MANAGEMENT OF CARING COMMUNITIES PROGRAM

From The Office Of State Auditor Claire McCaskill

Better management of the $24.8 million Caring Communities program is needed to ensure communities are accountable for results and program funds are distributed in a manner that provides the most benefit.

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PERFORMANCE AUDIT

Office of
Missouri State Auditor
Claire McCaskill

October 2001

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YELLOW SHEET

Missouri's Caring Communities social services program fell short of its cornerstone: ensuring partnerships accounted for results and funds reached the right areas

This audit reviewed the management of the state's Caring Communities program, an innovative approach started in 1993 to improve delivery of social services. The program involves partnerships with neighborhood, local businesses and state agency representatives and now includes 21 community partnerships statewide with a $24.8 million budget in fiscal year 2001.

Auditors found program officials have not ensured accountability for their performance by setting goals tied to data-driven results or linked expenditures to specific outcomes. The following highlights the audit's findings:

Results-based planning not implemented

The majority of the 52 site plans reviewed by auditors did not address results-based planning, a program requirement. For example, some partnerships spent resources to correct a problem without data to prove a problem existed. Several plans included immeasurable benchmarks, such as "improve childrens' self-esteem." In addition, program coordinators did not critically review most partnership plans, but generally accepted them as submitted. (See page 5)

Lack of data impeded reporting and planning

Partnership personnel did not always have access to data needed to identify community problems worth targeting. St. Louis and Jackson County partnership personnel have both struggled to obtain state-level data, but have had limited access due to privacy issues. Data that is provided is often only at zip-code level, which does not offer enough detail to draw conclusions. Program officials have paid an outside consultant $234,000 to propose solutions to data and confidentiality issues, but it is only a proposal. Lack of data has resulted in partnership's reporting results with anecdotal descriptions and no data to prove true change. (See page 9)

Statewide program evaluation of little use

Program officials paid an outside consultant $456,000 in 1997 to evaluate the program's results statewide, but program officials called the evaluation "soft" and of little use. In August 2000, program officials spent $280,000 for another statewide evaluation, including a specific study of the program's data weaknesses. Program officials said this evaluation will be more useful. (See page 10)

MANAGEMENT OF CARING COMMUNITIES PROGRAM

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CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Bob Holden, Governor
and
Directors, Departments of Social Services, Mental Health, Elementary and Secondary Education, Health, Economic Development, Labor and Industrial Relations, Corrections, and Public Safety
Jefferson City, Missouri

The State Auditor's Office has reviewed the Caring Communities program that is administered by the Department of Social Services. The State Auditor's Office reviewed the program to determine whether improvements in the management and oversight of the Caring Communities program are needed. Specific objectives included determining whether (1) program officials have assured accountability in the program; (2) funding strategies exist that allow equitable funding of community programs; and (3) other improvements are needed in the administration of the program.

We concluded that the following improvements are needed in the management and oversight of the Caring Communities program in order to ensure program objectives are achieved:

- Program officials need to increase accountability for program results by improving the planning process. Program officials have not (1) successfully implemented the results-based planning process; (2) required reporting to be linked to data-driven results; and (3) required linkage of expenditures to specific outcomes.

- An equitable funding strategy needs to be established for the program because the funding formula has created inequities among partnerships. Program officials have not linked the needs of communities or the performance of partnerships to the funding process.

- Other improvements are needed in the administration of the program because (1) some partnership employees' salaries are being paid from state funds without proper agreements delineating what the partnership will provide in return; (2) internal audit findings have not been corrected and, as a result, funds are missing at one partnership; (3) the appropriations process does not accurately reflect funding by participating agencies; and (4) opportunities to reduce unnecessary administrative costs have been overlooked.

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The audit was made in accordance with applicable standards contained in *Government Auditing Standards* issued by the Comptroller General of the United States and included such tests of the procedures and records as were considered appropriate under the circumstances.

Claire McCaskill
State Auditor

June 30, 2001 (fieldwork completion)

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RESULTS AND RECOMMENDATIONS

1. Program Officials Need to Ensure Accountability for Program Results

Program officials charged with the responsibility of overseeing the Caring Communities program have not been successful in implementing one of the cornerstones of the program—assuring accountability. Improvements in this area are needed because program officials have not:

- ✓ Successfully implemented the results-based planning process.
- ✓ Required reporting to be tied to data-driven results.
- ✓ Required linkage of expenditures to specific programs.

As a result, the program lacks the necessary accountability to ensure that goals are achieved and funds are going to the right programs.

The state created an innovative approach to delivering social services

The Caring Communities program (the program) represents an innovative approach to delivering social services and other programs that are needed in communities. Historically, state agency officials, without the benefit of local input, made key decisions on programs needed in communities. However, in 1993 the governor of Missouri issued Executive Order 93-43 establishing the Family Investment Trust[1] (the Trust) to change how communities and state government work together to improve results for families and children. *(See Appendix VI, page 37, for Executive Order 93-43.)* According to Trust literature, the governor charged Trust officials to assist communities and state agencies in addressing four policy directions as follows:

- Increase the accountability of communities and agencies to improve results.
- Change the way services are delivered by integrating and basing them in the neighborhoods where children go to school and families live.
- Change the way services are financed by pooling funds more flexibly across state agencies and communities.
- Change the way decisions are made by involving neighborhood residents and community stakeholders, in decisions that affect their well-being.

Program officials implemented a results-based accountability planning model to help ensure the communities are accountable for results. This model allows data-based program outcomes to aid in the planning of future program activities. In its literature published in 1995[2], Trust officials describe results-based accountability as the foundation for all other changes desired because it:

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[1] Now known as the Family and Community Trust
[2] "Missouri's Direction for Change: Achieving Better Results for Families and Children" March 1995 .

- Measures performance by identifying the benchmarks of progress.

- Produces clear information to be distributed publicly to citizens and policy makers.

- Links the expenditure of dollars to specific results and priorities.

- Uses rewards and sanctions that are tied to performance.

According to the published literature[3], state agencies and communities would make the transition to results-based accountability over a 3-year time period (1995-1998). Also, communities and state officials would have to negotiate agreements about the rewards and sanctions tied to results.

Program officials began establishing community partnerships to facilitate achieving the new direction in delivering services to neighborhoods. The partnerships were made up of neighborhood, local businesses, and state agency representatives who assumed responsibility for developing a community-wide agenda to improve six core results for children and families:

- Parents are working.

- Children are safe in their families, and families are safe in their communities.

- Young children are ready to enter school.

- Children and youth are succeeding in school.

- Children and families are healthy.

- Youth are ready to enter the work force and become productive citizens.

As of June 30, 2001, there were 21 community partnerships with 111 Caring Communities sites throughout the state. Approximately $98 million has been budgeted in state and federal funding for the program for fiscal years 1998 through 2001, including $24.8 million budgeted for fiscal year 2001. (*See Appendix V, page 35, for additional information on appropriations and expenditures.)* The Department of Social Services is the lead agency responsible for coordinating with seven other state agencies and administering funding for the program.[4] The metropolitan-based Area Resources for Community and Human Services, (the St. Louis Partnership) and the Local Investment Commission, (the Jackson County Partnership) are the two largest in terms of scope, population affected, budget, and number of Caring Communities sites.

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[3] "Missouri's Direction for Change: Achieving Better Results for Families and Children" March 1995.

[4] The other seven agencies are: Health, Mental Health, Corrections, Elementary and Secondary Education, Public Safety, Economic Development, and Labor and Industrial Relations

Audit Procedures

Auditors performed work at state program offices in Jefferson City, the Family and Community Trust office (the umbrella organization for the Caring Community partnerships) in St. Louis, and partnership offices and site locations in the city of St. Louis, and Jackson, Boone, and Phelps counties. The audit period included fiscal years 2000 and 2001 and auditors conducted review work from December 2000 through June 2001. Auditors reviewed site plans, interviewed key program and partnership officials and reviewed statutes, policies, and procedures.

Table 1.1: Description of Locations Visited

Program Locations	2001 Funding (millions)	Number of Sites	Number of Staff
St. Louis	$5.9	20	89
Jackson County	3.5	20	26
Boone County	1.4	10	12
Phelps County	.3	4	6

Source: Auditor analysis of partnership records

St. Louis partnership officials operate school-based intervention programs for children and families with services such as case management, substance abuse counseling, and after school programs. The Jackson County partnership officials deliver services in neighborhood locations and are school and community based. Jackson County partnership personnel also act as facilitators to help community leaders secure funding through grants or other state or federal funding for programs at the local level. Both locations focus on two to three core results and establish strategies to improve in these areas.

Boone County partnership officials focus on the delivery of services through school-based sites. Each site is responsible for selecting one or more of the core results to address.

Phelps County partnership officials have delivered services through school-based sites. Program officials are transitioning to the community-based facilitator approach, serving four communities—Rolla, St. James, Newburg, and Edgar Springs. In that role, partnership officials will help communities secure other funding sources for needed services. The Phelps County Caring Communities program focuses on two of the six core results. *(See Appendix II, page 26, for additional background information on these partnerships.)*

Officials have not successfully implemented results-based planning

Program officials have not successfully implemented a planning process that ensures accountability. To emphasize accountability, program officials implemented a results-based planning model that should have been reflected in planning documents by fiscal year 1999, according to program officials. However, the majority of the 52 site and partnership plans reviewed for fiscal year 2000 were not adequately prepared. Examples of problems related to the implementation of the results-based planning model follow:

- Local partnership officials implemented strategies to correct problems without having data that indicated problems actually existed. Instead, many of the plans based the need for action on generalizations or general observations at the local level. For example, several plans cited that children in today's society are exposed to a lot of negative influences, such as guns, drugs and gangs, as the reason action was needed to increase the safety of the children in their particular school. Guidance on planning issued by the Trust emphasizes the need to obtain data to verify that a problem actually exists in order to target the right areas for improvement.

  Resources spent without defining problems

- Site and partnership officials responsible for preparing plans were not always aware of other state or federal programs operating in their community and the potential impact of those programs when assessing needs, planning strategies, or assessing results achieved in their communities. In cases where personnel were generally aware of other programs, they had not taken steps to assess the impact those programs might have on their community while planning local strategies or evaluating results. For example, several community partnerships offered job training and unemployment services through other entities. If local officials identified job training as an issue at the local level, site personnel would need to consider the impact of having job training and unemployment services available in their neighborhood when assessing needs, planning strategies and measuring results.

  Impact of other programs not addressed

- A benchmark is a desired outcome or goal that should be quantifiable. During our review of site plans we found the following deficiencies in the development of benchmarks:

  - Benchmarks were not always stated in measurable terms and, therefore, were not quantifiable. For example, benchmarks such as "Improve Children's Self-esteem" and "Increase Parents Awareness of School Programs" were common among the plans reviewed. While program personnel may view improving a child's self-esteem as important, it cannot be quantified in a meaningful way. An example of a benchmark or goal stated in measurable terms would be "Increase Standardized Test Scores" which would be quantified and measured by using the test scores.

    Expected outcomes were not measurable

  - Expected outcomes were not always specific. Specific outcomes require local program personnel to predict the level of impact realistically expected to result from strategies in place. For example, "Increasing Standardized Test Scores" is an outcome that is measurable, but not specific. However, "Increasing Standardized Test Scores by 5 percent" provides a specific expected improvement.

    Expected outcomes were not specific

- Many benchmarks were actually performance measures of strategies. According to results-based accountability literature[5], a performance measure measures the effectiveness of a specific strategy, while a benchmark quantifies the desired outcome or result. Early in the program, program officials developed 18 standard benchmarks. These benchmarks all quantified the achievement of a specific core result and were supportable by an established data source. *(See Appendix IV, page 33, for a listing of the established benchmarks.)* However, site personnel have been allowed to develop their own benchmarks in addition to the established 18 standard benchmarks that have contributed to weaknesses in benchmarks described above.

  Outcomes were actually performance measures

  A recent review of site plans by a contractor working with state officials to improve reporting of results, revealed that fiscal year 2000 site plans contained approximately 180 separate benchmarks. The contractor found that the majority of the benchmarks were actually performance measures. This does not allow for comparability of results between partnerships and makes a statewide evaluation very difficult, according to the contractor representative. *(See page 9 for additional information on work done by this contractor.)*

  "Increased Attendance Rates" is an example of a performance measure incorrectly used as a benchmark under the core result "Children Succeeding In School." Attempting to increase attendance is a valid strategy to increase academic achievement, however increasing attendance rates does not necessarily indicate that children are achieving academically. It only indicates the children are at school. On the other hand, the standard benchmarks under the "Children Succeeding In School" core result include (1) the number of children retained in a grade; (2) reading and mathematics levels (generally measured by standardized tests); and (3) change in grade average. The standard benchmarks quantify the achievement of the core result.

- Our review of site plans revealed that the majority did not include an evaluation plan as suggested by Trust planning guidance. This guide indicates that an adequate evaluation plan should address: the data sources to be used; the timing of future assessments; and the outcomes noted so far; through an analysis of benchmark baseline data and performance measures. *(For more information regarding the results-based accountability model, including definitions of terms and a description of the planning process, see Appendix IV, page 33.)*

  Evaluation plans were deficient

[5] Source: Results Accountability for Proposition 10 Commissions: A Planning Guide for Improving the Well-Being of Young Children and Their Families, March 2000. A project of the University of California, Los Angeles, Center for Healthier Children, Families, and Communities.

Lack of oversight and training have contributed to poor planning efforts

Officials have provided little oversight at most sites

Review of planning documents and discussions with program personnel revealed a general lack of oversight of the planning process by program officials at all levels. For example, program coordinators are responsible for reviewing partnership plans at the state level. However, the plans are generally accepted and receive little critical review, according to some coordinators. In addition to reviewing partnership plans, coordinators stated they also review some, but not all, of the site plans. Partnership personnel are primarily responsible for the review of the site plans. However, most partnership personnel did not conduct critical reviews of site plans. Instead, site plans were generally accepted as submitted—some with incomplete or inadequate information.

Personnel did not understand the process

Discussions with site personnel responsible for preparing site plans indicated they did not have a clear understanding of what is expected in the planning document or of the planning process. Site personnel also indicated that they felt the training received was not sufficient to fully understand the planning process. Most site personnel interviewed indicated a need for additional training.

Efforts to enhance planning

Program officials stated that they have worked with partnership and site personnel to improve the quality of site and partnership planning documents, citing several training sessions that had occurred during the past 2 years. Trust officials stated they plan to provide additional training to program personnel during the next year to enhance planning efforts by site personnel.

At two of the four locations visited, auditors found evidence that partnership officials had been actively involved in the planning process. Jackson County partnership personnel were more involved in making critical assessments of site plans. Officials made efforts to provide feedback to site personnel regarding plans, and provided additional training to site personnel. Site plans reviewed at the Jackson County partnership were generally more adequate than plans reviewed at other locations visited.

Planning and reporting efforts have been impeded by a lack of data

The planning and reporting process is dependent upon having access to adequate and reliable data, according to results-based accountability literature. Auditors found that site personnel have not had access to data needed to help determine whether a problem really existed, or access to data to measure outcomes. Data-related deficiencies found during auditors' review of the planning process are as follows:

- Site personnel have not always used data to help determine whether a problem really existed or to track program outcomes. Results-based accountability literature stresses the need for baseline, or trend data that can be collected and reviewed for several years in succession. Trend data can then be analyzed to determine how the community or neighborhood has improved or declined compared to a standard. For example, if site personnel believe children in first through sixth grades are not reading at the appropriate level, reading score trend data could be collected for a particular school and used to compare against a community or statewide standard. That would help establish whether a problem actually existed and also help site personnel establish a benchmark—the improvement expected or desired at the local level in reading scores.

Data is needed to help define problems and measure results

- St. Louis and Jackson County partnership personnel stated that they have not had access to all state data that they felt was needed to meet their needs. They have struggled to obtain database information maintained at the state level and have had limited success because some state agencies refused to share data with the partnerships due to concerns over the confidentially issues relating to the data. Jackson County personnel have had some success in working out confidentially agreements with some agencies but not all agencies will cooperate. For example, a representative from the Department of Health stated that state and federal statutes prohibit him from releasing certain information on patients. The Departments of Elementary and Secondary Education, and Labor and Industrial Relations are additional examples of agencies concerned over privacy issues, according to program officials. When agencies do provide the partnerships with data, it is usually zip-code level data that does not allow for enough detail to draw meaningful conclusions, according to partnership personnel.

Site personnel do not have access to all data needed

Officials' efforts to solve data problems

In September 1999 and 2000, Trust officials contracted with the Office of Social and Economic Data Analysis, which is associated with the University of Missouri (the contractor), to develop a proposal to summarize state level data to specified local areas in order to solve data confidentiality issues. Contract efforts covered a 2-year period and cost approximately $234,000. The contract also calls for the contractor to improve the current reporting system and develop guidelines for the fiscal year 2000 program evaluation. The contractor will make its final report to program officials by September 1, 2001. All elements of the contract have been substantially completed, according to the contractor and program officials. However, once completed, program officials will only have a ***proposal*** that addresses a solution to data access problems. They will not have a functioning system capable of providing data to partnerships.

Officials hope to have a proposal to address issue

Reporting of program results has not been adequate

Reporting has not been supported by data

Auditors found that reports prepared by site personnel did not reflect results that were adequately supported by data. Instead, site personnel used narrative descriptions of program strategies to report program results. For example, a report completed by site personnel at one elementary school reported on the positive outcomes related to the strategy of having high school student cadets mentor several elementary students. This strategy was intended to affect the following benchmarks: decrease violent crime, decrease disciplinary referrals and decrease grade retentions. The report did not contain any data to show an improvement in the stated benchmarks. The only results reported for this strategy included the following: "The presence and attention of the cadets has an immediate effect on the students. Through the mentoring, the students learn to address and vent their feelings and concerns appropriately and engage into (sic) good verbal conflict resolution without the use of aggression and abusive language. Through the efforts of the cadets, we can expect decreases in violent crime, disciplinary referrals, and grade retention among students."

As of June 30, 2001, program officials were in the process of implementing improvements to the reporting system that were proposed by the Office of Social and Economic Data Analysis. This office focused on ensuring that reports submitted were in a results-based format and supported by data.

Efforts to report on statewide results have not been successful

$456,000 spent with little useful results

Early in the program, program officials intended on relying on contracted program evaluations to report program results. However, program officials' attempts to obtain a meaningful evaluation of the program on a statewide basis have not been successful. In 1997 and 1998, program officials contracted for evaluations at a total cost of $456,000. However, program officials have described these evaluations as "soft" because the evaluations did not provide meaningful and specific information on statewide results achieved. In August 2000, program officials contracted for another statewide evaluation at a cost of $280,000. Program officials believe that this effort will provide meaningful information to officials because one of the objectives is to discover where data weaknesses exist in the current system. An interim report issued by the contracting firm, submitted to program officials in May 2001, indicated a standard set of benchmarks and data sources is necessary to effectively measure program outcomes statewide as well as between partnerships.

Governor's efforts to improve measuring and reporting results

In April 2001, the governor issued Executive Order 01-07, which re-established the Trust as the Family and Community Trust and directed the Trust, among other things, to develop a system to measure and report statewide and community-level success in achieving the six core results, based on benchmarks derived from statewide results by October 1, 2001. The executive order also emphasized results-based planning and management. The governor's staff is working with Trust and state officials to address data and reporting needs in an effort to meet the deadline. *(See Appendix VI, page 37, for full text of executive order 01-07.)*

Expenditures cannot be related to outcomes

Expenditures cannot be related to outcomes

Funds expended cannot be directly attributed to core results or benchmarks. One of the keys of the results-based accountability model is to use results achieved to reallocate resources to strategies that are working, according to results-based accountability literature. Program officials have established 15 standard cost categories that do not necessarily relate to specific core results or benchmarks. For example, it is not clear which core result or benchmark a partnership is attempting to effect by charging expenditures to the cost category "Family Support." "Family Support" could be attributable to any one of the program's six core results.

Conclusions

Program officials have not taken the steps necessary to ensure accountability in the program and are not in a position to know whether or not they have achieved program goals. Accountability will not occur unless program personnel understand the importance of the planning process and implement it correctly at the local level. Using reliable and meaningful data is also critical to achieving accountability. Currently, program personnel do not have the data sources needed to accomplish effective planning. The governor has mandated that officials have a system developed by October 1, 2001, to measure and report statewide and community-level success in achieving the six core results. However, program officials do not expect to have a proposal until August 31, 2001, and there may not be time to develop the system to meet the governor's mandate. The ability to link program expenditures to outcomes is also critical to assuring accountability and currently that link is missing in the program. Without this ability, site personnel and officials overseeing the program have no means to relate expenditures to program goals. If steps are not taken to address these areas there can be no assurance that program funding will be spent in the right areas and that program goals will be met.

Recommendations

We recommend the Department Directors:

1.1 Implement the results-based planning model by directing local officials responsible for preparing site plans to:

- Establish problem statements that are well supported and based on data.
- Assess the impact that other programs have in assessing needs, planning strategies, or assessing results achieved.
- Establish benchmarks that are measurable and have specific outcomes.
- Prepare evaluation plans for inclusion in site plans that address how current and future program outcomes will be evaluated.

1.2 Initiate training to ensure that results-based planning efforts will be effective. Training should be focused in the following areas:

- Defining problems.
- Assessing the impact of other programs in assessing needs, planning strategies, and assessing results.
- Development and use of benchmarks.
- Evaluation of outcomes.
- Effective use of data in the planning and reporting process.

1.3 Intensify efforts to gain the cooperation of state agencies in sharing needed databases.

1.4 Restructure cost categories to allow program expenditures to be attributable to specific core results and benchmarks.

Auditee Comments

The state Department Directors agreed with the recommendations and elected to have the Family and Community Trust Board of Directors respond to this report. Their response follows:

The partners involved with the Caring Communities initiative appreciate the interest with which the State Auditor's office has examined our system-reform effort in Missouri. The process of the audit and the subsequent face-to-face interviews with audit staff have been both enlightening and encouraging. We noted with great pleasure the recognition by your office during our exit interview of the good work in which this initiative is involved in Missouri and the encouragement the auditors proffered to continue it.

As noted frequently throughout the audit, implementation of the Caring Communities concept is an evolutionary process; one that continually demands introspection and transformation. The work of Caring Communities will continue to move forward in order to achieve our core results for families and children in Missouri.

The initiative will utilize the audit report as a management tool against which to gauge our plans for next steps. With that in mind, we concur with the nine recommendations noted in the audit report and will incorporate these suggestions as we make the necessary changes. As was noted in our exit interview, task forces set up by the Family and Community Trust (FACT) Board of Directors have been at work since January 2001, studying the issues about which the audit expresses concern. Task Force reports and recommendations are due to the Board in November and work to implement those recommendations will begin promptly. Among those, which address the areas of concern noted in the audit recommendations, are:

1.1 FACT, in conjunction with the state agencies, will implement a training plan to build the capacity of both local Caring Community personnel and State personnel to develop and define community plans based on needs, strategies, and outcomes that are supported by data. This will begin during the current fiscal year in order to impact the level of quality in the plans.

In cooperation with the Governor's Office, efforts are underway to develop a new statewide Reporting System containing measurable benchmarks and specific outcomes. The joint task force addressing this issue will have the design of this reporting system completed in October 2001.

1.2 *FACT will reorganize and enhance its training components to specifically address the areas noted in the audit report. Efforts are currently underway to implement new learning guide modules which will address using data to assess community needs, strategy development, results accountability, and evaluation. The development of training modules will be enhanced by the use of an evaluation of Caring Communities. The final report on this evaluation is expected to be published in December 2001.*

1.3 *The New Reporting System will require increased sharing and the probable expansion of state databases. Efforts are currently underway to redefine local areas based upon the most recent census tracks. This will allow for a better application of state databases in defining community level needs and evaluating community level results. This will be an ongoing challenge.*

1.4 *The implementation of a comprehensive management information system will allow for the capture of expenditures by core result and benchmark. This should be operational statewide by December 2002.*

2. An Equitable Funding Strategy Needs to Be Established

Program officials' approach to funding partnerships does not assure equitable funding of those partnerships. Officials' use of an arbitrary funding formula to fund partnerships has ignored the needs of communities and the performance of partnerships. Without an adequate needs assessment, program officials can not be assured that adequate program funding is reaching communities most in need of it and that other communities are not over funded. Without an assessment of the performance of partnerships, program officials cannot be assured that program funding is spent most effectively. In addition, the sustainability of larger programs is in question given proposed budget reductions and it is questionable whether additional communities that need the program will be allowed to participate.

Program funding is not based on needs of communities served

Program funding allocated to partnerships is not based on the needs of the community served by the partnership. Instead, program officials have used a funding formula to allocate program funding to most partnerships, based on the number of students in the largest school district in the partnership's county. The funding formula favors partnerships in counties with large school districts over more rural areas with smaller school districts. Table 2.1 displays Caring Communities partnerships and funding.

Funding is based on the number of students

Table 2.1: Partnerships, Date Established, and Budget

Partnership	Date Established	Fiscal Year 2001 Budget* (in thousands)
Phase I Partnerships		
Area Resources for Community and Human Services (St. Louis City and County)	1997**	$5,856
Local Investment Commission, Jackson County	1995	3,462
Community Partnership of the Ozarks	1995	1,956
Columbia/Boone County Community Partnership	1995	1,418
St. Joseph Youth Alliance, Buchanan County	1995	999
Community Caring Council, Cape Girardeau County	1995	596
Northeast Missouri Caring Communities	1998**	509
Phase II Partnerships		
Southwest Missouri Community Alliance (Jasper and Newton Counties)	1997	768
Jefferson County Community Assistance Network	1996	624
Butler County Community Resource Council	1997	390
Pettis County Community Partnership	1996	328
Phelps County Community Partnership	1996	304
Families and Communities Together, Marion County	1996	300
New Madrid County Human Resources Council	1998	170
Dunklin County Caring Council	1998	164
Ripley County Caring Community Partnership	1997	137
Mississippi County Interagency Council	1998	126
Pemiscot County Initiative Network	1998	101
Phase III Partnerships		
St. Francois County	1999	50
Washington County	2000	50
Randolph County	2000	50

Source: Trust and partnership officials and Department of Social Services – Enterprise Unit Financial Reports
Notes: * Represents state Caring Communities program funding only and excludes other sources of funding.
** The Caring Communities pilot program began in 1989.

As shown above, there is a wide range of funding. Phase III partnership funding was not based on the funding formula, but was restricted to $50,000 because of funding limitations.

<u>One of four partnerships visited may be over funded</u>

Officials did not assess need for funding

Boone County partnership officials have allowed approximately $1 million in program funds to expire for fiscal years 1998 through 2001. State program officials provided $1.4 million in fiscal year 2001 funding without any consideration of the partnership's need or ability to utilize the funding. Program documentation indicated that Boone County's employment rate, as well as average earnings per worker, consistently exceeded state averages. Columbia is also a provider-rich community with the University of Missouri and multiple healthcare providers. According to a partnership official, site personnel over estimated mental health funding needed for those years, in part, because the majority of mental health services provided to Columbia students were covered by insurance. Funds expired because partnership officials did not re-direct program funds for other purposes or return funds to the state for reallocation to other partnerships.

Sustaining delivery of services by some partnerships is questionable

Partnerships are facing budget cuts

State program officials' funding of most partnerships has allowed those partnerships to deliver a full array of services to communities. Early programs, such as St. Louis, were established with programs already in place delivering services to the community. Once the Caring Communities program was established, the funding of those services continued. However, the state legislature has reduced the Caring Communities fiscal year 2002 appropriation by $5.3 million for a 22 percent reduction to the $24.8 million fiscal year 2001 budget. Program officials have left the decision with partnership officials as to how to reduce partnership budgets.

Some partnerships have chosen to act as advisors to the community

Based on the desire to reach more of the community and in an environment of budget restrictions, some partnerships have chosen to act as facilitators, or advisors, to the communities that they serve. The following describes some partnership plans to act as facilitators:

- St. Louis partnership officials stated that they anticipate a significant reduction in program funding and as a result, plan to reduce services provided to the community and initiate efforts to be more of a facilitator, or advisor, and help community leaders find the resources needed.

Partnerships are choosing to become facilitators

- Phelps County partnership officials decided in 1999 to focus efforts on helping communities help themselves, which they described as capacity building. Given the limited resources at their disposal—$304,000 for fiscal year 2001, officials decided that instead of investing limited program resources on a small population of students at school locations, they could accomplish more by helping community leaders define problems and find funding to help solve those problems. Partnership personnel have assisted in writing and receiving several grants to aid the entire community.

- Partnership officials in Jefferson County stated that they intend to initiate the facilitator role in order to reach more of the county's needy population and Boone County partnership officials stated they are also considering adding a facilitator approach to their program. Newer partnerships such as Washington, St. Francois, and Randolph counties received minimal funding to start programs and officials have also decided to act as facilitators to the community.

Program funding is not tied to performance of partnerships

Performance is not considered in funding

Literature issued by the Trust has recognized that one of the strengths of a results-based accountability model is the use of rewards and sanctions that are tied to performance. However, performance of individual partnerships has not been considered at the state level while formulating annual budgets. Instead, budgets, based on the funding formula described on page 14, are simply carried forward year after year with only minor adjustments. Partnership officials we spoke with generally expect to see current funding levels maintained unless there are budget shortfalls.

Furthermore, officials at the partnership level do not consider the performance of local sites during their budget preparation phase. Pre-established funding levels are carried forward annually with only minor adjustments. Site personnel indicated that they assume that they will receive about the same level of funding from the partnership as they received the previous year.

Efforts to resolve funding inequities have not been successful

Program officials have attempted to address the inequity in funding and other budget related issues by establishing a 13-member budget taskforce made up of state and local partnership officials. Two of the issues addressed by the taskforce included:

- Funding inequities and several alternative funding formulas, however, no agreement was reached in the fall of 2000. One alternative considered using the total number of children in a county. However, taskforce members noted that this approach did not address poverty levels of the affected counties.

- The concept of core funding of partnerships. This issue involves whether core funding should sustain current budget levels of partnerships or merely sustain the basic infrastructure of a partnership. Taskforce members noted that the resolution of this question would have a great impact on how program funding would be allocated in the future and the extent to which they could be used to expand activities statewide.

Once taskforce members come to an agreement on these and other issues, they will report to officials at the state level. As of June 30, 2001, no final disposition of these issues has been agreed to by taskforce members. Program officials stated that they plan to address these issues during fiscal year 2002.

Conclusions

Officials' use of the current funding formula has ignored the needs of communities and the performance of partnerships. Without a needs assessment, program officials can not be assured that adequate program funding is reaching communities most in need of it and that other communities are not over funded. Program officials also have not assessed the performance of partnerships and that is essential to ensuring that program funding is spent most effectively.

Officials' strategy should also consider the need to make funding available for future expansion of the program.

Recommendations

We recommend the Department Directors:

2.1 Develop a funding strategy that is based on the need and performance of the partnerships and that assures an equitable distribution of program funds.

Auditee Comments

The state Department Directors agreed with the recommendations and elected to have the Family and Community Trust Board of Directors respond to this report. Their response follows:

2.1 The FACT Board of Directors is working on the issue of performance-based funding and will implement a new formula for the FY 03 funding cycle.

3. Other Improvements Are Needed in Program Administration and Oversight

Program officials have not provided adequate administration and oversight of the Caring Communities program and have missed opportunities to be more efficient. Major areas of concern include:

- ✓ Partnership employees' salaries have been paid from state funds without proper agreements delineating what the partnership will provide in return.
- ✓ State officials have not assured critical internal control findings have been corrected at partnership locations.
- ✓ The appropriation process does not reflect most agencies' actual contributions.
- ✓ Opportunities to reduce administrative costs have been overlooked.

Weaknesses in financial controls had not been corrected and contributed to an alleged theft of funding of about $15,000 at one partnership location; some of which was recoverable through a bond. In addition, program officials have incurred some administrative costs that could have been avoided. These conditions can be attributed to a lack of diligence by program officials in ensuring that proper safeguards are in place to protect program funds and the integrity of the Caring Communities program.

Employment of state employees at partnerships contributes to lack of accountability

State pays for seven partnership employees

Salaries for seven partnership employees are paid by the Department of Social Services. They receive state benefits such as health insurance, annual leave, and retirement benefits. These employees had been long-time state employees prior to their employment at the partnerships. According to state officials, the employees were allowed to retain their status as state employees so that the employees could retain state retirement benefits. In effect, the employees were loaned to the partnerships. Affected employees acknowledged that they were hired by the not-for-profit partnerships. None of these employees are paid an additional salary by their employing partnerships. These employees work directly for the partnership and in several instances actually direct the activities including signing contracts between the partnership and the state. They report directly to the partnership board of trustees and there is no evidence of direct supervision of these employees by state officials.

While the state employees and the partnerships share a common goal to provide valuable public service, the audit determined that there were no written agreements between the state agencies and the partnerships delineating responsibilities and expectations of what each entity was going to provide. The state agencies should ensure that cooperative agreements or memoranda of understandings are developed before engaging in any activity with private partnerships to ensure the state receives commensurate value for the services contributed by state employees.

Internal audit findings were not corrected

State internal audit findings need follow-up and internal audit coverage needs to be increased. Examples of related weaknesses follow:

- In March 2001, program officials stated that approximately $15,000 in funds was not accounted for at one of the partnerships. Some of this loss is recoverable through a bond. Program officials investigated and found an alleged theft by an employee. Local officials attributed the problem to weak internal controls. The most recent internal audit conducted by the Department of Social Services Audit Services—covering fiscal year 1999, included an internal control finding regarding the lack of separation of accounting duties and a recommendation that additional controls be put in place. Partnership officials never implemented the audit recommendation and the state coordinator assigned to monitor the partnership did not ensure that the recommendation had been implemented. State coordinators responsible for overseeing partnerships also have the responsibility to follow-up on all internal audit findings in lieu of internal auditors.

Loss of funds results from lack of audit follow-up

- Fourteen internal audit reports have been issued since fiscal year 1998, and seven contained findings relating to internal control weaknesses—primarily the lack of segregation of accounting duties. However, internal auditors did not know whether or not corrective action has been implemented because they relied on state coordinators to follow-up on audits. Several state coordinators stated that their follow-up efforts on internal audits are limited and they did not believe they were qualified to assess corrective action on internal controls.

- Four of the 21 community partnerships have not had a state internal audit while 3 others have not had a state internal audit in as many as 4 years. As of June 30, 2001, no audits had been released for the St. Louis and Kansas City partnerships. While audit work has been initiated at the Kansas City partnership and a report is in process, internal audit work has never been performed at the St. Louis partnership. The St. Louis and Kansas City partnerships receive over 50 percent of the program funds designated for partnership use. The audit services sections of the Departments of Social Services, Mental Health, and Health currently perform internal audits. Also, partnerships contract for independent audits annually.

Internal audits are not timely

Opportunities exist to reduce administrative costs

Program officials have not taken action to reduce administrative costs. During fiscal year 2000, program officials spent approximately $7.2 million (31 percent) of $23.2 million in program funding for administrative and/or overhead expenses. Of that amount, $2.2 million (31 percent) was expended at the discretion of state and Trust officials. The following two examples demonstrate questionable expenditures made by state and/or Trust officials that contribute to high administrative costs:

Administrative costs could be reduced

- Trust and partnership officials spent approximately $300,000 in fiscal year 2000 for an annual program-wide conference at Tan-Tar-A Resort at the Lake of the Ozarks. Similar conferences were held in fiscal year 1999 and 2001. Costs included lodging and meals of individuals directly and indirectly affiliated with the program. Trust officials stated that in order to encourage better attendance at the conference, family members were invited to accompany personnel attending the conference. Therefore, some costs were incurred for food and entertainment for family members.[6] Trust officials also stated they would be re-evaluating options for the conference for fiscal year 2002.

- Program officials spent $400,295 in fiscal year 2001 ($804,000 over 3 years) in program funds for tuition for a graduate certificate program in St. Louis; primarily for the benefit of St. Louis area program personnel. The goals of the program included training leaders, and building capacity for inter-professional family and community work. The funds represented a tuition subsidy that officials paid to a university whether or not any program personnel took advantage of the program. Personnel that participated in the program incurred $1,500 in tuition costs. According to program records, 51 individuals took advantage of this program. However, only 24 Caring Communities personnel participated, as well as nine state employees. Therefore, state officials subsidized tuition for 18 other individuals at a cost of about $284,000 (($804,000/51) x 18). Program officials stated that they would re-evaluate the program for the fiscal year 2003 time frame.

Administrative costs at the partnership level accounted for approximately $5 million (69 percent) of the $7.2 million program administrative costs for fiscal year 2000. Of the $5 million of administrative costs charged at the partnership level, the St. Louis partnership incurred $1.9 million. This represents 31 percent of the $6.1 million expended by the St. Louis partnership in fiscal year 2000. Similar levels of administrative costs were noted in several prior years as well. In reviewing expenditures for this partnership, we found the following:

- Partnership officials incur an 8 percent fee for a fiscal agent's services, which totaled $330,435 in fiscal year 2000. However, officials had not done a cost/benefit analysis to determine whether performing fiscal duties in-house would be more cost-effective and had not utilized a competitive bid process in awarding the current contract. Partnership officials stated that they plan to assess the feasibility of conducting fiscal agent duties in-house for the fiscal year 2002 budget year. Also, if not done in-house they will competitively bid the next contract.

- Partnership officials have maintained a dual administrative organizational structure as a result of the merging of the current partnership staff and the existing local program staff (approximately 100 employees) in 1997. The dual structure resulted in the duplication of duties and additional administrative costs. In March 2001, partnership officials took action to eliminate some of the dual organization structure by eliminating three administrative positions. However, one of the individuals terminated continues to be paid out of state program funds in a different capacity. Partnership officials stated that they intend to address the need to reduce unnecessary administrative costs following the completion of a contracted efficiency analysis currently underway.

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[6] The full extent of these costs could not be determined because documentation did not contain sufficient detail.

Conclusions

The payment of salaries of some partnership employees without agreements delineating what the partnership contribution will be leaves the state vulnerable to not receiving proper value for services provided. These employees were hired, and are responsible to partnership officials—not to state officials. The internal audit function is an important management tool to increase accountability and efficiency if implemented properly. Had program officials ensured that audit recommendations had been implemented; an alleged theft of $15,000 may have been avoided. Program officials have not taken action to reduce administrative costs at the state, Trust, and partnership levels.

Recommendations

We recommend the Department Directors:

3.1 Develop appropriate cooperative agreements or memoranda of understanding between the state and private partnerships for the use of state employees.

3.2 Require internal auditors from the departments' audit services to work with Caring Communities coordinators to ensure internal audit recommendations are implemented.

3.3 Ensure timely audit coverage of all partnerships by requiring that each partnership receive an internal audit at least once every 3 years.

3.4 Take action to review program expenditures and eliminate unnecessary administrative costs from the program.

Auditee Comments

The state Department Directors agreed with the recommendations and elected to have the Family and Community Trust Board of Directors respond to this report. Their response follows:

3.1 The Department of Social Services will be reporting on and clarifying the relationship and duties of state staff who are partnership personnel. This will be completed by the conclusion of FY 02.

3.2 The audit staff of the Departments of Mental Health, Social Services, and Health and Senior Services will meet with the State Coordinators in order to ensure that internal audit recommendations are implemented and documented. This process will begin in the third quarter of FY 02.

3.3 The audit staff of the Departments of Mental Health, Social Services, and Health and Senior Services, in conjunction with the Finance Committee will establish a calendar of audits to ensure that each partnership is audited at least once every three years by state *staff. It should be noted that it is required of the partnerships to have an independent audit each year.*

3.4 The FACT Board of Directors will begin reviewing expenditures in order to eliminate unnecessary administrative costs. This will be an ongoing process for the Board.

APPENDIX I

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The overall objective was to determine whether agency officials provided effective management and oversight of the caring communities program. Specific objectives included determining whether (1) program officials have ensured accountability for program results; (2) funding strategies allow communities to deliver needed services; and (3) improvements are needed in the administration of the program.

Scope and Methodology

Audit work was performed at state program offices in Jefferson City, the Family and Community Trust office in St. Louis, and partnership offices and site locations in the city of St. Louis, and Jackson, Boone, and Phelps counties. The audit period included fiscal years 2000 and 2001.

To determine whether Caring Communities program had effective management and oversight, we reviewed:

- The organizational structure at the state level, including a review of the various committees and subcommittees that have been formed and their responsibilities.

- Expenditure processing and reporting procedures at the state level, including a review of the appropriation process used by agencies involved.

- Procedures to monitor partnership activities including internal audits of selected locations.

- State level administrative costs.

- Procedures used by partnership officials to monitor site activities.

To determine if program officials have assured accountability for program results, we reviewed the implementation of results-based planning; which is designed to more effectively measure program results. Our review included contracts entered into by program administrators related to data development, and corresponding interviews with contracted data experts concerning the data needs of the program. We also:

- Conducted site visits at the St. Louis, Jackson County, Boone County and Phelps County Partnerships. Work at the partnership locations included the following:

    - A review of the planning process at the partnership level, including data access and usage issues.

- A review of internal controls, accounting procedures and other fiscal operations, such as a review of contracts and a review of partnership administrative costs. Our review of accounting procedures included a test of expenditures and payroll.

- Visits to selected sites. Site personnel were interviewed to determine procedures for providing services and preparing the site plan as well as discussions regarding financial controls and tracking of expenditures.

- A review of the content and format of all site plans.

To determine funding strategies used for the program, we conducted a review of the procedures used at the state level to distribute funding to the partnerships as well as the procedures at the partnership level to distribute funding to the sites. This review was primarily conducted through discussions with state, partnership and local level administrators as well as through a review of program documentation.

APPENDIX II

BACKGROUND

Missouri's vision for children and families includes having strong families and communities where parents are working, children are succeeding in school and growing up healthy, safe, and prepared to enter productive adulthood. The Caring Communities program is a multi-agency reform effort to work toward this goal with a focus on community-based, human service integration. It has been modeled after two state neighborhood-based programs—the St. Louis Walbridge Caring Communities program and the Family Preservation program of the Division of Family Services, initiated in the late 1980s. These efforts linked neighborhood-based human service delivery efforts to schools along with cross-agency planning and program implementation. The program is funded with a combination of state and federal funds through five state agencies—the Departments of Economic Development, Elementary and Secondary Education, Health, Mental Health, and Social Services. The legislature budgeted approximately $98 million for program activities for fiscal years 1998 through 2001. *(See Appendix V, page 35, for detail of program appropriations and expenditures for fiscal years 1998 through 2001.)* Technical assistance and oversight of the program is provided by the Family and Community Trust, representatives of the funding agencies, and local community partnership officials. *(See Appendix III, page 32, for the organizational structure involved in the oversight of the caring communities initiative.)*

Establishment of the Family and Community Trust

In November 1993, the governor of Missouri issued Executive Order 93-43 creating the Family Investment Trust[1] (the Trust), as a public-private partnership to change how communities and state government work together to improve results for families and children. It's charged with providing leadership, in collaboration with Caring Community partnerships, to measurably improve the condition of Missouri's families, children, individuals, and communities; and encouraging collaboration among public and private community entities to build and strengthen comprehensive community-based support systems. *(See Appendix VI, page 37, for the full text of Executive Order 93-43.)* According to Trust literature, the governor charged the Trust to assist communities and state agencies in addressing four policy directions that included the following:

- Increasing the accountability of communities and agencies to improve results.
- Changing the way services are delivered by integrating and basing them in the neighborhoods where children go to school and families live.
- Changing the way services are financed by pooling funds more flexibly across state agencies and communities, and by tying program funding to the results achieved.
- Changing the way decisions are made by involving neighborhood residents and community stakeholders in decisions that affect their well being.

In 1995, the Trust published a report presenting its strategic approach to achieving better results for children and their families in communities. The report presented four overarching strategies

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[1] In April 2001, the name was changed to the Family and Community Trust.

for changes to be implemented in communities and in state government, which reflected the governor's guidance. The strategies included the following:

- Being accountable for achieving results.
- Bringing services closer to where families live and children attend school.
- Active community involvement in decisions that affect their well-being.
- Using funding more flexibly and effectively to meet community needs.

The report stressed accountability for achieving results and cited results-based accountability as the foundation for all other changes because it measures performance by identifying the benchmarks of progress; uses rewards and sanctions that are tied to performance; links the expenditure of dollars to specific results and priorities; and produces clear information to be distributed publicly to citizens and policymakers. The report stated that state agencies and local communities would make the transition to results-based accountability over a 3-year period—1995 to 1998.

The report also addressed measuring progress against a set of core results expected for children and families which included the following:

- Parents are working.
- Children are safe in their families, and families are safe in their communities.
- Young children are ready to enter school.
- Children and youth are succeeding in school.
- Children and families are healthy.
- Youth are ready to enter the work force and become productive citizens.

(See Appendix IV, page 33, for additional information regarding the implementation of results-based accountability.)

To facilitate its strategies, the Trust established community partnerships. The partnerships were to include a mix of community and business leaders as well as local representatives of the state agencies to assume responsibility for developing a community-wide agenda to improve the six core results for children and families. As of June 30, 2001, there were 21 community partnerships with 111 Caring Communities sites throughout the state. The metropolitan-based Area Resources for Community and Human Services, (the St. Louis Partnership) and the Local Investment Commission, (the Jackson County Partnership) are the two largest in terms of scope, population affected, budget, and number of Caring Communities sites.

Statutory authority for the program

Section 205.565, RSMo 2000, provides the only statutory authority for the program. It states that "the Department of Social Services may, subject to appropriation, use, administer and dispose of any gifts, grants, or in-kind services and may award grants to qualifying entities to carry out the Caring Communities program".

Formulation of the St. Louis Partnership

The St. Louis Partnership was formally launched in August 1997 and is the largest partnership in terms of budget and scope of services delivered to communities served. According to program documentation, the federal Personal Responsibility Act—passed in August 1996, acted as the catalyst for creating the St. Louis Partnership. Members from a committee of the United Way of Greater St. Louis met together with a group of interested citizens to deal with the problem of how to help people move from welfare to work. The group decided a new community structure was needed and the St. Louis community partnership resulted. This ad hoc group, along with Trust board members, worked on the mission, goals, and structure of the St. Louis Partnership. The group studied the program in Kansas City, established in 1992, that became a partnership in 1995. In August 1997, Trust officials formally approved the formation of the St. Louis Community Partnership and recognized the Partnership's authority as the vehicle to make decisions regarding the allocation of state agency resources in St. Louis.

The St. Louis Partnership has developed partnerships with community and state government stakeholders. While initially focused on welfare reform and sustainable neighborhoods, during the first 18 months it broadened efforts to include a group of community and state partnerships. Program initiatives and partnerships are shown in table II.1.

Table II.1: Initiatives and Strategic Partnerships

St. Louis Caring Communities Initiative	*Sustainable Neighborhoods*	*-Welfare to Work -Early Childhood -Health Care*
Partners Missouri Departments of: • Corrections • Economic Development • Elementary & Secondary Education • Health • Labor & Industrial Relations • Mental Health • Social Services • Public Safety	Partners • Eight St. Louis Neighborhoods • Regional Housing and Community Development Alliance • St. Louis 2004	Partners Missouri Departments of: • Economic Development • Labor & Industrial Relations • Mental Health • Social Services • St. Louis 2004

Source: St. Louis Caring Communities program documents

The St. Louis Partnership assumed responsibility for oversight of the St. Louis Caring Communities program in 1997. As such, it acts as the contracting agent for the St. Louis Caring Communities program and assumes accountability and responsibility in accordance with the contract, according to program documentation. In addition, it has the responsibility and authority for all programs funded through its relationship with state agencies and the Trust.

The St. Louis Caring Communities program is modeled after two neighborhood programs started in St. Louis in the late 1980s—the St. Louis Walbridge Caring Communities program and the Family Preservation program of the Missouri Division of Family Services. The program initially operated with school-based intervention programs for children and families with services such as case management, substance abuse counseling, and after school programs. The Walbridge program emerged as a non-traditional service model based on family strengthening and community involvement, according to program documentation. The program currently operates 19 sites and a teen center in the city of St. Louis, and one site in University City, which is located in St. Louis County. The program had a $5.9 million operating budget for fiscal year 2001.

Partnership staffs work with a Caring Communities Advisory Board that is made up of representatives from all of the school sites. There are approximately 110 employees involved in delivering programs at these sites. Additional personnel provide clinical services through a contract with the St. Louis Partnership at a cost of approximately $1.5 million for fiscal year 2001. Individual site coordinators are responsible for overseeing day-to-day program activities at the 21 sites. Each of the sites has a site steering committee representing the school and community where the school is located.

The Jackson County Partnership

The Jackson County Partnership—the second largest partnership in the state, got its start in 1992, when business leaders in the Kansas City area met with Department of Social Services officials over concerns with the welfare system in Jackson County. They informed officials that a group of private citizens wanted to get involved in overseeing the use of federal and state funds in the community. In November 1992, a commission was formed to give this approach a try. Efforts were successful and in 1993—the same year that the Trust was formed, the organization gained status as a not-for-profit organization known as the Local Investment Commission. In 1995 state officials established Caring Communities funding and 16 sites along with councils were established by the Jackson County Partnership.

The partnership has four programs it manages in addition to the Caring Communities program. In fiscal year 2001, partnership officials received approximately $8 million for these programs. Programs include the following:

- Before and After School Program.
- Educare/Early Childhood Development.
- Welfare to Work.
- Managed Care Plus/Health Services.

The Jackson County Caring Communities program is currently carried out at 20 sites in the metropolitan Kansas City area. The program delivers services in the neighborhood locations and is school and community based. Caring communities personnel also act as facilitators to help community leaders secure funding through grants or other state or federal funding for programs at the local level. For fiscal year 2001, state budgeted funds totaled $3.5 million for the program.

Boone County Partnership

The Boone County partnership has administrative offices located in Columbia. This partnership was one of the original seven locations in the state. Columbia school district officials and community leaders established the program as a school-based program serving Columbia. The Columbia school district volunteered to be the fiscal agent for the first three years, until July 1, 1999. In 1999, the partnership became a not-for-profit entity. Once established as a non-profit organization, the day-to-day administrative responsibility for the program was removed from the school district and transferred to partnership officials.

The partnership is responsible for the following programs in addition to the Caring Communities program:

- Community Child Care Consortium - Early Childhood Development. They have a contract with the Department of Social Services for $500,000 and they act as the fiscal agent, so the funds pass through the partnership. This program's primary purpose is to train child care providers.

- Central Missouri Mentoring Partnership. These funds, approximately $320,000, have been received from the Department of Social Services and the services are subcontracted. The primary purpose of this program is the development of an after-school mentoring program.

- The partnership had a $170,000 grant from the county which was combined with $25,000 of state dollars received for after-school tutoring that ended in February 2001.

- They have a 5-year demonstration grant for a program to help prevent child abuse. This program is referred to as the Community Based Family Resource System. These funds are state funds from the Children's Trust Fund.

- The partnership is also closely affiliated with Boone "WORKS" which is an entity that provides job training to individuals. However, little-to-no funding actually passes through the partnership.

The partnership has approximately $7.3 million in funding to support all of its programs. Of that amount, $1.4 million supports the Caring Communities program. The partnership has focused on the delivery of services through 10 school-based sites in Columbia.

Phelps County Partnership

The Phelps County partnership is headquartered in Rolla. Local officials on the Meramec Regional Planning Commission, an association of local governments that worked with Trust officials in establishing a partnership. In December 1996, a board was formed and by-laws were established and in May 1997, the partnership was officially recognized. In the fall of 1997, the partnership became a legal not-for-profit entity. The partnership established seven school-based sites in the four communities. In January 2000, officials established a director's position for the program. State funds budgeted for fiscal year 2001 totaled $304,380 and services are currently provided to Rolla, St. James, Newburg, and Edgar Springs.

The partnership has two programs it manages in addition to the Caring Communities program. In fiscal year 2001, partnership officials received $583,761 for these programs. Programs include the following:

- Educare/Early Care and Education. This program is used to develop, train, and support child care workers and increase the quality of child care through licensure and accreditation of child care providers.

- Youth Mentoring-Missouri Mentoring Partnership. This program is designed for selected, qualified youth to access employment and educational programs for working teens, young parents and pregnant teens.

A total of $888,141 in state funds were budgeted for the Caring Communities program and these two programs for fiscal year 2001.

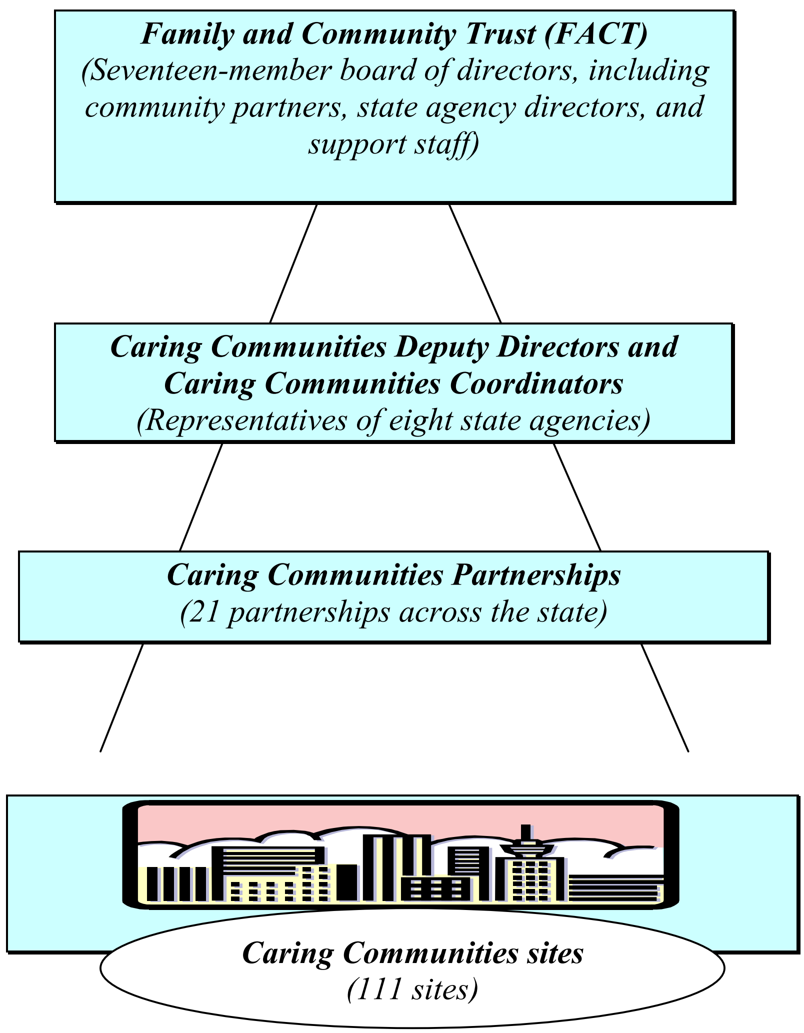
In September 1999, board members decided to change from a school-based program to a community-based program and move from the delivery of services to facilitating community efforts to secure needed community services.

The Caring Communities program focuses on two core results. These include:

- Children and families are safe.

- Children and families are healthy.

FIGURE III.1: ORGANIZATIONAL STRUCTURE OF PROGRAM



Source: Family and Community Trust literature

APPENDIX IV

UNDERSTANDING RESULTS-BASED PLANNING

The first step in implementing the results-based accountability model is to establish the core results a program is hoping to achieve. In a study done for the UCLA Center for Healthier Children, Families and Communities, Mr. Mark Friedman[1], an individual recognized by program officials as an authority in results-based accountability, presented the following in regard to results-based accountability.

- A result is a condition of well-being stated in plain English. Program administrators did this by establishing the following six core results:

  - Parents Working.
  - Children Safe in Their Families, and Families Safe in Their Communities.
  - Children Ready to Enter School.
  - Children Succeeding in School.
  - Children and Families Healthy.
  - Youth Ready to Enter Productive Adulthood.

- The next step in implementing this model is to establish a set of indicators, or benchmarks, which quantify the achievement of the core results already established. According to Mr. Friedman, a benchmark would ideally be stated in terms of a reliable data source that is already being collected or could be easily collected. For example, the rate of unemployment, for which data is already collected in detail, would be a good indicator of the "Parents Working" core result.

  Program administrators developed 18 standard benchmarks to quantify the six core results as follows:

  Core Results No. 1: Parents working

  1. Average earnings
  2. Employment rate
  3. Retention of employment

  Core Result No. 2: Children safe in their families and families safe in their communities

  4. Substantiated child abuse/neglect
  5. Out-of-home placement for abuse/neglect
  6. Injury hospitalizations
  7. Delinquency and habitual delinquency
  8. Suspensions/expulsions

[1] Mr. Friedman is a member of the Fiscal Policy Studies Institute, in Baltimore, Maryland.

Core Result No. 3: Healthy children and families

9. Preventable hospitalizations
10. Out of home placements for psychiatric reasons
11. Immunization rate at kindergarten enrollment
12. School absences

Core Result No. 4: Young children ready to enter school

13. Kindergarten readiness test scores

Core Result No. 5: Children and youth succeeding in school

14. Grade retention
15. Reading and mathematics level
16. Grades

Core Result No. 6: Youth ready to enter the work force and become productive citizens

17. High school graduation rate
18. Teen pregnancy

- Next, program administrators at the local level choose which of the six core results and related benchmarks their site will attempt to effect. Once this process has been completed a set of strategies must be developed. According to Mr. Friedman, a strategy is a coherent collection of actions which have a reasoned chance of improving results.

  An example of a strategy to affect the "Children Succeeding in School" core result would include an after-school tutoring program. Program administrators at the local level must also develop performance measures to measure the effectiveness of a strategy in place. A performance measure should also be stated in quantifiable terms. To measure the effectiveness of the after-school tutoring program, for example, a site may choose to measure the improvement in the grade point averages of the children participating in the program.

- A planning document would then be prepared at the local level to document the planning process. The planning document should first state the reason it is necessary to implement the strategies planned. Secondly, the plan should evaluate the program outcomes noted to date, including the effectiveness of individual strategies through analysis of performance measure data, as well as evaluate program outcomes through an analysis of benchmark data trends. The results noted, whether good or bad, would then be used to redirect funding to the strategies that are working and away from those that are not.

APPENDIX V

APPROPRIATIONS AND EXPENDITURES BY DEPARTMENT

For fiscal years 1998—2001 the legislature appropriated approximately $98 million for the Caring Communities program. Table V.1 summarizes funding appropriated by agency.

Table V.1:Total Caring Communities Funds Appropriated by Fiscal Year

Departments	1998	1999	2000	2001	Totals
Social Services	$8,241,488	$12,270,802	$10,845,343	$10,871,987	$42,229,620
Mental Health	5,918,276	5,934,971	5,985,781	5,991,077	23,830,105
Elementary and Secondary Education	4,025,000	4,025,000	4,025,000	4,025,000	16,100,000
Health	3,689,193	3,689,193	3,689,193	3,689,193	14,756,772
Labor and Industrial Relations	500,000	500,000	-	-	1,000,000
Economic Development	-	-	250,000	250,000	500,000
Totals	$22,373,957	$26,419,966	$24,795,317	$24,827,257	$98,416,497

Source: Department of Social Services- Community Enterprise Unit Financial Reports

As shown above, the Department of Social Services received funding in excess of $42 million, or 43 percent, of the total appropriated for the program for fiscal years 1998 through 2001, while other departments were budgeted to fund it to a lesser extent.

During the fiscal years of 1998—2001, agencies participating in the program expended approximately $84 million. Table V.2 summarizes funds expended by the agencies.

Table V.2: Funds Expended by Department for Fiscal Year

Departments	1998	1999	2000	2001	Totals
Social Services	$5,948,187	$10,149,551	$9,469,962	$8,087,694	$33,655,394
Mental Health	5,297,009	5,042,182	5,858,712	5,814,865	22,012,768
Elementary and Secondary Education	3,180,572	3,750,038	3,955,500	3,706,763	14,592,873
Health	2,430,008	2,817,567	3,615,070	3,613,504	12,476,149
Labor and Industrial Relations	331,290	382,731	-	-	714,021
Economic Development	-	-	247,500	246,589	494,089
Totals	$17,187,066	$22,142,069	$23,146,744	$21,469,415	$83,945,294

Source: Department of Social Services- Community Enterprise Unit Financial Reports

APPENDIX VI

PROGRAM EXECUTIVE ORDERS

Executive Order 93-43

Whereas, services to Missouri's families and their children must focus on achieving positive measurable results; and

Whereas, the well-being of children is inseparable from family strength and community stability; and

Whereas, the new public-private partnerships are needed to measurably improve the condition of Missouri's families and their children and establish greater collaboration among human service agencies;

Now, therefore, I, Mel Carnahan, Governor of the State of Missouri, by virtue of the authority vested in me by the Constitution and laws of the State of Missouri, do hereby establish the Family Investment Trust for the following purposes:

1. Assist local communities in establishing collaborative processes to coordinate the services of public and private human service agencies to achieve measurably improved conditions for families and children.

2. Develop measures with the Departments of Social Services, Elementary and Secondary Education, Health, and Mental Health to improve measurably the conditions of Missouri's families and children through greater collaboration among the departments.

The Family Investment Trust Board of Directors will consist of private sector members appointed by the Governor and directors of the Departments of Social Services, Elementary and Secondary Education, Health, and Mental Health.

In witness whereof, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Missouri, in the City of Jefferson, on this 3rd day of November, 1993.

Mel Carnahan
Governor

Judith Moriarty
Secretary of State

APPENDIX VI

Executive Order 01-07

Whereas it is the goal of this administration to create a system of government that efficiently and effectively uses resources to improve the quality of life and enhance opportunity for all of Missouri's citizens; and

Whereas this efficiency and effectiveness can only be achieved through systemic reform of the way the executive and legislative branches of government work with each other, with local communities, and private sector partners to dedicate and invest our resources toward a common set of goals; and

Whereas the leadership and all partners in this collaboration must improve the methods for measuring the results of these goals and promote the successful management and investment of our resources; and

Whereas an increase in opportunity and improvement in quality of life begins within successful communities, which require strong families, children's well-being and active citizen involvement; and

Whereas the entity now known as the Family Investment Trust has been working to build a partnership among State government, local communities and private entities to improve the lives of Missouri's families and children and strengthen communities by:

- Increasing the collaboration of communities, businesses, and government in the planning and delivery of services at the local level consistent with the six core results established by the Family Investment Trust Board of Directors;
- Using public resources to support planning and service delivery more flexibly and effectively across traditional agency boundaries, consistent with the appropriations process of the General Assembly and state policy goals;
- Leveraging public resources to attract additional investment from other sources, measured in part by comparing the total costs of the approaches used to achieve the desired results; and
- Improving accountability for the measures that reflect the six core results and approaches to achieving these results; and

Whereas several financial reviews and audits have recommended improvements in the efforts of the Family Investment Trust to measure results and improve performance in achieving these results,

NOW, THEREFORE, I, Bob Holden, Governor of the State of Missouri, by virtue of the authority vested in me by the Constitution and laws of the State of Missouri, do hereby reestablish the Family Investment Trust through August 28, 2002, to operate as the Family and Community Trust, and direct that:

- The Family and Community Trust Board of Directors—consisting of the Directors of the Departments of Corrections, Economic Development, Elementary and Secondary Education, Health, Labor and Industrial Relations, Mental Health, Public Safety, and Social Services, and nine [9] private sector members—shall be responsible for advancing management reform and implementing policies to measurably improve the well-being of Missouri's families and children;
- The Family and Community Trust and all departments and agencies shall work with the state government's executive branch, legislature, private sector and community partners to develop, by October 1, 2001, a system to measure and report statewide and community-level success in achieving the six core results, based upon benchmarks derived from statewide results, including:
- The number of persons employed in higher wage jobs;
- The overall safety of children within their family units and the safety of families within their communities, measured in part by incidents of crimes against persons and family violence;
- The preparedness of young children to enter school, measured by the percentage of children entering school with the basic requirements necessary to learn;
- The health of children and families, measured in part by rates of injuries and death caused by drugs and alcohol, the percentage of pregnancies resulting in the birth of healthy babies and the percentage of people with health insurance;
- The educational success of children and youth, measured in part by the percentage of young people achieving desired levels of performance in certain grades and the decreased pregnancy rate for females under age 18; and
- The employability of youth ready to enter the workforce, measured in part by the percentage of 18-year olds with a high school diploma or GED.

All departments and agencies involved in the Family and Community Trust shall institute results-based planning and management while promoting collaboration across department and agency lines. These departments shall analyze the methods used to finance and deliver services, review potential structural improvements, implement strategies to maximize effectiveness and anticipate barriers that inhibit effectiveness both within government and between government and community-based organizations.

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Missouri, in the City of Jefferson, on this 2nd day of April, 2001.

Bob Holden
GOVERNOR

Matt Blunt
Secretary of State

RESPONSE OF THE FAMILY AND COMMUNITY TRUST BOARD OF DIRECTORS TO THE AUDIT OF THE MANAGEMENT OF THE CARING COMMUNITIES PROGRAM

FACT
Family and Community Trust

The partners involved with the Caring Communities initiative appreciate the interest with which the State Auditor's office has examined our system-reform effort in Missouri. The process of the audit and the subsequent face-to-face interviews with audit staff have been both enlightening and encouraging. We noted with great pleasure the recognition by your office during our exit interview of the good work in which this initiative is involved in Missouri and the encouragement the auditors proffered to continue it.

As noted frequently throughout the audit, implementation of the Caring Communities concept is an evolutionary process; one that continually demands introspection and transformation. The work of Caring Communities will continue to move forward in order to achieve our core results for families and children in Missouri.

The initiative will utilize the audit report as a management tool against which to gauge our plans for next steps. With that in mind, we concur with the nine recommendations noted in the audit report and will incorporate these suggestions as we make the necessary changes. As was noted in our exit interview, task forces set up by the Family and Community Trust (FACT) Board of Directors have been at work since January 2001, studying the issues about which the audit expresses concern. Task Force reports and recommendations are due to the Board in November and work to implement those recommendations will begin promptly. Among those, which address the areas of concern noted in the audit recommendations, are:

⇒ 1.1 FACT, in conjunction with the state agencies, will implement a training plan to build the capacity of both local Caring Community personnel and State personnel to develop and define community plans based on needs , strategies, and outcomes that are supported by data. This will begin during the current fiscal year in order to impact the level of quality in the plans.

In cooperation with the Governor's Office, efforts are underway to develop a new statewide Reporting System containing measurable benchmarks and specific outcomes. The joint task force addressing this issue will have the design of this reporting system completed in October 2001.

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Page 2
Audit Response

⇒ 1.2 FACT will reorganize and enhance its training component to specifically address the areas noted in the audit report. Efforts are currently underway to implement new learning guide modules which will address using data to assess community needs, strategy development, results accountability, and evaluation. The development of training modules will be enhanced by the use of an evaluation of Caring Communities. The final report on this evaluation is expected to be published in December 2001.

⇒ 1.3 The New Reporting System will require increased sharing and the probable expansion of state databases. Efforts are currently underway to redefine local areas based upon the most recent census tracks. This will allow for a better application of state databases in defining community level needs and evaluating community level results. This will be an ongoing challenge.

⇒ 1.4 The implementation of a comprehensive management information system will allow for the capture of expenditures by core result and benchmark. This should be operational statewide by December 2002.

⇒ 2.1 The FACT Board of Directors is working on the issue of performance-based funding and will implement a new formula for the FY 03 funding cycle.

⇒ 3.1 The Department of Social Services will be reporting on and clarifying the relationship and duties of state staff who are partnership personnel. This be completed by the conclusion of FY 02.

3.2 The audit staff of the Departments of Mental Health, Social Services, and Health and Senior Services will meet with the State Coordinators in order to ensure that internal audit recommendations are implemented and documented. This process will begin in the third quarter of FY 02.

⇒ 3.3 The audit staff of the Departments of Mental Health, Social Services, and Health and Senior Services, in conjunction with the Finance Committee will establish a calendar of audits to ensure that each partnership is audited at least once every three years by state staff. It should be noted that it is required of the partnerships to have an independent audit each year.

⇒ 3.4 The FACT Board of Directors will begin reviewing expenditures in order to eliminate unnecessary administrative costs. This will be an ongoing process for the Board.

Submitted by the Family and Community Trust Board of Directors
Charlie O'Reilly, Co-Chair
September 26, 2001

Charlie O'Reilly

LINC

October 3, 2001

Claire McCaskill
State Auditor of Missouri
State Capitol
Room 224
Jefferson City, MO 65102

Dear Claire:

Our conversation this afternoon was most encouraging. Your patience and tolerance for my account of the details of Social Services to the disadvantaged in Kansas City and Jackson County were very much appreciated.

Our preliminary response to the findings accompanies this letter. We look forward to working with you as we collectively sort through these complex issues.

Sincerely,

Attachment

cc: Gayle Hobbs

LOCAL INVESTMENT COMMISSION
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LINC

Response of the Local Investment Commission to the Audit of the Management of the Caring Communities Program

As LINC Commissioners, we believe – based on our own experience since 1992 – that many issues and points raised by the audit deserve a more complete response.

Although we concur with many of the findings, we believe that resolution of these issues requires a clear definition of the roles and responsibilities for partnerships, state agencies and the Family and Community Trust, all of which is being developed at this time.

This work is new and innovative. FACT, state agencies and community partnerships are committed to making it successful. Difficulties are inevitable. Forming these partnerships challenges the status quo and requires not only commitment but also a new way of doing business.

As new FACT leadership builds a strong state-level intermediary, many of the barriers to the implementation of results-based accountability can be eliminated.

We believe the audit clearly and correctly identifies several important issues, not the least of them being the need for shared accountability and community-level data – both of which are essential for effective results-based accountability.

Shared Accountability

Building a system of interdependent partnerships with strong relationships and agreements among themselves and with and among state agencies is critical. Shared administrative and data responsibilities are also possible and will motivate savings in capacity and personnel.

Although results-based accountability was "defined" in "Missouri's Direction for Change" in March of 1995, resources were not available to provide training until November of 1997. Reporting requirements continued to be modified, and partnerships and state agencies have to revisit the planning process annually to implement changes. As a result, the foundation for measurement and reporting was not easily established. FACT, state agencies and local partnerships have continued to improve this process year by year.

Even in the midst of these challenges, many partnerships have been able to mobilize the local community and providers to deliver services for better results at a lower cost while leveraging local resources.

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Data

While exploring the state's efforts "to solve data problems," the audit found that there is no "functioning system capable of providing data to partnerships"; that there is only a proposal. Clearly there is a "need to obtain data," but the audit provides little recommendation or guidance about what needs to happen. In this regard, we believe the audit should have enlarged upon the recommendation to "intensify efforts to gain the cooperation of state agencies in sharing needed databases."

Results-based accountability is both an innovative and an ambitious approach. It is an effort to "turn the curve" on results that government alone cannot achieve. The approach involves working with many volunteer citizens who are interested in creating healthier families and stronger neighborhoods. These citizens are not planners, demographers, budget managers or computer programmers. They are people who care about their community and believe there are better ways to do things.

These citizens – with support, data and facilitative leadership – can achieve impressive results. Experiences can differ from community to community. The audit discusses several communities who addressed job training without regard to what others were doing. Others have built a nationally recognized welfare-to-work system by building on what already exists and by using data to design, plan and improve the system. Innovations include performance-based contracts for community providers, redesign of the local welfare-to-work offices, and coordinating available state, federal and community dollars to provide a systemic response to employment barriers.

Most state agencies find data sharing difficult. There are bureaucratic, operational and technical issues that still need to be identified, addressed and resolved. Data that communities need in order to effectively implement results-based accountability often comes from state mainframe systems that lack the staffing and resources to provide timely data. The simplest request often requires a programmer to implement.

LINC has had a productive data-sharing agreement with the Dept. of Social Services. LINC has effectively used DSS welfare data to achieve impressive results in its welfare-to-work effort. However, despite having a high-speed T-1 data line, LINC is restricted in downloading files from the DSS mainframe by the significantly slower 56K modem in Jefferson City. A single file transfer can take literally hours and must be restarted if the modem connection is lost or disrupted. If a higher speed connection could be established, the download would take a fraction of the time. (It is easier and faster to transfer data internationally than it is to get data from Jefferson City to Kansas City.) Most businesses, and many residences, have faster ISDN or T-1 data lines that they use to support their business and operations.

Conclusion

The proposed findings should be addressed in detail by the local community partnerships on their own terms and under their specific conditions. Specific findings do not apply uniformly to all partnerships. Neither these partnerships nor FACT (and FIT its predecessor) can help the collaborating agencies overcome their internal obstacles to the kind of constructive change we all believe to be possible.

We urge the Auditor to take an active role in assisting these agencies to achieve the desired and unprecedented levels of collaboration.

Equitable funding needed

Program officials fund various partnerships by the student population in the partnerships' largest school district and not by community needs or partnership performance. This formula favors urban partnerships with large school districts over rural areas and has caused over funding of at least one partnership. The funding ranges from $50,000 for sites in mostly rural areas to $5.8 million for the St. Louis partnership. (See page 14)

Internal audits findings go uncorrected

Internal auditors have issued 14 reports on various partnerships since fiscal year 1998 with half of these audits noting similar findings about inadequate segregation of accounting duties. But the findings have gone uncorrected and it is still unclear which program officials are responsible for such corrections. In addition, four of the 21 partnerships have not had any state internal audit and three partnerships have not had an internal audit for four years. (See page 19)

Questionable administrative expenditures

Program officials spent $300,000 for an annual program-wide conference at a Lake of the Ozarks resort, which included lodging, meals and entertainment for some family members of the participants not directly involved with the program. Program officials paid $400,295 in tuition costs for a graduate certificate program benefiting St. Louis area personnel. Of the 51 persons who took advantage of this program, only 33 were involved with Caring Communities. Program officials have said they will reevaluate this tuition subsidy. (See page 20)