



velopment, and interagency cooperation in the process.

• **Lack of Accountability for Program Outcomes.** The system fails to adequately link program spending control and funding responsibility, so that decisionmakers are not accountable for program outcomes.

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

In developing its proposed reorganization model, LAO relied on four basic principles of reform: maximize separation of state and local government duties through appropriate alignments of control and funding responsibilities; match redistributive programs with redistributive revenue sources at the highest level of government; recognize program linkages by restructuring to promote coordination of service delivery mechanisms, removing barriers to innovation; and rely on financial incentives to promote prevention and coordination.

In choosing which duties should be assigned to the state, LAO first determined which duties represent truly state-wide functions, in that state control is needed to ensure adequate service levels. Specifically, LAO looked at whether the costs or benefits of a program are restricted geographically; whether service level variation will create adverse incentives for migration; and whether uniformity is needed to achieve statewide objectives. Responsibilities which LAO recommends be delegated to the state include administering cash grant programs (e.g., Aid to Families with Dependent Children (AFDC)), basic health care (e.g., Medi-Cal), public health, welfare administration, child support enforcement, unemployment insurance and disability insurance administration, higher education, long-term custody, trial courts, appeals courts, state parks, and K-12 school funding.

LAO assigned all community-based service programs to local governments, such as the administration of mental health programs, child welfare services, foster care, adult protective services, substance abuse services, job training and employment, Greater Avenues for Independence (GAIN), district attorney and public defender duties, probation/parole, jails/corrections, and police. Although the changes in program responsibility would have the net effect of shifting program costs from the state to the local government level, the model would offset the cost shifts by allocating a higher share of the local property tax to cities and counties.

LAO acknowledged that some of its proposed changes would require the elimination or addition of provisions in the state Constitution, and others may not be permitted under existing federal laws or regulations, or would require the creation of new oversight mechanisms at the state level. LAO also conceded that the changes it has proposed are potentially disruptive to both the citizens and institutions of this state. Notwithstanding that fact, LAO contended that continued reliance upon the existing system of state and local government entails a far larger risk to the public—the failure to move forward in resolving the social and economic problems of the state. Finding no alternative to such a reorganization in the long run, LAO concluded by recommending that the legislature set in motion a process for implementing a major restructuring of state and local government responsibilities.

In a May 4 follow-up report entitled *Making Government Make Sense: Applying the Concept in 1993-94*, LAO stated that certain budget proposals currently under consideration, such as the proposed shift of local property tax revenues to school districts, would make it more difficult to implement the *Making Government Make Sense* concept in the future. Contending that the legislature needs to consider proposals that not only avoid increasing the dysfunctionality of the current system, but also make progress toward the type of fundamental restructuring of responsibilities it previously proposed, LAO presented an alternative budget proposal for the legislature's consideration.

Specifically, LAO's proposal involves what it calls "the most likely revenue alternative"—an extension of the state's temporary half-cent sales tax. LAO recommended that the tax be used to support a transitional mechanism to begin the process of restructuring, by allocating the sales tax revenues to county governments to offset costs associated with program transfers and cost-sharing ratio changes. In return for the sales tax revenue, the program would transfer from the state to the counties program and funding responsibility for three components of the criminal justice system (juvenile justice, adult parole/supervision, and adult parole/return-to-custody) and for substance abuse programs; the proposal would also require counties to assume 100% of the non-federal costs for the following programs: AFDC-Foster Care, Child Welfare Services, GAIN, Adoption Assistance, and County Services Block Grant.

According to LAO, this proposal would reduce the state's general fund expenditures by approximately \$1.4 billion and shift a like amount of sales tax revenue to the counties

to cover their increased costs; according to LAO, this approach makes progress toward the goal of a more rational system of government in California.

## LEGISLATION

**ACA 2 (Hannigan)**, as introduced December 7, would provide that statutes enacting budget bills shall go into effect immediately upon their enactment and eliminate the two-thirds vote requirement for the passage of appropriations from the general fund. [A. Inactive File]

**ACA 3 (Richter)**, as introduced February 1, would amend the California Constitution to require, in any year in which a budget bill is not passed by the legislature before midnight on June 30, that each member of the legislature forfeit all salary and reimbursement for living expenses from July 1 until the date that the budget bill is passed by the legislature and, in addition, pay the sum of \$100 per day from July 1 until the date of the passage. [A. Rls]

**ACA 21 (Areias)**, as introduced March 5, would provide that if the Governor fails to sign a budget bill on or before June 30, then on July 1 an annual budget that is the same amount as that which was enacted for the immediately preceding fiscal year shall become the state's interim budget for the new fiscal year and the balance of each item of that interim budget shall be reduced 10% each month, commencing August 1, until a new budget bill has been signed by the Governor. [A. Rls]

**SB 1171 (Alquist)**, as introduced March 5, would eliminate the requirement that the Legislative Analyst prepare a judicial impact analysis on selected measures referred to specified legislative committees, and require LAO to conduct its work in a strictly non-partisan manner. [S. Rls]

**SB 1172 (Alquist)**, as introduced March 5, would eliminate the requirement that the Legislative Analyst evaluate the workload of the State Bar Court and submit a final written report of his/her findings and conclusions to specified committees. [S. Rls]

## ASSEMBLY OFFICE OF RESEARCH

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Established in 1966, the Assembly Office of Research (AOR) brings together legislators, scholars, research experts and interested parties from within and outside the legislature to conduct ex-



tensive studies regarding problems facing the state.

Under the director of the Assembly's bipartisan Committee on Policy Research, AOR investigates current state issues and publishes reports which include long-term policy recommendations. Such investigative projects often result in legislative action, usually in the form of bills.

AOR also processes research requests from Assemblymembers. Results of these short-term research projects are confidential unless the requesting legislators authorize their release.

## MAJOR PROJECTS

**Economic Development Assistance Programs in State Government** (April 1993) provides information on California's existing economic development assistance programs and discusses programs which have proven successful in other states. AOR estimates that over 30 different state agencies are currently administering more than 125 economic development programs in California. Although a number of entry points exist which provide limited access to economic development assistance, AOR found no single, easily accessible entry point for comprehensive assistance in key areas of the state; AOR also found that despite a myriad of economic development assistance programs, gaps exist in California programs for technology innovation. AOR noted that some existing and proposed state programs could fill those gaps; however, before adding to programs which are already disorganized by function and agency, AOR suggested that California officials learn from programs that have worked in other states which experienced severe economic problems in the 1980s.

AOR's specific recommendations for change include creating a single, easily accessible entry point in key areas of the state for comprehensive economic development assistance; linking industry clusters and government with universities to turn research into products and jobs; improving the productivity of mature industries; leveraging public resources with private sector and nonprofit institution resources; and funding state programs based on performance.

**Putting the Pieces Together: A Status Report on Integrated Child and Family Services** (February 1993), part of AOR's *California Children, California Families* series, describes pioneering attempts in California to redesign delivery systems for child and family services; identifies obstacles encountered by such efforts and the institutional and political barriers to their expansion; and describes specific options for overcoming those barriers. AOR

notes that communities throughout California are inventing new systems for service delivery; although the programs vary greatly, most can be described as comprehensive, flexible, and holistic, prevention-oriented, family-centered, neighborhood-based/culturally sensitive, governed by collaborative leadership with shared resources, and accountable to program participants.

The report then describes four local programs which have been implemented to coordinate various services for children and families. For example, Sacramento County's "Cities in Schools" program is "committed to helping children succeed in school and to strengthening family life so that families in trouble can begin taking on more and more responsibility for the successful raising of their children." Since 1988, Cities in Schools has led a collaborative effort in Sacramento County to provide social, educational, and health services to children in danger of dropping out of school, as well as to their families. Fresno County's "K-SIX" program is aimed at identifying children at an early age who are likely to drop out of school, and working with the school and family to address barriers to school success. Yolo County's "PEARLS" (People Emerging and Reaching Lifeline Success) program combines education and support services for the pregnant and parenting minors program of the County Office of Education and the Greater Avenues for Independence (GAIN) program. Finally, San Diego's "New Beginnings" is described as an ambitious attempt by the City of San Diego, County of San Diego, San Diego City Schools, San Diego Community College District, San Diego Housing Commission, UC San Diego Medical School, and Children's Hospital to change the entire delivery system for health, human services, and education.

The report states that various obstacles or barriers to these and similar efforts include a lack of adequate facilities or space, lack of funding, confidentiality concerns, lack of collaboration, state-level fragmentation, and program inflexibility. According to AOR, the options available to the state in order to overcome these problems include the following:

- developing legislation which will designate a portion of future bond funds for integrated services facilities;

- simplifying eligibility standards, changing funding rules, emphasizing a more holistic view of services, and allowing local integrated child and family services programs more flexibility to provide the highest-priority services identified by the local community;

- exploring new federal funding sources for which the state is eligible; and

- developing a task force on professional development for integrated children and family services to examine current professional training programs, review credentialing and licensing requirements, identify exemplary multidisciplinary programs, and recommend changes in current programs, credentials, and licenses which would enhance collaboration.

AOR is expected to release a follow-up paper in December describing the progress of the efforts, reassessing the barriers, and, if appropriate, recommending additional specific legislation.

## SENATE OFFICE OF RESEARCH

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Established and directed by the Senate Committee on Rules, the Senate Office of Research (SOR) serves as the bipartisan, strategic research and planning unit for the Senate. SOR produces major policy reports, issue briefs, background information on legislation and, occasionally, sponsors symposia and conferences.

Any Senator or Senate committee may request SOR's research, briefing, and consulting services. Resulting reports are not always released to the public.

## MAJOR PROJECTS

**How Safe? Issues Raised by the Proposed Ward Valley Low-Level Radioactive Waste Facility** (January 1993) summarizes outstanding safety and liability issues facing California's plan to authorize US Ecology to locate and operate a low-level radioactive waste (LLRW) facility at Ward Valley, located in San Bernardino County.

The federal Low-Level Radioactive Waste Policy Act of 1980 gave states the responsibility for managing their own commercial LLRW facilities, encouraged states to enter multi-state compacts to safely manage the waste on a regional basis, and allowed compact regions to exclude LLRW generated outside their regions from their disposal sites beginning in 1986. In 1985, Congress amended those provisions to extend the deadline for states to enter into compacts and develop regional LLRW facilities, establish specific milestones for the siting and construction of new LLRW disposal facilities along with incentives and penalties to prompt