

SMART GOVERNMENT

A new structure to improve results and accountability

A COMPLICATED PROBLEM. ONE PART OF THE SOLUTION

We have all gotten used to public programs that don't work. California has more ex-offenders returning to prison than any other state, some of the worst public schools, a workforce that does not match the needs of local businesses, and a huge budget deficit. We don't believe we can improve our situation simply by raising fees or cutting taxes or changing voting requirements. In our view, the problem is systemic. It means we need to fix lots of things – budget and tax, how government is organized, and how our elections and democracy work.

We looked at the recommendations from think tanks and blue ribbon commissions here in California and around the country. We studied best practices from other states, and analyzed patterns in California's past failures. Our research shows one key area of government reform that could make substantial improvements across the board: **restructuring the relationship between the state and local governments**.

We need government that draws upon the state's greatest asset: its people. Local leaders—even though they are the ones working on the ground to provide most public services—have little authority over programs or their funds. It turns out that California's system of government has been forcing us to focus on the wrong questions. Instead of asking how our public programs can better follow complicated rules, we should be asking how we can help communities to solve their own problems more efficiently and collaboratively. We should be looking for ways to give local leaders more control over how to spend local money, and encouraging savings and results.

Smart Government

We are proposing a new way to structure government in California – Smart Government – designed to make success something that happens every day. When a local program achieves success, say, by reducing crime and return to prison, it saves the state money—in this case from reduced prison costs. A portion of those savings should return to the community, to be spent the way the community wants. State savings from other local successes should be shared in the same way.

WHY EMPOWER LOCAL COMMUNITIES?

Better Coordination

Many Californians are not sure how state and local governments provide public services. Part of the reason for this is our unwieldy system of providing services through local governments, while their revenues—and many of the rules around spending—are largely determined by mandates issued from Sacramento. This system makes it difficult for programs to coordinate their efforts, or even to share facilities and equipment. By moving more responsibility for programs in education, health and human services, and public safety to the local level, we can make sure services where local responsiveness and efficiency are paramount—fire and police stations, say, or county mental health clinics—can be operated and funded locally. This will not only allow local leaders to coordinate their efforts and improve outcomes, it will also make it easier to hold them accountable for doing so.

Focus on Results

Over the years, it has become harder for local officials to take action to adapt local programs to meet changing local needs. A major source of the problem is our rigid governance structure, which requires local leaders to focus too much on compliance—punishing programs for not following a laundry list of state regulations and guidelines—instead of rewarding them for improving outcomes. Billions of dollars in funding for schools, for example, are earmarked with specific rules about exactly where the money can be spent, from school nutrition to technological upgrades, but schools are given little flexibility to try different approaches to, say, lower their dropout rates. By moving more authority to the local level (and away from a one-size-fits-all state government), we can give communities the flexibility they need to improve local results.

Fiscal Accountability

Californians have become disconnected from the taxes they pay and the services government provides. Property taxes, for example, used to be locally levied and locally spent, usually on public schools—a system that allowed local officials to be held accountable for local spending decisions. Today, even fiscal experts have a hard time understanding how the volatile mix of tax revenues we have come to rely on in California are bundled by the state government and redistributed into a range of public programs, some provided by cities and others by counties—but none easily accountable to voters. We can improve this situation by giving local leaders more authority over easily identifiable revenue streams that are stable and predictable, while also increasing the level of accountability over local officials who spend those funds.

Innovation

If there is one thing our top-heavy governance system does not do well, it is innovation. City and county governments continue to provide most of the public services we rely on every day, from building roads to paying for public defenders. But the state controls the purse strings, and all too often, dictates how that money is spent and how local programs operate. By moving more authority to the local level—and by providing local leaders with fiscal incentives that will encourage them to coordinate their efforts and to focus on improving results—empowered communities can find new ways to match local problems with local solutions.

EXAMPLES

Smart Government would restructure the relationship between state and local government, shifting more authority and accountability to the local level. What would this look like in your community? Let's look at a few examples.

Example 1. Public Safety

The problem:

There may be no program that better illustrates California's governance challenges than our state's criminal justice system. While other states have large prison populations or overcrowded prisons—though few on California's scale—our state also has the highest recidivism rate in the nation. Nearly three in four people released into our communities from California prisons commit another crime that sends them back behind bars. This not only leads to unsafe neighborhoods and more crowded prisons, which put more pressure on our state budget (over 10 percent of which is already spent on corrections), it is also a stark example of just how poorly our network of local public safety programs is performing.

The solution:

By adopting some of the most effective practices developed in other states, we can improve the performance of our public safety programs—and cut costs. Smart Government could do this for prison reentry programs, in particular, by providing local officials with the authority and flexibility they need to develop local solutions for what is really a local problem: Integrating former prisoners back into our communities.

Our state government controls the funding of California’s prison reentry system but the front-line services provided to offenders, which range from job training and mental health programs to drug treatment and housing, are mostly provided by counties. Because the state divides these dollars into at least 12 different revenue streams—many of which come with strings attached dictating exactly how they can be spent—local programs focusing on job training or housing face a bureaucratic tangle every time they try to work together. When local officials make an effort to change this approach to public safety, they find their hands tied, with no authority and no funding to support new efforts.

Smart Government can change this. While many states have corrections systems that rely on some mix of state and county responsibility, those with the best outcomes (low crime rates, low prison populations, and low levels of recidivism) have highly integrated the services they offer offenders, including incentives that encourage public agencies to work together to provide the range of mental health, substance abuse, and job training programs offenders rely on to get back on their feet. Studies show that when successfully implemented, this collaborative approach to corrections reduces prison reentry by as much as 20 percent.

Example 2. Social Services: Child Welfare

The problem:

The state’s \$4.1 billion child welfare system—funded by state and federal sources, but with front-line services provided by counties—serves more than half a million children and families each year. To support programs ranging from adoption to foster care, counties rely on 14 separate funding streams from different parts of the state government. This means they have to work through a half-dozen different state agencies to provide basic services, from the Department of Social Services to the Department of Education.

This complex structure often prevents state and local agencies from coordinating their efforts—which can lead to poor program outcomes. State CalWORKS requirements, for example, make it difficult for parents with children in the child welfare system to attend parent education classes or visit their children—two key steps they are required to take to complete the county’s family reunification process.

The solution:

The child welfare system currently lacks the right incentives to make improvements from within. Because most foster care funding, for example, is driven by case counts, and because funding levels automatically increase as foster placements rise, public officials currently have little incentive to streamline their operations and find ways to reduce the need for foster care placements in the first place.

Smart Government would change this, encouraging greater collaboration among social services agencies that rarely communicate in the current system, even when they are all working with the same people—parents trying to adopt, for example. It would also give local communities more authority to find new ways to drive better outcomes, either through fiscal incentives or through block grants that would allow cities or counties to test small-scale pilot programs that could be expanded if successful.