supervisors on the January 2005 payroll, 12 came from prior positions that appeared to involve no supervisory responsibility. This may contribute to staff complaints that the quality of supervision generally isn't adequate after the changes.

Also, because support positions were being eliminated, certain human services specialist positions were opened to former support staff who didn't have college degrees. Usually applicants for human services specialist, a pay grade 21 position, must have college degrees to meet minimum requirements. However, that requirement was waived, and former support staff who were hired into these positions had their positions reallocated. Employees don't have to meet the minimum the requirements for a new position if their original position is reallocated. This appears to be acceptable within State and SRS policies, but could likely contribute to feelings of unfairness among staff.

***Conclusion*** At least some of the conditions staff have reported as leading to low morale have some basis in fact. Caseloads have increased significantly while the number of caseworkers has been relatively static, and the Department has eliminated many of the workers who filed documents and answered phones for caseworkers. Although SRS has tried to manage the workloads by shifting workers from region to region, the basis on which it does that doesn't take into account its new way of doing business and may not be accurately matching staff with workloads. Some of the complaints we heard about hiring practices didn't show up in the sample of cases we looked at, but we did find a large percentage of cases where we couldn't document that the position descriptions were set before the job was opened up to employees who wished to apply. With this lack of documentation and the lack of consistency in how positions were filled from region to region (as reported in Question 1) it is easy to see why employees have been suspicious of the process and many feel they haven't been treated fairly.

***Recommendations***

1. To ensure that all hiring policies are followed, and appropriately documented, SRS management should:
  - a. train those responsible for interviewing and hiring regarding State and SRS requirements for such things as developing and posting job descriptions, interviewing candidates, and maintaining appropriate documentation.
  - b. have its internal audit staff periodically check some hiring files to ensure that staff are meeting requirements and documenting that requirements have been met.
2. To ensure that its process for shifting caseworkers between regions to match workers with workload is based on accurate information, the Department should:
  - a. update its case weightings based on how long it takes to work on various case types under its new service delivery model.
  - b. consider whether worker drive time should be a component of workload.
  - c. create a system for spot checking the data that is reported in the system to ensure its consistency and accuracy.

### Question 3: What Impact Has the Reorganization Had on Client Services in The Areas Affected by the Office Closures?

**ANSWER IN BRIEF:** *SRS Staff expressed many concerns about the impacts on clients such as difficulty in accessing services and delays in processing applications for service. Clients responding to a telephone survey by Fort Hays State University expressed less dissatisfaction with the system than employees did. Officials from a sample of the new access points around the State reported clients didn't seem to be having much trouble getting materials, but they expressed some concerns about other access issues, such as transportation, clients' ability to effectively use the computers or fax lines, and ability to get questions answered.*

*Files we reviewed for a sample of high-needs clients didn't show decreases in contacts with caseworkers that appeared to be problematic. However, 9 of the 13 clients we spoke with had some complaints about the difficulty in obtaining services. SRS data show applications for services have increased across the State since the reorganization, but they've actually increased less in counties where local offices closed. That could indicate people in those areas of the State are experiencing greater difficulty in being able to apply for services.*

*Although employees had told us there were significant delays in processing applications for service since the reorganization, we didn't find evidence of widespread or significant delays. SRS has set up a mechanism for identifying problems with the new service-delivery system, but it's been slow to get that function up and running effectively. These and related findings are discussed in the sections that follow.*

#### ***SRS Staff, Clients, and Access Point Providers Have Differing Perceptions About How SRS' Service-Delivery Model Changes Have Affected Clients' Access to Services***

We used several sources of information to gather people's opinions about how the closing of county offices and changes in service delivery have impacted SRS clients. We surveyed a random sample of 500 SRS staff, and also used the results of 2 surveys the Docking Institute at Fort Hays State University conducted on SRS' behalf.

One of the Docking Institute surveys involved phone calls in December 2004 and January 2005 to 1,469 clients from counties in which SRS offices had closed. In its second survey, the Docking Institute contacted officials from 284 "access points" across the State during February and March 2005. We supplemented that information with our own contacts of 16 access point providers and 17 other county health departments, community developmental disability organizations, and area agencies on aging.

**About two-thirds of SRS staff responding to our survey said they thought clients were having a more difficult time accessing services.** Survey responses to our series of questions about clients' ability to apply for and receive services under the new service-delivery model showed the following:

- 69% said services were more difficult to access
- 65% said clients found it was more difficult to get their questions answered
- 60% said clients got answers more slowly
- 69% said clients' travel time has increased

**Services Have Been Cut Off for Some Clients Because Faxes Didn't Get to the Worker**

One of the eight county health departments we contacted said its clients have had serious problems with faxed documents getting to the right worker in a timely manner.

The health department worker told us she personally had faxed some documents to the SRS office for one client; later that client reportedly got a letter saying services had been denied because the worker hadn't received the documents. The worker also told us she has seen HealthWave and medical card services terminated for other clients because the SRS caseworker said she didn't get the requested documents. According to this health department worker, the only way to avoid this is to drive the documents to the SRS worker's office, which can be many miles away.

Officials from two additional health departments said caseworkers seem to be "overwhelmed," and it takes longer for clients to get answers.

One specific concern from the surveys was that even though toll-free phone and fax numbers are available to clients, some clients or potential clients have no phones with which to access those services. Another problem with using the toll-free fax is described in box to the left. We also received 24 comments to our survey, saying the lack of ability to have face-to-face contact with caseworkers was frustrating and confusing for clients.

**In contrast, a high percentage of SRS clients responding to the Docking Institute's client survey rated access to services "good" or "very good."**

Overall, more than 75% of the clients responding to the survey indicated they were satisfied with the accessibility of services. The most common ways clients reported accessing services were phone, going to an SRS office, and meeting with a caseworker at an access point. Regardless of the method of contact, more than 75% reported being "always satisfied" or "usually satisfied."

Some comments surveyed clients offered about how access to SRS services changed after office closures:

- 35 clients said access had improved. About a third of those specified they were now working with better staff.
- 162 clients said access was worse. The most frequently cited problems were travel issues, such as driving costs, and time costs. The second most frequently cited problem was caseworkers who were rude or disorganized or who didn't answer questions directly. This theme was carried forward in other parts of the survey, where clients mentioned problems with caseworkers, including that they were "not helpful" (62 comments), "hard to reach" (45), didn't return calls (41), were "rude" (38), and gave clients the runaround (37).

**Local access point providers seem to have the opinion that the access points are better at providing materials to clients than they are at helping them access services.** In response to

questions on the Docking Institute survey, 65% of the access point providers said clients' needs for **materials** are met most of the time.

Only 41% of the access point providers responding to the Docking Institute survey said they thought customers' needs for **services** are being met most of the time. This same sentiment was reflected by 8 of the 17 (47%) county health departments, community developmental disability organizations, and area agencies on aging we contacted. They told us they knew of clients who were having a harder time applying for or accessing services. Staff from 4 of those organizations cited transportation hardships, 3 cited the toll-free voice and fax numbers, and 4 said it takes clients longer to get approvals, appointments, and answers.

Significant numbers of the access point providers responding to the Docking Institute's survey—and the ones we contacted—indicated that access points rarely are used. This may indicate that SRS clients and potential clients still are largely unaware of access points and how to use them. See the box below for more information.

#### Some Access Points Get Little Use

Access points are places (businesses, libraries) where customers can pick up information and applications and, in some cases, they can use a phone, fax, or the Internet. We got the following impressions based on conversations we had with staff at 16 SRS access points that weren't located in local health departments or area agencies on aging:

- In all, 9 of the 16 said they thought the access point idea was a good way to have customers access SRS information.
- However, 11 of the 16 said their access points got minimal use. One had ceased being an access point because the materials weren't being used.
- None of the access points reported problems with SRS providing adequate numbers of brochures or with SRS customers needing excessive help from their staff.
- They did have some issues with implementation. Among their comments were concerns about SRS customer privacy and confidentiality, and the need for face-to-face interaction for clients who have disabilities or who are unfamiliar with computer technology.

Finally, staff we called at one location that was listed as an access point in SRS's records told us they were not an access point.

***Our Review of the Files of Some High-Needs Clients Didn't Show a Major Drop-Off in SRS Contact, But Some of Those Clients Told Us Accessing Services Is More Difficult***

SRS officials told us that closing local offices and implementing a new service delivery model shouldn't have a negative impact on clients because they didn't need to come to an SRS office to get services. However, some clients have a need for services that require more face-to-face contact with an SRS worker that can't necessarily be provided over the phone or computer.

We selected a sample of 29 higher-needs clients from the West, Northeast, and Kansas City Metro regions who were receiving

services before the reorganization and still are receiving services. The clients from the West and Northeast regions whose files we reviewed lived in counties where local offices had closed. These clients were receiving services that required more contact with an SRS worker such as temporary assistance to families clients with a work requirement, vocational rehabilitation clients, and disabled clients. We reviewed each client's case file looking for indications of decreased contact after the reorganization.

For 28 of the 29 files, we didn't see a decrease in contact frequency that wasn't explainable by a change in the client's programs or eligibility.

For the remaining client – a vocational rehabilitation client with mental and physical health issues – the office closure did coincide with a decrease in contact. Before the office closure, SRS workers met with the client 4 of the 8 months between his referral and office closure. During the 5-month period after the office closed, we saw no notes indicating an SRS caseworker had met with the client or worked directly on the client's case. In file notes, workers expressed concerns that this client's intensive services would suffer with office closure, and that he was frustrated by not being able to reach his vocational rehabilitation worker.

We were able to contact 13 of these 29 clients by telephone. Of those we contacted:

- 9 of 13 said it's more difficult to get services now. Four specifically said the office is too far away now, and it's a hardship when they must ensure items get to the office.
- 5 of 9 who said they'd used the 800-number or fax said they'd had problems. Two said they simply call long-distance rather than use the 800 number in order to be connected directly with their workers. Some specific comments: "I couldn't get anywhere with the 1-800 number." "I can't talk to a person who knows me. I'm a number now." "I don't have a way of faxing stuff. I will use the 800 number but others my age won't; they hate it."
- 7 of 13 said they'd noticed a change in how quickly SRS staff get back to them. Two specifically mentioned getting slow responses. One simply said, "It takes a long time to get answers."
- 11 of 13 said they'd never used an access point.

Other comments they made are summarized in the box on the next page.

### SRS Clients Express Frustration and Confusion

During the course of this audit, we called 13 high-needs SRS clients to find out what their experiences have been during the reorganization. Many appeared to be frustrated and confused. Here is a sample of their comments:

- "I've got a second application in the mail and I don't know why. I'm confused."
- "I just wish they'd stop canceling my coverage, give me a direct answer, and stop changing my benefits."
- "Enter stuff on the computer right away so all workers know what's up with a case. Call us back faster. Standardized guidelines. Rude workers should be dealt with. My CSE worker won't talk to me. The attorney finally made her talk to me."
- "My services were better. It used to be easier. They can't help me quickly. They don't understand all the obstacles I'm facing. I have a 2- and 5-year old. I don't have my driver's license back yet. I can't walk around with them looking for a job in the cold. This worker says move to a bigger town. I can't because it takes money. She says go back to school. How can I pay for that? She was supposed to tell me a month ago if they'd help with day care while I'm looking for a job. Nothing back yet."

They also complained about a lack of consistency with policies and procedures across the regions and within them. For example, clients told us:

- "A standard policy across the State would be nice. When someone reported me for spanking my 5th grader they were there immediately. When we discipline our kids they are in our business, but if we're trying to feed our kids they take over a month to get us help. One worker I dealt with said it's wrong to do that [spank] and put me on the Child Abuse Registration List. Another worker I dealt with from another county said they would do that with their kids. It's different. Tell us what's okay and what's not okay."
- "I'm on my 3rd worker. They keep quitting. My SRS case manager told me they'd help with my driver's license test, fees, etc. (\$300), then she asked her supervisor and she said I can't. So I can't drive and they aren't communicating very well. One tells you something different than the other."
- "The left hand does something and the right doesn't know about it."

SRS officials told us clients could choose which office handles their case but when we spoke to a few clients about this, they had a different story.

- "We need that one person to deal with for our case, not 6 from 6 counties."
- "They won't let me pick what county handles my case. I'm in Jefferson County but a few miles from Douglas County. It would be easier and closer for me to go there, but they said no I had to go to Atchison."

### *Fewer Service Applications in Areas Where Offices Have Closed Could Indicate That Potential Clients Are Having a More Difficult Time Accessing Services*

One indication of the success of the access points, the toll-free phone and fax lines, and the computerized application capabilities is whether clients are applying for and getting the services they need.

We examined data on the number of applications for service from before the office closures began (2002) and after most of the offices had been closed (2004). The information we reviewed showed the county of residence for each person who applied for services. We focused on 6 programs that local staff frequently deal with.

Our review showed there was a general increase in clients' applications for most of the programs on a Statewide basis over the two-year period. The only exception was the child-care subsidy program, which showed a 4.4% decline in applications. SRS officials attributed this decline in applications to more people being laid off during the bad economy; when parents aren't working they generally don't need child care.

For the other programs, we noted that applications for services had increased most from clients living in those counties where the SRS office remained open. That information is shown in *Figure III-1*.

**Figure III-1**  
**Comparison of Change in Applications For Services Between Calendar Year 2002 and 2004**  
**For Counties Where SRS Offices Remained Open and Were Closed**

Program	Statewide Change from 2002 to 2004	% Change in Counties Where Office Remained Open	% Change in Counties Where Office Closed
Food Stamps	16.0%	17.1%	5.7%
General Assistance	22.0%	22.3%	17.5%
Temp Assist Families	8.3%	8.9%	2.8%
Child Care Subsidy	-4.4%	-4.1%	-7.9%
Rehabilitation Services	10.6%	10.8%	8.9%
Child Support Enforcement	10.5%	10.3%	14.0%

Source: Program data received from SRS.

Those differences were most pronounced for the Food Stamp and Temporary Assistance to Families programs. The only program that was contrary to the general pattern was Child Support Enforcement, which actually showed a larger increase in new applications from clients who lived in counties where an SRS office had closed.

The smaller increases in applications from clients living in counties where offices have closed—coupled with the fact that 39% of clients responding to the Docking Institute survey from counties that had lost their SRS office said the application process had gotten more difficult—may indicate that clients in those counties are having trouble applying for services.

***SRS Records Show Only a Slight Slowdown In Application Processing Times Since the Reorganization***

Because a significant number of SRS staff complained that processing a service application takes longer now than before the reorganization, we examined the agency's records related to application processing times.

The Department has established time standards for processing applications for 4 of its programs, and measures adherence to those standards periodically. Its computer system calculates the number of calendar days applications are pending, and indicates whether each application met the standard.

As *Figure III-2* shows, the Food Stamp and Cash Assistance programs have remained relatively constant, but fewer medical applications were processed within the established deadlines. SRS officials couldn't explain the decrease in timeliness for medical assistance applications.

<b>Figure III-2 Percentage of Applications Processed Timely, Statewide</b>					
<b>Program</b>	<b>maximum days between application and decision, to be considered timely</b>	<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05 through March</b>
Food Stamps	30	95.9%	97.1%	95.1%	94.6%
Cash assistance (Temporary Assistance to Families, General Assistance)	45	98.0%	98.5%	98.6%	98.6%
Medical	45 (90 if the client is awaiting a Social Security disability decision)	92.9%	88.8%	87.1%	89.0%

Source: SRS timeliness reports

To determine whether applications were taking longer to process since the reorganization (even though they still met the timeliness standards), we looked at more detailed information that showed the true average number of days it took to process an application. That information, which was only available for 3 programs, is summarized in *Figure III-3*.

<b>Figure III-3 Average Processing Time for Specific Programs, in Days</b>		
<b>Program</b>	<b>March 2004</b>	<b>April 2005</b>
Temporary Assistance to Families	15.8	15.8
General Assistance	16.6	17.8
	<b>May 2003</b>	<b>April 2005</b>
Food Stamps	12.8	14.9

Source: SRS data

As the figure shows, it's taking 1-2 days longer now to process General Assistance and Food Stamp applications than before.

Finally, we reviewed a sample of 11 applications that were not processed within the required time-frames. These cases took an average of 52 days to process. Here's what we found.

- For 7 of 11 cases, the SRS worker kept the application open while waiting on the applicant to provide requested documentation or come in for an interview. Closing the application while waiting on the documents would have required additional work from both worker and applicant.
- 3 of 11 cases were medical disability cases which SRS actually has 90 days to process, but the computer had flagged them as untimely at 45 days.
- In one case, there was no explanation in the file for the processing delay. In this case, the application for service wasn't processed for 49 days.

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***SRS Has Set Up a Mechanism for Identifying Problems With Its New Service Delivery System, But Has Been Slow To Implement It***

One major concern expressed by SRS staff about the new way of delivering services was that it made it more difficult for SRS to detect fraud or mistakes that had been made. In survey responses 64% of SRS staff indicated they thought the organization's ability to detect fraud had been significantly or somewhat reduced. In addition, 77% of the respondents said that errors are more likely now after all the changes in service delivery and staffing. Some specific comments SRS employees made:

- Can't detect fraud because caseloads are too high.
- Customers are being issued benefits they are not eligible for because workers are told by management to ignore policy.
- I had a client getting food stamps from both Missouri and Kansas, but was not allowed to turn the client in for fraud.
- Employees often are told to disregard State and federal regulations.

Each new regional plan calls for a quality assurance unit to be created (as noted in the administrative model in Question 1). These were officially formed with the reorganization in July 2004, and the organizational charts show filled positions in these units.

We had expected that staff in these units, which were created in July 2004, would have begun evaluating issues such as error rates, fraud potential, or causes for other things mentioned earlier in this report like client calls not being returned, or problems with benefits being cut off because faxes were allegedly mis-routed. However, In March 2005, SRS officials told us many of these units hadn't been fully staffed yet, and they hadn't yet developed goals and procedures, much less completed any reviews. The agency's response to the audit (Appendix B) indicates that by July 2005 several types of analysis had been done.

**Conclusion** Overall, 3 of 4 clients that Docking Institute surveyed said they were satisfied with the accessibility of services under the new access point system. To a large extent, a client's level of satisfaction will depend on his or her age, the specific services needed, and his or her willingness and ability to use the computers or fax lines that SRS provides. Some older clients, for example, may not have the same capability to use a computer or fax line as younger clients who are more familiar with these tools.

Even though the overall level of satisfaction of survey respondents seemed to be fairly high, a number of clients expressed concerns about rude workers, SRS not returning phone calls, and paperwork that was faxed over the toll-free lines being mis-routed or lost, causing services to be delayed or cut off. Some of the issues related to unreturned telephone calls or documents being mis-routed could be related to the reductions in the number of staff who support caseworkers as was discussed in Question 2 of this report.

Another concern is whether people who haven't accessed services before and aren't familiar with how SRS works may be falling through the cracks. Staff at some locations that serve as access points told us the access points get little use and they think people don't know about them. Also, the increase in the number of applications for services from people living in counties where SRS offices have closed has been significantly less than in counties where SRS offices remain open.

While there will always be wrinkles that need to be ironed out whenever such sweeping changes are made to a service delivery system, SRS officials will need to seriously consider all of these issues and take the steps necessary to see that they are adequately researched and addressed.

- Recommendations**
1. To help ensure that Kansans located in counties that no longer have an SRS office aren't being denied the services they need, because they don't know how to access them, SRS should:
    - a. investigate why applications for services in counties where offices have closed haven't kept pace with applications in counties where office remain open.
    - b. investigate the reasons for reported minimal usage of access points and take steps to make those access points more visible and increase the public's awareness of them.

2. To provide the kind of information it needs to effectively manage the new service delivery system, SRS should focus on getting the Quality Performance Improvement divisions in each region up and running, and make sure that they:
  - a. fully investigate quality issues raised by clients and staff such as client phone calls not being returned, benefits being cut off due to faxes allegedly being mis-routed, fraud potentially not being addressed, and the like,
  - b. provide recommendations to management on how to correct those issues, and
  - c. follow up after a reasonable period of time to ensure that effective remedies have been put in place to correct any problems they find.

#### Question 4: Has the Reorganization Resulted in Savings for the State?

**ANSWER IN BRIEF:** *In October 2003, SRS announced an anticipated savings of \$1 million a year from all phases of the agency's service delivery redesign efforts. We compared expenditures for a nine-month period immediately before and then after the local offices were closed and the regions were consolidated. That comparison showed SRS expenditures were about \$2.3 million more on field service operations. Because the comparison is over a two-year period, we factored in cost-of-living salary adjustments for State employees and inflation. After adjusting the fiscal year 2003 expenditures for inflation, the comparison shows reduced expenditures of about \$5.2 million in fiscal year 2005. About \$3.7 million of this was reduced "salary" expenditures. This reduction likely was the result of positions being vacant either because of turnover or to meet budgetary cuts imposed by the Governor and Legislature. Other items more likely were attributable to the reorganization, such as reductions office rent and in-State travel expenses. In all, these and other items totaled about \$1.4 million during the time period we examined, on an inflation-adjusted basis.*

***With Inflation  
Taken Into Account,  
It Appears That SRS  
Spent Approximately  
\$5 Million Less  
During a Nine-Month  
Period After it  
Reorganized  
Field Operations***

When SRS announced its plans for redesigning its area office structure in October 2003, it estimated the agency would be able to save roughly \$1 million a year from the closure of certain area offices and from changing the way it delivered services to clients. The information SRS provided at that time did not breakdown how much of the \$1 million in savings would come from salary savings, reductions in rental costs, and the like.

In the nine months after the reorganization actual expenditures were about \$2.3 million more than during the same nine-month period before the reorganization. During this audit we compared operating expenditures for the field offices both before and after the reorganization and the closure of local SRS offices. This analysis did not include expenditures for central office, adoption, and foster care because this audit focused on field operations and programs delivered in the field.

At the time we did our audit fieldwork, only nine months of expenditure data were available for the time period after the office closures and regional consolidation. Therefore, we compared that expenditure information to the same nine-month period immediately preceding the reorganization and the closing of the first local SRS office. That comparison is shown in Figure IV-1.

**Figure IV-1  
Changes in Operating Expenditures  
For SRS Field Services  
7/1/02-3/31/03 versus 7/1/04-3/31/05**

Category	7/1/02-3/31/03 (11 areas, 105 local offices)	7/1/04-3/31/05 (6 regions, 43 service centers)	Difference
Salaries & Benefits	\$81,150,447	\$83,899,721	\$2,749,274
Bldg Rent	\$6,982,170	\$7,055,238	\$73,068
Travel	\$891,446	\$543,190	-\$348,256
Other	\$9,248,404	\$9,061,191	-\$187,213
<b>Total Spent</b>	<b>\$98,272,467</b>	<b>\$100,559,340</b>	<b>\$2,286,873</b>

Source: STARS expenditure data received from the Division of Accounts and Reports

However, our analysis covers a two-year period, and cost-of-living salary adjustments and general price increases during that period must be taken into consideration to compare spending on a uniform basis.

**After taking out cost increases due to inflation, it appears that SRS spent about \$5 million less on field services operations after the reorganization than it would have spent if it had continued with the structure that existed before the reorganization.** State employees received a 1.5% cost-of-living increase effective July 1, 2003, for fiscal year 2004 and 3% effective July 1, 2004 for fiscal year 2005. We increased the 2003 salary expenditures by these amounts to get a comparable 2005 figure. We also adjusted the remaining expenditures by either the amount of increase in the Consumer Price Index, or by anticipated increases as reflected in State agency Budget Cost Indices. Figure IV-2, below, shows expenditures in the nine months immediately prior to the reorganization adjusted to be comparable to 2005 dollars.

**Figure IV-2  
Changes in Operating Expenditures  
For SRS Field Services  
7/1/02-3/31/03 versus 7/1/04-3/31/05  
Adjusted for Inflation**

Category	7/1/02-3/31/03 (11 areas, 105 local offices)	7/1/02-3/31/03 Adjusted for inflation to 2005 dollars	7/1/04-3/31/05 (6 regions, 43 service centers)	Difference Adjusted for Inflation
Salaries & Benefits	\$81,150,447	\$87,610,112	\$83,899,721	-\$3,710,391
Bldg Rent	\$6,982,170	\$7,384,400	\$7,055,238	-\$329,162
Travel	\$891,446	\$942,801	\$543,190	-\$399,611
Other	\$9,248,404	\$9,781,190	\$9,061,191	-\$719,999
<b>Total Spent</b>	<b>\$98,272,467</b>	<b>\$105,718,503</b>	<b>\$100,559,340</b>	<b>-\$5,159,163</b>

Source: STARS expenditure data received from the Division of Accounts and Reports

As the table shows, on an inflation-adjusted basis, SRS spent about \$5 million less on field services operations in the nine months immediately after the reorganization, than it did in the corresponding nine-month period immediately before the reorganization.

**A large part of those saving (about \$3.7 million) were in salary costs.** We had difficulty explaining why salary costs would have decreased, when there was no corresponding decrease in the number of authorized positions as a result of the reorganization. In fact, if anything we would have expected salary costs to increase because as noted in Question I, there was an increase in the number of higher-paid management-related positions and a decrease in the number of lower-paid support staff positions.

**Salary savings appear to be due to increased vacancy rates.** If more positions were vacant throughout the year, salary expenditures could decline even though the total number of authorized positions increased. The Governor has directed the Department to increase its “shrinkage rate” (salary savings from position turnover) during recent years. We examined the number of authorized positions that were vacant as a percentage of total authorized positions over several years. The results are shown in the Figure IV- below:

<b>Figure IV-3 Percent of Total Field Positions That Were Vacant On Selected Dates</b>			
	January 2003	January 2004	January 2005
# of total positions that were vacant	357	444	533
% of total positions that were vacant	11.8%	14.7%	17.6%
Source: SHaRP data received from SRS, based on authorized FTE only. Does not include unclassified and temporary positions.			

This increased number of unfilled positions equates to reduced salary costs.

**Substantial turnover also may be contributing to lower salary costs.** If experienced workers with higher salaries have been replaced by new workers at the low end of the pay range, costs will go down. In response to our survey of SRS staff, 64% of the respondents indicated they knew at least one former co-worker who had left because of the reorganization.

We also reviewed changes in each position regarding pay. We compared where each position fell on the Kansas State Civil Service Pay Plan, based on pay grade and step. Our review shows a general decrease in step from July 2003 to May 2005, on average, for most positions. The lower the step within a grade, the lower the pay—generally, the difference between steps is about 2.5%. That small percentage adds up. For example, Human Service Specialists used to be grade 21, step 8 on average. Now they are grade 21 step 7 on average. That works out to be a difference of about \$777 per year, per person. Given that there were about 750 people in those positions, that is roughly a savings of \$582,750 for that position alone.

**About \$1.4 million in non-salary savings likely was generated through closing local offices and changing how services are delivered.** The various elements that contributed to these cost savings are discussed below.

- **Building Rent:** Local offices in 62 counties were closed, resulting in total lease cost savings of \$330,000. Total lease savings would have been higher except for two factors. The Department of Administration implemented a lease-equalization policy beginning in fiscal year 2005. The purpose of this policy was to ensure that all State agencies were paying the same lease rate, regardless of where they were housed. That policy change caused SRS' rent in the Finney State Office Building in Wichita to increase by \$440,000 beginning in fiscal year 2005. Also, the lease amount for the Kansas City office increased annually by \$340,000 starting in fiscal year 2004. That increase was the result of a tax escalation clause that requires SRS to absorb the rise in property tax incurred by the landlord.
- **Travel:** This category had reduced expenditures of about \$400,000. Expenses in this category are for staff driving to service access points, meet customers, attend meetings and training, or investigate protective service cases. SRS officials speculated that travel expenditures may have decreased because of budget reductions. They also said that, before offices were closed, staff would drive to some of the local offices to open them part time. Case managers also would travel to local offices to hold regular office hours. After closing these part-time offices, it's not necessary for staff to drive for these reasons.
- **Other:** This catch-all category had reduced expenditures of about \$720,000. "Other" category includes communication, freight, printing, repairs, fees, utilities, special grants, office supplies and equipment, and the like. One of the larger items was \$175,000 reduced spending for repairs and maintenance.

**Conclusion:** After adjusting for cost increases that would have occurred in the past 2 years, it appears that SRS spent about \$5 million less on its field services operations during the first 9 months of fiscal year 2005 than it would have spent if it had been staffed and organized the same as it was before any of the reorganization had occurred. However, a large portion of that savings was generated by staff vacancies and turnover. Those savings could have occurred under any administrative structure, so they can't be attributed to the reorganization. That leaves about \$1.4 million in savings from things like lease terminations on local offices and other items that could be more directly tied to the reorganization. Even for those expenditures it's difficult to know exactly how much to attribute to the reorganization, because some of the savings in categories like postage, travel, and repairs could have reflected general cutbacks to meet budget reductions imposed by the Governor and the Legislature.

## APPENDIX A:

### SCOPE STATEMENT

This appendix contains the scope statement approved by the Legislative Post Audit Committee on December 14, 2004. The audit was requested by Representative Gordon.

#### **SRS: Reviewing the Recent Restructuring of Area Offices and Its Impacts on Employees and Clients**

In response to State revenue shortfalls, in October 2004 the Secretary of Social and Rehabilitation Services announced plans to close area offices and restructure the way services are provided to the public. The plans called for immediate closing of 23 offices in rural areas to save \$400,000 in operating costs for fiscal year 2005. In addition, Department plans called for 46 additional offices Statewide to be closed over a three-year period, bringing the total closures to 70 offices.

Recently, legislative concerns have been raised about the effects these closures and the associated restructuring are having on staff and on the people served by the Department. Among the client-related concerns are the accessibility of services and privacy issues. For example, legislators have heard that under the current service-delivery model, SRS staff are having to meet with clients in venues such as coffee shops, grocery stores, and libraries, which are not conducive to maintaining client privacy. Another client concern is the long distances clients may have to drive to access services. A number of staff-related concerns have surfaced including morale issues, equitable treatment of staff as positions are being filled or left unfilled, caseload management, and creating levels of management that didn't exist before. Finally, an overall concern is whether the Department had a clear model in mind for making changes to the area offices, and whether the goals of the reorganization mesh with the mission of the Department.

A performance audit of this topic would address the following questions.

1. **Has the Department adopted and followed a consistent model for restructuring service delivery in those areas of the State where area offices are being closed?** To answer this question, we would determine whether the Department had a plan in place prior to embarking on the reorganization that detailed what the management structure and staffing levels should look like, and how services would be delivered to clients in each part of the State where area offices were being closed. If such plans existed, we would determine whether the Department followed them consistently, and if not why not. In addition, we would look at whether the steps the Department took seem to fit with its overall mission.
2. **What impact has the reorganization had on the Department's staff?** To answer this question, we would look at overall staffing levels in each area before and after the reorganization. We would determine how many positions were changed or eliminated and why, what new positions were created and why, what processes were established for allowing

people to apply for and move to other jobs and whether those processes were followed, what effects staff reductions have had on caseloads, and the like. We would look at what effects staff reductions and office closures have had on employee drive time and time available to spend with clients. In addition, we would survey staff to get a sense how the changes have affected them and their overall morale.

3. **What impact has the reorganization had on client services in the areas affected by the office closures?** To answer this question, we would attempt to look at the number of clients being served in those areas before and after the closures to determine whether there has been any significant decline in people accessing services. We would attempt to verify the accuracy of any data the Department has collected. In addition, we would survey people who were receiving services before and after the change, to determine what improvements or deterioration they have seen in their access to SRS services. For any problems that appear to be prevalent, we would determine whether SRS was aware of those issues and what it has proposed to do to address them.
4. **Has the reorganization resulted in savings for the State?** To answer this question, we would review the plans the Department developed for closing and reorganizing area offices to determine what cost savings were anticipated. We would review available documentation for what has transpired to date, to identify any cost savings or increases that are attributable to the reorganization. We would report on the amount of any cost savings we identify. We would conduct other work in this area as needed.

**Estimated time to complete:** 12-15 weeks

## **APPENDIX B**

### **Agency Response**

On July 7, 2005 we provided copies of the draft audit report to the Department of Social and Rehabilitation Services. Its response is included as this Appendix.

The agency generally concurred with many of the report's findings, conclusions, and recommendations. We made minor changes or clarifications to the draft report as a result of the agency's review of the draft report. Those corrections had no effect on our findings or conclusions.

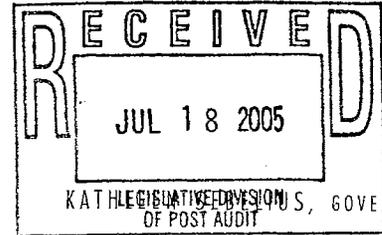
In its response, the Department disagreed with the report's conclusion that the number of management positions had grown by the amount stated. After carefully reviewing the response, and our audit working papers, we think our conclusions and recommendations are appropriate. As a result, we've made no changes to the final report in this area.



K A N S A S

GARY J. DANIELS, ACTING SECRETARY

SOCIAL AND REHABILITATION SERVICES



KATHLEEN LEGISLATIVE DIVISION, GOVERNOR OF POST AUDIT

July 18, 2005

Ms. Barb Hinton, Director  
Legislative Post Audit Division  
800 SW Jackson St., Suite 1200  
Topeka KS 66612-2212

Re: Draft Report by LPA on *SRS: Reviewing the Recent Restructuring of Area Offices and Its Impact on Employees and Clients*

Dear Ms. Hinton,

Thank you for the opportunity to respond to the draft performance audit report, *SRS: Reviewing the Recent Restructuring of Area offices and Its Impacts on Employees and Clients*. We found your review to be very comprehensive and were impressed with your team's ability to capture the significance of the transformational changes implemented by our field offices since 2002.

We are proud of the executive leadership demonstrated throughout the state during this time of tremendous change within SRS. There have been many accomplishments including development of integrated service teams, heightened community engagement, and establishment of performance improvement teams. All of these efforts will reshape our organizational culture, one which drives toward excellent customer service and accountability in state government. The reorganization of our SRS Area offices has been accomplished without a single lay off. We see staff stepping up to new challenges. The work has not been easy, yet it is important in achieving efficiency and effectiveness in the way we do business.

We agree with many of the findings and recommendations. Our technical edits were previously provided to you. We do have some substantive concerns with several areas of the report that are noted below.

Secretary's authority to reorganize: KSA 75-5316a provides the Secretary with the authority to "organize the department ..... in the manner the secretary determines most efficient." Under this authority, some employees received downward reallocations. These actions were not demotions as defined by KAR 1-2-31, which at the time of our reorganization stated "involuntary movement for disciplinary purposes or the voluntary movement of an employee from a position in one class to a position in another class having a lower pay grade." Terminology in the draft report referring to these actions as "demotions" should be amended to more accurately reflect these as reallocations. Additionally, your SHARP data extract may not readily distinguish downward reallocations due to reorganization from actual demotions during this time period. For this reason, the HR document which was previously provided to you outlines the number of staff who were possibly impacted in various ways by the reorganization.

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Addition of management positions: We believe the cited growth in management positions, and associated salary dollars, is overstated. Through the redesign process, Regions placed deliberate emphasis on staff activities which work directly in support of service delivery. Not all positions fit neatly into an either "management" or "casework" category based on position classification alone. For example, the Public Service Executive I (PSE I) and Program Consultant II (PCII) positions are more frequently used in providing direct customer support and often serve as "front door" customer service representatives. The PCII classification is used by the Regions for those positions staffing mental health, developmental disabilities, and substance abuse work. Several PSE I positions provide direct program supervision and respond to customer complaints. While these two classifications are among the cited "management positions" which are used more frequently for direct service activity, some of the other noted management positions vary as well.

Reduction in clerical support staff: Criticality of task was determined by the Regions, and staffing decisions were driven by this analysis. Closing 62 offices meant reallocation of many clerical support positions no longer needed to open offices or direct walk-in traffic. There was also diminished need for clerical staff where offices remained open. Thirty fewer clerical support positions were needed in the Kansas City Metro Region, for example. A heightened use of technology by line staff, our desire to have customer calls answered by knowledgeable professional staff, and elimination of redundant processes led to these clerical support reductions state wide.

Number of supervisory positions: Each Region also determined a suitable number of supervisory positions based upon workload. The draft report states Human Service Supervisory vacancy rates range from 4% to 29% for one outlier, the South Central Region. The SC Region actually has a 12% supervisory vacancy rate. Because of the upward reallocations made as part of the reorganization, four of the so-called vacant supervisory positions in the SC Region have been slated for reclassification when the Region has an opportunity to fill.

Classification of assistant directors: A disparity on classification status of Assistant Directors was noted. Because of the pilot that was underway in the West Region at the time of reorganization, these positions remained classified. In the balance of the state, Assistant Director positions were deemed to be upper management and were filled as "unclassified" temporary positions. Using the authority of KSA 75-2935(1)(I), SRS used unclassified temporary positions and held an equal number of classified positions vacant. We agree the disparity between Regions needs to be addressed and will proceed with clarifying our authority to have these positions unclassified.

Role of the Performance Improvement Teams: The report suggests that, although staffed, these units have been slow in conducting activities leading to system improvement. Teams with a number of new staff initially engaged in training activities, causing Regions to be at various stages of implementation throughout the year. All teams, however, continued to conduct random case reviews as one method of detecting client fraud or worker error. The assignment of specialized investigators to focus on fraud did not change with the reorganization. New initiatives already implemented by the Performance Improvement Teams include customer surveys; data extraction and analysis; identification of agency goals, outcomes and indicators; and specialized case reviews. These initiatives represent some "first ever" activities heightening accountability and reinforcing a culture of excellent customer service. This advancement is deserving of recognition in your report.

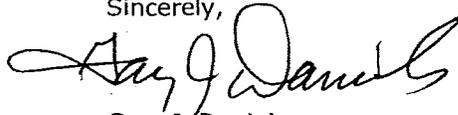
Matrix management: The organization is promoting the use of matrix management as part of our implementation strategies in development of integrated service teams. Our offices were previously organized in a functional management model, focused on program areas. The employee was typically supervised by someone who formerly did their job. In a matrix management model, the employee receives program direction from a program expert, however, they are supervised by someone who coordinates the efforts of staff who perform different program duties. This method of management allows teams to more readily share information across program boundaries when working on behalf of a common consumer. At the same time, it values the specialization that increases our knowledge about relevant supports and services. This has changed some of the supervisory reporting structures and has led to the opportunity for dual supervision. For employees who have always worked in a functional management or simple "chain-of-command" environment, matrix relationships may be confusing. We are not aware of any prior or current requirement necessitating licensed social workers be supervised by other social workers. The Behavioral Sciences Regulatory Board has indicated there is no such requirement. Clinical consultation may continue to be sought out on an as-needed basis within the organization.

Rising workloads: There is no question caseloads have increased in locations where offices closed and to a larger extent, as would be expected, in SRS service center locations. Rising caseloads have placed added demands on all regional staff. While reallocation of positions to customer support work has helped, the agency still faces the dilemma of limited salary dollars and high shrinkage rates at a time when demand for social services is extremely heavy.

The reorganization represents the single largest change in our field's organizational structure and areas of focus since SRS was formed over 30 years ago. Literally, thousands of decisions were made as implementation plans were developed. Your interviews and surveys garnered an array of perceptions about positive outcomes as well as ways we can build upon the success of our new organizational model. Your analysis and recommendations will be coupled with other studies recently conducted or commissioned by the agency, and will be an important tool in achieving future system improvements and customer service excellence.

Please feel free to contact Candy Shively at 296-3271 if you have questions regarding our response.

Sincerely,



Gary J. Daniels  
Secretary, SRS



