



STATE OF WASHINGTON

April 19, 2019

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

Dear Auditor McCarthy:

Thank you for the opportunity to review and respond to the State Auditor's Office (SAO) performance audit report, "Opportunities to Better Identify and Serve K-12 Students Experiencing Homelessness." The Department of Commerce and Office of Financial Management worked together to provide this response.

We appreciate your team's analysis of the impact of homelessness on the state's kindergarten through 12th grade population and the role Commerce can play in improving homeless housing services to students and families. Commerce's goal is to connect all students experiencing homelessness with the resources needed to ensure they are stably housed.

Policy changes are currently proposed in Substitute Senate Bill 5324 to allow Commerce to contract directly with local service providers who assist students and their families experiencing homelessness. These providers often have greater capacity to apply for and manage this type of grant program. These changes are supported by Commerce and housing and K-12 stakeholders.

Regardless of policy changes that may be adopted by the Legislature, our goal is that all school districts have the information they need to ensure meaningful referrals for students and their families to local homeless housing resources. Commerce is working to address homelessness in all of its forms, including people living unsheltered, in temporary shelter, or doubled up with family and friends for economic reasons.

Sincerely,

Handwritten signature of Lisa J. Brown in blue ink.

Lisa Brown
Director
Department of Commerce

Handwritten signature of David Schumacher in black ink.

David Schumacher
Director
Office of Financial Management

cc: David Postman, Chief of Staff, Office of the Governor
Kelly Wicker, Deputy Chief of Staff, Office of the Governor
Drew Shirk, Executive Director of Legislative Affairs, Office of the Governor
Pat Lashway, Deputy Director, Office of Financial Management
Scott Merriman, Legislative Liaison, Office of Financial Management
Keith Phillips, Director of Policy, Office of the Governor
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Scott Frank, Director of Performance Audit, Office of the Washington State Auditor

OFFICIAL STATE CABINET AGENCY RESPONSE TO PERFORMANCE AUDIT ON OPPORTUNITIES TO BETTER IDENTIFY AND SERVE K-12 STUDENTS EXPERIENCING HOMELESSNESS – APRIL 2, 2019

This management response to the State Auditor's Office (SAO) performance audit report received on April 2, 2019, is provided by the Office of Financial Management and the Department of Commerce.

SAO PERFORMANCE AUDIT OBJECTIVES:

The SAO sought to answer these questions:

1. What are the characteristics, needs, and causes of K-12 student homelessness in Washington's school districts?
 2. How have school districts used McKinney-Vento and Homeless Student Stability Program (HSSP) funding to identify students experiencing homelessness, provide them in-school supports, and connect them to community services?
 3. What opportunities exist to help school districts and OSPI strengthen identification, provision of in-school supports, and connections to community services for students experiencing homelessness?
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SAO Recommendations 1 (a and b) to Commerce: To make it easier for districts to access and use available funds, as described on pages 16-19, we recommend that Commerce:

- a. Reach out to school districts to better understand factors that discourage districts from applying for funding and simplify the grant application process accordingly.
- b. Provide districts more flexibility in using HSSP grant to provide rent assistance to students.

STATE RESPONSE:

a. Reach out to school districts to better understand factors that discourage districts from applying for funding and simplify the grant application process accordingly.

Policy changes are currently being considered in [Senate Substitute Bill 5324](#) that would allow Commerce to contract directly with local service providers who assist students and their families experiencing homelessness. These providers often have higher capacity to apply for and manage this type of program. These changes are supported by Commerce, the Office of Superintendent of Public Instruction, and Building Changes, a key stakeholder for youth and families experiencing homelessness.

Action Steps and Time Frame

- If SSB 5324 is not enacted, Commerce will reach out to school districts to better understand barriers to applying for funding. *By July 2019.*
- If SSB 5324 is enacted, Commerce will reach out to both school districts and local homeless service providers to better understand barriers to applying for funding, and to explore the potential of school districts leveraging the administrative capacity of housing providers to apply for these funds. *By July 2019.*

b. Provide districts more flexibility in using HSSP grant to provide rent assistance to students.

By July 2019, Commerce will expand allowable uses of HSSP funds to include paying rent for unaccompanied youth and students in families experiencing homelessness when the prioritization of this limited resource is done in accordance with the State's Coordinated Entry Guidelines.

In [RCW 43.185C.005](#), the Legislature states there is a need for the state to play a primary coordinating role in the provision of services for people experiencing homelessness. Coordinated entry requirements are

central to the state's efforts to ensure coordinated, efficient, fair, transparent and evidence-based use of limited locally administered federal, state and local homeless housing resources. In addition, the statute is premised on a structure that allows local governments — primarily counties — to determine their own priorities. The statute in particular requires local task forces to prepare and recommend to local government legislative authorities a five-year homeless housing plan that includes performance measures.

As described in the audit, there is a significant mismatch between available resources and the number of students experiencing homelessness and housing instability. Because of this mismatch, all communities and housing providers are forced to make choices about who is served among those who are eligible. The coordinated entry requirements direct communities and housing providers to transparently make decisions on how resources will be divided between subpopulations, and what criteria will be used to determine who is served within those eligible subpopulations.

Prior to coordinated entry, decisions on how to allocate limited housing resources were often inconsistent between providers. These decisions were often based on undocumented criteria, required eligible people to contact more than a dozen organizations before being housed, and resulted in people with the greatest needs being unable to navigate the system to receive housing assistance.

Requiring that housing assistance be prioritized through coordinated entry has been a national best practice for almost a decade (Commerce first introduced it in 2014) and is required by all federal and state homeless housing service providers in our state per the U.S. Department of Housing and Urban Development's 2017 [Notice](#) and [State Coordinated Entry Guidelines](#). Commerce is assessing all coordinated entry processes in each county through 2019, and is planning to implement new data standards that will enable "by-name" lists of people experiencing homelessness statewide so communities can better prioritize limited resources to the families with the greatest needs.

Although Commerce allowed HSSP funds to be used to pay rent, back rent, security deposits, and utilities during the initial grant cycle, monitoring showed that these funds were used inconsistently, not well targeted, and in contradiction with locally determined priorities. In the second grant cycle, Commerce's goal was to ensure that the limited HSSP funds were used to identify all the students experiencing homelessness, expand the flexibility of the use of funds to solve problems that could lead to homelessness (such as a bus pass needed to get to a job or renewal of an occupational license needed to keep a job), and connect families that need rent assistance to the much larger pool of rent resources available through coordinated entry.

As of March 2019, the state and federal coordinated entry guidelines and monitoring processes have evolved to allow communities to establish distinct prioritization processes for homelessness prevention and unsheltered homeless families with children. The department is now confident that HSSP funds could be fairly, effectively and transparently used to provide rental assistance under the new state and federal coordinated entry guidelines. The guidelines now allow a community to set aside funds for rent assistance to unstably housed families with children to prevent unsheltered homelessness, and allow multiple access points to coordinated entry, including schools.

Commerce's Office of Homeless Youth and Office of Family and Adult Homelessness will meet after the Legislature adjourns to determine next steps with contracting and service provision, including allowing the use of HSSP funding to pay for rent assistance for families prioritized by coordinated entry.

Action Steps and Time Frame

- Commerce will determine next steps on contracting and service provisions, including the use of HSSP funding. *By July 31, 2019.*