Program Evaluation: Caring Communities

Prepared for the Committee on Legislative Research
by the Oversight Division

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STATE CAPITOL
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February, 1999

Members of the General Assembly:

The Joint Committee on Legislative Research adopted a resolution in May, 1998, directing the Oversight Division to perform a program evaluation of Caring Communities which included the examination of records and procedures in primarily the Department of Social Services to determine and evaluate program performance in accordance with program objectives, responsibilities, and duties.

The accompanying report includes Oversight's comments on internal controls, compliance with legal requirements, management practices, program performance and related areas. We hope this information is helpful and can be used in a constructive manner for the betterment of the state program to which it relates.

Respectfully,

Representative Robert M. Clayton III
Chairman

Senator Harry Wiggins
Vice Chairman

Chapter One - Introduction

Purpose

The General Assembly has provided by law that the Committee on Legislative Research may have access to and obtain information concerning the needs, organization, functioning, efficiency and financial status of any department of state government or of any institution that is supported in whole or in part by revenues of the state of Missouri. The General Assembly has further provided by law for the organization of an Oversight Division of the Committee on Legislative Research and, upon adoption of a resolution by the General Assembly or upon adoption of a resolution by the Committee on Legislative Research, for the Oversight Division to make investigations into legislative and governmental institutions of this state to aid the General Assembly.

The Committee on Legislative Research directed the Oversight Division to perform a program evaluation and expenditure review of Caring Communities for the purpose of providing information to the General Assembly regarding proposed legislation and appropriation bills.

Background

The Caring Communities concept was developed through the collaborative efforts of the State of Missouri Departments of Health, Mental Health, Social Services, and Elementary and Secondary Education. Currently, these four agencies and the Departments of Economic Development, Corrections, and Labor and Industrial Relations are involved in the Caring Communities initiative. The goal of this collaboration was to create a total restructuring of the way services were offered to children and families in need, rather than creating a new program or increasing staff and expenditures. This new effort was designed to overcome many of the liabilities of the past programs, including cultural insensitivity, bureaucratic barriers , remote locations, narrow categorical approaches to problems, and failure to recognize the family as the appropriate unit of service. The Caring Communities approach can be summarized as an approach for improving results for children and families based on the belief that services should be delivered at the neighborhood level, closer to where families live and where children go to school.

The Caring Communities initiative grew from several community and state initiatives. Caring Communities and family preservation, two initiatives launched in the late 1980s, gave direction to the state's approach. The first initiative was the Walbridge Caring Communities, which started in the fall of 1988, and the second was the Northeast Caring Communities program, which began in the fall of 1989.

On November 3,1993, Governor Carnahan established the Family Investment Trust (FIT) with Executive Order 93-43 as a public-private partnership. The FIT was charged with leading the development of a macro-strategy to achieve better results for children and families. The FIT Board of Directors is composed of directors of the seven state departments and civic and business leaders. FIT receives Caring Communities funds for operations and the annual Caring Communities conference. These funds are passed through a foundation acting as FIT's fiscal agent.

Originally, the FIT selected seven communities across the state as partners. Local collaboratives called Community Partnerships were designated in six of these seven communities. The FIT and the state agencies also funded 64 neighborhood/school based initiatives called Caring Communities sites in these seven jurisdictions. Funding for Caring Communities sites was approved in the spring of 1995 and the funds became available July 1, 1995. Currently there are 18 Community Partnerships that oversee 95 Caring Communities sites.

Progress towards achieving the goals of the initiative is measured by six core results:

- parents working
- children safe in their families and families safe in their communities
- children and families healthy
- children ready to enter school
- children and youth succeeding in school
- youth ready to enter the work force and become productive citizens

Eighteen standard benchmarks have been developed which are used to measure the progress under these six core areas. Communities are required to report statistics under each of the standard benchmarks, and are permitted to report additional benchmarks as well.

The Department of Social Services has appropriation authority to spend the various appropriations from the various state agency budgets. The total appropriation for Caring Communities in Fiscal Year 1998 was approximately $22 million.

Objectives

The program evaluation and expenditure review of the Caring Communities initiative included the inspection of records for the purpose of providing information to the General Assembly for their consideration of proposed legislation and appropriation bills. The Oversight Division's evaluation focused on the objectives noted below:

- Reviewing the policies and procedures for administration of Caring Communities;
- Reviewing the evaluation reports prepared by an outside contractor;
- Determining whether Caring Communities is effective and efficient; and
- Verifying whether Caring Communities is being operated in compliance with certain statutes, rules and regulations.

Scope/Methodology

Our evaluation included interviewing certain state agency personnel in charge of administering Caring Communities, interviewing certain staff members of the local partnerships, reviewing available information provided by the partnerships and the state agencies, and visiting a local partnership and fiscal agent.

Our scope was not limited to any specific fiscal years; however, certain areas were evaluated since the inception of Caring Communities.

Chapter Two - Accountability

The accounting for expenditures charged to Caring Communities funds does not allow for matching dollars spent specifically to core results.

Although one of the policy directions of the Caring Communities initiative is being accountable for achieving results, i.e., tying dollars to results, dollars spent are not tracked by core result. Therefore, it cannot be determined if dollars spent are effective specifically by core result. For example, if there are positive changes in certain core results/benchmarks, it cannot be determined how much, if any, of the total funding available was expended to affect that change. Conversely, if there are negative or very little changes in certain core

results/benchmarks, it cannot be determined if perhaps a significant portion of the available funds were spent in attempting to affect change but were ineffective. Also, because the partnerships do not budget by core result, but rather by service category, the budgets cannot be used to determine the partnerships' intentions as to which core results are to be emphasized. As a result, dollars spent cannot be directly attributed to specific outcomes.

Oversight also noted in reviewing the partnership budgets that funds are approved for specific outcomes for which there is no benchmark. For example, in St. Louis funds are spent on substance abuse prevention/case management; however, there are no benchmarks for substance abuse (this would be under the core result children and families healthy). It would not seem feasible that dollars spent could be tied to results when there is no measurement for trends in substance abuse. Although partnerships are allowed to report additional benchmarks other than the standard required benchmarks, in the statewide evaluation there is nothing reported for St. Louis regarding substance abuse. Even if this data was reported by the partnerships, the question remains regarding whether funds should be approved for non-measured activities.

The state agencies should strive to have expenditures classified by core results in order to allow for linking the amounts spent to documented progress under the core results. This practice would also allow for determining appropriate future funding levels by core result. In addition, consideration should be given to whether funds should be provided for activities for which there are no measured benchmarks.

There have been no targeted, quantified performance measures developed for Caring Communities.

As its goals, Caring Communities seeks to increase parents working, children and families safe, children and families healthy, children ready to enter school, children succeeding in school, and youth ready to become productive adults. These six areas are known as the core results. In order to monitor progress in each core result, a set of eighteen standard benchmarks was designated. These are as follows:

Parents Working

- Employment
- Earnings
- Retention of employment

Children & Families Safe

- Substantiated child abuse/neglect
- Out-of-home placement for abuse/neglect
- Hospitalizations due to injury
- Delinquency & habitual delinquency
- Suspensions/expulsions

Children & Families Healthy

- Preventable hospitalizations
- Out-of-home placement for psychiatric reasons
- Immunization rate at kindergarten enrollment
- School absences

Children Ready to Enter School

- Kindergarten readiness test scores

Children Succeeding in School

- Grade retention
- Reading & mathematics level
- Grades

Youth Ready to Enter Productive Adulthood

- High school graduation
- Teen pregnancy

However, no specific targets have been developed. For example, goals to be attained in high school graduation rates are not required. Presently, any positive change in the benchmarks is viewed as success. While it is true that any positive change is better, specific goals, or performance targets, should be specified at the local level and included as part of the contracts between the community partnerships and the state agencies. Partnerships and site councils could then be evaluated on the basis of progress in terms of agreed-upon measures of performance.

There has been little or no monitoring of the expenditures of the Community Partnerships.

Partnerships submit to the state quarterly requests for funds that are based primarily on estimates of expenses to be incurred in the subsequent quarter. At the end of each quarter, partnerships are required to submit quarterly expense reports that detail the partnerships' actual expenditures classified by service category. However, the state does not perform any verification or on-site monitoring of these expenditures to determine that they are supported by documentation and appropriately charged to Caring Communities funds. External audits of the partnerships are required beginning with the FY98 contracts (and beginning in FY99, copies are to be submitted to the Department of Social Services). Prior to FY98, audits were not required by the contracts. The audits are to be conducted in accordance with applicable federal audit guidance since the partnerships receive federal funding, primarily under the Family Preservation and Family Support Services Act. However, since the amount of federal funds received by any of the partnerships would not likely be considered "major programs" under federal audit guidance, the likelihood that external auditors would verify the appropriateness of such expenditures is minimal. The internal audit department of the Department of Social Services has conducted contract compliance reviews of several of the Community Partnerships, but a significant number remain unaudited. As a result, the potential exists that funds could be expended on inappropriate items or services and remain undetected. Oversight was informed that the departments are in the process of developing a schedule whereby all Community Partnerships will be audited or reviewed on a regular basis by teams from the three agencies having internal audit departments (the Departments of Social Services, Health, and Mental Health). Such a schedule should be established providing for annual internal audits or reviews of all Community Partnerships. In addition, the state agencies should consider performing periodic on-site monitoring of the expenditures of the Partnerships.

The actual amounts of non-state and federal (i.e., local and private) contributions to the Caring Communities initiative cannot be determined, and therefore it cannot be determined if such funds are increasing as expected.

The Community Partnerships are not required to and do not report actual funding sources to the state. The amounts expected to be received by source are to be included in the individual partnership and site plans; however, the actual amounts received are not known by the state. According to state officials, the Caring Communities funds are considered to be leveraged funds and are to be used to attract funds from other sources, i.e., local public and private contributions. However, it is not known if the amount of funds contributed locally are increasing as expected. Consequently, it cannot be determined if the local reliance on state and federal Caring Communities funds will diminish, making existing resources available for new local partners. Financial reporting by the Community Partnerships should be required to include all funding sources.

In FY 98, 14 of 18 contracts were executed with fiscal agents rather than Community Partnerships, which did not provide for written agreements between the state departments and partnerships to establish accountability for service delivery or results achieved.

Contracts for FY 98 Caring Communities funds were executed with 18 entities. Fourteen of the 18 Community Partnerships utilized fiscal agents for FY 98. The contracts outlining expenditure of funds and the achievement of certain results are in those instances with fiscal agents who do not have direct authority over activities that would affect outcomes. Although the initiative's intent appears to be to place responsibility for outcomes with the partnerships, some of the partnerships do not have status as a legal entity and therefore, have no authority to contract with other entities. Therefore, an option for contractual arrangements was to utilize a fiscal agent for fiscal management and contracting purposes.

The partnerships that utilize fiscal agents have no contractual obligations to accept responsibility for achieving the outcomes that are outlined in the contracts. Also, the partnerships' control over how the funds are spent to achieve such outcomes is jeopardized when another entity makes payment decisions. The fiscal agents potentially have the power to hinder the decisions made through collaborative efforts at the local level. This process has the potential to discredit the authority of the partnerships. Furthermore, the entities serving as fiscal agents are in a situation wherein they are legally responsible for carrying out the contractual obligations.

Contracts should be between the state agencies and the Community Partnerships directly in order to provide for greater accountability for results to be achieved.

There is no formal reporting to the Governor and General Assembly, other than in conjunction with the budget and appropriation process.

During our evaluation, Oversight noted that no formal reports regarding Caring Communities have been provided to the Governor and General Assembly. Oversight noted that FIT publications indicated that such reports would be provided, as did the Five-Year Plan submitted in 1995 to the U.S. Department of Health and Human Services . Although there are no statutory requirements for these reports, the submission of financial and program status reports to the Governor and General Assembly would provide some assurance that the initiative was operating within the intent of the appropriations approved by the General Assembly.

Chapter Three - Evaluation of Caring Communities

The contracted statewide evaluation does not provide a conclusive set of data regarding the initiative's progress under the required benchmarks.

The state agencies involved in Caring Communities contracted with the University of Missouri, which then sub-contracted with a private research firm to evaluate the Caring Communities initiative. The evaluator basically gathers data from the various partnerships and/or Caring Communities sites, compiles the results, and presents the information in a report. The primary information that is gathered is related to the "benchmark" comparisons. The partnerships are required to track information for the 18 primary benchmarks and any other benchmarks they as a local entity choose to track. These benchmarks are used to measure progress towards the six core results–parents working, children and families safe, children and families healthy, children ready to enter school, children succeeding in school, and youth ready to enter productive adulthood. Each core result has at least one benchmark to measure the results of the program. For instance, the benchmarks for children succeeding in school are grade

retention, reading and mathematics level, and grades.

During our review of the statewide evaluation report issued in July, 1997, Oversight noted the following concerns:

- Although one of the initial criteria for the benchmarks chosen was that the information was already available and therefore non-intrusive, several of the benchmarks which are required to be reported are not. For example, none of the three benchmarks relating to parents working were measurable at the completion of the evaluation in July, 1997, and only three partnerships reported the rate of immunizations at kindergarten enrollment. Many of the benchmarks reflect a lack of data reported by a number of the partnerships. Prior year information for each benchmark is not provided by the evaluator.

- Some benchmark data was improving prior to the implementation of Caring Communities. Based on information provided by two state departments, two of the benchmarks included in the contracted evaluator's reports were improving prior to the start of Caring Communities. The Missouri Mastery Achievement Test (MMAT) scores for reading and math were increasing and teen pregnancy rates were decreasing prior to implementation of this initiative. However, these positive indicators are not presented in the evaluator's reports. Without presenting benchmark information from years prior to implementation of the program, the users of the evaluation reports cannot adequately compare the results of the program with prior year information.

- The reporting of the data and comparisons is not consistent among the sites and partnerships. For example, some provide comparisons between core participants and the whole school while others provide comparisons between the state and the caring communities.

- Some of the data does not provide a comparison of any kind–either to statewide data or to previous years. Therefore, no trend analysis can be made for these benchmarks.

In general, the evaluation does not appear to provide a complete, consistent, useful set of data regarding the initiative's progress under the required benchmarks. For those benchmarks with no comparisons provided, there are no means by which to determine whether a positive trend is occurring. In addition, no information is included in the evaluation addressing other possible reasons for the positive trends such as other state programs, relevant economic conditions, or other external factors. For example, recent legislation requiring childhood immunizations for which additional funding was provided would also impact the benchmark of immunization rates at kindergarten enrollment.

The evaluation should provide useful and complete information which can be used to form conclusions as to the effectiveness of the initiative. All partnerships and sites as recipients of grant monies should be required to report consistently on all required benchmarks that have been selected by the state and local partners. In addition, the evaluation report needs to be consistent in its presentation of data and present any known external factors that could also contribute to the trends reported.

No bids were solicited for the contract for the evaluation of the Caring Communities initiative.

The contract for evaluation of Caring Communities was not bid prior to the state contracting with the University of Missouri-Columbia (UMC) which subsequently sub-contracted the service for a total contract amount of $355,534 in FY 97 and $251,454 in FY 98. State contracts for services greater than $25,000 are required by state law to be awarded after bids are solicited. Without obtaining competitive bids, the state has no assurance that the best and lowest cost provider of the evaluation services was awarded the contract.

In addition to the lack of soliciting bids, the awarding of this contract was not in compliance with the Office of

Administration (OA) - Division of Purchasing and Materials Management (DPMM) procurement policies. Section 34.046 RSMo, states OA may administer a cooperative purchasing agreement to procure supplies from another governmental entity provided that such contract was established in accordance with the regulations applicable to the establishing governmental entity. The DPMM has defined supplies to include contractual services in the Department Procurement Authority Delegation and Procedures policy statement. This policy allows state departments procuring services with a total value of less than $25,000 to contract with other state departments or governmental entities for supplies or services **provided directly** (emphasis added by DPMM) by such entity without conducting a competitive bid process, pursuant to Section 34.046 RSMo. The policy further states that in the event the procurement is valued at $25,000 or more, the state department must submit a Purchase Order Requisition (SAM551) to the Division of Purchasing for processing. It appears that the departments are not in compliance with the procurement policy since the UMC did not provide the evaluation services directly, but instead contracted out the service.

Based on discussions with officials from the Office of Social and Economic Data Analysis (OSEDA) within the University of Missouri and a review of the types of reports they issue, it appears the evaluation could have been performed by OSEDA.

Chapter Four - Fiscal Management

Since the beginning of Caring Communities funding, significant portions of funds appropriated by the General Assembly have lapsed.

The General Assembly appropriates approximately $22 million each fiscal year for the Caring Communities initiative. During fiscal years 1996, 1997, and 1998, a significant percentage of the total appropriation dollars lapsed. Below is a table identifying the lapsed amounts:

Fiscal Year	Appropriation	Amounts Expended	Lapsed Amounts	Percent Lapsed
FY 1996	$22,302,405	$8,501,124	$13,801,281	62%
FY 1997	$22,319,955	$14,056,129	$8,263,826	37%
FY 1998	$22,373,957	$17,196,762	$5,117,195	23%

The agencies' original budget request for FY 99 included an expansion request for approximately $10 million in additional Caring Communities funding. Appropriation requests should be based on actual needs, and Caring Communities should attempt to make full use of the appropriated monies that are currently available before seeking increases in funding for expansion.

Advance payments to the Community Partnerships result in payments in excess of actual expenses incurred by the partnerships.

The Community Partnerships receive funds in advance for projected quarterly expenses. The amount received, via warrant requests, does not reflect actual expenditures incurred. As a result, many of the partnerships receive funds in excess of the expenses actually incurred. The excess results in a carryover amount that is adjusted during the second quarter of the next fiscal year.

The amounts carried over for FY 1997 totaled $899,869, and the total amount carried over for FY 1998 was $67,209. These amounts represent funds paid by the state to the partnerships in excess of expenses actually incurred by the partnerships. At the end of any given quarter, a carryover amount exists based on the partnerships' total actual expenses. Carryover amounts in FY 1996 were requested to be returned to the state, but beginning in FY 1997, by contract the partnerships are allowed to maintain the carryover amounts. As a result, the state has forfeited interest that could have been earned on the excess funds advanced to the partnerships.

The state agencies should determine the feasibility of reimbursing the Community Partnerships for expenses actually incurred rather than advancing funds based on estimates of

future expenses.

The approved allocations to the original Phase I Communities Partnerships have not been reduced, resulting in continued reliance on state and federal funds.

In each fiscal year's spending plan, the state agencies approve the amounts available for allocation to the various Community Partnerships. The amounts approved for the original Phase I partnerships have not decreased from the original amounts approved. In fact, the amount for St. Louis was increased by $540,000 in FY 99. While additional funds would be necessary for expansion of the number of sites within a partnership's area, it appears that few, if any, new sites have been established for these partnerships. As a result, communities are not encouraged to attract funding from other sources. Since the FY 99 budget request for expansion funds was denied, it appears that any expansion would have to be accomplished with existing dollars. Therefore, it would be necessary to redirect funding from Phase I communities to allow for expansion of services into other areas.

Oversight's understanding is that the intent is for the communities to become more self reliant on private funding and contributions and less reliant on state and federal funding. If the funding to the partnerships was reduced in some incremental fashion, the communities would be forced to seek other funding sources. Therefore, current funding could be redirected to support expansion into other geographic areas of the state.

The formula for distribution of funds was initially based on 20% of the population of the largest school district in each county. There are several concerns relating to this methodology. First, this method assumes the number is static and does not change. Secondly, this allocation method is without regard for the number of sites in a partnership and does not consider poverty levels or other economic conditions. Finally, this formula does not account for other sources of funds possibly increasing, i.e., leveraging local funds. While some of these issues are addressed during the initial decision making as to whether locations receive partnership status, they should be considered in the formula for distribution of funds as well.

Chapter Five - Administration

There appears to be few or no administrative guidelines provided by the state to the local partnerships.

During our review, Oversight noted that the state agencies have not provided the local partnerships with guidelines concerning certain administrative topics. For instance, during our review of the contracts between the local partnerships and the various state agencies, Oversight noted the partnerships are not required to bid out their fiscal agent services. Four partnerships are using fiscal agents even though the partnerships are incorporated and would not be required to use a fiscal agent. These four partnerships budgeted $39,164 for fiscal agent fees in FY 1998. Three other partnerships, which budgeted fiscal agent fees in FY 1998 totaling $176,003, were receiving the funds directly and wouldn't need fiscal agent services. The use of fiscal agents when not needed appears to be an inefficient use of state and federal resources. The budgeting of fiscal agent fees when a fiscal agent is not used appears to be an inappropriate budgeting practice. Oversight also noted that fiscal agent fees ranged from 3% of contract totals to 8% of the total contract for the St. Louis Community Partnership, which translates to approximately $320,000 in budgeted fiscal agent fees in FY 98 for St. Louis. Oversight noted there are no policies regarding the procurement of fiscal agent services. Guidelines concerning the use of fiscal agents would appear to be beneficial to these partnerships.

In addition, Oversight attempted to obtain financial statements from several local partnerships to determine the amount of local support for the program. Local support could come from either monetary revenue or in-kind services. Oversight was provided one audited financial statement which included an estimate for in-kind services. One of the financial statements provided was a list of expenditures which was not summarized by type of expenditure. Most of the partnerships indicated that they do not receive any local revenue but may receive in-kind services (such as space in the school buildings for the site coordinator) but a dollar amount is not placed on the in-kind services. It is Oversight's understanding that the state funding

of the local partnerships is not meant to be the sole source of funding, but is meant to attract other funding sources. The local partnerships are expected to raise enough local support to become increasingly less reliant on Caring Communities funding. It does not appear that this is being communicated to the partnerships in the form of guidelines. Furthermore, without consistent reporting, the complete financial status of the Caring Communities Program cannot be easily determined.

Oversight contacted several local partnerships to determine if they received any guidelines concerning the accounting and use of federal funds, the types of financial reports to produce, the documentation of the partnership and site plans and budgets, and the types of records to maintain to ensure the state and federal funds are used appropriately. The local partnerships responded that they had not received guidelines concerning any of the above topics. Without minimum accounting guidelines, the state agencies have less assurance that the state and federal funds are being spent appropriately and are accurately recorded.

An official of the Community Enterprise Unit in the Department of Social Services indicated that the state agencies have not provided guidelines to the partnerships. It appears that based on our evaluation, the state agencies should provide guidelines or policy statements to include the following topics:

- bidding guidelines for fiscal agents,
- when to use fiscal agents,
- financial reporting, which should include measuring and reporting local and in-kind revenues, and
- specific plan and budget formats.

Without these policies the various partnership budgets and financial statements are not consistent. In addition, the state should provide guidelines for the local partnerships to appropriately account for state and federal funds and to use fiscal agents appropriately.

There are no policies or guidelines concerning conflicts of interest.

During our review of Caring Communities, Oversight noted some potential conflict of interest situations with the local partnerships and within the Department of Social Services as noted below:

- The state agencies have not provided the local partnerships with any guidelines concerning the resolution of conflicts of interest.

  Oversight obtained lists of the members of the board of directors for several local partnerships. Oversight noted on several partnership lists names of persons listed as service providers. Oversight discussed the apparent conflicts of interest with officials from those partnerships and found that they were not given any guidance from the state agencies on how to avoid these potential conflicts of interest. It appeared that the partnerships were attempting to correct the problems with the various members of their board of directors through by-law and other changes.

  Without guidelines on resolving potential conflict of interest situations, the local partnerships may not handle the situations consistently or may not address the situations at all.

- The deputy director of the Department of Social Services (DOSS) is also the current chief executive officer of the Family Investment Trust (FIT). The FIT has decision making authority for the Caring Communities initiative. Oversight noted that the deputy director of the DOSS signed an agreement (in his capacity as deputy director) with a private foundation (FIT's fiscal agent) to provide funding to the FIT. It appears to be a conflict of interest for the same person to authorize an agreement for providing funding from the organization he or she works for and also be the executive director of the organization that is also the recipient of the same funds.

  The state agencies should eliminate such potential

conflict of interest situations and develop policies to address such situations in the future.

Chapter Six - Executive Summary

Conclusions and Recommendations

The Caring Communities concept was developed through the collaborative efforts of the State of Missouri Departments of Health, Mental Health, Social Services, and Elementary and Secondary Education. Currently, these four agencies and the Departments of Economic Development, Corrections, and Labor and Industrial Relations are involved in the Caring Communities initiative. The goal of this collaboration was to create a total restructuring of the way services were offered to children and families in need, rather than creating a new program or increasing staff and expenditures. The Caring Communities approach can be summarized as an approach for improving results for children and families based on the belief that services should be delivered at the neighborhood level, closer to where families live and where children go to school.

Progress towards achieving the goals of the initiative is measured by six core results:

- parents working
- children safe in their families and families safe in their communities
- children and families healthy
- children ready to enter school
- children and youth succeeding in school
- youth ready to enter the work force and become productive citizens

Eighteen standard benchmarks have been developed which are used to measure the progress under these six core areas. Communities are required to report statistics under each of the standard benchmarks, and are permitted to report additional benchmarks as well.

Oversight's evaluation of Caring Communities included activities since its inception through fiscal year 1998.

Overall, it cannot be determined whether or not Caring Communities has achieved its goals, nor the amount of funds expended in working towards specific goals. The outside evaluation does not provide complete, conclusive data regarding the initiative's progress towards the core results. The methods of accounting for expenditures of Caring Communities funds do not allow for matching dollars spent

specifically to core results. As a result, even if positive change occurs, the amount of money spent to affect that change cannot be determined. In addition, Caring Communities has not established quantified performance measures under the core results which the communities should strive to achieve.

The administration of Caring Communities could be improved in several areas. There has been little or no monitoring in the past of the expenditures of the Community Partnerships. Contracts have been executed with fiscal agents rather than Community Partnerships, which are intended to be the entities accountable for achieving results. The partnerships have not been required to report all revenues used in carrying out the activities under Caring Communities, so that it is unknown whether local and private contributions are increasing as expected. Payments of Caring Communities funds are made to the partnerships in advance of their expenditure by the partnerships, resulting in payments in excess of expenses actually incurred. Significant portions of funds appropriated to Caring Communities have lapsed since the first appropriation in FY 96. The amounts allocated to the original Community Partnerships have not been reduced, resulting in continued reliance on Caring Communities funds rather than encouraging the partnerships to seek other funding sources. There are no administrative guidelines for the partnerships to follow regarding use of fiscal agents, financial reporting and budgeting, and conflicts of interest. No formal reporting is made of the financial and program status of Caring Communities.

Oversight makes the following recommendations to the General Assembly:

- Request that annual reports on the progress of the initiative and the expenditures of appropriated funds be provided to the General Assembly and the Governor.

- Consider reducing the appropriations to amounts that will actually be expended under the initiative.

In addition, Oversight recommends the following administrative changes:

- Dollars spent should be reported by core result which can then be linked with documented progress towards those results.

- Specific performance targets should be specified at the local level and included as part of the contracts between the Community Partnerships and the state agencies.

- The state agencies should continue with plans to develop a schedule for auditing or reviewing all Community Partnerships on a regular basis as well as possible on-site monitoring of the Partnerships.

- Community Partnerships should be required to submit financial reports to the state that include information on all sources of revenues earned, including local public and private support, as well as all state and federal sources.

- State agencies should ensure that all Community Partnerships are legally incorporated and that contracts are between the agencies and the partnerships (rather than with fiscal agents) in order to have formal agreements under which the partnerships are accountable for results.

- Future evaluation reports should include complete and consistent data regarding the progress of the initiative, including any external factors that may impact the benchmarks presented.

- The state agencies should abide by state procurement regulations regarding contracting for services, as well as seek a determination as to whether the University of Missouri's Office of Social and Economic Data Analysis could perform the statewide evaluation at a lower cost than the out-of-state private firm.

- The state agencies should determine the practicality of reimbursing the Community Partnerships after they have incurred expenses, rather than advancing funds based on estimates of future expenses.

- The allocation of funds to the original Community Partnerships should be reduced to motivate the communities to seek additional funding sources and make funding available for expansion.

- The state agencies should develop guidelines for the local partnerships regarding use and selection of fiscal agents, financial accounting and reporting, and site plan and budget formats.

- The various state agencies should provide the local partnerships with guidelines on how to resolve potential conflict of interest situations. The Department of Social Services should eliminate the apparent conflict of interest situation with the deputy director of the department.

We acknowledge the cooperation and assistance of staff of the Department of Social Services and other involved agencies during the evaluation process.

Jeanne Jarrett, CPA
Director

APPENDIX 1

The Family Investment Trust

January 12, 1999

Jeanne Jarrett
Director, Oversight Division
Committee on Legislative Research
Capitol Building, Room 132
Jefferson City, MO 65101

Dear Ms. Jarrett:

I would like to thank the Oversight Division staff for the courtesy and professionalism they extended to our staff while conducting the program review of the Caring Communities program.

Caring Communities is an initiative designed to challenge state agencies to re-examine the way they do business and to challenge communities to organize themselves to accept responsibility for the well being of children and families in their communities in partnership with the state. The Caring Communities initiative is causing departments to question how decisions are made and how services are financed and delivered.

In the few years since the inception of the Caring Communities initiative, the following accomplishments have been achieved:

- Seven state agencies are actively engaged.
- Structures to support interagency activities are established.
- Existing staff from each agency is working as a team between state agencies and with communities.
- Eighteen community partnerships are established.
- Over 90 neighborhoods within the communities are evaluating existing state and local services in the context of the neighborhood.
- An evaluation protocol has been established.

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- Thousands of volunteers in the community are involved. They are being provided technical assistance and staff support to partner with the state in challenging ourselves to question the effectiveness of our programs in achieving the core results.

The Caring Communities initiative is evolving. The interagency work and the community partnerships are maturing. The framework to hold state departments and communities accountable for results is nearing completion. In this context, the Oversight Division's recommendations are timely and constructive as state departments and communities begin to 'regularize" working together.

Your recommendations are clustered within the categories of accountability, evaluation, fiscal management and administration. Our responses are similarly structured.

If you have questions or would like to discuss any of the responses, please do not hesitate to call me at 751-3070.

Sincerely,

Roy C Wilson M.D.

Roy C. Wilson, M.D.
Director

RCW:mk

Accountability

State and local accounting systems have never been structured to supply management with information regarding success in achieving the six core results. The core results are:

- Parents working,
- Children healthy,
- Children safe,
- Children ready to enter school,
- Children succeeding in school, and
- Youth ready to enter productive adulthood.

The Caring Communities dollars alone were not expected to achieve better results at the community level. Rather, the goal of the Caring Communities initiative is to bring state and community leaders together to examine total spending in the community, in the context of these results, with accountability at that level.

To evaluate individual programs in isolation leads one down the path of measuring such things as units of service and cost per unit. This is where the state accounting system has traditionally been focused. Therefore, our early emphasis on Caring Communities was to focus on the core results, challenging both state departments and communities to begin thinking of our programs and service delivery systems in this context. We want Caring Communities dollars as well as state and local funding to be identified by results.

We have adopted a "results-based budgeting" model developed by Mark Friedman in the current cycle of budget discussions with the communities. Part of this model includes the establishment of performance targets. This type of model is also being applied by state agencies in their budget requests to the Legislature.

Last fall, community partnerships were asked to incorporate as "not-for-profits." This action would clearly delineate their responsibility as partners with the state as compared to the responsibilities of their fiscal agents. Then partnership agreements will be between the community partnerships and the state agencies.

Thus far, our primary means of communicating with the Legislature has been through the budget process with the individual Appropriation

Accountability (Continued)

Committees in the House and with the Senate Budget Committee. Many publications have been generated describing the Caring Communities initiative and have been shared with individual legislators upon request.

Evaluation

We have been working to improve the evaluation area for the last two years. The first report was issued in January 1998, and the second will be issued in January 1999. The goal of the evaluation protocol has been to devise a way to measure effectiveness of existing state and community programs in achieving the core results on a geographic basis.

Identifying benchmarks to let us know if we are moving in the right direction was the first task. Actually producing the data on a community, then neighborhood basis has proven to be a significant challenge. It requires matching data systems across multiple departments and also requires the collection of data at the local level. Confidentiality issues must be addressed, and the disparity of existing systems in client identifier and the geographic designation (sometimes counties or zip codes) are a constant struggle which we hope to resolve for strategic goals and outcome measure purposes.

We are making progress and have established an Interagency Research and Evaluation Unit to work on this issue. The Unit will re-examine the choice of benchmarks and determine the most appropriate entity to conduct the evaluations in the future.

Fiscal Management

Community partnerships are a group of volunteers representing a cross section of each community. They do not represent a single organization with an existing infrastructure or existing funding streams. Their legitimacy comes from their recognition by the state agency and their credibility must be earned from the citizens and agencies within the community.

Fiscal Management (Continued)

The Caring Community budget provides them with the leverage to bring a wide variety of organizations and agencies to the table to discuss the core results and existing programs and services within the community directed towards those results. Caring Community dollars are available to fill the gaps between these programs and services, as well as to leverage other spending priorities within the community.

None of the partnerships have the infrastructure to "front end finance" the service packages designed and later follow up with a request for reimbursement. A quarterly advance from the state with a subsequent reconciliation is the model we have adopted. As our relationship matures, the difference between "budget" and "actual" should continue to diminish.

Administration

The state has deliberately avoided being prescriptive in defining the membership of the community partnerships. We want the membership of each partnership to be broad-based and diverse. We want the partnership to reflect the individual characteristics of each community.

Each community spends a year or two developing the partnership with technical assistance to support its efforts. When a community feels it has achieved broad-based and diverse community representation, it applies to be recognized by the state as a community partnership. We review the request to be assured that the partnership is broad-based and diverse.

The appropriate role of provider organizations in the partnership is always a difficult question for the community. Often providers are viewed as community leaders with a great deal of expertise in the issues the community wants to address. The delicate balance between the expertise of the community leaders and the fiduciary duty of provider organizations is one that requires extensive discussion and collaboration.

Administration (Continued)

Similarly, state agencies have to grapple with finding a balance between the constituencies we individually serve, and the broader goal the community has identified. These conversations occur among the board members of the Family Investment Trust.

We are currently recruiting for the position of Chief Executive Officer (CEO) of the Family Investment Trust. We hope to fill the CEO position soon.