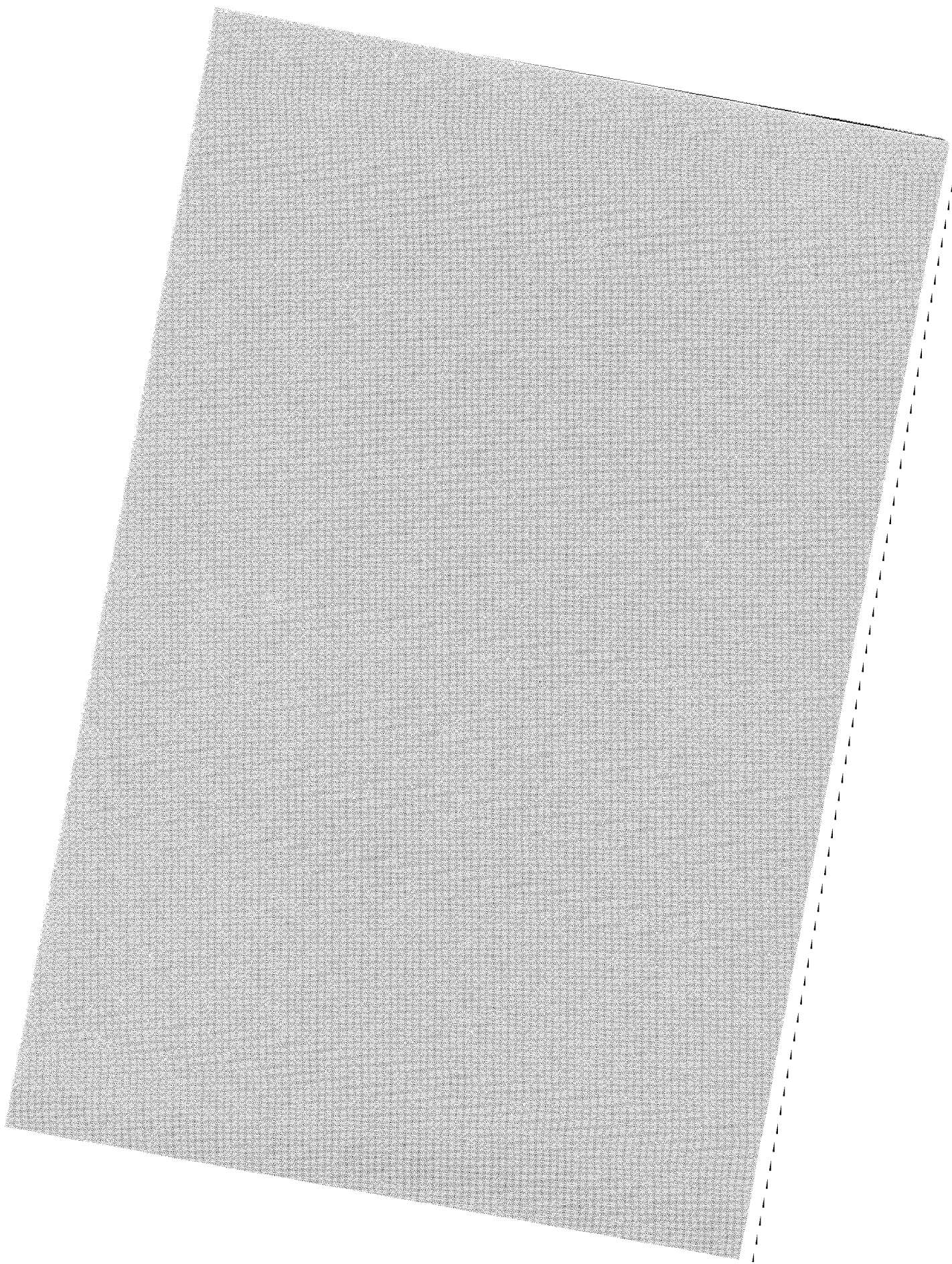


V

Restructuring California Government



RESTRUCTURING GOVERNMENT IN CALIFORNIA

**What Steps Should the Legislature Take Toward
Implementing Restructuring in California?**

Summary

There is currently much talk about the need for the public sector to "restructure" or "reinvent" itself. Generally, restructuring involves a fundamental rethinking of the way public services and functions are organized and delivered. It involves challenging the traditional ways of doing things and searching for new and better ways to do the tasks now being done, including not doing some of them any longer.

Restructuring efforts are characterized by certain traits: (1) they have service and market orientations, (2) they are more concerned with outcomes than process, (3) they encourage risk-taking, and (4) they typically decentralize authority for program development and implementation.

Restructuring can help the state address its short- and long-term budget problems. We recommend that the Legislature take action now on various fronts. First, it should start work on a fundamental restructuring of state and local government. (See the following piece for our recommendations on how this should be approached.) Second, the Legislature should select a couple of issues (for example, state procurement) that would be subject to intensive review by policy committees in both houses. Finally, we identify a number of specific program restructurings that the Legislature could take action on during this year's budget deliberations.

INTRODUCTION

There is currently much talk about the need for the public sector to "restructure" or "reinvent" itself. The subject has taken on more prominence of late, as governments at all levels struggle with fiscal problems.

Governmental restructuring can, in fact, result in significant savings to taxpayers, as well as provide improved services to the public. In this piece, we describe what restructuring is and what's involved in doing it, and suggest strategies for the Legislature to pursue in considering restructuring proposals.

WHAT IS RESTRUCTURING?

Most generally, restructuring involves a fundamental rethinking of the way public services and functions are organized and delivered. Essentially, restructuring involves challenging the traditional ways of doing things and searching for new and better ways to do the tasks now being done, including not doing some of them at all.

For example, restructuring a particular state agency would involve not just marginal changes in the way it operates, but answering such questions as:

- What is the mission of this agency? Is that mission still appropriate today?
- Are the efforts of the agency geared toward achieving specific results?
- Can the agency show that it is actually achieving results?
- Can the tasks of the agency be accomplished in a completely different fashion that is more effective or efficient (for example, by providing incentives to individuals or by shifting it to a more appropriate level of government or the private sector)?

In the process of asking questions like these, restructuring assumes that "anything's game." In addition, it tries to define a certain "culture" in which policymakers can make such decisions. This culture consists of several key characteristics.

Characteristics of Restructuring Efforts

Restructuring efforts are generally characterized by the following:

- **Service Orientation.** Typically, governments approach their "jobs" as simply performing specific tasks required by laws and/or regulations in order to carry out the public's business. Restructuring tends to turn that view on its head. Public entities, instead, become service providers focused on meeting the needs of customers (that is, the public).
- **Outcome—Not Process—Oriented.** Restructuring focuses on end results, not on process. It stresses specific, measurable goals, not the specific steps that have to be taken to reach those goals.
- **Decentralized Authority.** Traditional bureaucracies (public and private) are "top-down" organizations. Restructuring attempts to move decision-making down as far as possible. This is to discourage micro-managing at higher levels, and encourage greater involvement and innovation by "line" employees.
- **Market-Oriented.** Most public entities are the sole providers of the service they deliver. As with any "monopoly" situation, this can result in higher costs and poorer service compared to competitive situations. Restructuring stresses the importance of competition and market incentives as a means for achieving improved—and cheaper—public services.
- **Risk-Taking.** As noted earlier, restructuring means trying different ways of addressing problems. This requires decision-makers and public officials to take risks by trying new and creative ways of addressing existing problems, and to accept failures when results fall short of the mark.

Levels of Restructuring

All restructuring efforts tend to incorporate the traits discussed above. There are, however, several different levels at which restructuring can occur.

Intergovernmental Restructuring. One of the most important types of restructuring involves changes in the relationship between and among levels of government. The Legislature tackled such restructuring in a major way in 1991-92 with the realignment of various health and social services programs between the state and the counties.

"Process" Restructuring. There can also be restructuring in the way that governments operate—the processes that they use to implement

programs. Process changes typically apply across program lines. This type of restructuring could involve changes in: (1) civil service (for example, opening up more job examinations to people outside the system, and providing rewards for successful program performance); (2) contracting (increasing competition for state contracts); (3) state budgeting practices (more performance-based budgeting); and (4) regulation (more incentives-based, rather than "command and control" regulatory practices).

Program Restructuring. Most of the ideas for restructuring pertain to a specific program. Changes can result from asking basic questions about the *mission* of a program or agency and by questioning the traditional ways of achieving program goals. (See the questions posed above.) Such restructurings can result in programs which are consolidated, downsized, streamlined, and/or revamped.

It's important to note that *eliminating* a program is *not* necessarily restructuring. For instance, if a program or agency is proposed to be eliminated because it is the state's lowest-priority, that decision does not involve restructuring. It is simply part of the annual budgetary process. If, on the other hand, a program is proposed to be eliminated because its tasks no longer achieve the desired goals or its tasks can be performed as well by another agency or the private sector, then that involves restructuring.

WHY IS RESTRUCTURING NECESSARY?

As discussed above, restructuring involves taking "fresh looks" at governmental operations. This kind of approach is beneficial any time decision-makers are reviewing budgets or overseeing programs. There are, however, good reasons why restructuring deserves particular emphasis at this time:

End of a Rapid Growth Period. Prior to this current recession, California experienced steady growth in state spending. For example, between 1965-66 and 1989-90, state General Fund spending increased at an average annual rate of 12 percent. As a result of this growth, the state now has almost 100 departments administering hundreds of programs. Given the virtually uninterrupted growth in state revenues over that time period, the state did not have a pressing need to reevaluate many of these programs. As a result, there are most certainly numerous cases of program duplication, irrelevant missions, and outdated practices.

More Complex Governing Environment. Not only has the public sector grown significantly, but it has become much more complex. The passage of Propositions 13 and 98, alone, has drastically altered and complicated the relationship between the state and local governments. In addition, the federal government is far more involved in state affairs, as are the courts. As a result of these factors, government has become more centralized, more process-oriented, and infinitely more complicated.

Dated Processes. Many of the processes used in state government were devised decades ago. For instance, the state's personnel, contracting, and budgeting practices have changed little over the years, despite drastic changes in the fiscal environment (as just noted). New approaches in each of these areas have the potential for significant improvements in program operations.

Beginning of a Slower-Growth Era? It is very likely that the state could face budget gaps in future years. For instance, we estimate that projected expenditures (based on current services) will exceed revenues for several years. Restructuring efforts can help bridge those gaps.

Lack of Public Confidence in Government. Finally, the public sector currently suffers from a lack of public confidence. Restructuring efforts can address this problem to the extent that it improves services to the public and at equal or less cost.

WHAT ARE THE RISKS?

Given the obvious benefits of successful governmental restructuring, why not plunge headlong into a major effort in this regard? Unfortunately, there are some very real risks involved for policymakers in attempting far-ranging restructuring.

Politically Difficult Process. Real restructuring is a time-consuming, tedious process that ends up alienating long-established interests. This will take a lot of effort and commitment, with no guarantee of success.

Loss of Control. A large part of the restructuring agenda (as noted earlier) involves decentralizing decisionmaking, and relying more on market forces to achieve public ends. While the Legislature obviously would retain policy control over general program goals and objectives, these types of restructuring involve a lot of "letting go" over much program decisionmaking.

Consequences of Failure. Restructuring encourages public entities to try new things in the search for more efficient ways of serving the

citizenry. By definition, that means there will be failures (for example, monies will be "wasted" or service delivery will suffer). Such failures are unavoidable and may be a small price to pay in order to achieve numerous other successes. The Legislature, however, will still have to deal with the downside consequences, including the public's lack of tolerance for mistakes.

WILL RESTRUCTURING SOLVE CALIFORNIA'S BUDGET PROBLEM?

Some restructuring advocates have suggested that reexamining government is the answer to the state's short-term budget problem. While restructuring efforts can make important contributions to a budget solution, there are reasons for caution:

Many Benefits Are Not Budget-Related. Restructuring often involves changes which have nothing to do with the state's *current* fiscal situation. For instance, workers' compensation is an oft-mentioned candidate for restructuring. Yet, successful reform of the system would have virtually no impact on the state budget in 1993-94. (It could, however, have significant positive effects on state revenues and costs in future years.) Similarly, many potential restructurings have as their primary objective the improvement of service delivery, not budgetary savings.

Restructuring Can Cost Money in the Short Run. The budgetary benefits of some restructurings will not be realized until later years. For example, we have recommended several times in the past that the state's revenue-collecting agencies be consolidated into one department. This restructuring would probably result in major state savings and improved taxpayer services *in future years*. The proposal would *cost* money in the near term, however, to plan for and consolidate the agencies. The same is the case with most investments in computer technology.

Restructuring Can Take Time to Achieve. Finally, major changes in many programs—especially large and/or complex ones—can simply take time to plan and implement.

These are not reasons to shy away from restructuring. Rather, they serve as reminders that not all the benefits of restructuring are budgetary in nature, and that much of the fiscal savings will occur in later years.

WHAT STRATEGIES SHOULD THE LEGISLATURE PURSUE?

The Legislature has recently explored many restructuring ideas. The 1991-92 realignment legislation for health and social services programs is easily the most dramatic example of its restructuring efforts. The Legislature has also spent considerable effort in examining ways to restructure state boards and commissions (from large entities—like the Public Utilities and Energy Commissions—to small advisory boards).

As a result, there are already a lot of ideas “on the table” about how to restructure state operations. As part of our office’s statutory mandate, we have made many suggestions on how state programs can be restructured in past *Analysis* and *Perspectives and Issues* documents, and in special reports and publications. (See, in particular, *Options for Balancing the State’s General Fund Budget: 1991-92*, June 1990, and *Options for Addressing the State’s Fiscal Problem*, January 1992).

We have also provided numerous examples of restructuring in this year’s documents. Most significantly, we recommend in the following piece (“Making Government Make Sense”) that the Legislature undertake a fundamental restructuring of state and local governments in the state. The last write-up in this document (“Collaborative Efforts to Coordinate Service Delivery”) describes how state and local programs can be devised so as to foster more collaborative efforts among service providers.

In addition, this year’s *Analysis* includes many discussions of restructuring opportunities. Figure 1 summarizes these issues and shows where they can be found in the *Analysis*.

The Governor’s Budget document also provides some discussion on “reinventing” government. For instance, the budget summary proposes to: (1) downsize state operations (cuts of almost \$200 million), (2) privatize various state functions (such as law schools and the Maritime Academy), and (3) initiate “performance budgeting” on a pilot basis. There are, however, no details on these proposals.

The only significant restructuring proposal actually reflected in the budget involves the Aid to Families with Dependent Children Program. The proposed changes, which are similar to those offered last year, are intended to increase work incentives, thereby reducing long-term welfare dependency. For the typical recipient, however, the most immediate effect would be a reduction of the monthly grant.

Figure 1

Restructuring Opportunities Identified by Legislative Analyst's Office 1993-94

Subject Area	Issue	Analysis Section
Transit Capital Improvements	Consolidate funds with another program	Transportation
Department of Conservation	Transfer recycling program	Resources
County Medical Services Program	Options for restructuring funding	Health and Social Services
Primary Care and Family Planning Programs	Consolidate administrative functions	Health and Social Services
Department of Corrections	Options for controlling prison population	Judiciary and Criminal Justice
Special Education	Improve incentives regarding nonpublic school placements	K-12 Education
Categorical Programs	Consolidate various programs into block grants	K-12 Education
Community Colleges	Alternative ways to ration enrollments	Higher Education
Financial Services	Consolidate various departments into one	Business and Labor
Savings and Loan	Eliminate state charters	Business and Labor
Housing Elements	Rethink the current process	Business and Labor
CALDAP	Limit eligibility to earthquake claims	Business and Labor
Agricultural Export Program	Consolidate within Trade and Commerce Agency	Business and Labor
Consumer Affairs	Eliminate 13 boards and bureaus	Business and Labor
Consumer Affairs	Consolidate remaining boards and bureaus	Business and Labor
Judges' Retirement	Create new system for new judges	State Administration
Teachers' Retirement	Create new system for new teachers	State Administration
Tax Agencies	Create a new Department of Revenue	State Administration

A Strategy for 1993-94 Action

In thinking about how best to deal with restructuring issues in the coming months, we recommend that the Legislature take action on various fronts. Below, we provide examples of where the Legislature

could direct its efforts in each of the three levels of restructuring we discussed earlier.

Intergovernmental Restructuring. There is perhaps no more important issue facing the Legislature than the structure of state and local governments. As we describe in the next piece, our current structure is simply not working. We strongly recommend that the Legislature begin work on a permanent, comprehensive solution. This type of fundamental restructuring will take time, and will not solve the budget-year fiscal problem; but—in our opinion—it should have the Legislature's highest priority in order for state and local governments to again make sense in California.

Process Restructuring. In this area, the Legislature could identify a couple of issues (for example, state procurement and contracting) that would be subject to intensive review by policy committees in both houses. Again, there would not be a payoff—in terms of budgetary savings—in 1993-94, but restructuring efforts in such areas could make future state operations more effective and efficient.

The Administration's concept of performance budgeting also holds some promise. The fiscal committees should seriously consider a pilot project which gives certain agencies more operational discretion in return for greater accountability of results.

Program Restructuring. Finally, there are many specific program restructurings, such as those identified in Figure 1, that can be considered during this year's budget deliberations. As described above, there are many ideas and suggestions that are already in circulation. The Legislature's task is devising a specific approach for addressing such restructuring proposals which will result in better services and provide budgetary savings.

MAKING GOVERNMENT MAKE SENSE:

A MORE RATIONAL STRUCTURE FOR STATE AND LOCAL GOVERNMENT

How Should the Legislature Reorganize State and Local Government Program Responsibilities?

Summary

California citizens receive government services from a variety of federal, state, and local agencies. Although many of these services may appear to be provided by a single agency, in most cases, more than one agency is involved in paying for the service, determining how much of that service is provided, and in controlling the specifics of how the service is actually provided. Because the roles of the different types of governments are so interrelated, it is appropriate to view them as a "system" of government. This "system" should be organized in such a fashion that each of its component parts works together to achieve the public's goals.

California's existing "system" of government clearly does not work together to achieve the public's goals. Rather, in our system, the component parts have no common conception of mission, and often work at cross-purposes with each other. Local governments complain that state requirements interfere with their ability to satisfy local community needs. The state, in turn, issues more requirements to ensure that its service objectives are uniformly achieved. Governments compete amongst themselves to obtain larger shares of dwindling resources. Citizens observe declining levels and quality of services and find that they cannot hold any particular agency responsible. In short, we find that California's existing "system" of government is dysfunctional.

While the difficulties inherent in attempting to reorganize our system of government may appear to be insurmountable, we believe that a fundamental reorganization of state and local government responsibilities is required. Only in this way can the Legislature assure the achievement of the public's goals, the future health of the California economy, and the fiscal integrity of its government entities. We offer a model of a more rational system of government for the state, and recommend that the Legislature proceed to develop a specific plan for the implementation of these changes.

INTRODUCTION

The relationship between the state and other entities of government in California is currently characterized by substantial fiscal and programmatic tension. Scarce resources and increasing service demands at all levels of government dominate the picture. These conditions have exacerbated long-existing conflicts over the state's role in the undermining of local government spending priorities and the state's control over local program and fiscal decisions. The increased fiscal pressure has also exposed other weaknesses inherent in our existing system of government, including its encouragement of cost-shifting between levels and entities of government, and the lack of accountability for program results.

Figure 2 summarizes the major problems we have identified in the existing state-local relationship. Most of these problems have been previously documented in "The County-State Partnership" (please see the 1991-92 *Budget: Perspectives and Issues*, pp. 159-188). The remainder reflect problems characterizing relationships between other entities of government, such as exist between cities and counties.

Legislation enacted in 1991 (the so-called "program realignment" legislation) attempted to address some of these issues in the context of county-operated health and welfare programs. This legislation effectively reduced some of the counties' incentives for cost-shifting by making the counties' share of costs more equal across programs, and provided greater flexibility for counties to determine spending priorities by allowing some limited shifting of state-provided funds between health and welfare program areas. It also contained features which encourage a more coordinated approach to service delivery, recognizing that, often, more than one type of service is provided to an individual service recipient. In our view, this legislation demonstrates the potential for achieving better program outcomes through restructuring government fiscal and program relationships.

Ultimately, however, more fundamental change will be required to address the problems of our existing system of government. These problems are inherent to our system, and stem from its failure to assign responsibilities clearly among government agencies and provide them with the authority and tools to get their jobs done. The 1993-94 *Governor's Budget* would make these problems worse by further reducing local government property tax allocations. Despite its recognition of the need for "a fundamental re-examination of what services local government can realistically provide and how those services can best be provided," the Administration's approach to these

problems merely transitions local agencies to lower levels of revenues. As such, it does not attempt to address the fundamental problems of our system of state and local government.

Figure 2

Problems in California's State-Local Relationship

Counterproductive Fiscal Incentives

Fiscal incentives are present which encourage decision-makers to choose the least costly option from their perspective, even when this option is the least effective or most costly option from a statewide or overall program perspective.

Inappropriate Assignment of Responsibilities

Existing assignments do not recognize constraints on the ability of the state or local government to carry out program responsibilities.

Failure to Avoid Duplication and Realize Scale Economies

The existing system requires extensive duplication of efforts by local agencies and the state in the administration of programs, and precludes the realization of scale economies that might be achieved through consolidation of these efforts.

Inappropriate Exercise of Administrative Oversight

Existing program reporting and monitoring requirements are serving little useful purpose, and are diverting scarce resources from more productive uses.

Unproductive Competition for Resources

The existing system pits local agencies against each other in a competition for taxpayer resources. This competition sacrifices good land use practices, job development, and interagency cooperation in the process.

Lack of Accountability for Program Outcomes

The system fails to adequately link program spending control and funding responsibility, so that decision-makers are not accountable for program outcomes.

Erosion of Local Control

The system has eroded local fiscal capacity by redirecting local resources to pay for increasing costs of state-required programs.

In this piece, we offer a model of a rational organization for our system of government. While this model does not represent a detailed plan of action, we believe that it offers a realistic framework for the Legislature to consider in its efforts to resolve the problems of government in California. We also briefly discuss some of the implementation issues associated with the model.

THE PROPOSED REORGANIZATION

In developing this reorganization model, we have relied on the four basic principles summarized in Figure 3. These principles essentially reflect a consolidation of the basic reform principles we first outlined in our 1991-92 *Perspectives and Issues* document. In addition, however, they reflect a recognition that there is a significant practical interrelationship between all of the services provided by government. That is, better efforts to provide services in one program area can reduce the demand for services in other areas. Further, greater use of collaborative efforts across program areas can be more successful than program efforts pursued separately. As a result, greater cooperation and coordination between all entities of government must be achieved if the "system" as a whole is to function most effectively.

Figure 3

Basic Principles of Reform

- ☒ Maximize separation of state and local government duties through appropriate alignments of control and funding responsibilities.
- ☒ Match redistributive programs with redistributive revenue sources at the highest level of government.
- ☒ Recognize program linkages by restructuring to promote coordination of service delivery mechanisms, removing barriers to innovation.
- ☒ Rely on financial incentives to promote prevention and coordination.

The Importance of Local Communities Working Together

We believe that one of the keys to achieving this greater effectiveness lies in promoting the interest of local communities in working together towards common goals. Local entities—schools, cities, and counties—share a common interest in achieving the higher levels of health,

productivity, and safety their local citizens desire, but they currently pursue their individual goals in a mostly disparate fashion. While some communities have begun their own efforts to work more cooperatively, there remain substantial barriers to these efforts.

The state also has an interest in the success of local communities, as this translates into both lower demands for state services and a stronger economy. The state's existing fiscal relationship with local governments, however, is threatening their very survival. In addition, the state's support for local communities is not distributed in a way that provides equal opportunities for local community success. The resolution of these problems is a central objective of the reorganization model.

Greater Attention To Outcomes Needed

Another key objective is to promote a greater level of attention to the outcomes of government social service programs. Essentially, the basic objective of these programs is to restore some degree of individual independence and lessen the need for additional social services or treatment. In most cases, recipients of these services need more than one type of assistance to achieve this independence. For example, an adult criminal offender may require a mix of substance abuse, mental health, education, probation, low-cost housing, and job training services in order to resolve his situation successfully. Other types of typical service recipients require different mixes of services, but in each case, the focus should be on delivering the appropriate mix necessary to minimize the need for further government intervention. Accordingly, we believe that local agencies must be given greater flexibility as to delivery choices, but they also should be held more accountable for both program failures and successes.

The Advantages of Full Program Control

One of the most often cited complaints about the existing system is that, while local agencies must operate and fund state-required programs, they have little control over service levels or approaches to service delivery. The lack of control over service levels precludes local government entities from effectively responding to their citizens' service level and service mix preferences. Further, because local funds are expended for these programs, this lack of control has eroded local resources available for other local programs.

The lack of flexibility in approaches to service delivery has precluded or restrained the potential for innovation at the local level, as legislation or regulatory changes are required before such changes can be made.

Thus, the final key to greater effectiveness lies in allowing local agencies to exercise full control over service levels and delivery approaches in locally operated programs. In addition, this control must be provided if local governments are to be held accountable for program outcomes.

A Three-Step Process

There are three major types of changes contemplated by the model:

- Changes in the assignment of primary *program control and delivery* responsibilities.
- Changes in *state and local revenue sources* to support the program assignment changes.
- The establishment of *new incentives and sanctions* to promote the achievement of broad public goals.

Each of these components is critical to the potential for achieving the benefits of the proposed reorganization. Indeed, the model should be adopted in its entirety, as a package, rather than taken incrementally, although implementation could occur in stages.

Changes in the Assignment of Program Responsibilities

Figure 4 displays the proposed assignment of responsibilities under our model. As indicated earlier, the model contemplates a clear separation of the assignments between entities of government. In this section, we describe the basis for the model's suggested assignments of responsibility.

State Government

The duties assigned to the state are determined primarily on the basis that they represent truly *statewide functions*, in that state control is needed to ensure adequate service levels. There are three primary criteria we have used to make this determination:

- The costs or benefits of a program are not restricted geographically.
 - Service level variation will create adverse incentives for migration.
 - Uniformity is needed to achieve statewide objectives.
-

Figure 4

LAO Reorganization Model Proposed Assignment of Basic Responsibilities

State

Uniformity Needed

Cash grant programs:
 Aid to Families With Dependent
 Children (Family Group and
 Unemployed Parent)
 General Assistance
 Basic health care:
 Medi-Cal
 Indigent health
 In-Home Supportive Services
 Developmental Services
 Public health
 Welfare administration
 Child support enforcement
 Unemployment Insurance and Disability
 Insurance administration

Statewide Benefits

Higher Education
 Long-term custody:
 State prisons
 State hospitals
 Trial courts
 Appeals courts
 State parks
 K-14 school funding

Local (Cities and Counties)

Linkage-Driven (Community-based services)

Mental health	Greater Avenues for Independence
Child welfare services	District Attorney
Foster care	Public Defender
Adult protective services	Probation/parole
Substance abuse services	Jails/corrections
Job training and employment	Police

Local Benefits (Municipal services)

Fire	Culture/leisure
Paramedics	Housing
Sanitary inspections	

However, in some cases the need to preserve linkages between services is a more important consideration. For example, while *mental health* services meet the three criteria mentioned above to some extent, these services often should be provided in conjunction with other community-based services, such as child welfare services and job

training, to most effectively resolve the problems of an individual. The specific changes in state responsibilities are discussed below.

Cash Grants and Health Care. The model recognizes that state intervention is needed to ensure that certain minimum service levels are provided for cash grants and basic health care services provided to needy individuals. Under the existing system, counties provide widely differing service levels in their General Assistance and indigent health care programs, causing incentives for migration between counties. Further, it is impossible to effectively achieve the basic objective of these programs—redistributing income—without state-level control and funding. (Ideally, the federal government should play a greater role in these programs.) For these reasons, the model assigns responsibility for Aid to Families With Dependent Children (Family Group and Unemployed Parent), General Assistance, Medi-Cal, Developmental Services, and Indigent Health Care to the state government. Also, because the In-Home Supportive Services is becoming predominantly a Medi-Cal program under recent legislation implementing the Personal Care Option, it also is assigned to the state level. Figure 5 lists some of the benefits from state assumption of these functions.

Figure 5

**Benefits of State-Operated Cash Grant
And Health Care Programs**

- ☒ Uniform access for the needy.
- ☒ Increased market power in negotiating for health care coverage.
- ☒ Greater uniformity of service levels will eliminate migration incentives.

Welfare Administration. The model contemplates state takeover of welfare administration functions from the counties, in order to reflect its complete assumption of responsibility for cash grant programs and basic health care functions. The state could carry out this function directly, or do it by contract with counties or other providers. Figure 6 summarizes the benefits from the state's assuming these responsibilities.

Figure 6

Benefits of Consolidating Welfare Administration

- ☒ Ensures accountability for program outcomes.
- ☒ Statewide computer system allows better uniformity, data capture.
- ☒ Allows consolidation with Unemployment Insurance and Disability Insurance systems.
- ☒ Eliminates duplication, allows realization of scale economies.

Public Health. Communicable disease is a threat to all the state's residents. For this reason, the model assigns to the state the primary responsibility for those public health programs that focus on *individuals*, such as immunization programs. This arrangement also provides the state with a greater incentive to provide for the public health needs of individuals covered under its basic health care programs, because effective provision of public health services can prevent the higher cost of treating these persons for communicable diseases.

Custody. It appears necessary for the state to continue to play a role in the area of long-term custody, albeit one that is much more limited than now exists. Our model places a great emphasis on community-based institutionalization and alternatives to incarceration and institutionalization, as will be discussed in greater detail later. However, even with this greater emphasis, it appears that the state should continue to be the custodian in very long-term situations, such as for persons sentenced to life imprisonment and for the severely mentally and developmentally disabled. The state also could provide prison beds to local communities on a "cost-recovery" basis, as is now done under the 1991 realignment legislation for state hospital services. However, the state would be financially responsible for the custody of fewer prisoners than it is currently.

Trial Courts. Responsibility for funding and operation of the trial courts would be shifted to the state government. A partial shift of funding responsibility has already been started under existing law. This arrangement recognizes the state's existing role in controlling trial court operations, and facilitates the state's ability to redirect resources as workload conditions change.

Other. The model continues other existing state responsibilities, such as those in the areas of transportation and economic development. State funding of these activities, whether through tax incentives or expenditure programs, recognizes the need for a cooperative partnership between the state and local communities in these areas. Lastly, the model proposes no changes in the existing division of responsibilities for regulatory functions (such as the Department of Corporations) and other special fund program areas supported by program-related revenues. Such changes are beyond the scope of the model.

Local Governments

As noted above, changing the "system" so that its component parts do a better job of working together to achieve common goals is a central objective of the proposed reorganization. To this end, the model assigns responsibility for all community-based service programs and housing to local government, with city governments financially responsible in the case of city residents, and counties financially responsible for unincorporated area residents. This arrangement recognizes that cities and counties face the same set of problems, and provides an incentive for them to work together to find solutions to these common problems.

These agencies would be accorded complete flexibility to provide these services as they see fit, including through multi-agency contracting arrangements. Counties would retain responsibility for certain existing county-wide functions, such as sanitary inspections, property tax assessment and collection, recording, and elections. Cities would need to establish, or contract with the county for, other existing county services like jails, district attorneys, and public defenders.

Incentives and sanctions would be built into the system to encourage responsibility in service provision while maintaining local control of decision-making (see discussion of these provisions below). In addition, a new constitutional provision would be needed to ensure the independence of local decision-making from state intervention in areas of local responsibility.

Critical Program Linkages. The assignment of responsibility for *all* community-based service programs to local governments recognizes the

linkages that exist between the services. As noted above, a mix of different services often must be provided individual social service recipients—or even entire families—if their needs are to be resolved successfully. In addition, there has always been a relationship between traditional types of municipal services, such as police and fire services, and other social service programs. That is, success in resolving individual social service needs can reduce the need for these other municipal-type services. The model seeks to eliminate the artificial barriers that now exist between the different providers of these critical services, and to facilitate a more collaborative approach to the resolution of community-wide problems. (For a more complete discussion of this opportunity, please see “Collaborative Efforts to Coordinate Service Delivery,” following this section.) To this end, local decision-makers would have the flexibility to determine the mix of services and methods of delivery appropriate for their community.

Social Services. Communities would be responsible for providing the broad range of existing social service programs shown in Figure 4. Because, at least initially, cities probably would contract with counties for these services, this would not differ dramatically from how the *operating responsibility* for these programs is now assigned. What would differ is that communities would bear the full financial responsibility for the programs, and the state would not exercise program control. The state, in many cases, would have to distribute federal funds to the communities and disseminate state program and client data. In addition, some state oversight or monitoring role would probably be needed to comply with federal requirements in some areas.

Job Training. The development of job skills and work aptitude among the unemployed is critical to the success of all communities, both in terms of limiting the costs of social services and correctional programs, and in terms of making these communities more desirable places for people to live and for businesses to locate. For this reason, communities would become the primary providers of job training and job development programs. Existing state funds and programs committed to these purposes would be channeled through the communities in order to most effectively integrate them with community efforts.

Corrections. The model contemplates a greater reliance on community-based institutionalization and alternatives to state prison sentences for convicted criminal offenders. Although communities would have the option of placing offenders in state prisons on a cost-reimbursement basis, the high costs of this alternative would provide an incentive for them to explore local options. Because each community would remain responsible for any costs associated with individual offenders, it would

have a great incentive to develop alternative methods of incarceration and to provide whatever services would be necessary to minimize that individual's risk of repeated offenses. Ultimately, the treatment of mental illness or substance abuse problems, and job placement assistance are needed to achieve this result. Figure 7 notes some potential benefits of this community corrections approach.

Figure 7**Benefits of Community Correctional Approach**

- ☒ Potential for greater integration with other community-based service programs.
- ☒ Potential for reduced recidivism.
- ☒ Cost reduction for treatment of nonviolent offenders.

Housing Development. The availability of housing for Californians of all incomes and ages is critical to community success. Specifically, a diverse housing stock enables businesses to recruit and maintain a full work force (without the need for lengthy commutes)—and enables family members of differing incomes and housing needs to live near one another. Local governments play a very major role in determining the cost and availability of housing in their communities—through the adoption of local zoning, growth management, building fee, and other regulatory policies. Finally, there are numerous linkages between the provision of housing for certain groups and the provision of social and public health services, such as in the case of the homeless mentally disabled. For these reasons, the model assigns communities full responsibility for housing development, including the development of low-income housing.

School Districts

K-12 schools and community colleges would continue to play their traditional role of providing education and vocational education.

However, the model seeks to encourage greater involvement of K-12 school districts in the provision of services for children. Again, this is a linkage issue, in that community-based services are often needed to ensure the success of children in school, and in that successfully educated children may be less prone to needing other community-based services. This greater involvement would be achieved through the use of incentives for schools to identify and work with children in need of community-based services. Similarly, the model seeks to encourage greater coordination of community college districts' vocational education efforts with other community job training programs. In general, this would involve providing additional state funding in the form of matching grants or pilot project funding to districts that have entered into agreements with their local communities.

Changes in Revenue Sources

The changes in program responsibility would have the net effect of shifting program costs from the state to the local government level. One objective of the model's revenue system is to counterbalance these cost changes. The other primary objectives are to (1) eliminate barriers to priority-setting at both the state and local levels and (2) eliminate the existing counterproductive fiscal incentives and fiscal disparities of the existing local revenue system. Figure 8 summarizes the changes in revenue allocation that would be needed to accomplish these objectives. The remainder of this section discusses these changes in greater detail.

Local-Level Changes

As noted above, the model would offset the cost shifts by allocating a higher share of the local property tax to cities and counties, and a lower share to school districts. Recognizing that local communities differ in the needs of their residents for community-based services, the allocation of base property tax revenues would be initially equalized across communities, in a fashion that promotes equal opportunities for local community success. In addition, in order to eliminate unproductive competition between local agencies over the siting of retail operations, the existing Bradley-Burns local 1 percent sales tax would be replaced by a corresponding increase in the state sales tax rate.

Allocation of Property Tax Revenues. Local property tax allocations for cities and counties would be increased by the aggregate amount of shifted costs and local sales tax revenues. The increased property tax revenues, together with existing local property tax revenues, would

Figure 8

Changes in Revenue Allocations

Offset Cost Impacts of Program Responsibility Changes.

Shift property tax allocations from schools to cities and counties to offset net state-local cost shifts.

Eliminate Counter-Productive Fiscal Incentives

Transfer 1 percent local sales and use tax to state level, offset with increased property tax allocations.

Higher State Funding for Schools to Offset Property Tax Shift

Reduced school property tax allocations offset by higher state assistance.

Equalize Opportunities for Community Success

Redetermine each community's allocation of property taxes, taking into consideration the need for both municipal and community-based services.

Facilitate Priority-Setting

Repeal earmarking of realignment and cigarette tax revenues, eliminate schools' minimum funding guarantee.

be entirely reallocated among local agencies. This would take place in two steps:

- An allocation for *traditional municipal services*, such as fire, parks, and libraries would be determined, taking into consideration other existing sources of local revenue.
- An allocation for *community-based services* would be determined, based on each community's relative needs for these services, including police and community corrections.

Thus, the initial allocation of property taxes is intended to equalize revenue allocations on the basis of communities' relative needs for services, in order to promote equal opportunities for local community success.

Following the initial allocation, the annual growth in property tax revenues would be allocated to the jurisdictions in which the growth occurs (*situs*), as is now the case. The use of the *situs* basis for allocating growth provides a feedback mechanism which reflects the level of community success. To the extent communities are successful, they become more attractive places for citizens and businesses, leading to increased property values and higher tax revenues.

The model also recognizes the need of local communities for control over the level of the local revenue stream. The ability of local agencies

to determine the appropriate mix and level of expenditures to reflect their community's preferences is dependent upon the community's ability to raise—or lower—the level of local taxes they pay. To this end, the model would allow a majority of local voters to alter the existing 1 percent limit on local property tax rates, either for services or to fund improvements in public infrastructure. The existing provisions of Proposition 13 limiting increases in assessed values would be retained.

Property tax revenues now allocated to special districts would, instead, be entirely allocated to counties, or to cities in the case of city-dependent districts. These counties or cities would be responsible for funding them or taking over their operations.

Local Sales Taxes. The existing local sales tax encourages cities and counties to make land use decisions that are not optimal from a regional perspective. That is, in order to gain the increased revenues generated by a retail operation, local governments will make siting decisions that increase traffic congestion and other problems for nearby local jurisdictions. In addition, this fiscal incentive causes retail operations to be favored over other types of nonresidential development, which may be preferable from employment and community development perspectives. To remedy this problem, the model eliminates the existing Bradley-Burns 1 percent local sales tax, and replaces it with a corresponding increase in the state sales tax. As noted above, local property tax allocations would replace the revenues lost, on a statewide basis. The existing county-wide 1/4 cent levied for transit purposes and the existing authority for county-wide local option sales taxes would be continued.

State-Level Changes

Changes also are necessary at the state level. Specifically, the model makes changes in the allocation of existing revenues dedicated for "program realignment," and in the Cigarette and Tobacco Product Surtax (CTPS) funds, which help to facilitate the changes in program responsibilities. Changes in the allocation of trial court and vehicle-related revenues are needed for similar reasons. Finally, in order to facilitate priority-setting, changes are needed in existing constitutional provisions related to school funding. In the remainder of this section, we discuss these aspects of the model in greater detail.

Realignment Revenues and Tobacco Taxes. Under existing law, certain portions of the state's sales and use tax revenues and of the Vehicle License Fee (VLF) revenues are deposited in the Local Revenue Fund and transferred to counties to pay health and welfare program costs associated with the 1991 realignment legislation. In addition,

revenues attributable to the CTPS are earmarked for health services, health education, and resources programs. This model eliminates the earmarking of the existing realignment and CTPS-related revenues to provide greater flexibility at the state level for the prioritization of state expenditures. The loss of realignment revenues at the local level would be taken into consideration in determining the level of property tax revenues needed to support costs shifted from the state level. Sales tax revenues associated with the realignment program and the CTPS revenues would instead be deposited in the state General Fund. The realignment-related VLF revenues, in combination with the basic VLF revenues, would be allocated to cities and counties on a per capita basis for general purposes.

Trial Court-Related Revenues. Revenues derived from the wide variety of existing fines, forfeitures, penalty assessments, and filing fees would be retained by the state and deposited in the General Fund. Local agencies would retain parking and other vehicle-related fines, and jurisdiction over these infractions would be transferred from the trial courts to local agencies.

Schools' Minimum Funding Guarantee. The changes in revenue allocation discussed above cannot be accomplished without, at a minimum, modifications in the existing Proposition 98 minimum funding guarantee. This is because the guarantee is based, in part, on levels of General Fund revenues, and these levels would be increased by the model's changes. While the model does not address the appropriate aggregate level of school funding, the earmarking of specific portions of state-level resources is fundamentally inconsistent with the overall changes the model seeks to implement. For this reason, the model eliminates the existing funding guarantee, rather than attempt to modify it to accommodate the model's revenue changes.

Establishment of Incentives and Sanctions

Even with the separation of state and local functions we propose, a great deal of interdependence would remain. For example, the success of local communities in providing job training to needy individuals could reduce the demands on the state for cash grant payments. Similarly, greater effectiveness of local land use planning and development practices can contribute to the reduction of regional environmental problems for which the state has assumed responsibility. In order to promote a greater consistency of local actions with statewide objectives, the model relies upon incentives and sanctions to achieve this goal. This section discusses the general types of incentives and sanctions that appear to be necessary.

"Failure Cost" Incentives

As noted above, the effectiveness of local efforts in the provision of community services can reduce the demands placed on the state's cash grant and health care programs. In order to provide a greater incentive for communities to be successful in certain critical areas, the model would impose a local share of cost for specific state services provided to community residents. Specific examples of where these "failure cost" incentives would impose a local share of cost include:

- *Prenatal and pregnancy services provided by the state, to encourage more effective provision of family planning and education services locally.*
- *AFDC-U payments to individuals, where those individuals remain on welfare past some period of time, to encourage greater efforts to employ these persons.*

Success Awards

Similar to the "failure cost" incentives, the success awards attempt to increase the incentive for effective community service provision by rewarding local actions that have a positive effect on reducing the demand for state cash grant programs. For instance, this would take the form of state payments to local agencies which successfully convert long-term AFDC Family Group payment recipients to financial independence.

Another area where such an incentive is appropriate is to encourage the establishment of alternative dispute resolution mechanisms. Civil cases account for a large share of court workload, and often wind up being settled after trial procedures have already begun. To the extent that these mechanisms are successful, they reduce trial court workload, as well as reduce the legal expenses of community participants.

Planning and Performance Sanctions

This portion of the model addresses the need for a mechanism both to motivate better coordination between levels of government and to promote achievement of statewide objectives. It accomplishes this through revisions and expansions of the existing local planning process, reinforced by the use of sanctions. There are two major types of changes contemplated:

- *Changes that better integrate statewide objectives into the local land use planning and development process.*

- Changes that incorporate objectives and goals for *local community-based services* into the planning process.

The nature of these changes essentially converts the existing local general plan process into a community strategic planning process akin to that now pursued by major corporations.

Land-Use Planning and Development. Essentially, the model seeks greater consistency between local plans and statewide objectives in the areas of housing, environmental protection, air and water quality, and transportation. It also contemplates that plans include standards by which their progress towards meeting these objectives may be measured. While communities are not required to comply with these changes, the model makes compliance a condition of state assistance. Specifically, local agency plans would have to pass a consistency review in order for the agency to qualify to receive state fuel tax and vehicle license fee subventions, transit subsidies, and priority for project inclusion in the State Transportation Improvement Program. As is now the case with general plan housing elements, the model would require state or regional agency review of new and existing plan elements to determine consistency. In order to ensure that progress is made towards the achievement of these planning goals, the model would grant broad standing to bring legal actions asserting lack of compliance. The primary remedy in such actions would be the loss of state assistance funding.

In addition, the model would make alterations in existing environmental review procedures to facilitate "master environmental impact" statements for these plans. This would allow local agencies to issue final development permits for projects that do not require special or unusual review procedures, instead of requiring that multiple permits be obtained from several different agencies, as is now the case.

Community-Based Service Plans. Local plans would contain a new community services element to lay out the community's general approach to the provision of community-based services. It would specify how services would be coordinated and delivered for different categories of recipients, the roles of different public and private organizations in the communities, and how it would meet its job training and development needs. In this case, state review would be limited to those aspects needed to address federal requirements, but the same broad standing to bring legal action would be provided to address performance concerns.

IMPLEMENTATION ISSUES

The reorganization model discussed above obviously involves some dramatic changes in the current structure of state and local governments. There are a wide variety of legal and other obstacles to its actual implementation, and its scope probably dictates that the package of changes be phased in over time. In this section, we discuss some of the larger constitutional and federal issues that would need to be dealt with in proceeding to develop this model, and in providing for a transition to the new system.

Changes in the State Constitution

Several of the changes described above would require the elimination or addition of provisions in the State Constitution. In addition to these specific changes, however, there are other changes needed to eliminate provisions which are now or would become obsolete, or changes which would be appropriate for other reasons. Because of the scope of changes envisioned by this model, the Legislature should propose them in the form of a package of changes to be submitted to the voters. Some of the more important changes include:

State and Local Appropriations Limits. The existing Article XIII B provides for limitations on the growth in tax-funded spending of the state, schools, and local agencies; requires adjustments in these limits to reflect transfers of financial responsibility; and requires state reimbursement of costs mandated on local agencies. Because of the scope of changes envisioned, the improvement in accountability, and the restoration of local control over spending decisions provided by the model, we believe that Article XIII B in its entirety could be eliminated.

Local Government Powers. Article XI now describes the powers of cities and counties, including provisions governing the adoption of charters, ordinances, and boundary changes. These provisions should be revised to reflect the changes in the roles of cities and counties under the model. At a minimum, these changes should include the granting of equivalent municipal powers to all cities and counties.

Homeowners' Property Tax Exemption. The Constitution now provides for a small exemption from property taxes for homeowners and requires that the state provide reimbursement for the associated revenue losses. This provision was originally rationalized on the basis that it encourages home ownership. We believe that this goal is fully addressed by the existing Proposition 13 assessment limitations and by income tax deductions for mortgage interest, and that the provision of

state reimbursement for the revenue losses associated with the exemption is inconsistent with the changes contemplated by this model. Accordingly, these provisions of the Constitution should be eliminated.

Trial Courts. Article VI prescribes the powers and composition of the judiciary. These provisions would need to be revised to transfer the responsibility for operating the trial courts to the state from the counties.

Changes in Federal Laws and Regulations

Some of the changes contemplated by the model may not be permitted under existing federal laws or regulations, or would require the creation of new oversight mechanisms at the state level. The state would need to seek law changes or waivers to obtain the necessary authority, or find other ways to satisfy the existing federal requirements. Because the state has had some success in addressing these requirements in the past, these difficulties do not appear to be unsurmountable. For example, federal requirements to maintain a certain funding level for mental health programs did not prevent the transfer of responsibility for these programs to counties under the 1991 realignment legislation.

Issues Involved With the Transition

The scope of changes contained in this model, and the amount of time that would be needed to work out its details, clearly preclude its immediate implementation. Further, difficulties associated with aligning service capabilities with the changes in responsibility argue that a transition period is needed, during which the features of the model would be gradually implemented. While we have not attempted to identify all of the issues that would need to be addressed, they would certainly include the following:

- ***Facility Constraints.*** The shift in emphasis to community corrections suggests an eventual expansion in the capacity of local jail and youth custody facilities. In part, this could be accommodated by the state's turning over title to some state prisons and Youth Authority facilities to local agencies, perhaps in recognition of trial court-related facilities the state would need to assume from local agencies. However, the location of these existing state facilities may not match local jail capacity needs, and time would be needed to accommodate their development.
 - ***Sentences of Current Prisoners.*** The model assumes that the sentencing of existing inmates to state prison could be altered to
-

enable their transfer to local arrangements. A specific method for accomplishing this would have to be developed.

- *Existing Local Financial Commitments.* The changes in the allocation of revenues could undermine the basis of certain existing contractual arrangements between local agencies and lenders. For example, local agencies may have pledged local sales tax receipts as security for notes of one type or another. Thus, it may be necessary to find ways to facilitate the restructuring of such arrangements.
- *Public Employees.* The model would effectively change the status of many state and local employees. Actions to facilitate the transfer of state employees to local employment, and local employees to state employment, would be necessary.

CONCLUSION

The model we have outlined above requires a major reworking of our system of government, and the changes are potentially disruptive to both the citizens and institutions of this state. Notwithstanding this fact, we believe that continued reliance upon our existing system of state and local government entails a far larger risk to the public—the failure to move forward in resolving the social and economic problems of the state. The restructuring we are calling for, in contrast, would provide expanded opportunities for improving the effectiveness and quality of public services needed to ensure the state's future social and economic health.

The realization of these opportunities cannot be accomplished without fundamental changes in how the state assigns responsibility for program operations. This includes allowing those designated to carry out the responsibility to determine how best to carry it out. The public could then hold them completely accountable for the achievement of program outcomes.

As discussed earlier, the development and implementation of the proposed changes would take a period of time to achieve, and we do not underestimate the difficulties inherent in overcoming the implementation problems. Despite these impediments, we believe this model offers a useful framework for making government make sense in California. In the context of resolving the current fiscal crisis, it argues against transferring the local property tax away from local governments to schools, as proposed by the Governor, because this would leave local agencies insufficient incentive to increase the property wealth of their

communities. Fundamentally, it suggests that the review of the roles and duties of government at all levels must be considered *prior to making revenue allocation decisions*. The model we have described shows how state and local government program roles can be changed in ways that allow increased flexibility and program control to help mitigate reductions in fiscal capacity. We see no alternative to such a reorganization in the long run and, accordingly, we recommend that the Legislature set in motion a process for implementing a major restructuring of state and local government responsibilities.

COLLABORATIVE EFFORTS TO COORDINATE SERVICE DELIVERY

Can They Increase Self-Sufficiency Among Public Assistance Recipients?

Summary

State and local governments in California provide a wide variety of services. In order to better deliver those services, we argue in the preceding write-up that California needs to restructure the responsibilities of the state and local governments. A key objective of the proposed restructuring is to avoid the fragmentation and lack of coordination that characterizes the current service delivery system. Adoption of our restructuring model will, we believe, facilitate the coordination of services in California.

In this write-up, we review innovative efforts undertaken recently to improve coordination in the delivery of social, health, and educational services. Traditionally, these services have been delivered by specialized agencies working in relative isolation, with little coordination among the service providers. This has resulted in numerous problems, particularly if the recipients require more than one service.

In order to remedy the deficiencies of the traditional approach, a variety of efforts to coordinate the delivery of public services have been implemented over the last few decades. Generally, these have focused on a specific problem in a particular group, such as at-risk children. Recently, however, more broadly focused collaborative efforts have been undertaken, stimulated by the recognition that working with at-risk children requires the coordinated delivery of a range of services to the whole family.

In our analysis, we discuss some of the issues that should be addressed in order to successfully implement a collaborative approach to service delivery. Also, in order to facilitate further development of broadly focused collaborative efforts, we recommend legislation to (1) provide planning and operational grants for community-based collaborative efforts, (2) allocate a portion of existing categorical funds as block grants to local governments, and (3) conduct long-term evaluations of these demonstrations.

INTRODUCTION

State and local governments in California have long provided social, health, employment, and various educational services to low-income families and individuals with special needs. Traditionally, these services have been delivered by specialized agencies that have operated in relative isolation from each other. Often this has occurred because programs and funding had been developed in response to particular identified needs without adequate consideration given to other existing programs. This focus on narrow program objectives, categorical funding, and lack of formal coordination among programs or agencies has resulted in a complex system of relatively fragmented services which, in many cases, have not met the needs of those for whom they were intended.

Over the last three decades, efforts have been made to better coordinate service delivery through the collaborative efforts of service providers. The underlying theory of this approach is that, in order to help families become self-sufficient, service providers must work with the entire family. This approach has been justified on the grounds that it (1) leads to better long-term outcomes and (2) allows public and private agencies to better target scarce resources on those families or individuals that most need the services.

In this analysis, we compare the traditional approach to service delivery to that embodied in the "new wave" of broadly focused collaborative efforts. We then discuss collaborative efforts currently under way in California. Finally, we offer suggestions as to how the Legislature can aid the development of future collaborative efforts.

TRADITIONAL APPROACH TO SERVICE DELIVERY

In this section we identify the characteristics of the traditional service delivery model, and review some of the reasons why this approach to service delivery is deficient. As we discuss below, the limitations of this approach fall into three categories: (1) it provides narrowly defined interventions, (2) it focuses on remedy rather than prevention, and (3) it results in a fragmented service delivery system.

Narrowly Defined Interventions

Most social services are provided by public and private organizations with narrowly defined missions. Typically, a program is developed in

response to some identified need. That need may be a specific illness, educational deficiency, or other social problem, such as chemical dependency, child neglect or abuse, or mental illness. In response to the problem, a program is created to treat the affected group and funds are appropriated to support some level of service to that group. These funds often have restrictions that prevent their use for any other purpose. Generally, when an under-served group is found, another program with its own restricted funding is established to provide for that new group.

Over the years, the cumulative result of this approach to social and health service delivery has been to create a complex set of programs with relatively narrow mandates, separate administrative structures and reporting requirements, and restricted funding streams. For example, a mother with two children may be receiving Aid to Families with Dependent Children (AFDC) and may be participating in the Greater Avenues for Independence (GAIN) Program (with its limited case management services). At the same time, she may be receiving some services from the Child Welfare Services Family Prevention Program (with its limited case management services). In addition, one of her children may be in a special education program (with its limited case management services) and the other child may be receiving counseling through a dropout prevention program. Each of these programs provides services to the family for specific problems, but, typically, none of them is coordinated in a way that focuses on the entire family and its ability to function independently over the long run.

Focus on Remedy Rather Than Prevention

Another characteristic of these narrow—and possibly overlapping—programs is that they generally focus on remediating problems that have already been identified, rather than on the prevention of problems, whether through early intervention, screening, or preventive education. Generally, this service strategy results because of severe short-term budget constraints, significant up-front costs of preventive programs, difficulty identifying “pre-crisis” situations, and the severity of the problems among the targeted groups.

Fragmentation

The accumulation of large numbers of specific programs operated by different public and private agencies ultimately leads to a system of fragmented services. This fragmentation prevents effective delivery of services in a number of ways.

- **Multiple Applications.** Clients in need of several services generally must fill out multiple applications and conform to multiple eligibility requirements. This can be confusing to the client, and may create barriers that prevent clients from using services that would be of benefit.
- **Services Offered at Different Locations.** Typically, each agency chooses its location in order to best meet the needs of that organization. When an organization does base its location decisions on client needs, consideration typically is limited to that organization's specific set of service offerings. Because services are offered by many different public and private agencies at many locations, clients may find it difficult to use available services.
- **Little Information Sharing Between Service Providers.** Because services are offered as separate packages, there is little information exchange between service providers. This lack of communication between providers can lead to either gaps in service or duplicative service delivery. Thus, service providers are less likely to be offering a mix of services in an efficient manner.
- **Insufficient or Overlapping Case Management.** Many programs either do not provide for a case management function or provide only limited case management services. In these instances, the client may not receive the information or counseling needed to obtain the appropriate mix of services. In other instances, clients may have multiple case managers, in which case the client can become confused about who is the appropriate case manager or what is the correct treatment. Further, no one may follow up on services made available to the client to determine whether the treatment was effective or specific to the client's needs.
- **Lack of Accountability for Outcomes.** Service providers generally are accountable for the units of services they provide or the funds they spend. They generally are not held accountable, either as individuals or as a group, for the outcomes of their interventions.

EFFORTS TO CHANGE THE DELIVERY SYSTEM

The deficiencies of the service delivery system identified in the previous section served as the basis for many recent reform proposals. There are two basic ways in which the traditional service delivery model can be changed to a more collaborative system. One approach is

the "service-oriented" change, which focuses on building links between existing service providers. The other approach is the "systems" change, which attempts to merge funding streams and administrative structures to create integrated service delivery systems. In this analysis, we concentrate on service-oriented change, since this best characterizes existing collaborative efforts; however, we describe one system change model that has been the subject of legislation.

What is the Service-Oriented Delivery System?

The service-oriented delivery system is based on the need for service providers to work together to solve problems and achieve better long-term outcomes for families. These efforts typically are community-based (located within the community or neighborhood where the needs are identified). They attempt to identify underlying causes of problems so that appropriate services can be provided, and they attempt to intervene before problems become so severe that they become crises.

Figure 9 summarizes the major elements that experts have identified as important to the success of collaborative efforts. In general, the prospects for a successful collaboration are enhanced if:

- There is a planning process that involves the communities being served.
- Participants are able to break down barriers that might come between the collaboration and its individual members.
- Participants focus on long-term behavior change and establish accountability based on outcomes.
- Participants focus on preventing problems within the family, rather than by focusing on problems after they become crises.

In order to achieve these elements, the following specific program components are necessary:

- **Links to Services Provided by Public and Private Agencies.** In some instances, collaborative participants have funding available so they can directly purchase services, but this is not common. Most collaborative efforts, however, establish links to existing public and private service providers to obtain needed services.
- **Case Management and Follow-Up.** Collaborative efforts ideally include both case management and follow-up components in order to provide a single point of reference for clients. The case manager and the client determine the mix of services needed and arrange for the client to receive them. Follow-up, in which the

Figure 9

Factors That Improve the Prospects For Successful Collaboration

- ☒ **Shared Vision:** The participants agree on the purpose and goals of the collaboration, and identify clearly defined target populations.
- ☒ **Community Input:** The participants actively seek and use input from all relevant communities of interest; often this is done by creating an advisory group that includes clients and other members of the community.
- ☒ **Work Together:** The participants are able to surmount organizational and cultural barriers that often prevent agencies and other groups from working together.
- ☒ **Outcome Measures to Establish Accountability:** The participants establish accountability, and measure success based on well-defined, measurable programmatic and fiscal outcomes, rather than on services provided.
- ☒ **Prevention Oriented:** The participants place great weight on preventive strategies, and do not focus solely on responding to crises.
- ☒ **Solve the Confidentiality Problem.** The participants find a way to share information that is important for the successful treatment of their clients.
- ☒ **Focus on the Whole Family.** The participants focus on the whole family, rather than only on the individual with the diagnosed problem.
- ☒ **No Agency "Owns" the Process:** The participants learn to share responsibility, accountability, and decision-making.

case manager checks back with the client and the service provider, is important in order to determine whether the clients availed

themselves of the services and to identify whether the services delivered were helpful.

- **Accountability Based on Outcomes.** Collaborative efforts should identify clearly stated goals and define measurable outcomes based on those goals. These outcomes allow the participants to determine its success or failure, and to identify where operating changes are needed.
- **Identify Target Groups.** No single collaborative effort is able to serve everyone. Therefore, target groups for service must be identified.
- **Sharing of Client Information.** Confidentiality requirements in existing law restrict the ability of providers, such as mental health workers, child welfare service workers, and probation officers to share information. Collaborative efforts should make arrangements with the client to allow service providers to share relevant information in order to make decisions about appropriate services.
- **Co-Location of Services.** Collaborative efforts should attempt to co-locate at least some services in order to make critical services more easily available to the client. This helps relatively immobile clients, and makes coordination of services easier.
- **Cross-Training of Workers.** Cross-training of workers is often identified as an important element of collaborative efforts, because it increases the ability of workers to take the "larger view" of the client's needs. In addition, cross-training tends to break down differences in the way agencies do business (sometimes referred to as the agency "culture") and allows the collaboration to work more effectively.

There is no consensus on which of these components is the most important. Some people familiar with collaborative efforts suggest that the most important component is the development of target groups and establishment of outcome-based accountability. Others suggest that the key elements center around the way service providers view their role in helping clients and the way the partners work together. Some experts argue that service delivery models will not provide dramatic improvements in outcomes. In their view, only a system change model (a truly integrated service delivery system) will accomplish the goals of the current set of broadly based initiatives directed toward multi-problem low-income families.

What Is the Systems-Oriented Delivery System?

One example of a systems-oriented change model is the Neighborhood Family Services Organization (NFSO), which is designed to provide services to "underclass" neighborhoods (AB 3380, 1991-92 Regular Session, Bates, embodied the NFSO concept). While the NFSO is yet to be fully implemented in practice, in theory it is a community-based entity whose purpose is to improve the economic condition of underclass neighborhoods. Its major strategy is to combine existing funding for all health, welfare, social service, educational, and law enforcement activities within the NFSO area. The NFSO would then provide these services from selected sites in the target neighborhood. Alternatively, the NFSO could directly supervise city, county, school district, and private nonprofit staffs assigned to work for the NFSO. In addition to the delivery of health, social, law enforcement, and educational services, the NFSO would undertake economic and infrastructure development activities, such as providing small business loans, developing low-income housing, and identifying the infrastructure needs of the area.

Perhaps the most unique features of the NFSO concept are its local administration and its control over various funding sources. The NFSO could be either a nonprofit organization, special district, or joint powers agreement. The organization would be governed by a board, composed of members elected by area residents and appointed by local officials. The NFSO would control a consolidated account that could receive funds from a number of sources, including (1) state, federal, and local funds redirected from existing health, welfare, and education programs; (2) "tax increment" revenues, which would consist of the portions of sales, property, and other unspecified taxes that are a "direct result" of the economic development activity of the NFSO; (3) supplemental state funding of NFSO activities; and (4) foundations and other private funds.

While there have been efforts to implement systems change models, those collaborative efforts that have been implemented can generally be described as service delivery change models.

COLLABORATIVE SERVICE DELIVERY IN CALIFORNIA

In this section, we describe a number of collaborative demonstrations and coordinated service delivery efforts in California. Figure 10 summarizes the major state and federal legislation supporting collaborative service delivery efforts operated by various state or local agencies.

Current collaborative service delivery systems span a range of efforts, from those that are narrowly focused to those that are broadly focused. We first describe some of the more narrowly focused coordinated service delivery efforts (those efforts that include a small number of collaborative participants and address a specific problem), which are directed at pregnant or parenting women, infants, or at-risk children. We then describe some of the newer, more broadly focused collaborative efforts (those efforts that include a large number of participants and attempt to address the entire family).

Narrowly Focused Collaborative Efforts

Early Childhood Development. Early childhood development is provided, primarily, through the federal Head Start Program for preschool children of low-income families. California also has provided funds for a similar State Preschool Program. These programs primarily provide preschool classes to low-income children, generally aged three to five. In addition, there is a collaborative component to these programs, in that they typically include nutritional and other adult class components, case management services, links to the Child Health and Disability Prevention Program (discussed below), and sometimes include child care for children after the child development classes.

The Head Start Program has been subject to a number of evaluations. These evaluations generally conclude that children participating in these programs perform better in school, at least in the short run (through grade 6). Some studies, which employed long-term follow-up of Head Start students, have found that those students continue to have fewer problems in school, and have lower dropout rates than similar cohorts that did not attend Head Start. A number of reviewers have concluded that the benefits significantly exceeded the costs of the program.

Infant and Child Health. A number of federal programs provide nutrition and health services for pregnant and parenting women and their children. Among the programs that have been implemented over the last three decades are:

- **Women, Infants, and Children (WIC) Nutrition Program.** The WIC Program is administered by the federal Food and Nutrition Service, and provides nutritional training, limited case management, and food vouchers for pregnant and parenting low-income women and their children. This program recently was evaluated by the U.S. General Accounting Office (GAO), which found that the program reduced spending in other public social and health programs by more than \$3 for each dollar spent in the WIC Program.

Figure 10

Major Collaborative Service Delivery Programs

Narrowly Focused Collaborations

Economic Opportunity Act of 1964 (43 USC 9801 et seq) and Chapter 2 of the Education Code	Federal Head Start and State Preschool Programs. Comprehensive developmental services, including health, nutritional, educational, and other services to low-income preschool children and their families.
Social Security Act Amendments of 1967 (PL 90-248) and Ch 1069/73 (AB 2068, W. Brown)	Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and Child Health and Disability Prevention (CHDP) Programs. Health screening, diagnosis, case management, and treatment for children.
Federal Child Nutrition Act of 1966, as amended in 1972	Special Supplemental Food Program for Women, Infants, and Children (WIC). Food assistance, nutritional training, and referrals to other services for eligible women.
Omnibus Budget Reconciliation Act of 1981	Maternal and Child Health Block Grants. Prevention and treatment projects for pregnant women, infants, and mothers. In California, these funds have provided support for some collaborative efforts.
Individuals with Disabilities Education Act of 1986 (PL 99-457, part H)	Early Intervention Program. Interagency planning and service delivery process for children (under three years old) with developmental disabilities.
Ch 1361/87 (AB 377, Wright)	Child Mental Disease. Four-county demonstration of the Ventura Planning Model, which provides for interagency collaboration for children with mental disease.
Ch 982/88 (AB 3777, Wright)	Adult Mental Disease. Three-county demonstration to extend the Ventura Planning Model, which provides for interagency collaboration for adults with mental disease.
Ch 105/88 (AB 558, Hannigan) and Ch 91/91 (AB 948, Bronzan)	Family Preservation Program. Counties authorized to use state Foster Care funds to provide intensive short-term family maintenance and family reunification services.
Ch 1025/85 (AB 2580, Agnos) and Family Support Act of 1988 (PL 100-485)	Greater Avenues for Independence (GAIN) Program. Multi-agency welfare-to-work collaborative effort, coordinated by counties, which provides education, job training, job search skills, and support services to AFDC recipients.
Ch 931/89 (AB 501, Eastin)	New Chance Demonstration. Demonstration program in which the Departments of Social Services and Education and the Manpower Demonstration Research Corporation collaborate on a comprehensive program for disadvantaged young mothers who have not completed high school, and their children.

Continued

Broadly Focused Collaborations

Ch 1303/89 (SB 997, Presley)	Interagency Children's Services Coordination Councils. Counties authorized to create councils to better coordinate child welfare services activities and foster interagency collaborations.
Ch 759/91 (SB 620, Presley)	Healthy Start Support Services for Children Grant Program. Family-oriented school-linked program to encourage comprehensive collaborations among local social service, education, and health care providers.
National Affordable Housing Act of 1990 (PL 101-625)	Family Self-Sufficiency Program. Local public housing authorities required to establish links to training programs and to provide case management to housing voucher clients if the authority seeks additional federal Section 8 funds.

- **Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program.** The federal EPSDT Program, created in the 1960s, provides annual medical, dental, vision, and hearing screenings to low-income children up to age 21 who are eligible for Medi-Cal. The state CHDP Program (which receives the EPSDT funds) was created in 1976 to provide similar services to low-income children up to age 19. In addition, these programs provide for case management and appropriate medical and other services to children with identified problems.
- **Maternal and Child Health (MCH) Block Grant.** The MCH block grant was created when ten federal grant programs were consolidated in 1981. California uses its allocation from these funds for various programs, including the Adolescent Family Life Program, the High-Risk Infant Follow-Up Program, and the Children's Medical Services Program. These programs all have collaborative elements, although they primarily use their funds to provide services directly.

Child Abuse or Neglect. A number of programs have evolved that attempt to prevent or remediate child abuse or neglect cases. While focused on children, these efforts often involve the whole family and include agencies, such as child welfare services, mental health, special education, and juvenile justice.

- **Family Preservation Program.** The Family Preservation Program was created in 1988 as a pilot program to provide intensive short-term family maintenance and family reunification services, such as counseling, substance abuse treatment, respite care, parent and homemaking training, and crisis intervention. Under the program, counties are authorized to "draw down" up to 25

percent of the state share of their expected foster care funds to provide these services, with the intent of preventing out-of-home placement. The social worker overseeing the family has considerable discretion to purchase services that could improve the family's ability to remain together. The program was authorized statewide in 1991. A three-year evaluation of the program is expected to be completed in 1995.

- **AB 377 Demonstrations.** These demonstrations are designed to (1) reduce the number of out-of-home (primarily foster care group home) placements for severely mentally ill children and (2) improve a number of specified outcomes, such as academic performance, incarcerations, and attendance in school. One demonstration program, the Ventura County Children's Demonstration Project, identifies a target group of children with severe mental illness through referrals from juvenile justice authorities, schools, or mental health facilities. The project then intervenes to provide comprehensive, coordinated services to these children. Evaluations have shown that out-of-home placement costs have been reduced significantly, and specified outcomes have improved.

Developmentally Disabled and Mentally Ill Infants and Children. Developmentally disabled children often require services from a wide range of agencies. These children can be supported more effectively, and their families can function better, if the child is properly diagnosed and provided with appropriate treatment as soon as possible after birth.

In 1986, the federal Early Intervention Program (PL 99-457, part H), was enacted to encourage states to develop comprehensive systems for providing early intervention services for infants who manifest "developmental delays." The law requires these programs to include specific components such as (1) multi-disciplinary infant and family assessments and (2) a system to track and coordinate services provided to infants and their families by various agencies or programs, such as mental health, regional centers, and special education. The state is in its fifth and final year of planning and developing the early intervention system encouraged by PL 99-457, part H. An application must be submitted to the federal government by June 30, 1993 in order to implement the program. The Department of Developmental Services has not indicated if an application will be submitted. A similar program was authorized in PL 99-457, part B, for developmentally delayed children aged three to five.

New Wave of Broadly Focused Collaborative Efforts

As schools and social service agencies began to work together to better serve children, they came to realize that serving the child also meant dealing with the problems of the whole family. This realization led, in the last few years, to a new wave of larger scale collaborations that are focused on the entire family.

What Do These Collaborations Look Like? Past attempts to improve the circumstances of multi-problem—often relatively dysfunctional—families too often were fragmented and ill-focused. Typically, the children were handled by Child Protective Services, Special Education, or in some ad hoc, generally uncoordinated, manner. The families (adults and siblings), if helped at all, were provided separate and uncoordinated services. Slowly, schools began to see themselves as a more central player in the delivery of services to their students, both because children are in school for significant amounts of time and because schools are under pressure to improve student performance. Some of the early efforts to use school-linked services were in the public health arena. More recently, because of their early involvement with health-related collaborations, schools have been seen as a central point for the coordination and delivery of a broad range of services in order to attempt to deal more effectively with multi-problem children and their families.

These new collaborations are much more ambitious in scope (though not necessarily in funding), and typically involve a broad range of county social service and municipal service agencies (such as police or health inspectors), private nonprofit agencies, and local school districts. Generally, the goal of these efforts is to improve the ability of families to function independently by more effectively delivering services to families in need. The early focus of these efforts is on communities that have large concentrations of disadvantaged families. These families often have multiple interactions with public assistance and other social service agencies, and they may have multiple health, social, and financial problems.

Below, we present a description of collaboratives that exemplify the characteristics of these new efforts. These examples are drawn, in part, from our site visits and discussions with local officials during the past year. We note that there are other demonstrations, either under development or in operation, in communities throughout the state.

Sacramento County Collaborative Efforts. Sacramento County is engaged in several collaborative efforts. These include the reorganization of county agencies, and initiatives to decentralize and coordinate services in community-based settings.

- ***County Government Reorganization.*** Sacramento County has recently completed a reorganization of its health and human resources departments. The new structure consolidated a number of agencies into three departments. This is designed to foster a broader perspective on the delivery of services. A Department of Human Assistance was created to administer all public assistance such as AFDC, food stamps, general assistance, IHSS, and Medi-Cal. In addition, a Department of Human Resources was created to oversee all social services programs, and a Department of Health was formed to administer all health programs. The goal is to provide more opportunities for county staff to work across programs under one department and to develop broad knowledge about these programs. Also, combining public assistance programs under one department allows the county to more effectively use their staff as "generic" eligibility workers and case managers.
 - ***Community-Based Collaborative Demonstrations.*** In parallel with the county-level reorganization, Sacramento County began to encourage demonstrations that involved decentralizing service delivery in different community settings. Among the proposals moving toward implementation are two community-based collaborations. One is a public housing development-based large-scale collaboration (New Helvetia/River Oaks), primarily for the residents of these developments. The other will be a community-wide project (Del Paso Heights), which is proposed to become an NFSO-type organization. Each collaboration includes out-stationed county public assistance eligibility staff, Child Protective Service (CPS) staff, alcohol and drug program staff, parks and recreation resources, Head Start programs, adjacent schools, job training program staff, and other service providers. These collaboratives are staffed by agency personnel who have volunteered for the assignment, cross-trained in the various programs participating in the collaborative, and received training in team-building skills. Each demonstration has a community-based advisory group that provides guidance and input on needs. Sacramento County also is testing a community-based health collaborative in the Oak Park neighborhood.
 - ***School-Based Collaborative Demonstration.*** Howe Avenue School, which is part of a six-school group, is of particular interest due to the large number of collaborations centered at the school and available to the cluster. The schools are located in a relatively disadvantaged part of the San Juan Unified School District. It has developed several collaborations, including (1) Cities in Schools, a locally supported public/private partner-
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ship, which provides a CPS worker and a tutoring program for students; (2) Alliance for Excellence, supported by a federal grant to develop collaborations focused on dropout prevention; and (3) California State University, Sacramento (CSUS), Departments of Social Work and Counseling projects, to provide services and interns for a counseling center and to aid the Cities in Schools social worker. Also, Sacramento County has out-stationed public assistance eligibility workers at the school. Finally, the cluster has been awarded a Healthy Start grant (this program is discussed below) that is providing resources to coordinate these collaborations and to start an on-site health clinic (with participation by a major local health care provider and the CSUS Department of Nursing).

In order to assist the development of these collaborations, the county developed a policy and process for handling confidentiality issues. Further, the Sacramento City Police Department has been providing a problem-oriented policing team to the New Helvetia/River Oaks project. Finally, the projects have been supported by the Office of the County Executive.

Fresno County Collaborative Efforts. Fresno County has been engaged in a school-based effort since 1986 and, more recently, has been engaged in a housing project demonstration.

- **Fresno County/Local School District "K-6" Program.** The K-6 Program currently operates in ten urban and rural schools in Fresno County. Students who are identified as "at risk" are referred to a team of school site personnel, including a county case manager, who may be from any one of several agencies that have contributed personnel to the collaborative (the case managers are employed by their "home" agency, but are supervised by the county K-6 coordinator). An assessment of the student is completed, and a plan is developed by the case worker in collaboration with the family. That plan can include referrals to mental health, counseling, chemical dependency, or health services programs provided by the county or private organizations. Each case manager has available a package of resources to help assure that the family will receive needed services. The case manager also follows up on the case to assure that services are received. Data collected on the program suggest that it has resulted in improvements (at least in the short term) in the behavior of referred children. In addition, there is some evidence to suggest that children from the program do better (do not drop out and do not become pregnant) in high school than other children with similar characteristics.

- ***Palm Village Apartments.*** Palm Village was an abandoned motel that was renovated into apartments by the Fresno County Economic Opportunity Commission (EOC). The apartment complex has been open for about a year and provides temporary shelter (for up to ten months) for homeless families and single women. The commission has established employment training, chemical dependency classes, referrals to counseling, and other programs and classes in offices on the grounds of the complex. The EOC receives funding from McKinney Act homeless funds to provide case managers and other services. It also receives funds from the Federal Emergency Management Agency to provide meals to residents (the apartments have only minimal cooking facilities). In addition, all families receive "money management" services. The main thrust of the program is to provide short-term services in order to improve family stability.

County-wide Interagency Coordinating Councils (CICCs)

CICCs are authorized by Ch 1303/89 (SB 997, Presley), to encourage the development of a comprehensive and collaborative system for the delivery of health and social services to children and youths at the local level. The legislation authorizing the CICCs also creates a waiver process to provide fiscal incentives for agencies to collaborate and effect systems change. Any county that establishes a CICC and creates a three-year plan that specifies outcome objectives may request waivers of existing state regulations pertaining to single agency operations and auditing and accounting requirements that may hinder integration of children's service delivery.

California Tomorrow and the Children and Youth Policy Project recently surveyed counties to determine how they responded to SB 997 and other legislation encouraging collaborations. They found that there is considerable variation in the county responses to SB 997 and other related legislation. Two counties, San Bernardino and Solano, were identified as having particularly comprehensive and effective CICCs. These counties were able to develop support for their collaborative efforts through fund-raising efforts in the private sector, and had developed significant links to obtain guidance and in-kind services from the private sector. In each case, however, the county had begun efforts to coordinate its programs for at-risk children and youth prior to SB 997. While the waiver authority in SB 997 is potentially an important mechanism for fostering systems change, no waivers had been granted at the time this analysis was prepared.

Healthy Start Program

The Healthy Start Program is a state-level initiative that has several elements. It provides planning and implementation grants to local school-linked children's service delivery collaborative efforts. In the current year, the State Department of Education funded 40 three-year implementation grants and 110 two-year planning grants. Additionally, the state has entered into a multi-year partnership with several private foundations that includes funding of a comprehensive evaluation of the Healthy Start grant projects.

In addition to Howe Avenue School (discussed previously), we visited two other Healthy Start grant sites. These sites are indicative of the kinds of collaborative efforts funded by this program:

- **Project SMART.** Project SMART is located in the administrative wing of Longfellow Elementary School in Riverside. This collaborative effort provides county public assistance eligibility services to neighborhood residents, a county social worker, a part-time mental health worker, CHDP screenings, various parenting classes, and classes such as English-as-a-Second-Language and household finances. In addition, the collaborative has developed links to the police department to create a bike patrol, and engages in significant community outreach in order to develop participation in school and Project SMART activities.
- **New Beginnings.** New Beginnings is located in a building on the campus of Hamilton Elementary School in San Diego. This collaborative has used employee cross-training to improve services provided by its "family service advocates." In addition, the school does all registrations of new pupils through New Beginnings in order to do preliminary assessments and to link residents to services, many of which are provided on a referral basis. The project has a health clinic staffed by nurse practitioners, and provides other counseling. One unique feature is a kiosk, which provides services information electronically in several languages to clients.

These examples provide a flavor for the variety of broadly focused collaborative efforts that are developing in California in order to find better, more effective ways to improve outcomes for multi-problem families. Nonetheless, there is much that still needs to be learned.

WHERE DO WE GO FROM HERE?

What Do We Still Need to Learn?

Evaluations of some narrowly focused collaborative efforts, such as Head Start and WIC, suggest that short- or intermediate-term benefits can exceed the costs. Evaluations of other collaborative efforts, such as those focused on teen parents or family preservation demonstrations, provide mixed results. Finally, there are no evaluations of broadly focused collaborations focused on multi-problem families and their children. Among the issues yet to be resolved are:

- *Is There a "Best" Model for Broadly Focused Collaborations?* Many of the current group of collaborative efforts are school-based. Some observers argue that more attention should be given to community-based efforts, such as Sacramento's Del Paso Heights and New Helvetia/River Oaks projects or Fresno's Palm Village project. Community-based efforts tend to focus on community development, as well as multi-problem families.
 - *How to Pay for the Up-Front Costs?* The resources needed for successful collaborations in low-income neighborhoods are in short supply due to ongoing budget pressure at all levels of government. Among the constrained services are mental health, chemical dependency and other counseling services, job training slots, and general case management services. In order to justify these up-front costs, it is important to know whether the intervention has a reasonable prospect for long-term payoff.
 - *Are There Long-Term Benefits?* The existence of long-term benefits is important because many collaborations stress intensive interventions that are expected to improve the life prospects for children still in school and effect permanent behavioral change in their families. Because the recent large-scale collaborations are so new, there are no evaluations that can provide the kind of evidence needed to justify large increases in funding.
 - *Who Benefits and Who Pays?* Many services are provided through shared funding by different levels of government. Unless the sharing ratios reflect the benefits to each level of government, services may not be provided in the most cost-effective manner. Therefore, it is important to understand the costs and benefits to all funding partners when determining how collaborations will be administered and funded.
 - *Are Other States and Localities Achieving Successes?* An important part of building successful collaborations is the
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exchange of information about what works and—perhaps more important—what is not working, and why. The institutional framework for these exchanges is just now evolving. Foundations and groups, such as the National Center for Children in Poverty (Columbia University), California Tomorrow, and the Center for Integrated Services (UC Berkeley), are developing clearinghouses to serve as information exchanges.

- ***Do We Know How to Target Services?*** There are at least two issues related to targeting services. First, scarce resources prevent collaborations from serving everyone; therefore, priorities must be established and target groups must be identified. This was a critical element for the AB 377 mental health project in Ventura County. Second, different target groups require different services specific to their individual needs. It is frequently difficult to determine which mix of services is most effective. For example, studies have shown that one of the biggest problems for teen parents and school dropouts is finding a set of interventions to achieve self-sufficiency by these individuals.
 - ***Is it Possible to Target the Multi-Problem Low-Income Family?*** The multi-problem low-income family does not have a single, well-defined problem at which services can be targeted. Instead, these families experience a number of interrelated problems, all of which need, in some way, to be addressed. For this reason, some experts argue that collaborations that target these groups are too unfocused to succeed. At the same time, others argue that, in order to solve specific problems, it is necessary to focus on the entire family and its ability to function.
 - ***Do We Know How to Get Service Delivery Agencies to Work Collaboratively?*** Any organization (whether it is public, private nonprofit, community-based, or private for-profit) that has a specific mandate and funding stream develops a way of doing business that generally differs from other organizations. This "culture" allows the institution to work by itself, but often makes it difficult to work with other agencies. In addition, the mix of services that an organization provides is determined by requirements placed on the funds available to it. These institutional features that evolve within an organization can, too often, prevent organizations from working together. Further, organizations may be averse to collaborations, because collaborating could "dilute" their authority.
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Are Broadly Focused Collaborations Worth Pursuing?

Some evaluations have indicated that collaborations can lead to better outcomes than are possible from the traditional approaches to service delivery. These results, however, are primarily from evaluations of collaborations that narrowly focus on specific problems facing infants and young children, and their families. Based on these preliminary results, it appears that collaborations should be considered as part of a comprehensive program to improve conditions in low-income neighborhoods. As we discussed above, however, there is much we still need to understand about the use of broadly focused collaborations.

Recommendations for Legislative Action

Many of the new wave of broadly focused collaborations have evolved out of needs identified at the local level. Each community has unique needs, and each locality has a unique set of agencies and organizations that can provide support. This suggests that collaborations should “percolate up” from those communities. The difficulty is that low-income neighborhoods tend to have a limited number of institutions to sustain these community-based collaborations. What can the state do to facilitate these efforts?

Restructuring State and Local Responsibilities. In the preceding write-up, we argue that California needs to restructure the responsibilities of the state and local governments. One of the key objectives of our proposed restructuring model is to avoid the fragmentation and lack of coordination that characterizes current service delivery. Under the model, local entities would be given control over, and responsibility for, community-based services. By giving local decision-makers control over the delivery of these services, the model seeks to eliminate the artificial barriers (such as those imposed by the state) that exist between the different providers of services. To the extent that these changes are made, we believe that they will facilitate the development of the types of collaborative efforts that we have discussed in this write-up.

There are, however, more limited steps that the Legislature can take in order to facilitate collaborative activities at the local level. We discuss these below.

Provide Seed Money to Encourage Collaborations. The Healthy Start Program provides “seed money” for both planning and operational grants to local schools in order to develop collaborative efforts. Thus, the current operational grant recipients are school-site based collaborations. We recommend enactment of legislation to provide planning and operational grants to sites other than schools in order to test communi-

ty-based collaborative efforts (perhaps including communities' economic development components).

Provide Funding Discretion to Local Agencies. One of the barriers to better coordination of service delivery is the restriction on the use of funds imposed by categorical program funding. Integration of services can be better achieved by providing funds in a way that allows local governments discretion in setting priorities for the use of available funds. (We discuss this concept further in the state/local restructuring analysis in this volume.) Consequently, we recommend enactment of legislation to (1) allocate a portion of existing categorical funds as block grants to local agencies and (2) establish outcome-based performance measures. This would allow the state to retain program accountability, while allowing local agencies flexibility in structuring their collaborative efforts.

Provide for Long-Term Evaluations. Perhaps the most discouraging aspect of our review is the lack of long-term evaluation findings, particularly of the broadly focused collaborations. In part, this is because these efforts are relatively new. In addition, it is because competent outcome-based evaluations are difficult and require adequate funding. Nonetheless, they are important in order to determine whether the long-term benefits are sufficient to justify the up-front costs of the more intensive interventions these collaborations require. Further, good evaluations would be helpful in determining what works and what does not. Thus, we recommend that, when enacting legislation to encourage collaborative efforts, the Legislature require comprehensive evaluations of these programs. These evaluations could be funded in partnership with private foundations and the federal government.

Risk of Imposing a Single Model

Our review of existing and proposed large-scale collaborations suggests that each community needs significant flexibility in the design of its service mix and organizational structure. Each community has unique needs and unique local service delivery organizations. We do not know enough at this time to suggest a "best" model for broadly focused collaborations. Our recommendations would encourage local agencies to pursue the use of collaborative efforts to delivery public services.

