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Thoughts on Implementing Proposition 10

The California Children and Families First Act

By David C. Illig, Ph.D.

*Prepared at the Request of
Grantland Johnson, Secretary
California Health & Human Services Agency*

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Introduction

On November 3, 1998, voters approved Proposition 10 – the California Children and Families First Act. The Act increases tobacco excise taxes to provide funds for early childhood development¹ and smoking prevention and cessation programs. Table 1 outlines the major features of the Act. Appendix A contains excerpts from the Act referenced in this paper.

Several features of the Act are important for this discussion. The Act establishes a shared state and local responsibility for implementation and operation of the Act. Mandated interaction between the state and local commissions should ensure both that local commissions have common goals and that the state commission and the legislature provide effective oversight of local projects. In addition, the Act calls for collaboration and cooperation with other state and local programs such as local education agencies, state and local health and social service agencies, and private service providers. Finally, the Act makes clear the desire to make local projects accountable for results. Focusing on results as the primary criterion for continued funding of local projects, potentially offers an opportunity to reshape oversight for all health, human service, and education programs.

While the Act provides guidance for the structure and responsibilities of the state and local commissions, many issues that could affect successful implementation and operation remain to be resolved. This paper identifies policy issues both the legislature, and the state and local commissions may wish to consider.

What Issues Does This Paper Address?

Successful implementation of the California Children and Families First Act (the Act) requires that both the state and local commissions, and the Governor and the legislature work together to ensure a common understanding of the Act. These bodies must resolve the following implementation and oversight issues:

- The linkages between state and local commission planning efforts and their role in the implementation and the oversight of the Act.
- The definition and role of outcome-based accountability for determining the success of and additional expenditures for local projects.
- The role of the research and development account in ensuring the long-range success of the Act.

The next four sections discuss these issues in more depth.

Table 1. Main Features of the Children and Families First Act.

Revenues.

Beginning January 1, 1999, the Act imposes an excise tax of \$0.50 on each pack of cigarettes purchased in California (an equivalent amount is assessed on other tobacco products).

- Establishes a new, continuously appropriated fund – called the Children and Families First Trust Fund – to receive these excise tax revenues.
- Places tax revenues not reserved for expenditure by the state commission into county trust funds based on the number of births recorded in each county.
- Earmarks some excise tax revenues to offset losses to Proposition 99 tobacco tax programs due to reduced sale of tobacco products.
- Requires that excise tax revenues be used to supplement current services or provide new services, and that they not supplant state or local General Fund money for any purpose.

Expenditures.

Establishes the Children and Families First Program to fund local early child development programs and research; parent education and child development worker training; and mass media campaigns on the health effects of smoking. The proposition establishes state and local commissions to carry out these programs.

- a) **State Commission.** The Act establishes a seven-member commission (with two additional nonvoting members). Commission functions include:
 - a) Developing program guidelines, reviewing county plans, and conducting annual program review and evaluation.
 - b) Overseeing expenditure of 20 percent of excise tax revenues allocated as follows:
 - Mass media communications (6 percent);
 - Education and training programs (5 percent);
 - Research and evaluation (3 percent);
 - Child Development programs (3 percent);
 - Unallocated funds (2 percent); and
 - Administration of the Act (1 percent).
- b) **County Commissions.** Counties choosing to receive funds from the Act are subject to specific provisions, including:
 - a) County supervisors must enact an ordinance establishing a five to nine member local commission,
 - b) County ordinances must specify manner of appointment, selection, and removal of commissioners; terms of office; and other matters affecting operation of the county commissions deemed necessary by the board of supervisors,
 - c) Local commissions must develop a strategic planning process with specified components that is comprehensive and consistent with statewide guidelines to direct their early childhood programs,
 - d) Local commissions must hold public hearings on county plan; submit county plans, revisions, and audits to the state commission for review; and must review the state commission's annual analysis of county plans, and
 - e) County supervisors must establish a Children and Families First Trust Fund to receive and to make disbursements from the county share of excise tax revenues.

Source: California Voter Information Guide, California Secretary of State (November 3, 1998)

What is the Purpose of Proposition 10?

The purpose of the California Children and Families First Act is to:

- Promote, support and improve the early development of children,
- Establish, institute, and coordinate appropriate standards, resources, and integrated and comprehensive programs emphasizing community awareness, education, nurturing, child care, social services, health care, and research, and
- Emphasize local decision making, to provide for greater local flexibility in designing delivery systems, and to eliminate duplicate administrative systems.²

The Act is motivated by three major trends in recent research and program design. The first set of findings is that children living in risky environments³ are more likely to experience poor life outcomes.⁴ Second is that brain development continues following birth and is especially vigorous in the first three years of life.⁵ Third is that directing programs and services to young children (prenatal to age five) and their families, and improving collaboration among service providers, improves both the responsiveness and effectiveness of services that support child development.⁶ Many researchers view these ideas as the basic structure for improved child and family life outcomes.⁷

How are the State and Local Children and Families First Commissions Linked?

Implementation of the Act requires that the state and local commissions work together both in the planning process and in their oversight roles. Oversight – or governance – is the primary issue that is receiving the most discussion by individuals, organizations, and counties that are attempting to implement the Act.

Role of the State Commission. Under the Act, the state commission has several oversight responsibilities, including:

- Adoption of guidelines for an integrated and comprehensive statewide program of promoting, supporting, and improving early childhood development,
- Address issues including, but not limited to provision of parental education and support, high-quality child care and development programs, and child health services,
- Defining the results to be achieved by the adopted guidelines and collecting and analyzing data to measure results,
- Providing technical assistance to county commissions,
- Reviewing and reporting on annual county audit reports, and
- Making recommendations to the legislature and the Governor.⁸

Perhaps the least clear part of this language is the role of the state commission in developing and promulgating “guidelines” and the role of guidelines in oversight of the Act. One way to view the term guideline is as a series of general principles and procedures that identify and discuss the state commission’s view of the purposes and

preferred implementation of the Act. Such guidelines could include statements about best practices for strategic planning that counties could use as they develop expertise in planning and assessment. Guidelines also could identify best practices for promising early childhood programs or integrated service delivery models. Guidelines of this kind are useful; however, they are limited in scope.

Another, perhaps more appropriate way to view the guidelines requirement, is to think of them as part of an effort to create state level goals and objectives for children and families. Such goals and objectives would provide county commissions with information about the state's direction and its priorities for children and families. In this sense, creating guidelines would be similar to state level strategic planning processes currently underway in a number of other states such as in Oregon (the Oregon Benchmarks process), in Texas (Texas Tomorrow), and in Minnesota (the Minnesota Milestones process).⁹ These states use strategic planning processes to identify long-range goals and short range objectives across a broad array of state government responsibilities. Minnesota and Oregon also have used their planning processes to develop goals and objectives for children and families. An essential purpose of these strategic planning processes is to provide a way for state and local programs to focus on consistent long-range goals and priorities when making funding and program development decisions.¹⁰

Support for the notion that the Act contemplates a state level strategic planning process is found in the statute's language that calls for a "...statewide program..." Further, the Act requires definition of the "...results to be achieved by the adopted guidelines..." and "...collecting and analyzing of data to measure progress toward attaining such results...." This language is somewhat confusing because the term "result" is used as an alternative way of referring to goals and objectives. The term "result" also is used to refer to outcomes, which – as defined below – refer to the extent to which a goal is achieved.¹¹ Hence, in the context of the cited language, result likely refers to a goal or objective.

Role of the Local Commissions. Counties must meet several conditions before they can use their share of funds from the Act. County boards of supervisors must adopt an ordinance and establish a trust fund. Section 130140 enumerates the elements of the county ordinances, including the roles and responsibilities of the county boards of supervisors and the local commissions they appoint. The portions of those ordinances relevant to this discussion focus on the need for a strategic planning process and outcomes-based accountability. Outcomes-based accountability is discussed in the next section. The county strategic planning process requires:

- The plan must be consistent with and further the Act and any guidelines promulgated by the state commission,
- The plan must include goals and objectives to be attained; a description of the programs, services, and projects proposed; and a description of how outcomes will be measured,
- A description of how programs, services and projects will be integrated into a consumer-oriented and easily accessible system, and
- A periodic review of the plan and revisions when necessary.

Clearly, the Act places considerable weight on the need for a planning process to guide expenditures from the county trust funds. Perhaps the most important feature of the local planning effort is the requirement that those plans focus on goals and objectives that incorporate measurable outcomes (The relationship between goals and outcomes is discussed later). The requirement that local commissions review and revise their plans “...on at least an annual basis...” forces the planning process to reflect periodically on both changes in local priorities and changes in knowledge about the effectiveness of programs, services, and projects. Consequently, the planning process is less likely to become a static, unchanging document that quickly becomes obsolete.

While the state commission has no authority to approve or demand changes to county commission plans, the state commission can guide local planning through the development of guidelines – which the county commissions must include in their individual planning efforts. In addition, the state commission must review, analyze, and comment on local plans and audits annually. This process allows the state commission to raise issues with county plans, which could influence future revisions.

Annual Audit Review and Appropriation Process. The Act ensures ongoing review of both state and county commission plans by requiring state and county commissions to review the other’s efforts. Specifically, the commissions must engage in the following annual process:

- County commissions must submit their plans and revisions to the state commission¹²,
- County commissions must produce, adopt and submit to the state commission an annual performance audit report by October 15 of each year¹³,
- State commission must produce a report by January 31 of each year that consolidates, summarizes, analyzes, and comments on each county report; and distribute that report to the Governor, the legislature, and each county commission¹⁴, and
- County commissions must schedule at least one public hearing to review the state commission’s review of the county plans and audit reports.¹⁵

The content of the annual performance audit reports is crucial. The Act specifies that the reports include a discussion of: “...the manner in which funds were expended, the progress toward and the achievement of program goals and objectives, and the measurement of specific outcomes through appropriate reliable indicators.”¹⁶ The focus on both goals and objectives, and outcomes, is important and becomes clear when examining language at the beginning of the Act describing administration of the Act. Specifically,

130100 (b) The programs authorized by this Act shall be administered by the California Children and Families First Commission and by county commissions. In administering this Act, the state and county *commissions shall use outcomes-based accountability to determine future expenditures* [emphasis added].

In plain language, the Act contemplates that programs receiving funds must show results (outcomes) in order to receive funding in future budget periods. The focus on outcomes

– results – also extends to the overall county plan because the annual performance audit must review the overall achievement of goals and objectives established by each county commission. Further, county commissions must consider reducing or eliminating funding to programs that fail to show results.

How does Outcomes-Based Accountability Work?

After governance, the next most important issue discussed during early implementation has been the issue of “outcomes-based accountability.” These discussions become particularly intense when the focus is on county assessment of individual service providers. The Act, however, focuses on results as the basis for accountability. The meaning of outcomes, the link between outcomes and strategic planning, and the use of outcomes to improve accountability and budgeting is discussed below.

What are Outcomes? In private business, the basic measure of success or failure – the result – is the existence or absence of profits. While measuring profits can be challenging, most business activities can be “reduced” to a common metric (dollars), which makes measuring profits fairly straightforward. Establishing a similar “bottom line” measure of results for government-provided services and achievement of public policy goals is not so simple. Nevertheless, a focus on results (outcomes) grew out of efforts by public sector managers to identify better methods for assessing program performance, tying program activity to program goals, and setting funding priorities.¹⁷

Table 2 summarizes the four basic kinds of measures used to assess program performance. Before examining outcomes it is useful to understand how program performance traditionally is assessed. The traditional approaches to program accountability focus on program inputs (such as number of social workers hired), program outputs (such as the number of clients served), and efficiency measures (such as the units of service provided per dollar of expenditure). Each of these performance measures provides useful information about program implementation and operation; however, in general, such measures have limited value when attempting to determine whether a program is helping achieve some larger public policy goal(s).

Some exceptions to this general statement exist. Such exceptions occur when research has established a direct link between specific program parameters and a public policy goal. For example, one might look at an immunization program where one might measure the number of inoculations given, the cost per inoculation, and the effect of adding nurses to increase inoculations. These performance measures, which are not outcomes, can be linked to a lower incidence of disease and the goal of improved child health. In general, however, it is not so easy to identify such close relationships between traditional performance measures (inputs, process, and output measures) and the achievement of goals.

Table 2: Types of Performance Measures.		
Type of Measure	Description	Examples
Input	Resources used to carry out a program over a given period	Number of full-time employees, amount of equipment or materials used, dollars spent
Output	Amount of work accomplished or services provided over a given period	Number of welfare applicants processed, number of workers' compensation claims paid
Efficiency	Cost of labor or materials per unit of output or service	Cost per client served, equipment costs per square mile of brush cleared
Outcome	Extent to which program goals have been achieved or customer requirements have been satisfied	Percent reduction in teen pregnancy rate, customer satisfaction with taxpayer services
Source: GAO, "Managing for Results: State Experiences Provide Insights for Federal Management Reforms," U.S. Government Printing Office, Washington D.C. (December 1994)		

Examining Table 2, we see that outcome measures represent more than just the resources consumed by a program (inputs) or the work done by a program (outputs). Outcome measures provide information about progress toward the achievement of goals and objectives. As we discuss in the next section, goals and objectives are the result of a planning process. Viewed in this way, it is clear that outcomes (results) also must be examined in the context of a planning process. This relationship between planning and outcomes reinforces the Act's interest in strategic planning.

How are Outcomes and Strategic Planning Related? Recognizing that outcomes measure whether a program is successful in achieving its goals, it is natural to inquire about the existence of a process for goal setting. Strategic planning is a systematic series of steps designed to identify problems, to identify goals (expressing the amount of improvement desired), and to identify strategies for problem solving. Setting goals in this way allows both program operators and state and county commissions to look at a project's outcomes (after-the-fact measures of goal achievement) and determine whether the project or county plan is achieving its agreed upon goals and objectives (before-the-fact statements of desired results). Such planning is not just about program management or efficiency, it must include consideration of the clients served by the programs and services. In the case of the California Children and Families First Act, those goals and objectives represent a roadmap for improvements in the condition of children and families.

Table 3 outlines an approach to planning that could serve as a template for planning at all levels of government.¹⁸ This model is linear and begins with a discussion of the problem and moves to identification of goals and objectives for relieving the problem. Since it is an on-going process, it repeats at regular intervals. Along the way, an iterative process occurs to obtain consistency between strategies, resources and identified goals and objectives. The second column in Table 3 identifies the basic questions that should be addressed by a planning process and can be viewed as less threatening.¹⁹ The process of planning, data collection and discussion improves the ability to plan. The ability to plan is critically important, not the plan, itself. Agreeing on goals, collecting data, reviewing progress, and revising strategies builds trust and results in better outcomes.²⁰

Table 3: Ways to Think About the Strategic Planning Process	
Elements of a typical strategic planning process include:	Questions the strategic planning process seeks to answer include:
<ul style="list-style-type: none"> • Clear, concise <i>problem statement</i> based on a data rich <i>needs assessment</i>, 	<ul style="list-style-type: none"> • Where are we?
<ul style="list-style-type: none"> • Simple <i>mission statement</i> and concise operating principles derived from the problem statement, 	<ul style="list-style-type: none"> • Where do we want to go?
<ul style="list-style-type: none"> • Measurable <i>goals and objectives</i> that are closely related to the problem and mission statements, 	
<ul style="list-style-type: none"> • Clear concise description of the <i>strategies</i> – elements of the intervention and description of how it will solve the problem (or, at least reduce the magnitude of the problem), 	<ul style="list-style-type: none"> • How do we get there?
<ul style="list-style-type: none"> • Clear <i>investment plan</i> reflecting resources sufficient to accomplish the stated goals and objectives and unambiguous <i>buy-in</i> by <i>stakeholders</i>, 	
<ul style="list-style-type: none"> • <i>Periodic Review with honest discussion</i> of what went well and what went wrong during implementation, or since the last review, and 	<ul style="list-style-type: none"> • Have we made any progress?
<ul style="list-style-type: none"> • Clear, evidence of an <i>internal quality improvement process</i>. 	<ul style="list-style-type: none"> • What do we need to change to make programs more effective?

The main feature of the planning process is developing an understanding of the meaning of goals and objectives. Specifically, goals state both when and by how much problems identified during the planning process will be improved by the strategies (projects and

programs – in effect the interventions) chosen. For example, a program designed to reduce child maltreatment (abuse or neglect) might set a long-range goal to reduce child maltreatment by 75 percent from its current level in ten years. A planning process setting such long-range goals typically also identifies objectives (equivalent to milestones along the road to achievement of long-range goals) so oversight agencies can assess, at regular intervals (such as annually), whether the chosen strategies realistically can meet the long-range goals. Continuing with the child maltreatment example, one can set an annual objective to reduce child maltreatment by 7.5 percent each year.²¹

Thus, the link between outcomes and strategic planning is through goals and objectives. Meaningful strategic planning at any level (from local community projects to statewide goals) requires that goals and objectives flow from and are consistent with needs identified in the problem statement. Meaningful strategic planning also requires that the resources necessary to support the investments needed to achieve the identified goals are available.²²

What is Outcomes-Based Accountability and Can Such Accountability Be Used to Allocate Resources? The relationship between goals and objectives, and outcomes sets the stage for an effective outcomes-based accountability system. Conceptually, such a system involves a periodic comparison of actual program accomplishments (after-the-fact outcome measurement) to goals and objectives (established during the initial planning) to make a determination of program success or failure. This process is useful for county commissions both when determining whether to modify their strategic plans and when determining whether to continue funding for specific programs or providers. In summary, identifying goals and objectives, measuring outcomes periodically, comparing outcomes to goals and objectives, and reviewing and adjusting plans form the essence of a results-based accountability system.

The use of outcome measures as part of the annual budgeting process also follows directly from a strategic planning framework. Specifically, state and county governments have limited resources with which to fund children and family programs. Consequently, the Act contemplates that commissions will put scarce resources into the programs that are performing well and are most likely to contribute to the achievement of the commission's goals and objectives.²³ Hence, outcomes-based accountability provides direct information about whether programs have met their objectives each year (and, by inference, are moving toward previously established goals), and whether funding should be continued or directed elsewhere.

In practice, there are several ways in which this process can become complex. First, moving from traditional approaches to accountability (relying on inputs, efficiency and output measures) to outcomes-based accountability will be one of the most difficult transitions facing local commissions and service providers. Measuring and basing judgements on measures of resource use or production is easily understood and familiar. Moving from the familiarity of such measures to the newness of defining measurable goals and measuring outcomes can be challenging. Second, getting county commissions to engage in the planning process rather than relying on outside contractors to develop plans may be difficult. Planning requires effort and time – though it doesn't need to be

onerous. Thus, many small organizations tend to shy away from the seeming drudgery associated with developing and analyzing data and setting goals and priorities. Third, linking the work product of individual programs and service providers so as to attribute their contribution to the achievement of county- and state-level goals and objectives can be very difficult. The next section discusses this issue in greater depth.

Can the Goals and Objectives for Individual Programs and Projects Be Tied to County and State Goals? The Act calls for annual outcomes-based accountability for all funds expended at the state and county levels. Further, the Act calls for annual reviews of county-level strategic planning. These requirements, however, present major challenges. First, planners must deal with a *time* issue – tying long-term goals at the state level to short-term goals and objectives facing local service providers. Second, planners must deal with a *composition/attribution* issue – tying the contribution of many narrowly defined services to the achievement of broad county and state goals. Linking the various planning efforts simultaneously occurring at all levels from individual service providers through county commissions to the state commission quickly becomes complex. Thus, the challenge is to develop credible ways to link the short-term goals to the long-term goals and to link narrow program goals to broad state goals.

The goals and objectives developed by state-level planning processes in other states typically emphasize long-range life outcomes for children and families. For example, a state might want to reduce child poverty, high school dropout rates, juvenile crime, teen pregnancy, or child maltreatment. County planning processes – which, while linked to statewide goals – will identify similar goals; but, also, are more likely to focus on programs, services, and issues that more directly address the immediate needs of children under the age of five and their families. Examples of such goals might include ensuring that children are ready for kindergarten, ensuring that children’s home and neighborhood environments enrich early behavior and cognitive development, or ensuring that children have access to health, developmental, and other screening necessary to determine service needs. Finally, because individual service providers or programs typically provide a narrow range of services, it is unrealistic to expect individual providers or programs to meet county or state-level goals. Consequently, county commissions must decide how to account for the contribution of each provider and program to the achievement of county goals.

The Act is largely silent about how to accomplish annual outcomes-based accountability reviews of individual community-based services in a way that provides continuity between the goals and objectives of individual service providers, county commissions, and the state commission. Nevertheless, several features of the Act could be exploited to provide technical assistance and support, data collection, and research into methods for such analyses.

First, the annual reporting, analysis, and review processes that the Act requires of the county commissions and the state commission could reveal and disseminate information about where problems exist and where support and technical assistance is needed. Second, the state commission could use funds from the Research and Development account to collect data, to fund research into methods by which to tie individual service

provider performance indicators²⁴ to county and state goals, and to review and refine the strategies²⁵ used by service providers.

Third, some funds in other accounts controlled by the state commission could be used for certain technical assistance and support activities. Such technical assistance could include training in self-evaluation for local service providers. The state and county commissions also could work with foundations, universities, and others to develop funding and to support research and development of additional techniques for linking the three levels of planning contemplated by the Act. Two organizations – the Foundation Consortium and the Healthy Start Field Office at UC Davis – already provide similar services to other state and local collaborative efforts. Those organizations have developed processes and techniques to address many of the issues identified above. They work closely with state and local support networks, and they have considerable experience with such issues.

What is the Role of the Research and Development Component?

A third major implementation issue concerns how to use the Research and Development account. The Act earmarks three percent of the tobacco tax revenues for a “research and development” program directed by the state commission. The Act identifies two specific uses for these funds:

- Research and development of best practices and standards for all programs and services relating to early childhood development, and
- Assessment and quality evaluation of such programs and services.²⁶

It is clear that the authors of the Act recognize that large-scale implementation of early childhood programs requires additional study. Recent reports by the California Research Bureau and RAND²⁷ indicate that it is possible to operate small pilot projects that produce outcomes similar to the goals expressed in the Act. There remains, however, little information about how to replicate, or scale up, such programs for countywide or statewide operation in uncontrolled environments. Additionally, little is known about how to combine programs in community environments in ways that make programs more effective. There is much that remains to be learned about how to attain high quality across local program implementations and how to foster a culture that encourages high quality and on-going quality improvement.

The research and development program also includes a program evaluation effort. Consequently, it is important that the state commission adopt procedures to determine baseline data needs, and to develop guidelines for the local collection of such data. It will take many years and sustained data collection to determine whether county programs have attained long-range goals. Thus, an important part of the state’s evaluation program would be to fund longitudinal data collection for population-based samples. Such a program could work in conjunction with data collection and analysis efforts by foundations and by other federal, state or local agencies that fund programs or collect data on children and families.

What Issues Face state and Local Commissions Implementing Proposition 10?

Implementing Proposition 10 will be challenging and will take time. While Proposition 10 sets out fairly explicit requirements for developing coordinated and integrated local children and family programs, and establishes state and local structures to oversee expenditures from the 59 trust funds, many issues remain unresolved.

One priority is for all stakeholders to understand how the local and state commissions work. Another priority is to map existing programs and understand how existing programs can work better together. A third priority is to develop an understanding of how the state and local commissions can work strategically to achieve better outcomes for California's children. Federal, state and local governments have funded numerous demonstration projects with a view toward determining how to effect the system change contemplated by the Act.

Legislative Policy Issues

- **Clarify for Boards of Supervisors that Existing Local Planning and Collaborative Bodies May Support Requirements in the Act.** Much discussion during the campaign centered on concerns that the Act may require the creation of county commissions that parallel or duplicate existing structures. This view comes from the Act, which requires that boards of supervisors pass an ordinance establishing local Children and Families First Commissions containing certain local officials. This process could result in duplicated or overlapping planning efforts in counties that already have established planning councils such as those that were established pursuant to SB 997.²⁸ Another example is county child care and development planning councils that identify local child care priorities and policies.²⁹ Some county boards of supervisors recognize the need to include such planning bodies. For example, San Francisco city and county requires its county commission to consider explicitly other planning efforts and Los Angeles established an *ex officio* commissioner to represent specified local planning bodies. The authors of Proposition 10 also have indicated that such duplication was not their intent and have encouraged boards of supervisors to consider already existing commissions or other collaborative groups when establishing their local Children and Families First Commissions.

Nevertheless, to the extent this remains an issue, the legislature may wish to clarify that boards of supervisors can use already existing groups or planning efforts when this is practical and advances the purpose of the Act. Alternatively, the legislature may wish to modify requirements in other statutes so that other commissions working with similar mandates can more easily combine or coordinate with the local commissions required by the Act.

- **Establish a Statewide Strategic Planning Process to Set Goals and Objectives for Child and Family Programs.** The Act contemplates statewide improvements in child functioning. Further, many federal and state programs are statewide in scope but may not have consistent goals and objectives. Achieving

the goals enunciated in the Act and making programs work together more effectively requires that county commissions and state and federal program operators have common goals. The state Child and Family First Commission may wish to develop a state level strategic planning process to set long-range goals and objectives so all parties have common goals. Such goals and objectives would provide a focus for overall program design and assessment, but would not substitute state program choice or need for county program choice or priorities.

A few other states including Oregon and Minnesota have undertaken such processes to guide state and local program planning. On several occasions the California Legislature has considered proposals to establish bodies to develop such benchmarking processes.³⁰ The legislature may wish to empower the State Child and Family First Commission to engage in a state level strategic planning process as part of its ongoing guideline development process. Should the commission resist this activity or determine that such a process exceeds its mandate, the legislature may wish to consider enacting legislation to establish a separate planning process.³¹

- **Improve Coordination Between the Child and Family First Commissions and Existing State and Local Programs.** Federal, state, and local agencies, and charities and foundations already provide a variety of programs that, in many cases, provide services to groups targeted by Proposition 10.³² Most of these programs are either small demonstration programs serving relatively few clients; large, multi-site programs that do not have funding to provide services to all eligible clients; or statewide, categorical³³ programs serving large and, often, overlapping populations.

These programs typically use restrictive funding sources. There is increasing pressure, however, to improve the ability of program operators and service providers to coordinate with other programs or service providers in their communities to better serve clients. Federal and state legislative mandates to collaborate also are becoming common. Notwithstanding these efforts, the legislature may wish to consider hearings to clarify where additional flexibility is needed, along with the state's intent to encourage collaboration across all children and family programs regardless of funding source. Such hearings could lead to legislation establishing more flexibility for programs seeking waivers or other changes necessary to facilitate collaboration.

- **Use Research to Inform Current State and Federal Programs and Local Planning Processes.** The Act identifies research summaries that support both a greater emphasis on prevention and early intervention and on programs specifically for families with children under the age of five.³⁴ The studies summarized in those reports are impressive and support the notion that such interventions are possible and can produce both short- and long-run improvements in life outcomes for the children and families receiving those services. Yet, caution is warranted because there is much that remains uncertain about how best to "scale-up" the small pilot projects.³⁵

Commissions developing strategic plans for their communities must recognize that making the leap from clinical trials to large-scale implementation frequently is difficult. Adding to the complexity is the large number of already existing programs and services in those communities with whom commission-funded activities must collaborate. Consequently, the legislature may wish to require (where possible) that programs using federal and state funds use a portion of their funding for assessments designed to identify problems and test solutions. Such assessment components are important so problems can be identified and corrections can be made before poorly implemented programs become institutionalized.

- **Create Reasonable Oversight for Expenditures of Funds in Local Trust Accounts.** Under Proposition 10, state and local commissions have the authority to authorize appropriations from their trust accounts without legislative approval.³⁶ Such independent control over public revenues is unusual. The legislature may wish to hold hearings to determine whether such independence is warranted. Notwithstanding such an inquiry, the legislature may wish to establish the precedent of holding oversight hearings annually to review the state commission's annual report. The Legislative Analyst's Office has recommended that the legislature may wish to review the extent to which local commissions are using their funds in ways consistent with their plans, and that maximize the federal match.³⁷

State and Local Commission Issues

- **Establish Guidelines for Local Planning Efforts.** Effective planning requires a sound understanding of problems, resources, and opportunities facing communities seeking to develop Proposition 10 programs. In addition, if local projects are expected to support statewide goals and objectives it is critical that local commissions have clear goals with which to direct their planning efforts. Among the guidelines the state commission may wish to develop are the criteria for a high-quality "needs" assessment. Focusing on a high-quality "needs" assessment is important because it is the mechanism whereby planning groups identify problems and map out resources and opportunities that serve as the basis for development of goals, objectives, and strategies. Further, the needs assessment is a process by which local commissions can develop the baseline data needed to drive specific program decisions and to measure progress toward achievement of goals.

Beyond the issue of developing guidelines that support local planning efforts, the state commission should address early on the issue of whether a state level strategic planning process is feasible. Such state level planning would give direction to counties. Such planning also could provide direction to a variety of federal, state and local programs and services serving children and their families.³⁸ If the commission determines that such a process is beyond the scope of the Act, it should consider requesting that the legislature enact legislation to create such a process.

- **Establish Appropriate Review of Local Plans.** Authorization to expend local trust fund revenues on programs qualifying under the provisions of Proposition 10 requires that the local commission submit a plan to the state commission. Many local commissions are unlikely to have any significant experience developing plans of the kind envisioned by Proposition 10.³⁹ Consequently, the state commission may wish to develop planning guidelines and establish a priority for technical support that would help local commissions develop the kind of collaborative, outcome-based plans required by the initiative. In addition, such assistance and support likely is necessary to ensure that local programs achieve local and statewide goals and objectives.
- **Establish a Research and Evaluation Program Designed to Identify What Works.** Proposition 10 reserves three percent of total tobacco tax revenues for a Research and Demonstration program.⁴⁰ In the first full year of operation up to \$20 million would be available for this purpose. Pressure to implement local programs ensures that early projects will be in place before a significant state research program is in place. Nevertheless, critical research needs should be addressed early. One priority is the need to identify essential data and to establish baseline data collection efforts. Another priority is the need to identify best practices and effective programs for further review.⁴¹ In addition, the commission should consider forming a research advisory group⁴² to help set priorities for identifying critical demonstration projects and longer-term research and evaluation efforts. This effort could include the development of a grant program to support such research. Early action would provide important support for an effective and efficient network of programs across the state.
- **Determine Appropriate Data Collection Needs to Support Performance Audits.** Because the state commission must assess the results of local plans and expenditures annually, the commission should ensure that counties collect baseline data. Such local data collection efforts would include consideration of other data collected by other federal, state, and local programs and other community-based efforts that may collaborate with Proposition 10 efforts. Further, the commission should establish common data standards for use by counties so program data can be matched for research and evaluation purposes. Finally, the state commission should encourage county commissions to develop a common set of outcome measures by which programs can be assessed and which can support on-going planning efforts at all levels.
- **Include Assessments of the Out-Year Implications of Current Funding Decisions in Annual Reports.** There are three reasons for assessing the out-year implications of current funding decisions. First, because formation of the state and local commissions and the production of strategic plans require time, tax revenues will build up in local trust funds. The build-up of funds likely will create great pressure from program providers for additional funding commitments. While such programs and services may be worthy of additional support, they may not fit into, or need additional funding in the context of a

carefully crafted strategic plan that includes a more comprehensive set of activities designed to improve child and family outcomes.

Second, the tobacco excise tax is a declining revenue source. Consideration of the implications of this decline in revenues in early spending decisions should encourage planners to develop more sustainable spending plans across time. Finally, it will take time to develop a more complete understanding of effective intervention strategies. Effective interventions are possible. Such programs, however, have only been demonstrated in small trials. Thus, methods for both scaling up and maintaining high-quality programs need development.

In order to develop comprehensive strategies to accomplish both state and county goals, county commissions should put some distance between themselves and immediate funding pressures. Accomplishing the Proposition's goals requires a careful analysis of local needs, an ability to collaborate, an ability to combine resources, and a research program that identifies both what works and best practices for such programs. It also requires time. Both the state and county commissions, therefore, should retain some flexibility to adjust their programs and plans, as new information becomes available. The state commission may wish to consider developing incentives so as to encourage county commissions to retain that flexibility.⁴³

APPENDIX A: Selected Excerpts from the Children and Families First Act.

Health and Safety Code Section 130100. There is hereby created a program in the state for *the purposes of promoting, supporting and improving the early development of children from the prenatal stage to five years of age*. These purposes shall be accomplished through the *establishment, institution, and coordination of appropriate standards, resources, and integrated and comprehensive programs* emphasizing community awareness, education, nurturing, child care, social services, health care, and research. [emphasis added]

- a) It is the intent of this Act to facilitate the creation and implementation of an integrated, comprehensive and collaborative system of information and services to enhance optimal childhood development. This system should function as a network that promotes the accessibility to all information and services from any entry point into the system. *It is the further intent of this Act to emphasize local decision making, to provide for greater local flexibility in designing delivery systems, and to eliminate duplicate administrative systems.* [emphasis added]

Health and Safety Code, Section 130125.

- (b) Adopting guidelines for an integrated and comprehensive *statewide* program of promoting, supporting, and improving early childhood development that enhances the intellectual, social, emotional, and physical development of children in California. [emphasis added]
 - (1) The state commission's guidelines shall, *at a minimum*, address the following matters: [emphasis added]
 - (A) Parental education and support services in all areas required for and relevant to informed and healthy parenting....
 - (B) The availability and provision of high-quality, accessible, and affordable child care, both in-home and at child care facilities, ...
 - (C) The provision of child health care services that emphasize prevention, diagnostic screenings, and treatment not covered by other programs; and the provision of prenatal and postnatal maternal care services ...
- (c) *Defining the results to be achieved by the adopted guidelines, and collecting and analyzing data to measure progress toward attaining such results.* [emphasis added]
- (f) Providing technical assistance to county commissions in adopting and implementing county strategic plans for early childhood development.
- (g) Reviewing and considering the annual audits and reports transmitted by the county commissions and, following a public hearing, adopting a written report that consolidates, analyzes, and comments on such annual audits and reports.

- (j) Making recommendations to the Governor and the Legislature for changes in state laws, regulations, and services necessary or appropriate to carry out an integrated and comprehensive program of early childhood development in an effective and cost-efficient manner.

Health and Safety Code Section 130140.

- (a) (1) (C) The requirement that the county commission adopt an adequate and complete county strategic plan for the support and improvement of early childhood development within the county.
 - (i) The county strategic plan shall be consistent with and in furtherance of the purposes of this Act *and* any guidelines adopted by the state commission pursuant to subdivision (b) of Section 130125 that are in effect at the time the plan is adopted [emphasis added].
 - (ii) The county strategic plan shall, at a minimum, include: a description of *the goals and objectives to be attained*; a description of the programs, services, and projects proposed to be provided, sponsored, or facilitated; and a description of how *measurable outcomes* of such programs, services, and projects will be determined by the county commission using appropriate reliable indicators. No county plan shall be deemed complete until and unless the plan describes how programs, services, and projects relating to early childhood development within the county will be integrated into a consumer-oriented and easily accessible system. [emphasis added]
 - (iii) The county commission shall, *on at least an annual basis*, be required to periodically review its county strategic plan and to revise the plan as may be necessary or appropriate. [emphasis added]

ENDNOTES

¹ Specifically, prenatal to age five, Health and Safety Code Section 130100.

² Health and Safety Code Section 130100 – 130100 (b).

³ Children in risky environments mean children who are exposed to risk factors such as dysfunctional homes, violent neighborhoods and homes, families living in poverty, parents with low educational attainment, single parent households, parents who abuse drugs or alcohol, and parents who suffer from mental disorders. Further, risk factors such as those identified are more likely to affect children – including very young children – when they occur in combination.

⁴ Life outcomes include a variety of short- and long term outcomes for children including school readiness and completion, employment, teen pregnancy and childbearing, substance abuse, and criminal behavior; and family outcomes such as child maltreatment, dependence on public assistance, and employment.

⁵ See discussions in Kotulak, Ronald, Inside the Brain: Revolutionary Discoveries of How the Mind Works, (Andrews McMeel Publishing, Kansas City) 1997, and Shore, Rima, “Rethinking the Brain: New Insights into Early Development,” Families and Work Institute, New York (1997).

⁶ See Illig, David “Integrating Services for Children,” California Elected Women’s Association for Education and Research, Sacramento, Calif. (March 1995).

⁷ Further discussions of these ideas can be found in Illig, David “Birth to Kindergarten: The Importance of the Early Years,” California Research Bureau, California State Library, Sacramento Calif. (February 1998); and Karoly, Lynn et al., Investing in our Children: What We Know and Don’t Know About the Costs and Benefits of Early Childhood Interventions, RAND (Santa Monica, Calif.) 1998.

⁸ Health and Safety Code Section 130125.

⁹ For a discussion of the Oregon and Minnesota processes, see GAO “Managing for Results: State Experiences Provide Insights for Federal Management Reforms,” United States General Accounting Office, (December 1994).

¹⁰ Such goals and objectives typically consider the child and family across its entire life course. The Act, however, focuses on children under the age of 5 and their families. While goals and objectives for such children and families would be embedded in the larger goal setting process, the state commission may feel that such a process is beyond the scope of its mandate. In the policy issues section we suggest establishing a parallel process that could include the state commission but would consider the entire life course.

¹¹ In this context, specifying a measurable goal or objective is an *ex anti* process while measuring an outcome is an *ex post* process.

¹² Health and Safety Code Section 130140 (a) (1) (F).

¹³ Health and Safety Code Section 130140 (a) (1) (G).

¹⁴ Health and Safety Code Section 130150 (b).

¹⁵ Health and Safety Code Section 130140 (a) (1) (H).

¹⁶ See Health and Safety Code Section 130150.

¹⁷ See, for example, Congressional Budget Office, “Using Performance Measures in the Federal Budget Process,” Congress of the United States, Washington D.C. (July 1993), Campbell, Michael D., “Outcome and Performance measurement Systems; An Overview,” Alliance for Redesigning Government, Washington D.C. (circa 1996), and Melkers, Julia, et al., “The State of the States: Performance-Based Budgeting Requirements in 47 out of 50,” *58 Public Administration Review* 66 (January/February 1998).

¹⁸ While the planning process outlined in the first column of Table 3 is characterized as typical, there are detractors. For example, some business strategic planners argue that such a process takes too much time and is too costly for the dynamic, rapidly changing world of business. For a discussion of this critique and for analysis of why such planning may work for public ventures where the environment likely is more stable see; Kissler, Gerald R., et al., “State Strategic Planning: Suggestions from the Oregon Experience,” *58 Public Administration Review* 353 (July/August 1998). Other critics argue that such planning, when imposed on small projects, is too sophisticated for typical program operators or requires more data than are easily available.

¹⁹ Other approaches to planning have cropped up in recent years. These models have evolved out of efforts to formalize planning for comprehensive community initiatives where complex outcomes that are difficult to measure are common. One model bypasses the “needs assessment” and jumps directly to goals (calling them outcomes). Following the identification of desired outcomes, the process moves backward to identify strategies and development of baseline data collection (sometimes called benchmarking or development of

a needs assessment). The model also uses different definitions for goals and outcomes than used in this paper. See Friedman, Mark "A Guide to Developing and Using Performance Measures in Results-Based Budgeting," The Finance Project, (May 1997) and Friedman, Mark, "A Strategy Map for Results-Based Budgeting," The Finance Project (September 1996). The other model, which actually is an approach to internal evaluation of comprehensive community initiatives, is called the "Theories of Change" model. This method begins with the identification of outcomes and works backward from outcomes to an in-depth analysis of the underlying theories of the intervention(s) being evaluated. What is less clear in this model is the method by which the outcomes themselves are chosen. See, Connell, James P. and Anne C. Kubisch, "Applying a Theories of Change Approach to the Evaluation of Comprehensive Community Initiatives: Progress, Prospects, and Problems," Draft, Roundtable on Comprehensive Communities Initiatives for Children and Families, Aspen Institute (December 1995), and Connell, James P. and Anne C. Kubisch, "Evaluating Complex Community Initiatives Using a 'Theories of Change' Approach," Mimeo (circa 1996). In some of this literature it seems that imbedded in the model is a version of the strategic planning process as outlined in Table 3. While this work is useful and helps make explicit the importance of focusing on results, it is not clear that it is superior to the approach taken in this paper.

²⁰ Private communication with Jacquelyn McCroskey, Professor of Social Work at USC who brought these thoughts to my attention and attributes some of them to former President Eisenhower.

²¹ If the program is new or needs expansion, one can specify performance measures more heavily weighted toward input and efficiency measures in the early time periods to study implementation. As the program matures, however, more weight must be placed on outcome measures.

²² See Stone, Nancy, Sid Gardner, and Soraya Coley, "Getting to Outcomes in Integrated Service Delivery Models," in Conference Reader, Outcomes and Policy for Children and Families, (University of Southern California, Los Angeles) November 1, 1993 for a discussion of the linkages between goals, needs, and resources using a similar strategic planning model.

²³ See Health and Safety Code Section 130100 (b).

²⁴ Performance indicators often are used when a direct measure of an outcome is infeasible. Since performance indicators are "proxy" measures of performance (typically some combination of input, efficiency, or output measures that are thought to be correlated with the desired, but unmeasurable outcome), they do not convey the same information as outcomes. Thus, general practice is to use several indicators to serve as *in lieu* measures of outcomes.

²⁵ Strategies identified by county commissions and service providers to achieve agreed upon goals can also be thought of as a theory of the intervention. In this context, research into whether such theories are valid could become an important part of the research and development function of the state commission.

²⁶ Health and Safety Code Section 130105 (d) (1) (D).

²⁷ See Illig (1998) and Karoly *et al.* (1998) *supra*.

²⁸ Chapter 1303, Statutes of 1989 (SB 997, Presley) authorized counties to establish interagency children's services coordinating councils to encourage collaboration and to better coordinate local children's services. Some of those councils have engaged in extensive planning, which covers the same ground, as the planning required under the Act.

²⁹ See Education Code Sections 8499 through 8499.7.

³⁰ Specifically, see AB 1336/1995 (Michael Sweeny) vetoed by the Governor and SB2155/1998 (Dede Alpert) for recent efforts to establish bodies that would have responsibility for setting long-range goals and objectives.

³¹ SB 347 (Alpert), introduced in the current session, is one such vehicle.

³² See for example, Illig, David, "Birth to Kindergarten; The Importance of the Early years," California Research Bureau (February 1998) for a discussion of the range of programs currently in place. The California Budget Project currently is mapping local services.

³³ Categorical programs typically provide services to narrowly targeted groups using carefully defined eligibility criteria.

³⁴ Carnegie Corporation, "Starting Points: Meeting the Needs of Our Youngest Children," New York (1994), and Education Commission of the States, "Bridging the Gap Between Neuroscience and Education," Denver (September 1996).

³⁵ See Illig (1998) and Karoly (1998) for discussions of the need for careful implementation and on-going evaluation of those programs as scale-up occurs.

³⁶ The state commission must develop bylaws to guide its actions and county commissions must operate pursuant to ordinances passed by boards of supervisors. State and local commissioners also are appointed by elected officials. Finally, state and local commissions are subject to review by the State Controller and the State Audit Bureau.

³⁷ Legislative Analyst's Office, "How Does It Work? Proposition 10: What Role Should the Legislature Play in its Implementation?" California State Legislature (January 13, 1999).

³⁸ In fact, because Oregon was able to institutionalize its Benchmarks process, the federal government provided extensive waivers (known as the Oregon Option) to the state, which allowed Oregon to integrate and modify programs to a greater extent than other states during this period.

³⁹ One commenter has expressed concerns that counties will hire consultants to prepare their plans rather than undergo the effort to develop plans "in house." This is a reasonable concern that the commission may wish to address.

⁴⁰ This three percent of total revenues is a portion of the state commission's 20 percent of total revenues. See Table 1 for a breakout of the state commission's share of revenues.

⁴¹ Recently, the Legislative Analyst's Office made a recommendation that the state commission periodically review and disseminate early childhood development research findings and comment on the degree to which local expenditure plans follow evidence in the research literature. See Legislative Analyst's Office (January 13, 1999).

⁴² Such an advisory group would include policy makers and program providers as well as academic researchers.

⁴³ The LAO (1999) recommends establishing a pool of funds that the state commission can use to match local programs that use best practice models. Other incentives such as supporting local commission efforts to obtain waivers of federal or state program requirements also may help nudge local programs in the direction of more desirable activities.