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Policy Responses to Three Linked Barriers to Community and Family Self-sufficiency

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This report assesses the possibilities of state legislation and other policy changes that would enhance families' efforts to achieve greater self-sufficiency and the efforts of public and community agencies to assist in that goal.

<u>The Challenges:</u>

1. Fragmented funding is a barrier to comprehensive community change efforts.
2. Fragmented funding also undermines efforts to improve family self-sufficiency, by making it difficult to access multiple income support programs and by penalizing families as they improve their income.
3. Closer links among family income support and community development programs could improve the chances for both community change strategies and family support strategies, but the two sets of programs are not coordinated across agencies responsible for them and are typically not linked in communities.

<u>An example of the problem</u>:
A community coalition seeks to address substance abuse issues in its neighborhood, while recognizing that these problems also affect families involved with child abuse and neglect, anti-crime efforts, and school safety issues. Funding is available from community substance abuse prevention, school-based substance abuse prevention, child welfare, child abuse prevention, law enforcement, violence prevention—and other sources. Each of these requires a separate application, reporting requirements, and evaluation. The burden is on the staff of the community coalition to seek out these funding sources and somehow link them together in a unified approach, rather than operating isolated programs that never connect and may compete for resources and attention.

<u>A second example:</u>
A single parent has successfully been served by a family resource center which has connected her with job training and child care programs. The parent is employed, but at wages that place her below the poverty level. She is aware from FRC staff that she is eligible for a number of income support programs such as the Earned Income Tax Credit, child support, and Medi-Cal, but she is not sure how to access these programs which are located in different places. FRC staff have given her phone numbers and addresses, but she has not yet connected with any of the potential support programs.

Moreover, when she does so she will find that there are significant financial disincentives built into some of these programs that affect her ability to work. She will lose some benefits as she improves her earning ability, since the programs do not coordinate their combined impact on the family or their different standards for eligibility with each other.

She, in effect, "falls off a cliff" as assistance is withdrawn because she is no longer eligible.

As the examples make clear, three separable but linked problems can be framed:

1. Community-building efforts to secure funding from multiple sources*: the program fragmentation effect*

2. Families' efforts to secure income support from multiple sources for which they are eligible: *the income support fragmentation effect*[2]

3. Families' efforts to cope with the disincentives that result from eligibility being lost as incomes and assets increase: *the "cliff effect"* which undermines asset-building and income-raising strategies for some families

How are these three problems connected? Eugene Bardach's seminal book on interagency collaboration, *Getting Agencies to Work Together*, (which was based on national models that included several in the Bay Area) powerfully shows the connection:

> …the strategy of serving families can be seen as a strategy for developing communities—which in turn can be seen as a way of strengthening supports for families. The community, viewed through this lens, is a refuge for emotional support…a communications channel for public health or social services outreach, and a source of prideful identification. But before families can be enriched by communities, the communities themselves need to be enriched. [68]

Stated simply, helping families works better when efforts are also under way to help the communities in which they live. Self-sufficiency is an appropriate goal for both families and communities. But disincentives such as those seen in the cliff effect undermine a move toward self-sufficiency. And fragmented sources of support for both community and family strengthening undermine efforts to help both. The Casey Foundation puts it this way: "*Children do well when their families do well, and families do better when they live in supportive neighborhoods."*[3]

What efforts are under way to deal with these problems?

<u>Linking community programs</u>

1. In the early 1990's, the California legislature passed a measure, AB1741, that provided streamlined assistance from state-funded programs to six counties. Known as the Youth Pilot Project, this effort led to a process among state agencies that achieved limited simplification, but at the county level enabled county agencies to experiment with fitting programs together at the local level. The program was renewed in 2004 (as AB2026) and remains in effect through 2009.

2. Federal waivers for a number of programs, most recently for child welfare funding from Title IV-E, enable funding to be used more flexibly under the broad authority of the child welfare agencies at the county level. Counties

have thus far not shown much enthusiasm for the IV-E waiver, since detailed monitoring and revenue-neutrality, i.e. no net new spending, are required.

Linking family support programs

3. Several agencies are using the Self-sufficiency Calculator to identify a wide array of income supports that a family may be eligible for. The California Economic Security Task Force is working primarily on policy-level initiatives that address the needs of working families.

4. The Asset Policy Initiative of California is a project of the Earned Assets Resource Network that addresses savings options for working poor families and policy in support of that goal.

5. The Annie E. Casey Foundation has worked with a number of other foundations to support a series of linked projects aimed at working families, including asset-building efforts, assessment tools for analysis of state policy toward working families, workforce initiatives, and "Centers for Working Families" that provide coordinated support to lower-income families; these are described at http://www.aecf.org/initiatives/fes/ .

6. Legislation has been introduced in California that would move toward a single or unified application procedure for low-income programs; the Alarcon-sponsored SB 1534 is the clearest example.[4]

7. In a parallel project, Judy Chynoweth is working for a set of foundations to assess the efforts of family support programs in California in using these tools to improve family income as a more central mission of family resource programs.

Efforts aimed at the cliff effect

8. The cliff effect is the hardest problem to solve with non-federal legislation or community-level efforts, since it is usually federal (but in some cases state) efforts that create the cliff effect (which is actually a phase-out rather than an abrupt end to benefits in some programs) that ends eligibility for support. A number of states have addressed these issues, which affect TANF, Medicaid, child care eligibility, and other federal and state programs.

9. In Oakland, the Family Independence Initiative has used a CalWORKs waiver from the California Department of Social Services (CDSS) for a three-year pilot program for families in Alameda County. With the waiver from CDSS, families on CalWORKs will have the chance to build assets to help them transition off welfare.

The Process of this Assessment

This review of policy has included four steps:

1. A review of the literature on blended funding and family income coordination efforts, both California-specific and national
2. A series of interviews and meetings with practitioners familiar with California's experience with 1741 over the past decade-plus at both state and local levels
3. A review of California-based organizations' experience with family income support coordination efforts, including the work of the Family Independence Initiative, the Asset Policy Initiative, and the prospects for passage and implementation of state legislation, including SB 1534 and other measures.
4. Discussions and interviews with state policy leaders and key staff of state agencies

Findings

1. A variety of well-conceived efforts are under way in California that address the three problems stated at the beginning of this paper. Those efforts, however, do not converge at any point; there is no coordinated strategy in state or local government to address the full range of fragmentation in benefits and programs that affect lower-income families in disadvantaged neighborhoods and communities. The groups working on these three sets of issues perceive them as largely separate and do not perceive an advantage to linking their efforts at this time.

2. The passage of SB 1534 appeared to offer an opportunity to address a key segment of the family income support issues, but was derailed late in the 2006 session for reasons that are not yet clear.

3. Knowledgeable practitioners in the state believe that there is significant potential for new legislation that builds on but goes well beyond AB1741. An outline and options for such legislation are presented below. Progress would depend upon finding "champions" at both statewide and local levels and inserting the issue into the busy 2007 session of the new legislature and the agenda of the executive branch leadership emerging from the gubernatorial and lower-ticket elections.

Context: Why Do These Problems Matter?

As a number of recent reports have pointed out—notably the California Budget Project's 2005 overview of the problems of working lower-income families, *Working Hard, Falling Short: Investing in California's Working Families*—the importance of these problems lies in the effects of recent trends in California's labor markets and demography. A large segment of growth in California's labor market is likely to be dominated by lower-paying jobs, at the same time that limited access to higher education for a growing number of young adults is likely to restrict the number of working families who can rise into higher-paying jobs.[5]

The consequence of these two trends is that a significant number of lower-income working families will remain eligible for assistance from some of the income support programs now on the books, but at levels that mean that some of them will be impacted by the cliff effect. This will mean that more of these families will be "stuck near the bottom," unable to escape entry-level work and entry-level wages. And so both community and family outcomes across the state could benefit from a strengthening of the efforts of organizations in California communities that are working with these families to help them negotiate the tricky rules and regulations of more than a dozen different programs.[6]

The First Problem: Fragmented Community Grant Programs

The problem which AB 1741 sought to correct, the fragmentation of grant programs, has not improved in any measurable way since the bill was passed in 1994. In fact, with the passage of several new programs aimed at community and family support since the original legislation was passed, the systems are arguably more complex and harder to integrate than they were in the early 1990's. But other than 1741, there has been no statewide effort in California to address this problem.

There have, however, been several noteworthy efforts to document the problem further

- The Performance Review which was undertaken by the Schwarzenegger administration in 2004. Its first recommendation in the Health and Human Services section of the report was for transformed eligibility processing:

  > Medi-Cal, CalWORKs, and Food Stamp eligibility processing should be centralized and consolidated at the state level to improve services and save resources. The current eligibility processing for these programs is slow, difficult for applicants to access, and expensive. The current process is operated through county welfare departments and relies on a face-to-face application process that is both paper and labor intensive.

  Pros and cons on this recommendation were listed in the report—with considerably more cons than pros.[7]

- The Little Hoover Commission's May 2004 report *Real Lives, Real Reforms: Improving Health and Human Services* addressed the subject of "cross-cutting needs" as well as state-local relationships, concluding that "local systems of care" were needed to create "the next generation of realignment."[54] and that

> The goal of this realignment should be a system of care to serve each community, organized around the needs of clients, operated by the counties in ways that exceed minimum standards and continuously improve.[8]

- The Statewide Child Welfare Redesign report, issued in the final year of the Davis administration in 2003, noted the need for stronger interagency support for the mission of the child welfare system, specifically mentioning the need for closer ties with drug and alcohol treatment services, mental health, and special education.

Federal responses

At the end of the Clinton administration, an interagency effort led by Vice-president Gore called Boost4Kids selected several cities, including San Diego for an initiative that worked for a brief period of time on the grant coordination agenda. Since that time, the primary response of the federal government to the grant complexity problem has been to propose waivers and block grants with level funding, which has had little appeal to states and localities. For example, the recent announcement of a new IV-E waiver for California child welfare programs has been greeted with little enthusiasm by most of California's counties, although the budget just signed has included some new funding for implementing the waivers.

Limited efforts have been made from time to time under specific federal programs to develop comprehensive funding recommendations that grantees and state and local governments can use as a guide to available funding. A recent guide to comprehensive drug and alcohol treatment program has been drafted for SAMHSA use,[9] and under the Safe Streets initiative, in 2003, a monograph was prepared describing multiple approaches to and models of "unified fiscal planning," including

- Missouri's Caring Communities program
- West Virginia's Family Resource Network
- Virginia's Comprehensive Services Act
- Iowa's Child Welfare Decategorization Project
- Wraparound Milwaukee
- Marion County (Indiana) Dawn Project[10]

In a 1997 report, "Financing Strategies to Support Comprehensive, Community-Based Services for Children and Families," Mary O'Brien describes four different strategies pursued by eight states to promote financial reform in how human services for children and families are funded. Most of these have been sustained through political turnover and fiscal problems at the state and local levels.[11] But none of these models have had sustained federal "clout" behind them. Meanwhile, GAO reports have documented further fragmentation in the new array of homeland security grants, and new federal legislation on grant coordination, PL 106-107 of 1999, has stopped well short of 1741-type efforts to blend funding streams.[12]

An intergovernmental partnership, the National Grants Partnership, was formed in response to the 1999 legislation. In explaining its mission, the NGP states

> The Federal government distributes $400 billion to state and local government and nonprofits for public assistance. State and local governments add tens of billions of their tax dollars. Nonprofits receive more than $75 billion of these government grant funds. The mission of the National Grants Partnership is to foster a partnership among state, local, and tribal government and non-profit stakeholders and Federal grant-making agencies to improve effectiveness of use of grant funds and reduce burdens associated with grants administration.[13]

The NGP also seeks movement toward "efforts to identify and develop funding strategies… that discourage stovepipe funding and foster development of comprehensive, cost- effective, integrated government-wide and intergovernmental systems." It is not yet clear whether this might enable this body or its federal members to respond effectively to a state's taking the initiative on 1741-type legislation that required matching federal action.

Except for Maryland and Iowa, the state-level initiatives described in Appendix 1 focus primarily on multiple needs children—in some cases solely on very "high-end" children who are diagnosed as seriously emotionally disturbed. These are important targets for linked funding, but succeeding for a relatively few children at the most expensive end of the system does not easily translate into the capacity to work across agencies for a wider group of children and families. Some states have also pursued an interagency approach to school readiness and early childhood investments, but none appear thus far to have overcome agency funding boundaries except for small pilot projects.

<u>The lessons of 1741</u>

This section will summarize the conclusions of a working dinner on the lessons of California's 1741 initiative, drawing on the experience of sixteen persons who were involved in its history (names in appendix).[14]

The original stated goal of AB1741 was

> High-risk, multi-need youth in six counties will receive better services through the development of new ways to integrate and coordinate health and human services and funding. Lessons learned from these six pilot counties can be expanded to other counties to improve services for high-risk youth throughout California.

Discussion Questions

1. *Reactions of participants to working on 1741*

Consensus: Working on 1741 was one of the most rewarding professional experiences I ever had. It was innovative, I got to work across county and state lines with new and creative people [witness the enthusiasm for meeting them again], and we got some things done that still inform my work. We need to bring a new generation of younger participants into the discussion to ensure its continuation.

2. *Did YPP and successor initiatives make a difference in improving your services, systems or outcomes? Was it necessary to accomplish your goals? How?*

Consensus: It was not YPP/1741 as such that made the difference, or the intended entry point of waivers. It was the creation of at least three processes that hadn't been as energized or visible before 1741:

- A state-local dialogue about what did and did not require waivers—and why the county would want them
- An inter-agency dialogue within counties about how to put pieces together and how to make changes—an overcoming of the aversion to risk that characterizes much of county policy-making
- [only in some counties] a county-CBO-schools-cities dialogue about how to better assemble fragmented pieces to achieve better outcomes for kids and families

3. *What worked, what didn't?*
   a. *Blended funding*
   b. *Broadly-focused, county-driven*
   c. *State coordinator/state team*
   d. *Outcomes tracking and measurement*
   e. *State processes – 1741 funds, action requests, waivers*
   f. *State team and informal contacts*
   g. *No additional funding*

Two facts emerged as a consensus:

- Most of the changes needed at the county/local level did not require a waiver [which was a useful lesson in itself, county staff felt]
- Counties did not seek many changes using 1741, which in turn led to a loss of state interest in 1741, because it was intended to be county-driven. Counties were reacting to several realities: considerable turnover among state staff, the realization that some changes did not require formal waivers, and a judgment that the most important work remained to be done in the counties, among interagency teams assembled to work on 1741.

4. *What aspects of 1741 and subsequent county integrated services programs could be effectively applied to new legislation or policy (around IVE waiver, mental health services act, family income support, child care funding, etc?)?*

The big funding streams [P10, P63, child welfare/foster care IV-E, Medi-Cal/EPSDT] are still not well-linked to each other, and to other overlapping initiatives that serve many of the same children and families. Each of these initiatives, despite integrative language when first launched, has shown a tendency to work primarily within its own silo. An integrative effort, using a clearer focus on specific target populations than 1741 did, would give a better rationale to a renewed coordinative effort. Some of the target groups and focal problems that were discussed—all of which demand an interagency approach and cannot be solved by a single agency approach—were

a. Substance-exposed births and the effects of prenatal and postnatal exposure on children's development;
b. School readiness/preschool expansion;
c. Youth violence and gangs;
d. Disconnected youth;
e. Family economic self-sufficiency

Omnibus legislation was discussed in broad outline that might include

- New incentives for counties to seek state support—not necessarily waivers, though flexibility would be part of the support package—for locally packaged interagency efforts to respond to the cross-cutting problems listed above
    a. The state package could include:
        - Training and technical assistance for local efforts
        - Invitation to participate in a policy academy limited to selected counties
        - Limited funding available only for "glue money" needed to connect programs or for administrative and evaluation costs that cannot be supported from services funding
        - Matching for foundation and other private resources

- A preamble would describe the interagency problems that exist, citing other sources and reports such as Little Hoover and the Performance Review, and specifying the groups/targeted problems [see list above] that require an interagency response

A more detailed discussion of the legislative options is presented in Appendix 2.

5. *What is the political and managerial feasibility (at both the county and state level) of enacting new legislation? Is it needed?*

A loose consensus emerged: The current administration should be approached to test its interest in a new integrative effort. [see Little Hoover and Performance Review language on coordination efforts][15] New legislation could turn up the spotlight and create a more visible climate of innovation than exists at present. A barrier is the loss of institutional memory and leadership familiar with initiatives like 1741. But participants in the discussion felt that a critical mass of counties would respond positively to a legislative framework with options for county buy-in.

The functions which the state can play—at its best—are

- Staffing the intricate processes of satisfying the auditors, testing whether legal barriers are in fact important, and reviewing federal eligibility language to see what is allowed
- Creating an interagency table at which state agencies can exchange information about the overlap and potential synergy among their programs
- Providing a more central contact point with the state agencies than counties have when they go separately to each agency

- Creating a spotlight and a mystique that participants felt 1741 possessed, as a new initiative with state legislative endorsement

The Second Problem: Uncoordinated Family Income Support Programs

The barriers to families' efforts to secure income support from multiple sources for which they are eligible, which we have called *the income support fragmentation effect*, have been documented widely in California and around the nation. A 2001 study by the General Accounting Office study in 2001 found that determining financial eligibility for these programs was "too difficult" and "too complicated for families to navigate."[16]

This second problem is being addressed by a number of parallel efforts in California.

- Several agencies are using the Self-sufficiency Calculator to identify a wide array of income supports that a family may be eligible for. Solano County is funded by Cowell to use the Calculator in its family resource centers on a countywide basis, with a supporting data system to track its impact. The California Economic Security Task Force is working primarily on policy-level initiatives that address the needs of working families.
- The Asset Policy Initiative of California is a project of the Earned Assets Resource Network that addresses savings options for working poor families and policy in support of that goal. Their goals include public education about the asset policies that penalize working families and the great disparity in assets across different income groups in California.[17]
- Legislation has been introduced in California that would move toward a single or unified application procedure for low-income programs; the Alarcon-sponsored SB 1534 is the clearest example.[18] (As discussed below, this legislation passed but not in a form that kept these ideas intact.)

These efforts have brought some steps toward a more coordinated approach to securing benefits for families that need and deserve them—but only in a small number of programs that use these new tools. The great majority of family support programs still do not identify families who are eligible for income support programs but not receiving them. And only a very small number of programs go beyond screening to actually measuring as a core outcome whether referred families really enroll in these programs and what increases in family income result.[19] The Solano County effort mentioned above is a prime example of a program which goes well beyond the norm in collecting this data on its clients regularly.

Self-sufficiency Calculator

As described by the NEDLC, the calculator can be used by counselors who work with low-income families. The Calculator can:

- Identify which of 14 different benefits and tax credits clients are eligible for;

- Describe how each benefit works, where to apply and documents to bring;
- See a "before" and "after" budget that takes those benefit amounts into account;
- Track client progress toward economic self-sufficiency. [20]

Californians for Family Economic Self-Sufficiency (CFESS) is a statewide coalition of human service organizations, grassroots groups, job training agencies and others working to promote programs and policies that help families move out of poverty. Staff at NEDLC who are working with the CFESS effort have described their primary emphasis as being upon accessing multiple benefits for lower-income families, rather than addressing the cliff effect on benefits, although use of the Calculator is intended to provide evidence for advocacy efforts addressing, in their words, “benefit cliffs where the public system leaves low-wage workers without a safety net.”[21] Staff of NEDLC describe the Calculator as being used by more than 40 agencies as of mid-2006. A campaign to expand its use is currently under way.

The Calculator has been used by family support programs to track families at each of three stages: (1) pre-screening for possible eligibility, (2) verifying that families actually enrolled in benefits, and (3) verifying how much the benefits improved families’ incomes. Solano has found that linking the SSC with a data base used in their support work, based on the Family Development Matrix, has improved their ability to gather information on the impact of their efforts on family income.

Two significant problems have been noted by some family support agencies:

- child support—which is not integrated with the SSC, despite its effect on family income, and which raises some policy questions about the value of family heads showing responsibility vs taking funds from one poor family to help another; and
- a concern among some child welfare officials that child welfare funding should not be used for antipoverty efforts for families not yet in the CW system—despite efforts to divert families from the system at its “front end.” The fact that a large majority of entering and deferred cases involve neglect—for which poverty and substance abuse remain the common ingredients—does not appear to have persuaded these child welfare officials of the need for a better link between the two overlapping problems of neglect and poverty.

Extending the principles of the SSC further out, some family support practitioners have envisioned a wider use of online eligibility determination. In Solano, a link from family resource agencies to the countywide child care eligibility list will enable FRCs to place families directly on the child care list. Ideally, family support agencies point out, FRCs would be able to connect families with public assistance programs from out-stationed sites, which would reduce staffing and transportation costs and assist rural areas in particular. The willingness of public agencies to allow such off-site enrollment and to work together across multiple agencies’ rules and regulations will be a challenging task, and would benefit greatly from state-level interagency support.

APIC Initiatives

The Asset Policy Initiative of California has worked on legislation that would make it possible to split tax refunds into checking and savings accounts and to exempt certain assets such as college savings from CalWORKs limits. The organization has done an analysis of "asset poverty" in California counties, defined "the number of people who are getting by, but just barely."

> These households do not have enough cash reserves (banking accounts, stock, bonds equity in retirements savings, homes or businesses) to live at the poverty line for three months when their income has been disrupted. These "asset poor" families are just one layoff, medical emergency or divorce away from government dependence. [22]

This Local Asset Poverty Index is intended to turn up the spotlight on asset development strategies at the local level.

Nationally, the asset creation strategy has been the subject of several national organizations' recent efforts, some of which were highlighted at a conference held under the auspices of the Brookings Institution and the Joint Center for Housing Studies in 2004.[23] Credit and homeownership options, as two critical elements of working families' income and assets, have been assessed in depth in these studies, which do not address the fragmentation of public programs as much as they do the bewildering array of private funding mechanisms, both formal and informal, used by lower-income families. Some of these studies point to the intersection of private lending practices and the "cliff effect:" the requirement that savings be built up to a point where a family is seen as credit-worthy, which works against the family in setting eligibility for some programs in which savings are treated as a disqualifier for income support or health coverage.

SB 1534

SB 1534 would have addressed a portion of the fragmentation problem, but it does not address the cliff effect of losing benefits as earned income improves. If enacted, state agencies would need to address the overlaps in their client groups in more depth than they have been able to do at present. This bill would have required the California Health and Human Services Agency, as convener, the Public Utilities Commission, the Business, Transportation and Housing Agency, the State Department of Education, and the Department of Insurance to work together to ensure that individuals and families meeting income eligibility requirements for low-income programs administered by these entities shall have access to application and eligibility information and forms for available programs whose eligibility depends upon possession of an income below a specified level (the legislation originally read "shall be concurrently enrolled," but this was amended in Committee.) The bill would authorize the entities to work to create a single low-income program application to cover all services afforded to low-income populations, and to establish a Low-Income Advisory Board to implement the bill's requirements. The legislation was referred to Appropriations Committee in July 2006, was then amended, and was then eliminated in favor of a different measure that used the 1534 designation to address eligibility for immigrant families.

Two other related bills have addressed these issues in the past two years:

- AB 1298 (Evans) was introduced in 2005 and would have created a workgroup of state and local stakeholders to develop policies aligning various health and social services programs serving low-income persons to make recommendations to the Legislature for the establishment of "aligned policies and procedures in CalWORKs, Medi-Cal, food stamps, Healthy Families, child care, Women's, Infants Children Nutrition Program (WIC), and child support programs." It identifies a number of possible issues to consider, e.g., use of a mail-in, electronic applications, use of a single set of verification procedures, simplified program requirements and maximum use of technology. There was no action on the bill in 2006.

- AB 2205 (Evans) establishes a "categorical eligibility" program linking Medi-Cal, food stamps and school meals programs by providing a service funded by the Temporary Assistance for Needy Families (TANF) block grant to applicants and recipients of Medi-Cal health care services. It passed both houses and was signed by the Governor.

Policy context for income support fragmentation

A 2004 report developed by the California Budget Project and funded by the Annie E. Casey Foundation addressed the problems of the working poor, ending with ten recommendations:

- Expanding affordable housing
- Increase outreach efforts to expand enrollment in health insurance
- Expand eligibility for Medi-Cal and Healthy Families to include more of the working poor, including eliminating the assets test
- Expand access to job-based health coverage (this was affected negatively by the rejection of Proposition 72 in the 2004 election)
- Expand the availability of low-cost child care
- Increase enrollment in food stamps (partially addressed by AB 2205)
- Create a state EITC
- Index the minimum wage to inflation
- Widen eligibility for unemployment insurance
- Adopt a living wage policy for firms that contract with the state[24]

While the third of these addressed the cliff effect, none of them addressed the lack of coordination across all of these programs or the great difficulty faced by family support agencies in attempting to help families negotiate all of these systems. Each of these recommendations was presented as a separate issue; the obstacles to families or community-based organizations accessing programs when a family is eligible for more than one program at a time were not discussed.

The Casey Foundation's efforts to assess state policies toward the working poor have produced a series of reports on several states, including California. One product of this work was a report on technological innovations that would support efforts to expand benefits to eligible families.[25] This report noted that automated systems have the potential to respond to some forms of fragmentation, through such mechanisms as

- Community resource directories and information and referral services (such as local "211 lines")
- Client-operated on-line screening tools
- Online benefits application tools
- "Interactive interview" software (such as the SSC).

A second report focused on state and local policy changes that would improve access directly. A summary of the report pointed out that

> States and counties can take steps to make access to food stamps and Medicaid or SCHIP easier for working poor families. Because these programs are partially or substantially federally funded, successful efforts to enroll families would result in limited additional state expense. States can:
>
> - create shorter applications;
> - allow applications to be mailed and allow other communication to be handled through phone, fax, or email to limit frequency of office visits.
> - offer office hours in early mornings, evenings, or on weekends;
> - develop outreach materials;
> - place eligibility workers in schools, health clinics, or other institutions outside a welfare office;
> - extend the time between eligibility reviews to as long as 12 months (some are now as short as three months); and
> - review administrative practices and computer systems to ensure that families leaving welfare continue to receive food stamps, Medicaid, and child care. [26]

The Center for the Study of Social Policy, with Casey funding, has developed thirty indicators of a state's collective efforts to "improve opportunities for children and families." While these indicators go well beyond the focus of this paper, several of them address family income support directly. The California report scores the state in the top third of states on fifteen of these measures, and in the lower third on approximately six. With relevance to this review, California scores well on minimum wage, earnings disregard for TANF, having a housing trust fund, level of child eligibility for Medicaid/S-CHIP, and affordability of two and four-year colleges. The state scored low on having no earned income tax credit, and on charging both premiums and co-payments for Medicaid and S-CHIP children.[27]

But the state analyses by CSSP do not include any score for "putting the pieces together." Each item is scored separately, and there is no composite. The California report by the

California Budget Project noted that economic development efforts in California are fragmented, but did not go on to connect that fragmentation with the even broader fragmentation of income support programs. The report also pointed out that tax expenditures, rather than direct spending, are where many of the economic development programs are based—which adds still more fragmentation because the tax system and the program systems are rarely coordinated.

More focus was given to coordination, however, in the Casey Foundation's emphasis on "bundling" support programs as part of its network of Centers for Working Families (CWF), which is a set of programs funded around the nation. As described in a recent Casey report,

> CWFs bring together multiple services in a convenient location, "bundling" a full range of essential supports to help families build self-sufficiency, stabilize their finances, and move ahead. CWFs make it easier for families to tap into all of the services and supports for which they qualify, filling in the gaps and helping them weather unexpected setbacks.[28]

The program in Albuquerque is based on a community college campus, where it can aid workers who are seeking upward mobility through taking courses.

A useful distinction

As discussed at some length in recent Los Angeles Children's Planning Council documents on family economic success, a distinction can be made between at least three levels of strategies for expanding enrollment in family income support programs:

1. outreach from family support agencies to inform more families of their potential eligibility
2. training to equip more CBOs and NPOs to enroll families and deal in greater depth with their eligibility issues
3. rationalizing the programs so that they do not have to be accessed separately in a fragmented system.

Ideally, all three of these would be under way. But even if only the first two were happening, it would clearly be a net gain, due to the lack of outreach and the great information gaps about how current programs operate. The distinction also underscores a critical point that is often overlooked: doing outreach in itself is not helpful to families' self-sufficiency if the staff doing the outreach are not very familiar with income support programs and if the programs are not somehow connected. Telling someone they may be eligible for a program is not helpful if some misunderstood provision of the law complicates the eligibility. Training combined with access to more expert staff may save clients a good deal of the kind of referral from one place to another that family support programs should be trying to reduce.[29]

To summarize the progress made on the second problem, some excellent efforts are under way at local levels, and partial remedies have been introduced as state legislation—though none have yet been signed into law. But there is no arena in state government at present where the income support fragmentation problem is being addressed as an interagency issue that will require an interagency agenda and a specific work program.

<u>The Third Problem: Disincentives—the "Cliff Effect"—Created by Uncoordinated Family Income Support Programs</u>

Understanding the problem

As summarized by David Reimer,

> …once earnings rise above $6.25 per hour or $12,500 per year, work doesn't continue to pay for a huge segment of American families. Above $6.25 per hour, earnings increases translate for many into very sluggish growth in disposable income. At certain income notch points, where an extra $1 of earnings spells the loss of an entire benefit or the onset of a copayment, higher earnings actually yield lower overall income. The problem persists until about $15.75 per hour or $31,500 per year -- a spread of $19,000 that encompasses a vast swath of the U.S. population.[30]

An argument can be made that there is no feasible state or local approach to the cliff effect, since it is primarily federal eligibility standards that create the problem. However, this argument ignores the flexibility which states and some localities have to address portions of the cliff effect—if not the whole problem. States' policymaking authority over TANF and Medicaid provides states with considerable leeway in addressing the problems of penalties from earnings (and from states' earned income credit systems in those states which have state EITCs), as well as from the substantial marriage penalties that exist in some programs when a family loses benefits if cohabitating adults marry.[31]

In Oakland, the Family Independence Initiative has used a CalWORKs waiver from the California Department of Social Services (CDSS) for a three-year pilot program for families in Alameda County. With the waiver from CDSS, families on CalWORKs will have the chance to build assets to help them transition off welfare. The effort is small-scale; as of September 2005, 88 families, with a total of 405 individuals, are enrolled in the program.

As stated in the second-year report of the Oakland FII effort,

> …the same eligibility limits on income used to screen clients for services can disqualify them just as they begin to take steps toward self-sufficiency. Few incentives or strengths-based programs exist for low-income families that invest directly in their positive actions as opposed to offsetting their "needs."[32]

With this perspective, the FII effort addresses the cliff effect by trying to reduce the risks of families who might lose benefits as they move toward self-sufficiency. In two examples cited in their 2004 report, FII staff pointed out how cash support from FII was penalized by reduction of CalWORKs grants by an equal amount, and how a woman with a growing business had to weigh expansion against possible loss of her Section 8 housing voucher. This in turn prevents families from building up credit references. Some programs penalized families for saving, which increased their assets, while others conditioned support on families' showing that they could save.[33]

The FII response to these problems has been to find ways of helping families that avoid penalties whenever possible, as a means of reducing the penalty from rising above cutoff levels for various forms of assistance. The major strategy has been to work with the state Department of Social Services to get waivers of provisions that penalize families when their assets and income increase. A secondary strategy has been to work with families to keep track of their social capital assets in informal supports that have dollar value, such as child care, extended family supports (including co-signing loans and "lending circles"), volunteer labor, and informal sector work opportunities to supplement income. These assets do not penalize families as directly as cash assistance does, since they do not take the form of cash payments.[34]

FII also proposes that families be given the option of joining strengths-based programs rather than automatically losing benefits, which would represent another form of waiver in ignoring increases in income or assets.

But a question that arises is whether this approach has been able to maximize those income supports at the higher end of income eligibility, such as EITC and health benefits for families above the Medi-Cal limits. Since no income maximization strategy is used, it is not possible to determine which programs have been impacted. Families have been monitored over time as to how much their total income increased, but the components of these increases have not been separated out into specific categorical income support programs such as EITC, tax credits, or Section 8.

A further element of the rationale for FII is that lower-income families deserve the same kind of trust given to middle and upper-income families by federal and other programs that reward behavior such as home-owning and purchase of energy-efficient cars through the tax code. None of these asset-enhancing incentives penalize effort; incentives for lower-income families should work the same way.

> For the nonpoor, there is nearly $400 billion a year in tax breaks or incentives for individuals for asset development: tax deductions for home mortgages, favorable treatment for contributions to retirement plans or college-savings plans, myriad benefits for small business ownership and stock investment. Over 90 percent of these benefits go to families earning more than $50,000 a year. Combine these inaccessible income tax breaks with strict asset limits in public-assistance programs, and the poor face asset denial.[35]

The SMI and the cliff effect

A recent success in dealing with the cliff effect was the campaign to end the five-year freeze on state median income (SMI) affecting child care rates. As described by the website of the *California Child Care Resource and Referral Network,*

> The "Defrost the SMI" Campaign called upon Governor Schwarzenegger and the Legislature to remove language in the budget that freezes the state median income. Throughout the budget season parents testified at key budget hearings and visited their local legislators speaking passionately about the humiliation of turning down hard earned raises or the fear of losing their subsidy and how it would disrupt the stability they finally made in their lives….The decision to develop a campaign to end the freeze came directly from parents who felt they were doing everything right, following the rules, going to work, and trying to earn enough money so they didn't have to depend on government services.[36]

The four approaches

Ultimately, there are four separate approaches that can be taken to reducing or eliminating the cliff effect:

- avoid the steepest cliffs by phasing benefits out gradually, as the federal EITC does
- raise eligibility benefits
- serve a greater share of eligible families; child care subsidies, for example, rarely cover all of the families fully eligible for them; at a certain point, they just "run out," so expanded resources for existing benefits would widen supports for families
- coordinate eligibility effects across programs so that impact on families is not worsened by a lack of coordination.

In an ideal world (and perhaps in a countywide demonstration project, as well, combined with 1741 flexibility), family support agencies would have the discretion to make some of these policy changes at the front line of practice, responding to families' needs with flexible levels of benefits up to some preset cap on total resources.

The problem of underlying theory and underlying politics

Weighing the advantages of a policy effort that worked on either or all three of these problems requires clarity about the purposes of legislation or administrative efforts that would address these problems. In taking on the goals of reducing poverty and achieving community change, policy leaders have different underlying attitudes, sometimes in the form of explicit theories, and sometimes in the form of unspoken attitudes that drive policy ideas.

For example, if a legislator or elected executive believes that youth programs would be more effective if they emphasized either earlier intervention or firmer punishment, coordination of youth programs may be far down the list of policy options that such leaders would consider. And if a leader's theory of poverty is based on attitudes about cultural barriers, or laziness, or racism, better coordination of family income benefits may not emerge as a priority for such a leader.

So underlying theories and attitudes matter. Ted Bradshaw at UC Davis has pointed to five different theories of poverty (working in a rural community development context, but with relevance to urban areas), and has shown how each of these leads to different approaches to anti-poverty strategies.[37] Bradshaw examines the interdependence of theories of individual responsibility and theories of community responsibility and economic structure, and argues that community-level change must reinforce policy aimed at individuals and families. Bradshaw uses the concept of social capital to frame his case for community-building. But he does not describe how social capital is best built, and does not indicate whether external funding, redirected efforts of agencies and groups already funded, voluntary efforts, or some combination of all of these are the best ways to trigger the growth of social capital.

In approaching legislators or other potential policy leaders on these three problems, it will be important to determine what theories, whether explicit or implicit, they are using in talking about family and community self-sufficiency. The cliff effect is perhaps the best example of how underlying attitudes inform the priority given to a policy. In the mid-90's, President Clinton skillfully used a phrase initiated by David Elwood, "we should make work pay," to signal that an effort to increase incentives for work was central to his version of welfare reform. But there is still substantial disagreement on how high the incentive should go as families improve their economic position.

Some legislators clearly respond to the equity issues in addressing the cliff effect for hard-working lower-income families. They explicitly seek to reward, not punish families as they gain more income and bump up against eligibility ceilings. But others will approach equity from a different perspective—the lack of fairness in not giving incentives to working families who are just above the levels where families no longer receive any benefits from income disregards or asset tests.

Similarly, efforts to expand outreach for family income supports are not universally endorsed. Before a recent vote in a local elected body that was considering an EITC outreach campaign, one council member said "I don't think we should be doing this for people—they don't need all this help getting benefits. And we may become a welfare magnet if we publicize this too much."

None of this argues against the merits of these three measures. But it does suggest that being clear about the politics may be very important. And it also argues in favor of considering which arguments may be more appealing to centrist and more conservative legislators.

Conclusion: Putting It All Together: The Prospects for Reform and the Prospects for *Coordinated* Reform

It seems far more likely that progress can be made in responding to each of the three problems than that progress will be made in launching a coordinated effort across all three. And to be sure, progress in any of the three areas would be a net gain for families and communities that need this help.

But the full benefits of better coordination across these three problems will not be realized until state or local agencies take them on in a unified effort. One scenario for that to happen would involve a two-step process:

1. If passage of a measure such as SB1534 turns up the spotlight on the second problem, consideration of a sponsor for an updated 1741 could frame the issue of how family self-sufficiency could be addressed as one of the cross-cutting focal points of a new approach to 1741.
2. Further research by APIC, FII, CBP, or some other organization could spotlight the cliff effect and make clear that the goals of SB 1534 would be undermined if better access to programs simply meant better access to uncoordinated programs that penalize higher earnings. .

An existing forum, such as the Steering Committee for the Assets Policy Initiative of California, might also serve as a table around which the three strategies could be addressed jointly. Alternatively, coordination could be a focus of an aggressive approach to implementation of the new California Child Welfare Council, the interagency coordination body set up by AB 2216, The Child Welfare Leadership and Performance Accountability Act of 2006.

A second, narrower scenario would seek a consolidated approach to all three issues in a single initiative, in which a narrower version of AB 1741—restricted only to family self-sufficiency—would focus on wider use of the Self-sufficiency Calculator and other tools aimed at the fragmentation of benefits issue, while addressing the cliff effect with waivers and asset-building activities. This would mean that the primary community change strategy would be defined as family income support and family-driven economic development, rather than the wider efforts at youth development, family preservation, and prevention programs undertaken in 1741's first version. This might target some of the counties that have made optimum use of the SSC and that have a strong network of family support organizations which would be willing to use common data tools to track the impact of such an approach. State waivers similar to those granted Alameda County would probably be needed through legislative approaches, combined with assured staffing support through the Health and Human Services Agency.

Two different perspectives on services integration

Some of the literature on income support program coordination discusses "one-stop centers" and other locational practice changes, drawing upon the sizable literature on services integration. This phrase was used more widely in the 1970's than it is today to refer to a variety of policy-level and practice-level efforts to create more effective links among human services programs serving multiple-needs families.

Two recent reviews by practitioners who have worked in the field for decades discussed services integration as it seeks better outcomes for children and families, including through coordination of income support programs. One was California-focused in part, using a model program in San Mateo as a focal point.

The tools used by the County include Family Self-sufficiency Teams, common intake processes, cross-training and assignments across units within the Human Services Agency, a matrix management structure, one-stop centers handling TANF clients, a network of 17 family resource centers and 6 family resource centers, and a common case management and client tracking system. As the site analysis notes,

> Including operation of Workforce Investment Act one-stops, housing programs, alcohol and drug programs, as well as income support and child welfare programs within the same management structure is highly unusual. The Human Service Agency in San Mateo County may have one of the most inclusive program portfolios in the country.[38]

While this site report is based on a 2002 visit, it would appear from more recent discussions that most of these elements are still in place.

The second assessment was a more reflective effort to distill 42 years of work in this field.

> This review attempts to make a case that a unifying theme in services integration and collaboration is *the dimension of time*—time defined in several ways:

- Time as a historical sense of what has been tried in the past in connecting programs, and what has and hasn't worked
- Time as follow-up—putting programs together not in the same places but for the same clients over time, as one program hands off the client to another, as one program "steps down" a more intensive level of services to less intensive, more community-based services and aftercare, rather than abandoning the client (or the country) after the initial services (or battles) are over because it would take more resources to do it right with the right dosage of services
- Time meaning responding to child and family developmental cycles, making sure that children and their parents get what they need at the stage of their lives when they need it
- Time as reflected in the different "clocks" of agency and legislative timetables—the differences between foster care deadlines and the process of recovery, TANF deadlines and eligibility for early care programs
- Time as the critical ingredient in building trust and social capital—the parts of service integration and collaboration that are fundamentally about

> relationships among people, not structure or process. Collaboration moves through stages, and each stage takes time.
>
> And therefore integration in a common space—the “one-stop shop”—is much less important than integration over time.[39]

Neither of these perspectives is right, or wrong. Both take different points of emphasis; the first looks at structure and place; the second emphasizes functional “handoffs” over time. But viewing them side by side may suggest a need for attention to both strategies in considering how best to serve families. The first sets forth a powerful checklist of ingredients of service integration that would serve all California counties well as a self-assessment tool. The second calls attention to the often-neglected dimension of follow-up with clients to make sure they really connect with benefits.

Implications for funders

For funders, there may be at least three implications:

1. It may be time to find a community or county in which one or more of these efforts is under way and fund linkages to the other strategies.

2. It may also be important to document the effects of fragmentation—since despite all the studies of fragmentation, there is little concrete evidence on the positive effects of coordination, and none at all on what benefits would flow if all of these were combined, since it has never been tried. Looking at existing models around the state may also be useful.

3. Funders may also want to work to assemble stronger networks of states, localities, and community organizations that are testing these strategies and can compare notes on how well they are countering the cliff effect for specific families in specific communities.

The convening power of foundations and other funders remains a critical role, and convening the several players on this issue in the wake of the 2006 state elections would offer a strategic opportunity to address these issues affecting lower-income working families in concert with the recent expansion of health benefits (for children) and the raising of the minimum wage.

There are also questions inherent in these three topics of how funders frame issues—what “handles” exist to enable the three problems to be seen in relief against the wide array of problems, target groups, and at-risk conditions that funders use to determine their allocations. No foundation is organized into sub-units on fragmentation, or an attack on the cliff effect, or state-local trust-building among appointed officials.

Children and youth, families, community change and renewal—these are much more conventional ways of organizing funding that make sense. But it is fragmentation that undermines the traditional boundaries of funding and operations, and unless fragmentation itself is the target for some funders' efforts, fragmentation will undermine partial efforts that may fit neatly into existing categories, but that also are made ineffective by fragmented funding.

This is more than a predictable, recurrent plea for "systems thinking" or "holistic grantmaking." It may, in fact, be a classic example of a relatively small investment in capacity—in this case the capacity of state and local government to work across agency and program lines—that can affect larger children, family, and community outcomes.[40]

The need for a multi-dimensional approach; network initiatives vs single-agency projects

The relative ease of project thinking often results in narrower initiatives than may be needed. The arena of family and community self-sufficiency may be especially prone to smaller-than-needed thinking. Working on assets, or earnings disregards, or blended funding is each so difficult a challenge that working across systems on all of them seems impossibly uphill.

Moreover, the smaller perspective may be more strategic, it is sometimes argued, because

- You have to start somewhere, you can't do it all at once
- Different agencies have different interests and strengths, and funding should build on those strengths and passions, rather than seeking wider efforts
- Geographic focus with one initiative enables widening the focus beyond the initial area once it proves successful.

Yet this argument ignores the possibility that multiple agencies can stay in close touch with each other in a networked effort, while each works on its own primary area of interest. Foundations could and should convene the several organizations and networks mentioned in this report to work across organizational boundaries and to develop more of a clearinghouse on family and community development initiatives. Simply staying current with each of these is very demanding, requiring accessing multiple websites—some of which are not current—and monitoring legislation that is not tracked in any one agency.

Although there is a painfully humorous irony in the fragmentation of efforts to work on fragmentation—the fact remains that these efforts *are* weakened by their isolation from each other. If the common ingredients of family economic success and community improvement are reinforcing, as this and many other assessments have argued they are, it would seem advisable to reserve some funding support for wider and deeper networking, rather than funding initiatives separately.

Appendices

Appendix 1: Models of Blended Funding in Other States and Localities
Appendix 2: Legislative Options for a new version of AB 1741
Appendix 3: The Elements of Family Income Support

Appendix 1: Models of Blended Funding in Other States and Localities

1. **Indiana**
   The Dawn Project has braided funds from mental health, special education, child welfare and juvenile court to create a case rate paid per member per month to be used flexibly by providers in the system to finance an individualized and comprehensive plan of care for each child and family. Agencies contribute to the case rate based on established criteria. The project uses clinical-management software which can integrate clinical and fiscal data. These data are used to handle cost approval and analysis and claims adjudication.

2. **Iowa Decategorization -** Steve Michael
   - Decategorizes and decentralizes CW & JJ. Started in late 1980's
   - Local communities are better at collaborating and planning and using funding streams than at state level. Decat areas have created hubs for decision making. They plan for best use of available dollars.
   - Every county participates. 39 decat areas include all 99 counties. (DHS CW service areas) Decat board – must include juvenile court, child welfare agency, and county reps. Most have a broader advisory board.
   - Decat planned for the services.
   - Locals get to keep and carry over any savings from one year to the next. However, severe state and fed budget cuts have restricted carryover and legislature scooped up the accumulated carryover monies. Now that state revenue is better, they have re-instated it, but allow carryover for only one year.
   - Local planning process is solid in Iowa; however, there is no support system at the state level. "A state level board could have sold the legislature on retaining decat roll-over."

3. **Maine-** Lauren Sterling - Governor's Office
   - In a new initiative, Maine allocated $4 mill of savings from residential placement. into separate (pooled) account. They are issuing an RFP asking partners in local service areas to jointly develop community wraparound programs including treatment, prevention, supports for caregivers. Will fund 8 collaborative sites
     - Partners pair funding with juvenile and mental health treatment resources. They will leverage federal funds, matching grants.
     - Each state agency contributes to community collaborative funding pool. $360,000 will leverage $7-10 mill in local and private funds

- Legislature used Tobacco Settlement funds to establish the Fund for a Healthy Maine and the Trust for a Healthy Maine. Fund supports children and family services.
- Have saved millions by working with schools.
- Looking at developing a children's budget.
- Making it work required:
  - Leadership open to learn about evidence-based practice.
  - Focus on outcomes.
  - Commitment to articulating savings.

4. Maryland- Arlene Lee, Executive Director, Governor's Office for Children: interested in creative financing strategies for Maryland

- The **Governor's Office for Children** (GOC) coordinates child and family-oriented care within the State's child-serving agencies by emphasizing prevention, early intervention and community-based services for all children and families. The office will focus on interagency policy and collaboration on prevention, intervention and treatment programs for children and families. The office works to identify gaps in services and places special attention on children with intensive needs that can only be met through coordination across agency lines.
- **Children's Cabinet**
- **Interagency Fund** General, federal, special, and reimbursable appropriation authority support the priorities of the Maryland's Children's Cabinet. The Fund assists with interagency services to prevent and then fund out-of-home care, and early intervention/prevention programs and services. Funding is distributed to each of the 24 jurisdictions through the Local Management Boards, which oversee the administration of interagency children and family services on behalf of the Maryland's Children's Cabinet.
- **Local Management Boards (LMBs)** identify priorities and target resources for a jurisdiction's communities. The major focus is to increase local authority to plan, implement, and monitor children and family services.
- **A Community Partnership Agreement (CPA)** is established after an LMB conducts a community needs assessment, negotiates with the State, and makes a long-term commitment to produce improved outcomes in the State's eight result areas for child and family well-being.
- **Systems of Care** connect all service delivery systems (mental health, substance abuse, etc.) to create a seamless service delivery system for Maryland's youth. Wraparound is currently targeted to address the needs of "deep-end" youth, which equates to approximately 2-3% of Maryland's total youth population.
- Executive order requires development of **children's budget.**
- **The Maryland Opportunity Compact:**
  - Private Investment: The private sector invests seed capital in proven strategies to give all children a good start and responsible adults and youth a second chance.
  - Public Savings: These investments reduce the need for last resort public programs and save the state money as a result.

- Public Reinvestment: As savings grow, a portion is reinvested in maintaining proven programs, further expanding prevention efforts and improving the lives of more Marylanders. The rest can be used to meet other state priorities. (state and locals get savings) In 2006, the state will return 60% of the cost avoidance dollars to the City for expansion of resources to prevent foster care
- Strategies: *Reduce the Length of Stay for Children in Foster Care by requiring drug and alcohol treatment for parents; Smart Sentencing: Drug Treatment, Education and Wraparound Services for Nonviolent Youth Offender; Return Former Prisoners to their Communities with the Skills and Attitudes to Participate Fully in Society*

5. Michigan

17 counties use a case-rate and wraparound approach to blend funding from mental health, juvenile justice, child welfare and education to serve children with serious mental or emotional disorders. Funding is separately tracked for accounting, but appears to be a single pool at the client level.

6. Wraparound Milwaukee

County-based managed care program operating with a blended funding pool, including Medicaid, child welfare, juvenile justice and mental health resources. Medicaid pays on a capitated basis, other agencies pay case rates.

7. New Jersey

NJ blends and braids funds. The payment source for a specific service is unknown to providers and families, who see only a flexible pot of funds for the child's services. The state contracts with an administrative services organization to address payment issues and to support individualized service planning at the local level. The ASO identifies the payment source for each service, facilitated through the creation of a single electronic record. Funds (Medicaid and other) are held by the state Medicaid agency, which handles all reimbursement through its existing financial management system.

8. Texas Health and Human Services Commission

Creation of the Children's Financing Initiative or Texas Integrated Funding Initiative was supported by the Robert Wood Johnson Foundation Mental Health Services for Youth Replication Grant and the Texas Department of Mental Health and Mental Retardation (TDMHMR). The purpose of the project was to develop local organized service delivery systems for children with multiple needs which are family based, accountable for outcomes and which maximize all funding sources, including state, local and federal dollars. Three pilot sites designated an entity to serve as an Administrative Service Organization and to receive pooled funds. The Administrative Service Organization is to:

- Develop the structure for purchasing and/or arranging services
- Determine the funding strategy, including rate setting
- Designate funds to the fund pool

- Ensure family representation and voice
- Establish shared outcomes
- Designate the target population

9. Vermont

- Child welfare, juvenile justice, mental health, and special education are "braided" to develop community-based treatment plans for children, youth and families with intensive and complex needs.
- Mental health, juvenile justice and child welfare have blended funds to operate a comprehensive immediate response system in Vermont's twelve regions.

10. Washington State - Jan Hoppler, Chief of Budget and Federal Funding, Department of Social and Health Services

- Their experience is with multi-system children who have complex needs. They take different categorical streams and blend them for a variety of activities. Medicaid agency is the consolidated state agency. There is Medicaid funding in many state programs under the umbrella.
- Does not recommend:
    - Medicaid waiver 1915B – managed care – in MH system. It went well for a decade or more. Recently the feds have restricted it.
    - Title IVE demo waiver. Very difficult experience. Random assignment for evaluation – people weren't willing to use it. Old fashioned cost allocation system for purchased services.

11. Wyoming

Wyoming combined some of their federal grants. Blended 4 separate funding sources (including SAMHSA and tobacco settlement) to create a new WY Youth Development Collaborative. $4.4million per year to fund all kinds of prevention services (e.g. afterschool programs).

The Finance Project & Forum for Youth Investment are about to release a guide to children's budgets.

Sources:

Notes taken by Susan Robison, from a 6/12/06 conference call of states interested in flexible funding convened by the Forum for Youth Investment. (used with permission)

Supporting Early Childhood Initiatives; Legislative Strategies for Everyday People, Lynn DeLapp, published by The Finance Project, 2003

http://www.safeandsound.org/site/more/md_opportunity_compact.htm
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Mix and Match: Using Federal Programs to Support Interagency Systems of Care for Children With Mental Health Care Needs, A Bazelon Center Issue Brief, Judge David L. Bazelon Center for Mental Health Law, July 2003.
http://www.bazelon.org/publications/children/index.html

Texas Integrated Funding Initiative http://www.hhsc.state.tx.us/tifi/ or contact Texas Health & Human Services Commission Systems Operations

Appendix 2: Omnibus legislation for California was discussed in broad outline

1. A preamble with intent language would describe examples of interagency fragmentation problems that exist, citing other sources and reports such as Little Hoover Commission and the Performance Review, and noting that recent initiatives intended to transform systems (Proposition 10; Proposition 63, Child Welfare Re-design, early childhood initiatives, after-school initiatives, federal and state re-authorization of the Individuals with Disabilities Education Act) have common principles
    a. Family-centered, strengths-based
    b. Comprehensive services with follow-up over time
    c. Outcomes related to family, not system needs
    d. Issues must be addressed across systems and sectors (state and county government, schools, CBOs, media, business, etc.)
    e. Culturally competent
    f. The preamble should also be clear about prior efforts, what they achieved and where they fell short

2. New incentives for counties to seek state support—not necessarily waivers, though flexibility would be part of the support package—for locally packaged interagency efforts to respond to the cross-cutting problems listed above

    a. The state package could include:
        - Training and technical assistance for local teams and peer networks
        - Invitation for selected counties to participate in a policy academy
        - Limited funding available only for "glue money" needed to connect programs or for administrative and evaluation costs that cannot be supported from services funding
        - Earmarking 5-10% of each major funding stream (e.g. Prop 10, Prop 63, Healthy Start) for initiatives that work across agencies to address cross-cutting issues, in return for showing outcomes.
        - Matching for foundation and other private resources
    b. The state aid would be triggered by county application (a limited number of counties, as in 1741, could be designated in the first 2-3 years, with expansion offered in later years)
    c. The application would need to include
        - A target group
        - A description of the problems the flexibility is intended to address
        - Outcomes which the county believes it can achieve with new flexibility and state agency support short of program funding

    The legislative intent could also specify the groups/targeted problems that require an interagency response, which could include

a. Substance-exposed births and the effects of prenatal and postnatal exposure (both methamphetamine and other legal and illegal drugs) on children's development;
b. School readiness/preschool expansion;
c. Youth violence and gangs;
d. Disconnected youth;
e. Homelessness;
a. Family economic self-sufficiency

3. Other elements
    a. The initiative should have a five to ten year horizon.
    b. State interagency teams would partner with counties to effect needed changes
    c. Law enforcement and education should be involved from the first, as should Proposition 63/MHSA and Proposition 10 agencies
    d. The proposal could require governance by county interagency councils or could allow more limited county governance entities.
    e. Improvement measured by menu of common, easy-to-understand cross-systems outcomes (such as Placer County's: "safe, healthy, at home, in school, out of trouble, self-sufficient")
    f. A Policy Academy would be established, including State and county teams which would participate in a training/leadership process to:
        - Highlight and discuss cross-system impacts of specific issues such as substance abuse
        - Discuss practical aspects of developing cross-system initiatives (funding, TA, other processes)
        - Get to know the needs of the state and counties.

4. Key Legislative Leaders would be briefed on this option and supporters to introduce legislation in 2007 would be recruited based on responses[41]

Appendix 3

Two different overviews of family income support have been developed by the Annie E. Casey Foundation and by Children and Family Futures in our work with FRCs in California. Both are included in this appendix.

Casey Framework

Family Economic Success means:
■Family economic support: **information, resources and policies needed to meet basic family needs, retain and keep jobs, and build assets)**
■Workforce development: **the skills and education necessary to get good jobs and build careers**
■Community investment: **investments and grant-making in housing, facilities and business, and commercial development**

Family Income Support Resource List

▪**Income Benefits / Programs**
Earned Income Tax Credit (EITC)
Child Tax Credit (CTC)
IRS Volunteer Income Tax Assistance (VITA) Sites
Individual Development Accounts (IDAs)
Financial Literacy Programs
▪**Child Care Resource & Referral**
Child Care Aware
Child Care Resource & Referral Organizations
▪**Child Support Benefits**
County Departments of Child Support Services
▪**Work / Vocational / Education Benefits**
California Work Opportunities and Responsibility to Kids (CalWORKs) Subsidies
Workforce Investment Act (WIA)
Regional Occupational Program (ROP)
Family Income Support Resource List
▪**Nutrition Benefits / Programs**
Food Stamp Program
Women, Infants, and Children (WIC)
National School Lunch / Breakfast Programs
▪**Housing Benefits**
U.S. Department of Housing and Urban Development (HUD)
Housing Authority (Section 8)
▪**Health Benefits / Programs**
MediCal
Healthy Families Program
California Kids

NOTES

[1] This report owes a great deal to the work of Lynn DeLapp, who has compiled extensive background materials on 1741 which are a basis for much of the material on that initiative; she also developed the appendix on other states' experience. I should also acknowledge the assistance provided by Francesca Wright who transcribed the 1741 dinner discussion.

[2] "Is There a System Supporting Low-Income Working Families?" The Urban Institute. This paper considers four programs-- Medicaid and the State Children's Health Insurance Program (SCHIP), food stamps, child care subsidies, and the Earned Income Tax Credit(EITC)-- that are part of the core work support system in the United States. It highlights differences in program funding, eligibility, and delivery systems, describes trends in participation, and synthesizes research knowledge about the observed differences in program participation. The paper concludes that these programs do not form an effective system - each program operates under different rules that many low-income working families find daunting. A few recent state innovations offer the potential for improving the system. http://www.urban.org/url.cfm?ID=311282

[3] *Connecting Families to Jobs*, a Technical Assistance Guide of the Annie E. Casey Foundation. (2000). Center for the Study of Social Policy. 2.

[4] The relevance of this legislation to the fragmentation problem is seen in the analysis of AB 1298, "the application processing timeframe is 45 days for CalWORKs and Medi-Cal, and 30 days for food stamps. Food stamps and CalWORKs have a general $2,000 asset limitation, but CalWORKs excludes only $4,650 in the value of a vehicle, while food stamp rules do not limit eligibility based upon possession of a motor vehicle. Healthy Families, subsidized child care, and WIC base eligibility entirely on income and have no asset limits. CalWORKs and food stamps recipients report on a quarterly basis, while Medi-Cal recipients report semiannually and Healthy Families households report annually." http://www.assembly.ca.gov/acs/acsframeset2text.htm

[5] *Working Hard, Falling Short: Investing in California's Working Families*. (2004) California Budget Project, Sacramento CA. 34-45. "In 2003, more than one-quarter (27.5 percent) of California jobs were in occupations that paid a median wage of $10 or less per hour, equivalent to an annual salary of $20,800 or less for full-time, year-round work. Over half (52.4 percent) of the state's jobs were in occupations that paid a median wage of under $15 per hour, equivalent to an annual salary of $31,200 or less for full-time, year-round work. For comparison, the 2003 federal poverty level (FPL) for a family of four translates into $9.04 per hour for full-time, year-round work…. Over the next decade, lowskill jobs will continue to dominate the labor market. Growth rates of many highskill occupations will exceed that of low-skill occupations, but the numerical gain in low-skill jobs will be much greater. The high percentage growth rates in some highskill occupations reflect the fact that they employed relatively few workers in 2000, so even a small numerical increase translated into a large percentage increase. On the other hand, relatively small percentage increases in low-skill occupations that employ thousands of workers translate into large numerical gains….Many of the state's jobs will continue to pay low wages. In 2010, only 16.4 percent of all jobs are forecast to pay a median hourly wage above $30. In contrast, more than one-quarter (26.5 percent) of all jobs are forecast to pay a median hourly wage of $10 or below, which translates into an annual income of $20,800 or less for full-time, year-round work. Slightly more than half of jobs are forecast to pay $31,200 or less for full-time, year-round work"

[6] There are several different versions of the full range of income support programs that can help families; a version used in technical assistance to California family support agencies is included as Appendix 3.

[7] http://cpr.ca.gov/ "Chapter 2: Health and Human Services" pages 3-6.

[8] LH http://www.lhc.ca.gov/lhcdir/173/report173.pdf

[9] Funding Comprehensive Substance Abuse Treatment for Women, Children and their Families (In draft) (2006) Children and Family Futures, Irvine, CA.

[10] J. Crocker, (2003) Unified Fiscal Planning: Options to Support Comprehensive Systems Reform for Human Services; A Monograph Prepared for One by One: A Safe Kids/Safe Streets Initiative.

[11] O'Brien, Mary *Financing Strategies to Support Comprehensive, Community-Based Services for Children and Families.* Washington, DC: The Finance Project. March 1997 www.financeprojectinfo.org/Publications/strategies.html

[12] http://www.gao.gov/new.items/d031146t.pdf#search=%22federal%20grant%20coordination%22 The findings of the 2003 GAO report were echoed in a 2006 House committee report. http://thomas.loc.gov/cgi-bin/cpquery/?&sid=cp109vtRpe&refer=&r_n=hr079.109&db_id=109&item=&sel=TOC_277643& A further GAO report was issued in July 2006, titled Grantee's Concerns with Efforts to Streamline and Simplify Processes. Some of this activitiy resulted from the passage in 1999 of Public Law 106-107, the Federal Financial Assistance Management Improvement Act of 1999. The act requires an annual report to Congress on progress made by each of the 26 grant-making agencies report to Congress each year in implementing the initial plan submitted to Congress in May 2001.

[13] http://www.thengp.org/about/index.htm

[14] This section has also drawn on a review of the six counties' experience with AB 1741 conducted by staff of the Gardner Center at Stanford, directed by Kathryn Hopkins and Elizabeth Burr. "Does Flexibility Help? Experiences of Six Counties in California's Youth Pilot Program."

[15] http://www.lhc.ca.gov/lhcdir/173/report173.pdf .
Public Hearing on Human Services Redesign Thursday, April 24, 2003. *Roundtable Discussion: Understanding Challenges Charting Reform*

1. Margaret C. Dunkle, Senior Fellow, Health Insurance Reform Project, George Washington University
2. Yolie Flores Aguilar, Executive Director, Children's Planning Council, Los Angeles
3. Alisa Drakodaidis, Manager, Service Integration Branch, Chief Administrative Office, Los Angeles County
4. F. Jerome Doyle, President and Chief Executive Officer, EMQ Children and Family Services, Campbell, California
5. Charlene Chase, Director, Department of Social Services, Santa Barbara County
6. Raymond J. Merz, Director, Department of Health and Human Services, Placer County
7. Elliott Robinson, Director, Department of Social Services, Monterey County

Real Lives, Real Reforms: *Improving Health and Human Services* Little Hoover Commission May 2004

[16] General Accounting Office (2001). "Means Tested Programs: Determining Financial Eligibility is Cumbersome and Can be Simplified, "GAO-02-58. Washington, D.C.: General Accounting Office.

[17] http://www.assetpolicy-ca.org/researchdata.php

[18] The relevance of this legislation to the fragmentation problem is seen in the analysis of AB 1298, "the application processing timeframe is 45 days for CalWORKs and Medi-Cal, and 30 days for food stamps. Food stamps and CalWORKs have a general $2,000 asset limitation, but CalWORKs excludes only $4,650 in the value of a vehicle, while food stamp rules do not limit eligibility based upon possession of a motor vehicle. Healthy Families, subsidized child care, and WIC base eligibility entirely on income and have no asset limits. CalWORKs and food stamps recipients report on a quarterly basis, while Medi-Cal recipients report semiannually and Healthy Families households report annually."
http://www.assembly.ca.gov/acs/acsframeset2text.htm

[19] This conclusion is drawn from written reports on family support programs and their evaluation over the past five years, as well as on-site work with more than thirty programs around the state and in regional workshops sponsored by Strategies, the state-funded technical assistance agency.

[20] http://www.makeendsmeet.org/cfess/calcba.htm

[21] http://www.nedlc.org/calc.ppt#367,6,Californians for Family Economic Self-Sufficiency (CFESS)

[22] http://www.assetpolicy-ca.org/lapi.vp.html

[23] Nicholas P. Restinas and Eric S. Belsky, eds. (2005) *Building Assets, Building Credit: Creating Wealth in Low-Income Communities.* Washington, D.C.:Brookings Institution.

[24] *Working Hard, Falling Short: Investing in California's Working Families*. (2004) California Budget Project, Sacramento CA.

[25] "Increasing Access to Needed Benefits: The New Technologies." (July 2005) Policy Brief #7. The National Human Services Assembly Family Strengthening Policy Center.

[26] Lazere, Ed, et al. *States and Counties Are Taking Steps to Help Low-Income Working Families Make Ends Meet and Move up the Economic Ladder*. Washington, D.C.: Center on Budget and Policy Priorities, November 27, 2000. Available at http://www.cbpp.org/11-27-00sfp.htm.

[27] *Policy Matters, California*. (2006) Washington, D.C.: Center for the Study of Social Policy

[28] "New Mexico's TVI and the Center for Working Families Provide Services and Supports to Help Students Succeed."

[29] A self-referential point may be helpful here; recently it became very important for the writer to gather information about how the timing of a retiree's Social Security benefits affects children under 18. This is not often an issue for parents near 65, and Social Security does not have extensive information online about this issue. Nor was phone assistance or other websites very helpful without a great deal of effort by the relevant senior citizen. But with 2.5 million grandparents raising their grandchildren, the issue becomes far more important—and one that may affect more than a few families in lower-middle income levels. The amounts can total to as much as 180% of the level of Social Security payments.

[30] David R. Reimer, "Tax Relief for Working Families," *Blueprint Magazine.* February 7, 2001.

[31] Elaine Maag, (2005) *Taxes and Marriage for Cohabiting Parents*. Washington, D.C.: The Urban Institute.

[32] M.L. Miller, M. Castera, M. Chao, and K. Sadowski. (2004) Pathways out of Poverty: Early Lessons of the Family Independence Initiative. Oakland, CA. 5

[33] Ibid. p. 13, 21.

[34] Other programs have emphasized voluntary labor, through initiatives such as self-help housing, as a further indirect way of circumventing assets limits. *Mortar and Muscle: Building Community and Assets Through Self-Help Housing* is an 8-page report that looks at the experiences of families working to build their own homes through self-help housing projects, primarily in rural areas.

[35] R. Boshara, (2002) "The Difference between Getting and Getting Ahead." New America Foundation.

[36] Email received 6/30/06, "Governor's Budget brings low-income parents out of the cold. Successful campaign to "Defrost the SMI" saves child care for thousands of families." California Child Care Resource and Referral Network.

[37] T. Bradshaw, "Theories of Poverty and Anti-poverty Programs in Community Development." August 2005. University of California, Davis, CA.

[38] Mark Ragan, (2002) "Service Integration in San Mateo County: Multiple Strategies with a Single Goal," The Rockefeller Institute of Government, Albany, N.Y.

[39] S. Gardner (in draft) "Time after Time: Reflections on Forty Years of Collaboration and Service Integration."

[40] Yohalem, N., Anuszkiewicz, B., & Pittman, K. (2006, May). *Grappling with Big Picture Change: Philanthropic Efforts to Change the Odds for Children and Youth*. Washington, DC: The Forum for Youth Investment, Impact Strategies, Inc.

[41] Interviewees mentioned Sen. Perata, Daryl Steinberg (who is expected to be elected in November to the Senate), Assemblymember Arambula (Lilia Chavez), and Ted Gaines, Rep, who is expected to be elected to the Assembly from Placer County.