



## Smart Government: Making California Work Again ---Executive Summary---

California may be struggling with a budget crisis and a sluggish economy – but we can fix it. Our state can have a prosperous and environmentally sustainable economy, one that provides equal opportunities for all. To get there, governments at the state and local levels must work together to provide cost-effective services and better results. *California Forward* calls this *Smart Government*. It doesn't happen today as much as it should.

California has a nearly \$90 billion budget without a unified vision and strategy for achieving statewide goals. Most of the state's essential public services are delivered locally, but the state government still sets most of the rules around how the money is spent. Until this relationship between the state and local governments is fundamentally reformed, the state's ongoing budget crisis cannot be fully resolved – and the state's government cannot function effectively.

In the *Smart Government Framework*, *California Forward* outlines a restructuring plan that can produce better results than the current system for both taxpayers and those who rely on government services. It introduces five new priorities for the state, along with five comprehensive proposals for reform.

### FIVE 'SMART GOVERNMENT' PROPOSALS

#### 1 – FOCUS ON OUTCOMES

State operations should be aligned with measurable outcomes.

#### 2 – ALIGN AUTHORITY WITH RESPONSIBILITY

Funding and program authority should move to local governments.

#### 3 – ADJUST THE STATE ROLE

The state's role should shift to oversight and technical assistance.

#### 4 – FOSTER REGIONAL COLLABORATION

Local governments should be incentivized to work together.

#### 5 – EVALUATE EFFICIENCY OF OPERATIONS

State and local agencies should have their functions re-examined.

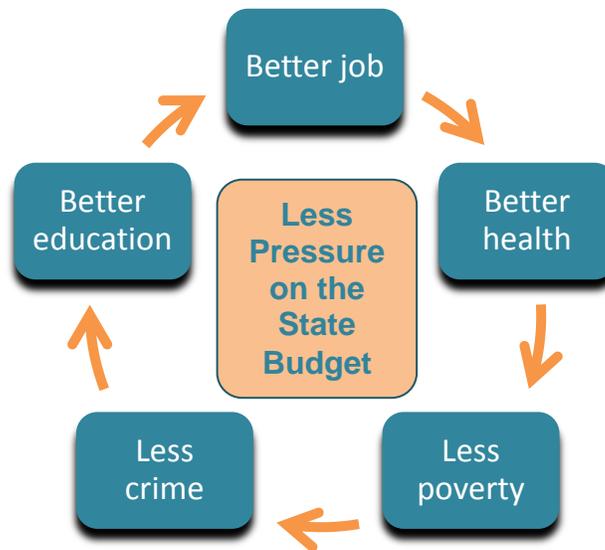
## SMART GOVERNMENT OUR VISION

California Forward’s goal is a state government that works. This goal is shaped by the “Three Es:” At every level, government should be making simultaneous progress toward achieving:

- A Prosperous **E**conomy
- A Quality **E**nvironment
- Community **E**quity

The draft proposals in the *Smart Government* Framework are built around a simple idea: California’s three most significant areas of state general fund spending – education, health and human services, and public safety – are fundamentally interrelated. Better education leads to better jobs, which leads to a healthier population, less poverty, less crime, and, ultimately, less pressure on government budgets.

### THE VIRTUOUS CYCLE



Too often, these relationships are obscured by the current governance system. *Smart Government* offers a straightforward approach – along with a comprehensive vision – aimed at addressing this problem.

The state budget is already implicitly addressing these issues, given that the majority of it is spent on education, health and welfare, and prisons. *Smart Government* would require the state to be explicit about the outcomes it is trying to achieve.

In exchange for more authority and flexibility to improve the results of locally-administered programs, local governments would have to hold themselves accountable to these programs’ results, to collaborate with other local governments, and to be more transparent.

## SMART GOVERNMENT

### THE BIG FIVE OUTCOMES

Californians need to know what they are getting for their tax dollars and what government is achieving. The *Smart Government* Framework introduces five new priorities for the state and five comprehensive proposals for reform. The intention is to focus structural and fiscal governance reforms on the Big Five Outcomes below, not just to balance the budget or close a shortfall – but to realign public programs at all levels to deliver these results.

#### BIG FIVE OUTCOMES

- Increased Employment
- Improved Education
- Decreased Poverty
- Decreased Crime
- Improved Health

If Californians can come together to restructure the relationship between the state and local governments, the state will see immediate benefits, from better outcomes to increased civic engagement. Studies show that if local governments could integrate services in programs like CalWORKs, public safety, and mental health – and just bring them to the same levels of effectiveness and efficiency as other states – **California could save billions of dollars each year.**

Restructuring California's government, in other words, can be the beginning of a virtuous cycle – improved education, more workforce participation, better health outcomes, and less crime – that can lead to the best possible outcome: A government that achieves positive social gains in a financially sustainable way.

## SMART GOVERNMENT BACKGROUND

The draft proposals described here are only a summary of *California Forward's* comprehensive [Smart Government Framework](#), which provides more detail on how to overcome the challenges involved in the complex task of restructuring.

These proposals have been collaboratively developed in ongoing conversations with statewide groups of local government practitioners, stakeholders, and experts involved in a Local Government Task Force, a series of Stakeholder Roundtables, and *California Forward's* Speak Up California civic engagement forums.

Preceding each proposal is a principle statement derived from discussions with these experts and stakeholders that have helped define *California Forward's* approach. The *California Forward Action Fund* plans to pursue these proposals through all appropriate avenues – whether through the initiative process, legislation, or executive order.

**Note:** The proposals are intended to facilitate discussions regarding governance in California and to inform future reform proposals. They are not at this point *California Forward* recommendations, nor do they reflect a view about any specific legislative proposal.

Tell us what you think

Read the complete version of the Framework and  
comment online at:

[CAFWD.org/framework](http://CAFWD.org/framework)

## SMART GOVERNMENT

### SUMMARY OF THE PROPOSALS

The *Smart Government* Framework would restructure California's government by aligning it to the goals of improved education, higher employment rates, better health outcomes, less poverty, and less crime. The most effective way to do this is by moving more authority and flexibility to local governments, while changing the role of the state and encouraging more regional collaboration.

#### 1 - FOCUS ON OUTCOMES

- The state budget must be aligned to the Big Five Outcomes.
- The state budget is already implicitly addressing these outcomes, given that the majority of it is spent on education, health and welfare, and prisons.
- The state should be explicit about the outcomes it is trying to achieve: Programs should measure their progress toward these goals and make program corrections where needed.

#### 2 - ALIGN AUTHORITY WITH RESPONSIBILITY FOR RESULTS

- To promote innovation, efficiency, and effectiveness, the state should grant control of programs and revenues for locally delivered services to local governments.
- **Program authority:** In exchange for program authority, cities, counties, schools, and special districts should hold themselves accountable to outcomes, work together to maximize return on taxpayer investments, and be transparent about their progress.
- **Revenue authority:** To align the revenue structure with local government responsibilities and encourage integration with a focus on results, three elements should be considered:
  1. Focusing a portion of state resources on integrated services: A portion of the sales tax could be transferred to a special fund for local integrated services.
  2. Broadening the sales tax base and reducing the state tax rate: A portion of a broader sales tax could be used to provide additional revenue for local services.
  3. Giving local governments the authority to manage local revenue: A constitutional authority could give communities the power to share local resources.

#### 3 - ADJUST THE STATE ROLE

- The state's role should shift to one of leadership, setting a statewide vision, and technical assistance. The state will also continue to oversee many statewide programs, from Medi-Cal and the courts to higher education and state prisons.
- The state's relationship with local governments should focus on: Measuring progress toward the Big Five Outcomes, incentivizing collaboration among local programs, sharing best practices among local governments, and developing fiscal incentives that allow local governments to retain savings.

#### 4 - FOSTER REGIONAL COLLABORATION

- The state constitution should be amended to allow cities, counties, schools, community colleges, and special districts to create regional convening and coordinating bodies devoted to meeting large-scale challenges like developing a robust pipeline between schools and jobs.
- Each region should choose for itself whether to grant this authority to, for example, COGs, state universities, or some other existing regional collaborative body.

#### 5 – EVALUATE EFFICIENCY OF OPERATIONS

- County LAFCoS should expand their analysis of local government functions to reduce complexity, reduce costs, and improve performance.

## SMART GOVERNMENT

### FIVE DRAFT PROPOSALS

#### PRINCIPLE |

California government must be aligned to a clear, unified vision, and restructured to focus decision-making on improving performance, with a renewed emphasis on the clients of public programs. The new structure must systematically encourage decision-makers to change policies, budgets, personnel, and practices to improve results – and the public knowledge of these results is essential to restore accountability to the people.

#### DRAFT PROPOSAL | – FOCUS ON OUTCOMES

Aligning program outcomes with larger statewide goals should follow a standard cascading format – similar to those already used in other states – of overarching outcomes, targeted indicators, and ongoing performance measures. Putting this into practice will involve four major steps:

1. **Stakeholders:** A widespread stakeholder process involving both state agencies and local governments will be necessary to establish desired program outcomes. This process could include the development of a menu of tangible goals within each outcome (e.g. “All 3<sup>rd</sup>-graders should be able to read at a 3<sup>rd</sup>-grade level” or “The state’s dropout rate should be cut in half”) that communities can choose from.
2. **Strategy:** Community stakeholders should be responsible for drafting strategic plans that set local goals, define community strategies, and identify the right partnerships to get the job done. These local strategic plans should include a 4-year implementation timeline to allow for enough time to restructure administrative functions, integrate programs, and enhance the system based on actual practice. These plans should also include sustainability protections, so they can be implemented through multiple administrations.
3. **Transparency and Accountability for results:** As local governments begin to carry out their strategies, local leaders should conduct regular, structured meetings to review and evaluate program performance against these targets.
4. **Flexibility:** The state, meanwhile, should allow local agencies flexibility in how those outcomes are achieved so the development of collaborative services can build on different communities’ strengths. (See Proposals 2 and 3.)

Many states and local governments throughout California have already adopted a standard format for refocusing programs on improving results. This system involves gauging progress toward a set of overarching statewide Outcomes, targeted Indicators, and ongoing Performance Measures.

**Outcomes:**

- The state’s long-term goals should be expressed in terms of desired outcomes, with particular emphasis on the Big Five Outcomes – Increased Employment, Improved Education, Decreased Poverty, Decreased Crime, and Improved Health.
- Investments by the state and local government should be evaluated against these outcomes.

**Indicators of Success:**

- Indicators are the specific measure communities should use to evaluate the progress they are making toward the Big Five Outcomes.
- At least three Indicators of Success in each of these outcome areas should be developed by local governments in consultation with the state within the first year of implementation. The Indicators of Success should be in line with state (and where appropriate, national) objectives and approved by legislators.

**WHAT THIS MIGHT LOOK LIKE: EMPLOYMENT AS AN EXAMPLE**

<b>Outcome</b>	Increased Employment
<b>Indicator</b>	State Unemployment Rate
<b>Performance Measures</b>	<ul style="list-style-type: none"> <li>• Number – Families Participating in CalWORKs</li> <li>• Ratio – Case Manager/Participant</li> <li>• Number – CalWORKs Participants Obtaining Employment</li> </ul>

- Cities, counties, schools, and special districts should develop a multi-year strategy and an annual action plan for achieving these Indicators of Success, relying where possible on proven and evidence-based practices. The strategies should be publicly presented to county Local Agency Formation Commissions (LAFCo). (As described in Proposal 5, LAFCos should expand their existing role and begin collecting standardized data on the quantity, cost, and effectiveness of local governments. Schools should continue to present their performance data to the state – as they do today – but the state’s role should change as described in Proposal 3.)

**Performance Measures:**

- Performance measures help provide context to evaluate the effectiveness and efficiency of the services delivered. (“What does it cost to achieve this outcome?” “What’s the trend in the service level?”)
- Progress made by cities, counties, schools, and special districts toward achieving these indicators should be included in the LAFCo performance reviews.
- This county performance information should also be published as a report card on the state website and should be used to make programmatic and fiscal decisions at the state and county levels.

**POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- [State of Maryland StateStat](#): Modeled after the CitiStat performance-measurement and management tool that has been successfully implemented in Baltimore, StateStat uses a data-based management approach to make public programs more efficient and accountable by continually evaluating state performance. Key public safety, health, and social services agencies are already involved, from the Department of Juvenile Services to the Department of Housing and Community Development.
- [NYCStat](#): NYCStat is New York City's one-stop-shop for all essential data, reports, and statistics related to City services. NYCStat provides access to a wide array of performance-related information, including citywide and agency-specific information, 311-related data, and interactive mapping features for selecting performance data and quality-of-life indicators.
- [Los Angeles County Department of Public Social Services](#): Building off the nationally recognized STATS models in New York City and Maryland, the LA County Department of Public Social Services (DPSS) adopted STATS in 2004 as a tool to manage its operations. After a four-month pilot, the nation's largest administrator of federal welfare programs increased its results dramatically, with the percentage of district offices meeting targeted performance jumping by over 25 percent. As it continued to use STATS from 2004 to 2008, the department was able to improve outcomes across an array of metrics. Its food stamps error rate alone—which once had one of the highest rates in the country at over 20 percent—was brought down to less than 1 percent. This one case of improved performance helped the county avoid federal penalties of \$143 million over the course of only two fiscal years.
- [Los Angeles County Department of Mental Health](#): The LA County Department of Mental Health also launched a STATS effort in 2007 in order to address a range of management challenges, from a lack of clarity about DMH priorities among line managers to a set of inconsistent metrics by which executives were monitoring operations. After adopting a regular, structured meeting to review and evaluate program performance against targets, outcomes improved dramatically: Within two years, the timeliness of billing and collection improved, as did monitoring reductions in homelessness among clients receiving community-based services. DMH was also able to provide more timely access to outpatient care following psychiatric hospitalizations.
- [Minnesota's Drive to Excellence](#): The Drive to Excellence (2005-2010) was a state-government reform initiative that focused on serving citizens better. The overarching objective was to encourage government to act together as an enterprise, rather than independent agencies, on the issues they have in common. Drive to Excellence identified common processes across government that can be improved with common solutions, such as standardized computers or a universal system for managing the state's buildings.
- [Kentucky Open Door](#): In 2009, Kentucky launched Open Door, a user-friendly portal that enables citizens to access substantial and substantive financial data about their

government, ranging from big-picture budget summaries to individual government contracts.

- [Washington State Priorities of Government](#): This budget approach creates a strategic framework for public investment decisions, prioritizing activities that guide the governor's budget proposal to the Legislature – and helping communicate that budget to the public. As part of the Priorities of Government plan, every agency in Washington has been asked to answer eight questions related to whether their activities are essential to state government and whether they are being delivered in the most cost-effective manner.
- [Virginia Performs](#): A performance leadership and accountability system within state government, Virginia Performs aligns specific state agency outcomes with larger statewide goals. Outlining a vision for Virginia's future – including responsible economic growth, an enviable quality of life, good government, and a well-educated citizenry – the state has defined key metrics like obesity in adults, graduation rates, and acres of land preserved to gauge whether it is getting results on its highest priorities.

## PRINCIPLE 2

Transforming the performance of public programs will require systematic change, not just shifts in responsibilities and resources. The new structure needs to be supported by a restructured fiscal system that constitutionally guarantees control of revenue to the level of government responsible for delivering services. In addition, aligning authority and responsibility with those resources is essential to encourage the integration needed to improve results.

### DRAFT PROPOSAL 2 – ALIGN AUTHORITY WITH RESPONSIBILITY

California is too large and diverse for a one-size fits all approach to a new governance model. Instead, local governments will need a set of authorities in the constitution and statute that allow them to *organize and finance* their responsibilities – while the state continues to play an important role balancing community strategies with statewide interests. Specifically, this will require the following changes:

1. **Providing local governments with more program authority**
2. **Aligning fiscal authority with program responsibility**

#### PROGRAM AUTHORITY FOR LOCAL GOVERNMENTS

Improving outcomes should be a primary responsibility of community governments. Local governments can do this most effectively if they have more control over the way programs are administered. Cities, counties, school districts, and special districts currently have a mix of responsibilities for the health, safety, and quality of life of their citizens. To allow governments to focus on improving local program results, the state should grant to local governments the following:

- **Increased authority over local programs:** Cities, counties, and special districts should provide primary authority over local public safety, including fire services. Counties should have authority over self-sufficiency, social services, and behavioral health programs.
- **The ability to set local priorities:** Local governments should be able to set local priorities within the framework of the Big Five Outcomes, including which problems, issues, or opportunities they consider most important.
- **The ability to develop strategies, partnerships, and programs:** Local governments should have more flexibility in how they work toward local priorities.
- **The ability to integrate services:** To achieve the best outcomes, local governments should be encouraged to integrate local services. This should include the ability to share program resources as well as local and state savings that result from local successes.
- **Greater flexibility in contracting:** Local governments should be have more flexibility in contracting with non-governmental service providers working toward the Big Five Outcomes.

## ALIGNING FISCAL AUTHORITY WITH PROGRAM RESPONSIBILITY

Since community governments vary in the types and scale of services they provide, California needs a flexible, *locally-developed* revenue structure. The structure needs to respect historical choices, while also encouraging new fiscal arrangements that allow local governments to be responsive and accountable to citizens, voters, and taxpayers. Simply providing additional taxing power to local governments will not alone move California toward the Big Five Outcomes. What is needed is an authority and resource base that will encourage local governments to integrate their services—and to focus their resources on improving community outcomes. Four elements should be considered as part of this revenue realignment:

### Element 1: Focus a portion of state resources on integrated services

Without expanding the size of local revenues, the state could “put some skin in the game” by providing additional incentives for local governments to integrate services. The state could do this by reallocating a piece of existing state resources. This could involve transferring a portion of the state sales tax to a special fund for local integrated services. In order to access these funds, the governmental entity or entities involved in managing these programs would be required to develop a strategic plan with a focus on integrating services to improve results. This authority would be flexible enough to be used under different organizational structures, depending on the size and current organization of a given region.

Specifically, this revenue reallocation would include the following:

- Beginning in 2013-14, the state could transfer 0.5 cent of the state sales tax rate to a special fund for the purpose of financing integrated services provided by cities, counties, schools, and special districts. In exchange for this revenue, local governments would sign an agreement with the state to hold themselves accountable to the results of these programs and to be transparent about their progress.
- The local assistance portions of health and social services and k-14 education would be reduced by an equivalent amount.
- The amount estimated to be available in 2013-14 is around \$2.5 billion.
- The amount of revenue that is received by K-14 districts as reported to the state would be used to meet the K-14 funding guarantee under Proposition 98.

#### WHAT ABOUT PROP 13?

The legal agreements described here would not require changes in the tax rate or the property assessment system established by Proposition 13. In the case of the property tax, they would reassign responsibility for allocating the existing tax from the state to local governments.

- The funds received by a school district would not be credited to the district's revenue limit since these funds are for services that are integrated with other local agencies that are for the benefit of K-12 children but are carried out under a local agreement.
- These funds would be expended under an intergovernmental agreement that allows for the expenditure of funds by the local governments party to the agreement. Adjustments will be made at the state level to account for funding that is received by a school district for the purpose of ensuring compliance with the Proposition 98 guarantee.
- These funds would be continuously appropriated (not subject to the annual budget act) but would be subject to periodic program review by the legislature.
- A statewide allocation system should be developed that distributes funds to each county for distribution under local agreements. A hold harmless provision will be included that ensures that the amount that governments received from programs subject to the prior allocation are not less than the amount they received in the prior year.

### **Element 2: Broaden the sales tax base and reduce the state tax rate**

To increase the transparency and stability of public services, local governments need a reliable source of revenue that is collected at the same level government services are provided. To accomplish this, several broad changes to the tax structure should be considered, including several options that could provide local governments with additional revenue.

One source of additional revenue could come from broadening the sales tax base to include selected services. A portion of a broader sales tax base could be used to lower current sales tax rates and to provide additional revenues for local services. The new portion of sales tax revenue would then be dedicated to local government services allocated on a per capita basis.

- Similar to other industrial states, this proposal will apply the sales and use taxes to services that already have a connection to retail, since those services are registered with the Board of Equalization.
- The total revenue from broadening the sales tax to selected services could be about \$4 billion, which is the equivalent of 0.75 cent on the sales tax. This would provide the opportunity to reduce the state sales tax rate by 0.5 cent (from 5% to 4.5%) and to add the remaining 0.25 to the locally leveled sales tax that would be distributed to k-12 education and cities and counties based on population.

### **Element 3: Give local governments the authority to manage local revenue**

Local governments need the authority to develop local agreements for reassigning responsibilities and revenue in ways that improve results and make government understandable to the public. Without expanding the size or type of local revenues, a constitutional authority could give local governments the power to use existing revenues to break down silos and integrate services. These local agreements—which would require the approval of each participating local agency— would include increased authority over distribution of the property

tax and the locally levied sales and use taxes. They would also improve local government funding in the following ways:

- **More transparency:** This new authority would make local governments more transparent. It could include a requirement, for example, that they identify on individual property tax bills the portion of revenues that go to different agencies and services, allowing taxpayers to see exactly what their tax-dollars are paying for.
- **More flexibility:** This new constitutional authority would also give cities, counties and special districts the flexibility to allocate resources on the basis of what makes sense for their community. For example, a group of cities and a county might determine that the best way to distribute the sales tax and/or property tax is on a per capita basis since economic activity among the residents of the cities is not restricted to municipal boundaries. In order not to disrupt the current flow of resources, any new allocation could apply to the year over year growth of the sales tax or the property tax.

#### **Element 4: Create a regional resource base for infrastructure and workforce development**

California has no source of revenue devoted to financing large-scale efforts to address challenges that cross city and county lines. To encourage coordination of services on a regional level, a new model would provide fiscal incentives to local governments to develop a region-wide system for addressing infrastructure, environmental, and workforce development issues, as well as crime prevention, law enforcement, and reentry. Elements of such a system might include all or a portion of each of the following:

- An authority to use a portion of the vehicle license fee dedicated to regional transportation infrastructure.
- A region-wide tax such as a sales tax used for workforce development in support of employment needs of the region.
- A portion of the growth on state business taxes tied to increased economic activity within the region and used for regional economic development.

#### **POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- **[SB 678](#):** In 2009, to address the problem of repeat offenders accounting for 40 percent of new felony prison admissions, the state Legislature passed SB 678, also known as the *California Community Corrections Performance Incentives Act*. The legislation established a performance-based funding system to supervise the state's adult felony probationers. This legislation requires interagency collaboration, and provides a financial incentive to locals for achieving outcomes by reallocating state savings to local programs.
- **[1991 Realignment](#):** In 1991, the state enacted a major change in the state and local government relationship that involved the transfer of some mental health, social services, and health programs from the state to county control. This realignment altered program cost-sharing ratios and provided counties with dedicated tax revenues from the sales tax and vehicle license fee to pay for these changes.

### PRINCIPLE 3

In the new structure the state has an essential role of establishing – in collaboration with local agencies – statewide outcomes reflecting statewide goals and values, ensuring that data is available to measure effort and performance, and facilitating learning and best practices to encourage continuous improvement.

### DRAFT PROPOSAL 3 – ADJUST THE STATE ROLE

In addition to the draft proposals above, the state needs to restructure legislative and executive activities to provide a new form of leadership focused on driving improved results at the local level. The state also will continue to play a vital role in ensuring minimum standards across the state to maintain equity. It should do this by establishing a set of basic standards that include prohibiting counties from discontinuing obligations to provide services under current law or reducing eligibility for services. Specifically, the state's role will be to:

- Establish the Big Five Outcomes for state programs in collaboration with local communities, and measure indicators of success annually.
- Incentivize collaboration among local programs based on evidence-based practices.
- Provide encouragement and serve as a convener of peer-to-peer technical assistance, so successful local governments can share best practices around achieving better outcomes and improving fiscal management. This also should include performance-based management training.
- Quantify savings to the state based on positive outcomes (e.g. reducing the number of people sent to prison can be directly tied to a reduction in state prison operating costs).
- Allow cities, counties, schools, and special districts to retain local savings.
- Streamline regulations that impede economic development and reduce micromanagement compliance activities that detract from a local focus on outcomes.
- Act as an advocate on behalf of local governments before Congress and federal agencies, to forge a partnership around federal programs and funds.
- Focus state budget-making on improved performance:
  - Performance-based budgeting: The governor and legislators should establish clear goals and performance measures for all programs. At least once a year, as part of the budget process, lawmakers must review programs to determine if they should continue, or how they can be improved.
- When local governments chronically underperform or fail to meet statewide objectives, the state should intervene in the following ways:
  - State intervention should involve having another successful local agency help a failed agency restructure or stabilize. Agencies falling short of performance thresholds should receive technical assistance from teams made up of state and peer administrators. These teams could include consortiums of experts like the

Fiscal Crisis Assistance and Management Team or the UC Davis Center for Human Services.

- The state's role would be to set performance standards for when the failed agency could resume full operations.
- Sanctions and/or temporary state takeovers of local administration should be avoided whenever possible and considered a last resort.

**POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- [Washington State Priorities of Government](#): This zero-based budget approach creates a strategic framework for public investment decisions, prioritizing activities that guide the governor's budget proposal to the Legislature – and helping communicate that budget to the public. As part of the Priorities of Government plan, every agency in Washington has been asked to answer eight questions related to whether their activities are essential to state government and whether they are being delivered in the most cost-effective manner.
- [Council on Virginia's Future](#): The Council on Virginia's Future was established in 2003 to develop a vision and long-term goals for Virginia's future. It also was tasked with developing a performance leadership and accountability system for state government that aligns with and supports achieving the vision.
- [The Commission for a New Georgia](#): The Commission for A New Georgia was established in 2003 by Governor Sonny Perdue to launch a management turnaround that would make Georgia the best-managed state in America.
- [The Prime Minister's Delivery Unit](#): The Prime Minister's Delivery Unit was established in June 2001 by former British Prime Minister Tony Blair to monitor progress on and strengthen the British Government's capacity to deliver its key priorities across education, health, crime and transport.
- [Substance Abuse Mental Health Services Administration \(SAMHSA\)](#): SAMHSA is a federal program that allocates funding to the states for substance abuse services and requires recipient agencies to document performance and report information as a condition of receiving funding.

## PRINCIPLE 4

The new structure needs to provide regulatory, fiscal and other incentives to encourage cooperation among local governments in partnership with the private sector to efficiently and effectively meet regional needs. This strategic alliance should align public efforts with regional economic activity and match the scale of effort to the magnitude of regional challenges.

### DRAFT PROPOSAL 4 – FOSTER REGIONAL COLLABORATION

To encourage cooperation among local governments to efficiently and effectively meet regional challenges that cross city and county lines, the state constitution should be amended to allow cities, counties, schools, community colleges, and special districts in a region to create regional convening and coordinating bodies devoted to improving workforce development. These entities should be designed locally under a uniform statewide set of statutory authorities that would give them the power to provide regulatory, fiscal, and other incentives to encourage cooperation among local governments to meet regional needs. This should include a particular focus on developing a robust pipeline between the educational system and the workforce needs of the regional economy.

Each region should choose for itself whether to grant this new regional authority to an existing regional entity like a Council of Government, an existing convening body like a state university, or, where appropriate, another grassroots regional collaborative entity.

No matter where this authority is vested, in order to promote progress towards the Big Five Outcomes, these regional bodies should include members from all of the governmental entities in a region. This includes cities, counties, schools, community colleges, and special districts.

A few examples of how different regions might use this new authority:

- **COGs:** The state's current regional system of voluntary Councils of Governments is institutionally inadequate to the task of fostering regional collaboration because COGs only include cities and counties and because most COGs are focused exclusively on regional transportation, housing, and environmental planning issues. Regions could choose to make a constitutional change to extend the Joint Powers Authority of their COG to make it more representative by including schools, community colleges, and special districts. This authority would also allow them to develop incentives to encourage development of a robust workforce pipeline.
- **State Universities:** Some regions could choose to invest this new authority in their local state university, instead of their COG, and use the university as a regional convener. A state university public policy institute, for example, could be responsible for bringing local governments and the private sector together on a regular basis to address regional issues.

- **Other Regional Entities:** Some regions could opt to build their regional education and workforce using existing collaborative entities. In the Central Valley, for example, this might include the California Partnership for the San Joaquin Valley, a public-private partnership established by Gov. Schwarzenegger in 2005 that includes the eight counties of the San Joaquin Valley. The Partnership continues today to bring together representatives from state agencies, each COG in the region, and members of the private sector to focus on improving the region's economic vitality and quality of life.

**POTENTIAL MODELS** (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- [Senate Bill 375 \(Chapter 728, Statutes of 2008\)](#): SB 375 directs the Air Resources Board to set regional targets for the reduction of greenhouse gas emissions. Aligning these regional plans is intended to help California achieve GHG reduction goals for cars and light trucks under AB 32, the state's landmark climate change legislation.
- [Strategic Growth Council grants](#): The Strategic Growth Council manages and awards grants and loans to support the planning and development of sustainable communities. These grants aim to coordinate the activities of state agencies to improve air and water quality, protect natural resources and agriculture lands, increase the availability of affordable housing, improve infrastructure systems, promote public health, and assist state and local entities in the planning of sustainable communities.
- [California Partnership for the San Joaquin Valley](#): The California Partnership for the San Joaquin Valley is an unprecedented public-private partnership sharply focused on improving the region's economic vitality and quality of life for the 3.9 million residents who call the San Joaquin Valley home. The Partnership is addressing the challenges of the region by implementing measurable actions on six major initiatives to help the San Joaquin Valley emerge as California's 21st Century Opportunity.
- [California Stewardship Network](#): The California Stewardship Network is composed of 11 diverse regions across California who came together to develop regional solutions to the state's most pressing economic, environmental, and community challenges.
- [California Regional Economies Project](#): Through a regional perspective, the California Regional Economies Project improves understanding of how the economy is changing, where changes are concentrated, and what catalysts and conditions are causing those changes. In addition, the project assesses how change in one region affects other regions and the state as a whole.
- Several outcomes-focused, reported metrics might be used regionally:
  - [California Regional Progress Report](#) (California Strategic Growth Council)
  - [Re-Imagining California, A Sustainable Future for the Golden State](#) (Women's Environmental Leadership League "WELL" Network)

## PRINCIPLE 5

Government should be organized in a way that most cost-effectively improves results. Local agencies need the incentives and the analysis to make organizational or functional consolidations to reduce costs and improve service.

### DRAFT PROPOSAL 5 – EVALUATE EFFICIENCY OF OPERATIONS

More authority should be given to Local Agency Formation Commissions (LAFCo), countywide groups that ensure the orderly formation of local government agencies in every California county. LAFCos should be authorized to expand their current practice of collecting information about how municipal services in each county are organized—and should begin to analyse how local governments are *performing*, as well.

In addition to their current work, this would require LAFCos to conduct analyses of every government agency in the county and region and present standardized data on their quantity, cost, and effectiveness. This should include public release of data and analysis, including cost and performance comparisons. It could also include fiscal incentives from the state, including one-time matches for documented cost savings.

- This LAFCo review process should take advantage of existing LAFCo municipal service reviews, comprehensive studies designed to better inform regional bodies, local agencies, and the community about the provision of municipal services. These reviews should also be extended to include Joint Powers Authorities, which are not currently reviewed by LAFCos or any other county body.
- LAFCo reviews should also include regional analyses identifying the number of jurisdictions in each region, their boundaries, the role of each agency in the jurisdiction, these agencies' goals and results, and any opportunities for consolidation or collaboration. This process should be coordinated with the newly-empowered regional workforce development entities discussed in Proposal 4.
- Because LAFCo reviews do not currently include schools, County Offices of Education, working in collaboration with LAFCos as needed, should be authorized to conduct their own “service review” studies of county school district boundaries and size.

### POTENTIAL MODELS (see these and more online at [CAFWD.org/bestpractices](http://CAFWD.org/bestpractices))

- [Orange County LAFCo Shared Services Program](#): With local governments in Orange County struggling to balance rising costs and reduced revenues, the Orange County LAFCo developed a program in 2011 to help agencies share services. The Shared Services Working Group identified a wide array of potential opportunities, including: fleet maintenance, human resources, water quality monitoring, IT support, landscape maintenance, construction administration, meter reading, rodent control, and tree trimming, among others. Based on direction from the LAFCo and workgroup, LAFCo staff developed a web-based tool that matches agencies seeking services with agencies

offering services—an “eHarmony,” of sorts, for municipal service agencies. The end result is a no-cost, user-friendly resource for local agencies in Orange County interested in sharing services to be matched with agencies that have excess capacity.

- [A New NY: A Blueprint to Reform Government](#): In 2008, The New N.Y. Government Reorganization and Citizen Empowerment Act was enacted into law to reduce New York's 10,521 overlapping governments. In his 2011 State of the State speech, Gov. Andrew Cuomo proposed a set of grants at up to \$100,000 each for local communities to conduct dissolution and consolidation studies.
- [San Mateo Regional Fire Services](#): This memo estimates that the cost of fire protection in San Mateo County could be reduced by nearly \$17 million if five cities and the county jointly contracted with a single entity rather than using five separate fire departments.
- [Sacramento City-County Functional Consolidation](#): A 2010 report identified annual savings upward of \$5 million if the City of Sacramento leveraged functional consolidation opportunities with the County of Sacramento. The following savings would be achieved if the city and county consolidated: emergency dispatch communication (\$2.2 million); major crimes investigation (\$750,000); police property and evidence management (\$290,000); police special teams units (\$840,000); police air support (\$200,000-\$500,000); and, animal care services (\$308,000).
- [California School District Unification](#): In 1964, to encourage voters to form unified school districts, AB 145 (Unruh) stipulated that the funding level for qualified unified school districts be increased by \$15 per ADA. In addition to increasing support for unified school districts, for each elementary school district that voted in favor of unification, even if the whole proposition failed, the funding level of that district would be increased by \$15 per ADA.