



Office of the
Washington
State Auditor
Pat McCarthy

PERFORMANCE AUDIT

Report Highlights

Contracted Homeless Services: Improving how local governments prioritize services and manage provider performance

Local governments in Washington have spent millions of dollars to provide services intended to move people out of homelessness. Despite increased spending, the number of homeless people has continued to grow. Experts recommend using data to best identify and address unmet needs and hold providers accountable for performance.

We selected two cities and two counties for review in this performance audit: the City of Spokane, the City of Seattle, Snohomish County and Yakima County. We looked at how these governments could better identify and prioritize contracted homeless services, and better manage the performance of providers they hire to address the needs of people experiencing homelessness.

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

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

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

Spokane and Snohomish increased their investment in permanent housing over the last five years. In contrast, Seattle has consistently spent far more on shelters than on permanent housing. Yakima invested most of its funds in supportive services.

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

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

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

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

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

State Auditor's Conclusions

Washingtonians are growing more frustrated and concerned as the number of people living on the streets and in encampments continues to grow, even as government spends more on programs to address homelessness. Each county and city must determine how it wants to address this complex, human problem based on the needs of the people experiencing homelessness and the availability of local resources. But one thing is certain: Each community also must do all it can to maximize the public's financial investments in programs to address homelessness by figuring out what works and what doesn't, and adjusting accordingly.

One long-term solution to our homelessness crisis is an adequate stock of permanent housing with necessary social supports. In the meantime, local governments should be systematically collecting data on their homeless support programs, analyzing the data and working with contractors to move the needle. Data analysis also should inform elected officials and staff as they develop strategic plans. Contractors hired to provide services should have short- and long-term goals they can reasonably meet. And when goals are not met, it is incumbent on elected officials and government leaders to hold them accountable and take appropriate action. Public servants across the state are working hard to tackle this complex problem. This report has recommendations to help governments keep taking steps forward by following the best practices of procurement and performance management.

Recommendations

We made recommendations to help audited governments better identify and address unmet needs for people experiencing homelessness. We also recommended that governments address causes for inadequate oversight of their service providers and implement leading practices we identified to strengthen monitoring and more consistently address poor provider performance.