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Care Coordination and Medicaid Managed Care: Emerging Issues for States and Managed Care Organizations

Patients with disabilities and special needs may benefit from care coordination.

by Margo Rosenbach and Cheryl Young, Mathematica Policy Research, Inc., June 2000

As states enroll increasing numbers of individuals with special health care needs into Medicaid managed care, they are devising innovative approaches to ensure that both psychosocial and medical needs are being met. These special needs may be multiple and complex, requiring services from many different providers both inside and outside of managed care networks. To complicate matters further, managed care organizations (MCOs) may be unfamiliar with the special needs of the Medicaid population, even as they are serving them in increasing numbers.

Comprehensive care coordination enables people with special health care needs, especially those with chronic conditions, to navigate through complex Medicaid managed care systems. Care coordination, a relatively new trend, can include brokering for social support and medical services, breaking down boundaries between systems of care, assisting families with transportation and telephones — in short, whatever it takes to keep patients at home and healthy. Although care coordination services are growing in significance for vulnerable groups, little is known about states’ experiences in designing these services and implementing them.

Some states — notably Oregon and Washington — have led the way in mandating that MCOs develop care coordination services to ensure that medical and social needs are identified and met. In addition, the proposed Medicaid managed care rule implementing the Balanced Budget Act (BBA) of 1997 requires states to ensure that each MCO meets requirements related to continuity and coordination of care. Most states, however, are just beginning to explore the feasibility and desirability of implementing care coordination services in their Medicaid managed care programs.

“Care Coordination and Medicaid Managed Care: Emerging Issues for States and Managed Care Organizations” studied five states and addressed the following questions: What is care coordination, and how are states structuring care coordination within their Medicaid managed care programs? How...
have MCOs chosen to implement care coordination services? What are the best practices among states and MCOs? What have states and MCOs learned?

The study focuses on care coordination programs in a risk-based managed care context. However, the concepts and models can easily be applied in other contexts, such as traditional fee-for-service or primary care case management, either by contracting separately for care coordination programs or by developing state agency sponsored initiatives.

Findings in Brief

- Care coordination programs take time to develop but can be put in place even after a state has implemented Medicaid managed care.
- For the Medicaid managed care population, care coordination must be broader than simply expanding case management to include referrals for social services.
- Creative problem-solving, through advocacy, is emerging as an important new role for care coordinators.

What is Care Coordination?

There is no standard definition of care coordination. Interviewees were asked to define the term and to indicate how care coordination differs from case management. Although the features are presented as a dichotomy, in reality, they exist along a continuum, with some features more or less dominant depending on program structure.

Case management programs typically rely on a medical model focused on a patient’s health context, while care coordination programs tend to use a broader social service model that considers a patient’s psychosocial context (such as housing needs, income, and social supports). Case management programs tend to coordinate services internally, focusing only on covered services. In contrast, care coordination programs may coordinate a full range of medical and social support services offered within and outside the managed care plan. As a result, care coordination programs typically arrange covered and noncovered services for patients. For MCOs and their staffs, the coordination of non-covered services may be the most important factor differentiating care coordination from case management.

Implementation Lessons

The states studied vary in the origin of care coordination, program requirements, payment arrangement, implementation process and future directions. They also represent a range of implementation models:

- Oregon designed and implemented an Exceptional Needs Care Coordination (ENCC) program for its aged and disabled Medicaid managed care population. Washington subsequently adopted Oregon’s ENCC model but substantially changed the program requirements.
- Colorado and Delaware developed care coordination programs for children with special health care needs.
- New Mexico required MCOs to cover case management services for specific populations, such as women and their infants, children up to age three, adults with developmental disabilities, the chronically mentally ill, and traumatically brain-injured adults.

While designing and implementing care coordination programs, the five states learned many lessons, demonstrating the complexity of these programs and the careful planning required. Two lessons in particular stand out:

1. Care coordination programs take time to develop. States need to allow enough time to work with MCOs, providers and advocates before implementing Medicaid managed care for people with special health care needs. MCOs cannot be ex-
The Council of state governments

expected to develop care coordination services —
including devising protocols and hiring and train-
ing staff — at the same time they are enrolling
new members. According to Oregon officials,
MCOs developed “ownership” of the ENCC pro-
gram by participating in its planning and devel-
opment well in advance of implementation. In
contrast, Washington officials noted that MCOs
struggled to develop the ENCC program within
just a couple months after implementation of
mandatory managed care.

2. Care coordination can be implemented even after
a state has employed Medicaid managed care, as ex-
hibited in Delaware. The state Medicaid agency
introduced care coordination for children with
special health care needs about four months after
they were enrolled in managed care in response
to concerns of advocates and family members
about discontinuities in care. In addition, the
state’s child mental health carve-out program es-
stablished a care coordination program for chil-
dren receiving specialty mental health services.

MCO Approaches

MCOs vary widely in their approaches to design-
ing care coordination models within their orga-
nizations. Three generic models were identified:

1. A centralized team model, generally com-
prised of nurses and social workers, in which all
care coordination staff are located at the MCO
central office.

2. A regionalized model, in which staff may be
assigned to serve specific geographic areas.

3. A provider-based model, in which staff are
assigned to support specific provider groups.

These models have been simplified here to
highlight their key features. In practice, MCOs
retain significant flexibility in designing hybrid
models and defining staff responsibilities. For
example, a centralized team model was observed
in which the teams were assigned to specific pro-
vider groups, as well as a regionalized model with
a centrally based care coordinator for beneficia-
ries who resided outside the designated service
regions of the local staff.

Underscoring this flexibility, some MCOs —
particularly smaller plans — leveraged outside
resources to support their care coordination pro-
grams. For example, one regionalized program
established linkages with local health departments
to identify and manage high-cost obstetric cases,
allowing the MCO and provider group staff to
enhance their care management resources.

Looking Ahead

Care coordination services are currently pro-
vided on a continuum that ranges from broad-
ened medical case management to enhanced
advocacy. Most programs recognize that expand-
ing medical case management to include refer-
als for social services may not be enough for in-
dividuals with special health care needs. Shifting

| Features of Case Management Versus Care Coordination in Medicaid Managed Care |
|-------------------------------|---------------------------------|
| Objective                     | Case Management                |
| Target population             | Contain costs                  |
| Organizational location       | High-cost/high-use patients    |
| Functional orientation        | Utilization management         |
| Model                         | Prior authorization            |
| Context                       | Medical model                  |
| Services                      | Health care context            |
| Nature of coordination        | Covered services               |
|                              | Promote coordination and      |
|                              | communication across disciplines within the organization delivering medical care |
|                              | Care Coordination              |
|                              | Facilitate access              |
|                              | High-risk populations          |
|                              | Quality assurance              |
|                              | Problem-solving                |
|                              | Social service model           |
|                              | Psychosocial context           |
|                              | Covered and non-covered services |
|                              | Promote coordination of social support and medical services across different organizations and providers |
State Implementation Checklist

Partner with Other State Agencies
✓ During design phase, develop collaborative relationships with other state agencies (mental health, substance abuse, aging and long-term care, mental retardation/developmental disabilities, education, and public health).
✓ Address confidentiality issues up front with other state agencies.

Identify Community Linkages and Resources
✓ Develop resource directories at state and local level to facilitate referrals for non-medical services.
✓ Conduct statewide, regional or local training with MCO coordinators.
✓ Specify relationship between MCO care coordination programs and other case management programs.

Establish a Role for Consumers
✓ Involve consumers in work group meetings and place on planning committees.
✓ Involve consumers in training sessions to educate care coordinators about special needs of people with disabilities and how managed care can serve this population.

Conduct Routine Meetings with MCO Staff
✓ Conduct weekly meetings with care coordinators to help them develop creative approaches to difficult problems and adopt a problem-solving mentality.
✓ Convene monthly meetings after the initial implementation period to provide a forum for sharing difficult cases and brainstorming solutions.

Specify Expectations for Health Plans
✓ Be explicit about goals and objectives for MCOs.
✓ Avoid overly prescriptive and unrealistic requirements, especially during early implementation.

Assist MCOs in Identifying the Target Population
✓ Provide information on new enrollees to MCOs to assist them in identifying members with immediate needs (such as supplies and medications).
✓ Consult with MCOs on the type of information that they would find most useful.
✓ Develop tools for obtaining such information (such as through enrollment broker screenings or claims history analyses).

Develop an Adequate Rate Structure
✓ Estimate the approximate costs of care coordination services based on rough assumptions of level of effort by care coordinators.
✓ Discuss these estimates with MCOs to achieve buy-in and ownership.
✓ Be realistic about the level of cost savings during the short run, especially if there is anecdotal evidence that the SSI population has a high level of unmet needs under Medicaid fee-for-service.

the paradigm to ensure creative problem-solving through advocacy appears to be the emerging role for care coordinators in the context of Medicaid managed care. Achieving this shift will require collaboration among all stakeholders—the state, MCOs, providers, advocates and, of course, patients and their families. Frequent meetings, especially between the state and MCOs, can resolve policy questions, facilitate shared decision-making and problem-solving, and foster patient advocacy.

Anecdotal evidence suggests that the care coordination concept is well received within Medicaid managed care programs. More objective information, such as consumer and provider surveys, would be desirable, as would empirical information on the utilization and cost impacts of care coordination programs.

Six areas pose additional challenges to states and MCOs:
1. Bridging the confidentiality barriers experienced by MCOs;
2. Addressing boundary issues between MCOs;
and other agencies;
3. Increasing knowledge about the availability of care coordination services;
4. Developing standardized tools for assessment and care planning;
5. Setting appropriate rates to cover the cost of care coordination services; and
6. Evaluating the effectiveness of care coordination services.

With the increasing enrollment of people with disabilities in Medicaid managed care, states and MCOs need to devise innovative approaches to ensure that members' special health care needs are met.

Although care coordination programs are evolving, it is quite clear that they cannot resolve — and may in fact bring to light — deficiencies in Medicaid managed care program design. For example, care coordinators cannot remedy longstanding boundary issues or confidentiality concerns between systems of care, such as mental health/substance abuse treatment, long-term care and school-based care. Nor can health plans support an advocacy orientation when capitation rates are underfunded to begin with.

With the increasing enrollment of people with disabilities in Medicaid managed care, states and MCOs need to devise innovative approaches — such as care coordination services — to ensure that members' special health care needs are met. Fortunately, there are many good examples to build on.

The Center for Health Care Strategies (CHCS), affiliated with the Woodrow Wilson School of Public and International Affairs in Princeton, NJ, provided funding for the Care Coordination in Medicaid Managed Care Study Grant. This Grant was made possible through a separate Grant to The Center for Health Care Strategies by The Robert Wood Johnson Foundation.

Care Coordination and Medicaid Managed Care: Emerging Issues for States and MCOs is based on interviews with state officials, MCO officials, and advocates in Colorado, Delaware, New Mexico, Oregon and Washington. The interviews took place between March and July 1999.
A New Paradigm: Government Reform in the Information Age

Analogy to biological systems may be used to consider policy reform.

by David E. Booher and Judith Innes, Metro Investment Report

Our society is undergoing a fundamental transformation generated by an increasingly information-based global economy. This creates rapid change, fragmentation of communities and values, and a need to be rapidly responsive and adaptive just to maintain a level of well-being. Successful business today has learned how to cope with and take advantage of the rapidity of change with diversity of players and knowledge. They do this with networking, collaboration and building creative interdependence among related businesses.

Government, however, has been slow to adapt to this transformation of society and has not typically learned from what business already has discovered. These numerous reform efforts and commissions have not produced a magic bullet that many hoped for. It may be, though, that these efforts are quietly, invisibly providing an even more valuable contribution to long-term reform.

A New Paradigm: Government Reform in the Information Age

Business has learned to adapt to rapid change. Can government do the same?
The reform task needs to be looked at in a different light if real change is to be produced. The tacit image behind most reform efforts has been that the job is to repair a machine that is not quite working right. Organizations should be looked at as analogous to biological systems by focusing on the importance of self-directed agents, relying on shared concerns and looking for constant innovation and adaptation.

2. Self-interest is a fundamental value. No biological system, from a gene to an ecosystem, survives for long if it fails to focus on its own self-interest. Likewise our public policy system must adapt in a way that recognizes the interest of its members as well as those of the system as a whole. But interest is different from a position a participant may hold. Sometimes a position of stakeholder is a non-adaptive perception of its interest. Frequently achieving one’s self-interest requires cooperation with others.

3. Collaboration is the central process for developing a healthy, innovative, adaptive and intelligent system. We have found in our research that collaborative policy dialogues such as consensus building and other collaborative processes, like those in complex biological systems, often lead to innovation and long-term adaptive change in public policy and problem solving. Collaboration is not appropriate for every situation as it is time consuming and can only work when participants see the diversity of interests and knowledge, develops an understanding of the interdependence of players based upon trust and reciprocity, and when it uses authentic dialogue.

4. Information and communication are critical to constructive adaptive response. The information flowing through the social or political or economic system helps each individual choose more appropriately the actions that will advance their interests. At the same time, these informed individual actions help the collectivity as a whole develop the most adaptive and creative response to challenges. Information isn’t just data about various issues. It also includes such things as information about others, about interests and concerns and about successful innovations elsewhere. A key type of information is feedback about how well the various systems and changes to the systems are working through performance measures.

5. Adaptation is an incremental process and not something that can be mapped out ahead of time. Biological evolution proceeds through a process of tinkering and gradually developing innovations, evaluating outcomes, and improving the innovations that seem to work best, while dropping the ones that don’t. When a system isn’t successful at adaptation the result may be system collapse. Ultimately reforms may, of course, need to be dramatic to be successful. But the most effective way to achieve long-term reforms can often be through a gradual process of innovation and evaluation.

6. Leadership is distributed. In a biological system every agent, no matter how small, is important to the functioning of the system. The adaptation of the system depends upon the self-directed actions of all agents working independently but still in communication with each other and constantly getting feedback from the environment. Centralized direction is not part of the process. Applying this metaphor suggests that leadership is not about telling players what to do, but about helping the participants in a system develop a shared...
vision of the problem and opportunities and helping them to work together over time. Leadership is ideally spread throughout the system.

Seen from this perspective the apparent elusiveness of fiscal and governance reform may be deceptive. Instead they may all be helping the system to move in the right direction. Each of the recent reform efforts has brought together a wide range of participants from almost every element of the public in a dialogue about needed change. These networks continue to exist, and even expand, well after the formal commissions have disbanded. Gradually consensus is building among many and varied players about the areas where change is needed. Moreover, without fanfare, many incremental changes are being tried by each of these players. Many groups, formerly enemies, are collaborating on these activities. In local, regional and state forums, collaborative processes like multi-stakeholder consensus building are becoming the rule rather than the exception. Some local governments and regional nonprofits are beginning to focus on measuring performance and indicators to help direct policy. The most important reform may be already underway — the transformation of the processes we use to make public decisions.
Getting Results With Accountability: Rating Schools, Assisting Schools, Improving Schools

In recent years there has been increasing pressure from policy-makers and the public to improve schools, to “do accountability right” and to show results in student achievement. The stakes are higher, and school accountability is front and center in the Southern Regional Education Board (SREB) states’ efforts to improve schools and raise student achievement.

SREB’s Getting Results With Accountability: Rating Schools, Assisting Schools, Improving Schools outlines for state leaders the basic considerations that are important in making ratings and assistance work as part of a state’s comprehensive accountability system. Based on the experiences of SREB states, it answers these questions:

• What have SREB states done to improve student achievement and schools through accountability?

What Approaches are States Using in the Development of School Ratings Systems?

School ratings now are among the
most visible, pivotal elements of reporting on schools. Over time, school report cards have improved in clarity, accuracy and timeliness. Effective report cards on schools:

• Focus on student achievement and results;
• Are useful for school improvement and accountability;
• Are concise and understandable;
• Provide timely and accurate information;
• Show trends; and
• Include data on groups of students within schools.

Ratings should be in “steps” based on student achievement that allows schools to move from one level to the next.

Incorporating school ratings into school report cards has brought student achievement and school improvement into the spotlight. Policymakers have given attention to helping low-performing schools improve. There is a new focus on content standards and quality testing, and an interest in professional development linked to getting results has emerged. Ratings also have resulted in rewards to schools that show improved student achievement and in sanctions and/ or assistance to schools that show no progress or have declining student achievement.

State approaches that result in local action include:

1. Recognizing that state and local actions often profoundly affect not only the schools but also the communities they serve.
2. Including ratings in a state’s accountability strategy helps schools focus on state content standards.
3. Understanding that ratings assist, not remedy, school improvement.
4. Using ratings to provide a basis for rewards and assistance.

What are the Essential Characteristics of Effective School Ratings?

Effective school ratings give schools and communities the opportunity to track progress and compare their improvement and achievement with those of other schools and communities.

Ratings should be clear and easy to understand. Ratings are for showing how well students have achieved and how they are progressing. The words or symbols for ratings should communicate this purpose clearly.

School ratings should be fair and consistent. Clearly defining performance without branding schools as “failures” will keep motivation high to continue increasing performance. Also, keeping ratings definitions stable will decrease confusion and maintain stability and confidence.

Because school ratings are used in making high-stakes decisions about rewards, sanctions and assistance, school ratings should be accurate and credible. Mistakes in ratings have led to serious problems with credibility. If educators, the public and policy-makers perceive problems with the accuracy of ratings, the entire accountability program’s integrity is questioned. To develop credible ratings, states need to involve the public in determining the balance between challenging expectations and reasonable expectations. If goals are too high or too low, the rating’s credibility suffers.

School ratings should use a balance of absolute standards and measures of improvement. Ratings should be in “steps” based on student achievement that allows schools to move from one level to the next. The approach allows schools and communities to chart schools’ progress. Schools and communities need to know that the initial ratings for schools are not permanent and that schools can improve their ratings.

What are States Doing to Assist Low-Performing Schools?

As states rate schools, they recognize that identifying struggling schools is an important first step but not a solution. States and districts need to support these schools to help them improve student achievement. The challenge is finding practical, effective methods of assistance.

The Kentucky Highly Skilled Educators program was funded at $6.2 million and served 66 schools with direct, intensive assistance in 1999-2000. The program began as the Distinguished Educators program as part of the Kentucky Education Reform Act of 1990 (KERA). Strong support from policymakers has made assistance to low-performing schools in Kentucky one of the most successful elements of KERA.

North Carolina’s Assistance Team program provided 55 schools direct assistance with a total of $7 million in 1999-2000. The program is in its
What Assistance Strategies Lead to Improvement at Low-Performing Schools?

Focus on improving student achievement. A thorough evaluation of student achievement in low-performing schools is an effective first step for effective assistance. Examining trends in student achievement, what courses students take, and school documents and records can point out a school's strengths and weaknesses. Identifying these strengths and weaknesses can guide decisions about professional development, staffing, curriculum alignment, program development and school organization.

Use experienced, effective teachers and principals for assistance. Educators need special skills to assist low-performing schools, and the job is best suited to those who have been successful in schools and classrooms that strive toward challenging standards. Teachers often excel in this role, largely because of their ability to communicate with their peers and their understanding of classroom challenges and instruction. Those who assist low-performing schools also need to be able to communicate effectively in order to balance their roles as outside evaluators and hands-on helpers.

Help principals and teachers in low-performing schools help themselves. Principals and teachers charged with implementing the solutions in low-performing schools need to first acknowledge the problems within the school. Next, they need to focus on continued development. Ongoing professional development — based on a school's strengths and weaknesses and aligned with the state's standards and testing — is at the heart of effective change.

Recognize that each school requires support from the district and parents. District leaders make important decisions about resources and personnel that are critical in turning a school around. Strategies to promote parental involvement and change negative attitudes toward schools are essential. After members of the state assistance team leave, it will be more difficult to focus on improvement without ongoing support from parents and district staff.

Provide adequate time and resources. Continued
improvement requires deeper changes beyond assistance and initial fixes. It takes time to raise expectations and to improve teacher knowledge and teaching. High-quality, ongoing professional development that addresses a school’s shortcomings is important and requires time and resources.

What Can States Do to Ensure Effective Accountability, Ratings Systems and Improvements in Low-Performing Schools?

There are five major elements of a sound accountability program: content standards and student achievement standards; testing; professional development; reporting; and rewards, sanctions and targeted assistance. The quality of each element must be a high priority, and states need to ensure that each element is aligned with the others to work as a system.

In order to ensure effective accountability, school ratings and improvements in low-performing schools, state leaders need to take several actions:

- Stay the course.
- Focus on results and resources.
- Continue to improve reporting.
- Make ratings clear and easy to understand.
- Make ratings be signals of progress toward challenging standards.
- Ensure that ratings are accurate and credible.
- Address key issues in low-performing schools.
- Provide effective assistance to low-performing schools.
- Provide adequate time and resources.

Sound accountability systems can provide the link for the state, local district and individual school to reach challenging goals. Defining challenging standards for school performance, measuring and reporting progress, and providing incentives and extra assistance can help all schools become more effective.

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On average, approximately 15,600 students, or 1.6 percent of those enrolled in Wisconsin public schools, are truant on any given day. Approximately 31.1 percent of total absences in the 1998-99 academic year were the result of truancy.

To address the problem of truancy, the Wisconsin Legislature enacted 1997 Wisconsin Act 239, which:

• Changed the definition of habitual truancy from five or more unexcused absences in 10 consecutive days or 10 per semester, to five unexcused absences per semester;

• Permitted municipalities to enact ordinances against simple truancy, defined as a single instance of truancy, rather than against habitual truancy only, and increased the number of sanctions against habitual truancy available to municipalities; and

• Increased sanctions for parents who fail to ensure that their children attend school.

Definition of Truancy

Section 188.16(1)(c), Wis. Stats., defines “simple truancy” as any absence of part or all of a school day for which a pupil’s parent or guardian has not provided a valid excuse. Statutes define a “habitual truant” as a student who is truant on five or more days in one semester. Each school district is responsible for determining which absences may be excused, such as those due to illness, and which may not be excused.

Municipal Responses to Truancy

Wisconsin statutes permit municipalities two means of sanctioning truants: local ordinances prohibiting habitual truancy, and local ordinances prohibiting simple truancy. Simple and habitual truancy ordinances have been enacted in the majority of Wisconsin’s ten largest cities.

Municipal sanctions for habitual truancy may include:

• Suspension of a driver license for between 30 days and one year;

• A fine of up to $500 plus costs assessed against the student, parent or guardian, or both;

• An order to participate in counseling, a supervised work program, or community service work;

• Home detention;

• An order to participate in an educational program;

• Revocation of the student’s work permit;

• An order for the student to be placed in a teen court program, which requires the student to be judged and sanctioned by a group of his or her peers;

• An order to attend school;

• An order placing the student under formal or informal supervision for up to one year;

• An order for the parent or guardian to participate in counseling, or to
attend school with the student; or
• Any other reasonable conditions, including a curfew.

Municipal ordinances against simple or habitual truancy have two primary advantages: speed of enforcement and greater community control. For example, local ordinances can allow truants to be cited more quickly by local law enforcement, and some municipal courts hear cases in a matter of weeks. In contrast, when habitual truancy cases are referred to counties for prosecution in circuit court, sanctions may be applied months after the truancy or not at all, depending on the county's willingness or ability to prosecute truancy violations.

School administrators in several Wisconsin cities indicated that municipal ordinances can be effective in reducing truancy rates. For example, the City of Stoughton enacted a habitual truancy ordinance in January 1994, and school district administrators evaluated the effect of the ordinance by examining truancy statistics for the 1996 class. The number of class periods skipped by that group of students decreased by 88.8 percent between the 1993-94 and 1995-96 academic years.

Truancy Abatement Centers

Some municipalities, law enforcement agencies, and school districts have worked together to organize truancy abatement centers. These centers provide short- and long-term counseling for juveniles who have been found off school grounds during the school day and serve primarily truant youth rather than students who have caused classroom disruptions or have been adjudicated delinquent. Such centers require investments of time and resources, but they have been received positively by communities.

Truancy abatement centers have a primary goal of reducing truant behavior and a secondary goal of reducing daytime juvenile crime. Evaluations of student attendance completed by centers indicated there is some short-term effect on attendance for some students, but lasting improvements in juveniles' overall attendance rates typically have not occurred. The centers' efforts in reducing daytime juvenile crime are somewhat clearer than their effects on truant behavior. While it is important to note that crime rates in general have been declining throughout Wisconsin, there is some evidence to suggest that daytime juvenile arrests have decreased since the centers began operation. In general, the effect of the centers on overall attendance and truancy is small; the effect on daytime crime is somewhat greater.

The establishment of a centralized truancy abatement center can greatly increase law enforcement agencies' involvement in truancy reduction efforts. The centers create a single drop-off point that allows officers to transport students quickly without requiring them to determine which school the student attends. Also, the center's staff are available to address any time-consuming issues that may arise during truant counseling, such as if the student is a runaway or is experiencing abuse in the home, thus allowing law enforcement officers to return to patrol duty more quickly.

Sanctioning Truants

Schools are required to notify students' parents or guardians of unexcused absences by the end of the second school day following the absence. Statutes permit the contact to be made personally, by telephone, or by letter, but s. 118.16(2)(c), Wis. Stats., specifies personal contact and telephone calls should be attempted before contact by mail. Schools must maintain written records of the telephone calls.

Nearly one-third of all Wisconsin public-school absences are the result of truancy.
The majority of schools surveyed indicated they are able to notify parents or guardians of unexcused absences within the required time period. Some school administrators reported, however, that the cost of notification for each individual absence can be considerable. Administrators in larger districts also indicated that computerized autodialers are often used to place the telephone calls to parents and guardians because their use requires less staff time.

However, some school administrators also stated that autodialers were not as effective for notification and often frustrate parents or guardians. Because the autodialer simply begins providing its prerecorded message when the telephone is picked up, schools have no means of determining whether or not the responsible adult was the party receiving notification of the unexcused absence.

Schools are also required by s.118.16(2)(cg), Wis. Stats., to notify parents or guardians when a child meets the legal threshold for habitual truancy. The notice must be sent by registered or certified mail and must provide the following information:

- The adult has a legal responsibility to cause the child to attend school regularly;
- The parent or child may request curriculum modifications and the child may be eligible for enrollment in a program for children at risk;
- The adult is requested to meet at a specific time with school administrators regarding the child's truancy; and
- Penalties may be imposed on the adult if he or she does not cause the child to attend school regularly.

Schools use a variety of methods to sanction occasional truants, including detention time or in-school suspension, additional assignments, prohibition of participation in extra-curricular activities, removal of work-release privileges, and lowered class participation grades.

Habitual truants are sanctioned in different ways, including referrals to municipal or circuit court. However, before referring a student to the county human services department or the municipal court system for possible prosecution as a habitual truant, a school is required by statute to take the following steps, which must be documented: attempting to meet with parents or guardians regarding the truancy, providing an opportunity for educational counseling and determining whether a change in the student's curriculum would resolve the truancy, evaluating the student to determine whether learning problems are contributing to the truancy, and determining whether social problems are contributing to the truancy, and taking appropriate action if necessary.

Administrators' Opinions

Several school administrators indicated that the scheduling and structure of the school day can have an effect on truancy. For example, the use of a block schedule, rather than the more traditional hourly schedule, has reduced truancy problems in some schools. A block schedule has longer class periods (typically 1 1/2 hours), and many courses are taught for only one semester rather than the entire academic year. Block scheduling may reduce truancy rates because students may have an incentive to attend when more instruction time may be missed. Also, with fewer class periods, students are moving through the building fewer times, which gives them less opportunity to leave the building.

School administrators also believe that an open campus policy, which allows students to leave campus during their lunch period, can contribute to truancy. Students can be tardy when returning from lunch or may simply not come back. Administrators at Little Wolf High School in Manawa indicated that closing the campus during lunch has reduced the truancy problem in the school significantly.

Representatives of 23 school districts had mixed opinions regarding the changes in the state truancy laws. Some educators believed that the changes were positive overall because the lower threshold for habitual truancy allows schools and the municipal and circuit court systems to intervene earlier. Others perceived the changes to be ineffective because they believe:

- That defining students as habitual truants does not address the underlying reasons for truancy;
- That sanctions and consequences available under the new law are not effective in changing students' behavior; and
- That too much time can elapse between a student's truancy and the resulting sanction because some counties are unable or unwilling to devote resources to prosecuting truancy violations, which can require a significant amount of time.
A synopsis of new and noteworthy studies from think tanks, universities, state government agencies and other research organizations

Gun Control in the United States: A Comparative Survey of State Firearm Laws

Open Society Institute

The relationship between gun laws and violence is a question arousing great interest and controversy in the United States. Public opinion polls indicate that Americans form a link between gun violence and easy access to firearms.

The connection between gun laws and gun injury is complicated by many factors including: demographics, levels of urbanization, poverty, unemployment, organized crime, alcohol and drug use, extent of gun ownership, predominance of handguns vs. rifles and shotguns in the community, and proximity to other states with weaker or stronger laws. Other criminal justice, social and educational policies also play a role. Gun laws are often phased in gradually so their effects take years to be felt — published injury and mortality data generally lag 2-3 years behind. Variations in implementation and enforcement can mean that ostensibly the same law operates differently in different jurisdictions. Further, gun violence and gun laws may have a reciprocal effect which can be difficult to deconstruct: tightening gun laws can reduce violence, but high levels of gun violence make it more likely that gun laws will be tightened.

A national picture of “severely low levels” of gun control laws emerges from the first comprehensive survey and report card on firearm laws in all 50 states. Gun Control in the United States: A Comparative Survey of State Firearm Laws found that a total of 42 states — more than four out of five — lack “basic gun control” and “falls below minimum standards for public safety.”

The Study

The study represents the first comprehensive snapshot of the nation’s gun laws and was conducted jointly by the Open Society Institute’s Center on Crime, Communities and Culture and the Funders’ Collaborative for Gun Violence Prevention. It concentrated on the states because most gun laws are state laws, though federal law also plays an important role. Each state’s gun laws were profiled and rated based on 30 weighted gun control measures. These 30 measures were grouped into six categories: registration of firearms, safety training,
Two features of the results of the study are immediately apparent. First is the low average state score of 9 percent. Only a handful of states achieved more than 50 percent of the 100 available points. Second is the breadth of the gun control spectrum across the country: out of a maximum score of 100 percent for very strict laws, state scores ranged from over 70 percent at the top of the scale (Massachusetts and Hawaii) to -10 percent at the bottom of the scale (Maine).

The ten top-rated states in the study were:
- Massachusetts (76%)
- Hawaii (71%)
- California (53%)
- Connecticut (50%)
- Maryland (43%)
- New Jersey (35%)
- Illinois (35%)
- New York (27%)
- North Carolina (18%)
- Rhode Island (18%)

The lowest-ranking states, the report found, have virtually no firearm laws of their own, and received negative scores because they undermine minimum federal gun laws. The ten lowest-rated states were:
- Maine (-10%)
- Louisiana (-8%)
- Alaska (-8%)
- Texas (-8%)
- Montana (-6%)
- Kentucky (-6%)
- Vermont (-5%)
- North Dakota (-5%)
- Georgia (-5%)
- Arkansas (-5%)

The disparity between the top seven states and the rest of the nation, according to the study, is based on the measurement of a core of “fundamental” firearm laws that require licensing and registration. Another highly rated measure in the survey is waiting periods for gun purchases. Thirty-five states have neither registration nor licensing for any type of gun, while 31 states have no waiting periods for handguns.

Other major findings include: two states — California and Connecticut — have banned private sales of assault weapons; 43 states allow sales of assault weapons with no registration or licensing; 32 states do not require a background check when a handgun is purchased from an unlicensed seller; 18 states have no minimum age for possession of a rifle or shotgun; six states have no minimum age for possession a handgun; and 46 states have no limit on gun purchases.

State vs. Federal Gun Laws

Most existing gun laws are state laws, yet clear information on these laws is particularly difficult for ordinary citizens to obtain. The scope and structure of the laws vary widely from state to state.

One benefit of examining state gun laws is the variety of policy options that they offer. States with highly developed systems of firearm regulation can serve as policy-testing sites and potentially provide models for other state governments to follow.

One disadvantage of examining state gun laws compared with federal gun laws is their lack of uniformity. The study suggests that a consistent
legal framework is crucial for a product that is easily transported across state borders.

Permissive laws in one state can undermine strict gun laws in adjacent states. When adjacent jurisdictions have different levels of gun control, the weaker law becomes the common standard. Virginia's one-gun-a-month law illustrated this in 1993. Handguns are banned in Washington, D.C., but are routinely trafficked from adjoining states. For years, Virginia was the primary source of crime guns recovered in the nation's capital. In July 1993, Virginia passed a law prohibiting multiple sales of handguns: an individual could not buy more than one handgun per month from licensed dealers. After this law was enacted, the flow of crime guns from Virginia declined, indicating that the guns had been coming from multiple sales by licensed dealers there. Maryland then became the main source of crime guns in Washington D.C., and that state, too, has since enacted a one-gun-a-month law.

“The good news is that a handful of states have put in place the essential elements of gun control,” stated Rebecca Peters, program director of the Funders' Collaborative for Gun Violence Prevention. “But gun violence respects no borders, as guns are easily transported across state lines. These finding highlight the vital need for consistency in firearm regulation to prevent weak laws in one state from undermining stronger ones in adjacent states.”

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Rethinking Infrastructure for the 21st Century

Public Policy Institute of California

Over the next ten years, California faces a daunting infrastructure challenge. Current facilities have not kept pace with urbanization, community development, surging enrollments, business formation and expansion, and other developments fueling huge infrastructure demands. Congestion, both on highways and in classrooms, is now commonplace. Some urban and rural roads are in poor condition, water supplies and sanitation standards are threatened, and many college and university facilities are in poor or unsafe condition.

Although the State Treasurer's Office estimates that California will need to invest $82 billion over the next decade to maintain current structures and build new ones, projected state and local revenue sources will meet only half of this need. According to the Legislative Analyst's Office, the state lacks a stable funding source for infrastructure programs, it reviews these programs on an ad hoc basis, and the state does not evaluate infrastructure investment requirements on a statewide basis. To address these and other problems, Governor Davis established the Commission on Building for the 21st Century, which issued its initial report in May 1999.

Even if California's infrastructure problem is partly the result of inadequate funding, planning, and budgeting, other deep-seated issues have contributed to the problem, as well. In California's Infrastructure Policy for the 21st Century: Issues and Opportunities, David Dowall examined some of these issues, giving special attention to market-oriented solutions. Citing successful experiments in infrastructure provision and financing in California and elsewhere, Dowall recommend that California focus on infrastructure policy and management rather than on the direct provision of infrastructure. He also urges specific reforms to meet California's infrastructure challenge.

Demand Analysis and Management

According to the author, planners too often rely on per capita consumption estimates to forecast infrastructure needs. This kind of forecasting fails to consider whether and how much the public is willing to pay for infrastructure. It also overlooks the effects of conservation and technological change, which also determine the need for public works. Because infrastructure needs tend to outstrip available funds, the author urges policymakers to prioritize those needs by focusing more on demand; that is, on how much the public is willing to pay for particular projects and
services. He also encourages the state to implement strategies for reducing or managing demand in such areas as energy, transportation, water supply and solid waste treatment.

Demand-management strategies include, but are not limited to, flexible pricing and more efficient use of existing facilities. For example, Dowall estimates that year-round scheduling at state colleges and universities would increase their capacity by 33 percent. He also credits statewide energy efficiency standards for saving utility customers more than $22 billion since 1975. If widely implemented, such strategies would allocate resources more efficiently and reduce the cost of new infrastructure investment.

Public and Private Sector Contributions

Although governments often assume full responsibility for the provision of infrastructure, policymakers around the world have begun to design and implement new models of service delivery that blend the efforts of public, private, and nonprofit organizations. These models include:

- Coordination and cost-sharing cooperation;
- Public enterprises;
- Competitive procurement;
- Management contracting;
- Leasing and concessions;
- Public-private partnerships; and
- Privatization.

Dowall discusses these models and their advantages and notes that no single model is universally successful. Rather, policymakers should assess conditions carefully and proceed with the most suitable models and reforms. He also observes that cooperative arrangements do not relieve the government of its responsibility to ensure fair prices, adequate quality and access to infrastructure services.

Financing Infrastructure Investment

In California as elsewhere, local governments have been shifting infrastructure costs to user and beneficiary groups. User fees are structured in a variety of ways, including flat monthly rates (as with garbage collection) and rates that vary according to consumption (as with water and electricity). Flexible pricing can also help shift the demand for infrastructure serviced to off-peak hours. For example, many governments have experimented with congestion-sensitive toll systems to reduce peak-hour traffic on inner-city highways. Proponents argue that such systems allocate road space efficiently, produce additional revenues for transportation improvements, and reduce emissions more effectively.

Whether or not user fees are levied, governments finance infrastructure investment in two basic ways: pay-as-you-go and long-term financing. No borrowing takes place with pay-as-you-go. Instead, the government procures infrastructure services by paying the full cost of the facility at the outset. Proponents favor this method because it is the least expensive in nominal terms. However, it limits infrastructure investment to cash on hand and does not exploit the benefits of financial leveraging. For example, if a gas tax generates $100 million per year, the pay-as-you-go approach allows government to build $100 million worth of highways. If the $100 million is used to finance development (by borrowing at 6 percent over 30 years), the government can build over $1.3 billion worth of highways. Another limitation of pay-as-you-go is that current taxpayers pay for facilities that will benefit future generations.

Long-term financing is based on government borrowing and can be carried out in various ways. The most common way is for the government to issue bonds. An advantage of long-term financing is that it allows government to move rapidly to meet increasing demand. If the term of a bond matches the economic and physical life of the project, long-term financing also balances intergenerational equity. A third advantage of this approach is that revenue streams created by user fees can help make bond payments.

Infrastructure Management

If the state government moves from providing infrastructure to managing how it is provided, California's institutional and regulatory environment will need to be restructured to foster demand-oriented service delivery, competition, and efficiency. Although the state itself would provide fewer infrastructure services under the proposed model, it would still be responsible for:

- Setting the policy framework for infrastructure;
- Facilitating local government, private sector, or nonprofit provision of infrastructure;
- Regulating providers of infrastructure services to ensure that standards of service and quality are met;
- Ensuring fair prices and tariffs; and
Guaranteeing that low-income households, rural residents, and rural businesses have adequate access to infrastructure services.

Although these policy options call for a dramatic shift in the way California plans and finances its infrastructure projects, they may help close the gap between the state’s infrastructure needs and costs.

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Welfare Reform — Four Years Later

The Public Interest

By June 1999, welfare rolls have fallen an amazing 49 percent from their historic high of five million families in March 1994. That’s nearly seven and a half million fewer parents and children on welfare.

The strong economy — and massively increased aid to the working poor — almost certainly have had more impact than welfare reform per se. Moreover, as many as 40 percent of the mothers who left welfare are not working regularly but are instead relying on support from boyfriends, family members or friends, and other government and private programs.

For nearly 60 years, it seemed that welfare rolls could only grow. With the exception of a few short-lived declines, the rolls grew from 147,000 families in 1936 to about 5 million in 1994, from less than 1 percent of all American families with children to about 15 percent. The increase was largely the result of programmatic changes that made it easier for income-eligible families to get benefits, as well as the destigmatization of being on welfare. An increase was also shown between 1989 and 1994, largely because of the weak economy. But there were other important causes during this time period: a spike in out-of-wedlock births among some groups; an increase in immigrants applying for means-tested benefits, either for themselves or their American-born children; half-a-decade’s outreach efforts to get single mothers to sign up for Medicaid; and an increase in child-only cases.

Regardless of what caused rolls to rise in the past, they rarely fell back very far. Thus no one predicted the recent halving of welfare since 1994. Fifteen states have had declines of over 60 percent; three report declines of 85 percent or more. Indeed, almost everywhere, welfare rolls are way down and work is way up.

The End of Welfare As We Know It

Across the nation, the culture of welfare offices has changed — from places where mothers are asked to sign up for benefits (with almost no questions asked) to places where they are helped, cajoled, and, yes, pressured to get a job or rely on others for support.

Many welfare offices are now “job centers,” where workers help applicants and recipients find employment. In a real break from the past, however, few welfare agencies seem to put any stock in job training. Less than 2 percent of adult welfare recipients are in some sort of formal job-training program. Instead, agencies emphasize immediate job placement and on-the-job work experience.

Besides large expansion in Medicaid and childcare, many states provide cash assistance to families on welfare to help them leave or stay off. These payments range from a few hundred dollars to over $2,000. For example, Texas provides stipends to help families moving off welfare pay for employment-related expenses such as transportation, education, and training. Virginia gives transportation allowances for up to a year after leaving welfare. And about a dozen states have created or expanded EITC-like tax credits for low-income families which can be used for any purpose.

The Hassle Factor

Almost all states require recipients to sign “self-sufficiency agreements” describing their plan for becoming self-sufficient within a specified time frame. Iowa, for example, requires all able-bodied recipients without infant children to develop and sign a Family Investment Agreement. Failure to
sign or comply with this agreement can result in immediate and complete termination of cash assistance. About 10 percent of those who begin this process seem to have their benefits terminated for failure to sign or comply with the agreement.

Most states now impose various behavior-related rules. Parents are required to have their children immunized and to send them to school; in a few places, mothers and fathers must even attend family or parenting skills classes. Failure to comply with these requirements can result in the welfare grant being reduced and — in about 37 states — even terminated.

These and other new requirements raise what economists would call the “cost” of being on welfare. This amountsto the reintroduction of a long-gone aspect of being on welfare, “hassle.” And it clearly lends some welfare recipients to seek other ways of supporting themselves.

**Work Pays**

The strong economy, most experts agree, has played a key role in welfare declines. Most relevant is the increase in average real earnings, especially among low-wage workers. Also relevant, however, is the massive increase in government aid to the working poor. Government aid includes programs such as the Earned Income Tax Credit (EITC), childcare aid, expanded Medicaid eligibility and the two-stage increase in the minimum wage. Between 1993 and 1999 alone, total aid to the working poor increased by about $25 billion a year, from about $40 billion to about $65 billion (in 1999 dollars). At its height, combined federal and state spending on AFDC never exceeded $30 billion.

**Leaving Welfare Without Working**

Many mothers seem to be leaving welfare without taking jobs. In fact, only about 50 to 60 percent of the mothers who have left welfare (and stayed off) seem to be working regularly.

How could so many mothers have left welfare without working? Studies suggest that these mothers have other sources of support besides welfare. Most studies questioning former welfare recipients do not identify the sources of support for working and non-working mothers separately, but they do reinforce the importance of other household members or income sources.

When faced with the new work and behavioral requirements, mothers who had other sources of support sufficient to permit them to forgo welfare simply left welfare without looking for work. However, many of these mothers are still receiving other government benefits — primarily Food Stamps and housing — which are often much more valuable than the basic welfare payment.

Another reason a mother may leave welfare without taking a job, according to a study by Greg Duncan of Northwestern University, is that about one-third of the earnings-related exits from welfare involved an increase in the earnings of an adult already in the house other than the mother, demonstrating the importance of shared living arrangements.

**Assessing “Welfare Reform”**

A mixed picture of life after welfare is captured in “before and after” questions asked in six of the more reliable studies of people who have left welfare (Mississippi, New Mexico, South Carolina, Virginia, Washington and Wisconsin conducted these studies). Depending on the study between 20 to 40 percent of those responding said “life was better” while on welfare. Conversely, 60 to 80 percent of former recipients think that life is the same or better being off welfare. Three states asked separately about being better off. In all three, about 55 percent said they were “better off”; about 25 percent said they were doing the “same”; and about 20 percent said they were “worse off.”

For most Americans, welfare reform was about reducing the deep-seated social and personal dysfunction associated with long-term dependency on welfare, thereby ultimately reducing poverty. For welfare reform to be a success on this measure will depend on whether the low-paying jobs taken by many who leave welfare will lead to better jobs, whether the household arrangements (and other sources of support) that have allowed mothers to leave welfare without working will prove to be supportive and nurturing, and whether the eventual result is less dysfunctional behavior among parents and better outcomes for children.

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Between 1991 and 1997, federal support to low-income families for child-care more than doubled, going from about $5.1 billion to about $10.7 billion (in 1998 dollars). Since 1990 a portion of these funds have been subject to a requirement that states give parents the option of receiving a child care voucher — or “certificate” — that enables low-income parents to select child-care providers of their choice. Currently nearly half of these funds are subject to the voucher requirement. Giving parents checks or cash is also allowed, and at least 16 states and Puerto Rico do so, usually in the form of a check.

Implementation

For a voucher system to work, the state must have a system for smoothly processing hundreds or thousands of vouchers. In broad outline, this means preparing individual authorizations in almost infinite variation, receiving payment requests from an uncounted number of providers, and then issuing hundreds or thousands of checks a month — all in specific amounts depending on the amount and type of child care provided and the parents’ required co-payment, if any.

It appears that some states had difficulty at least in the start-up phases of voucher systems. The initial unpreparedness of state agencies, complicated and confusing program rules, and miscommunication between agencies all resulted in late, withheld, or inaccurate payments. In almost all communities, such administrative problems seem to get worked out in relatively short order and there is no evidence that these were more than passing problems during the early stages of implementation.

Controlling Costs

In grant and contract systems, the number and size of grants contracts awarded control aggregate child-care costs. Per-child prices are set through the government’s agency-by-agency negotiation of rates. Often these arrangement provide far fewer slots than are needed by income-eligible families, in which case rationing is accomplished by allowing agency-level waiting lists to develop. Total costs are also kept down by low participation rates by parents, who are often unhappy with the choices they are given.

The central political authority, in a relatively visible manner, must decide who gets the voucher, what service is provided, and so forth. Hence, voucher systems make it politically more difficult to provide fewer slots than there are eligible children. In addition, because vouchers give parents more choice of providers, they are more likely to use available child-care benefits, including payments for services that were once provided free by friends and relatives.

This makes controlling per-child costs even more important in voucher systems. The government, however, cannot negotiate directly with providers, because it is the parent, not the government, who selects the provider from a broad range of potential providers (with substantially different cost and price structures). Thus, under voucher systems, states seek to control per-child costs by instituting (1) calibrated reimbursement schedules that are meant to cap payment levels depending on the type of care, and (2) co-payment requirements that are meant to create price-sensitive shoppers.

Another cost issue, monetization — or friends or relatives now charging for services they once provided for free — has taken on sufficient momentum that officials in some states are considering whether to prohibit the use of vouchers for family members. Wisconsin already prohibits the use of vouchers for relatives who live in the child’s home. In addition, regardless of training, relatives are not eligible to receive the higher reimbursement rates that Wisconsin offers to providers who have completed training in child development, unless they are also caring for unrelated children. In New York City, officials are considering whether to eliminate reimbursement for relative-provided care completely.

The Child-Care Market

For their proponents, one of the great advantages of vouchers is that they have vastly broadened parental choice. In the years since vouchers were introduced, there has been an unprecedented increase in the number and variety of providers now available to low-income families receiving child-care assistance. Vouchers seem to have facili-
tated the market's response. They allowed par-
ents to go directly to providers, especially informal
providers, that had vacancies or that could ex-
pand to meet the increased demand, thus avoid-
ing a cumbersome and slow-moving contract and
grant-making process.

There is also some evidence that vouchers have
reduced the economic (and racial) segregation
of clients inherent in programs based on grants
and contracts. For reasons of administrative prac-
ticality, under a grant or contract system, there is
a tendency to fund only those providers that serve
a large number of economically disadvantaged families or that are located in neighborhoods
where such families predominate. Vouchers remove
the government's inadvertent role in fostering
this level of economic and racial segregation be-
cause they centralize the decision-making process.

The “Problem” of Unlicensed Care

Vouchers have made government aid available
for unlicensed child care. As a result, the HHS
inspector general reports, “Approximately half
of parents using certificates obtain care from in-
formal providers — neighbors or relatives. Most
of these informal providers are license-exempt —
they operate legally outside of the state’s regu-
latory framework.”

Many child-care experts believe that parents
are being forced into home-based and unlicensed
child care through low reimbursement rates and
high co-payment requirements that encourage
parents to seek low-cost care. And they worry
about the quality of such child care.

Thus state voucher systems can create strong
incentives for parents to use less-expensive care,
which generally means unlicensed, home-based
care. In many states, these informal providers
may not even be subject to government health and
safety regulations.

Vouchers versus Cash

A major reason for allowing states to use cash
payments was concern over the difficulty of ad-
ministering voucher systems. But cash subsidies
have another benefit: they seem to increase paren-
tal options by widening their choice of providers.

First, some states are unwilling to directly sup-
port unlicensed care. They seem worried that
honoring vouchers from unlicensed child-care
providers might be interpreted as endorsing the
particular provider, which could be an embarras-
ment should there be a problem later.

Second, like food stamps, there is some stigma
associated with child-care vouchers. Cash assis-
tance prevents the provider — and other fami-
lies — from knowing that the family is receiving
government aid. That also tends to prevent the
provider from overcharging subsidized clients or
engaging in cross-subsidization.

Conversely, knowing that parents are receiving
their child-care assistance in cash may make some
providers unwilling to serve them for fear they
will not pay their bills. Several states reported that
some providers were refusing to serve clients with
cash or check subsidies for fear they would not
be paid on time. Left unsaid is the fear that par-
tents may misuse the money. For this reason, Ala-
bama and Connecticut are both in the process of
phasing out their cash programs; Arizona and
Nevada have already terminated theirs.

Refundable Vouchers?

If simple cash payments are politically unattain-
able, or if society determines that it wants to en-
courage a level of child-care consumption higher
than parents would otherwise want, consideration
should nevertheless be given to making vouchers
refundable.

Recipients who can pocket the difference be-
tween a lower-cost provider and the dollar value
of the voucher have a strong incentive to be cost
conscious. Indeed, refundability may be the only
way to create cost consciousness among recipi-
ent whose incomes are too low to impose a co-
payment of any meaningful size. Voter resistance
to refundable vouchers would, nevertheless, prob-
ably be substantial.

Conclusion

Parents must have a sufficient personal inter-
est in the quality of the care the child receives
and must function at an adequate level to make
informed and responsible choices. Vouchers
seem to provide and incentive for parents to make
these decisions without central or government
planning, and trusts parents to make the right
child-care choices for their children — especially
if they are made moderately cost-conscious
through co-payments, refundable vouchers or
cash payments.

The Brookings Institution
(202) 797-6000
www.brook.edu/ press/ books/ vouchers.htm
Driving the New Economy

by Kentucky Governor Paul Patton

The “New Economy,” the “High-tech Economy,” the “Knowledge-based Economy”: these phrases have become an integral part of our daily vocabulary. Today, the engine of growth in our states has become human capital, brainpower and knowledge. The critical issue for public policy-makers is defining the policy initiatives that we, as states, must pursue to participate in the prosperity resulting from the “New Economy.”

All states are participating in the New Economy to some degree. Areas like Route 128 in Massachusetts, the Silicon Valley in California, the Research Triangle in Virginia, and Austin, Texas are regions on the cutting edge of the New Economy. These areas benefit from their proximity to outstanding research institutions, which help serve as the incubator for entrepreneurs and start-up businesses. In some cases, public policy decisions have encouraged the emergence of the region’s high-tech growth.

In other states, our economies are still tied to more traditional economic activities such as manufacturing, agriculture and energy-based economic activity. Our challenges are to transform our economies to participate in the New Economy.

In Kentucky, we recognize the need for this transformation and we have begun, over the last five years, to address the public policy initiatives so that we may participate in this growth. The model that we are following in Kentucky is based on the simple premise that, in the New Economy, human capital is the most important input in the production process. Thus, our goals and budget priorities are education, education, and education! Here is the model that we are following to transition to the New Economy:

Step 1: “K-12 Education — Stay the Course”

Kentucky committed to significant reform of our K-12 education in 1990. System changes, however, take time to pay dividends. Therefore, Step 1 in our strategy for the New Economy is to stay the course and maintain our commitment to — and investment in — K-12 reform.

Step 2: “A Paradigm Shift for Postsecondary Education”

Brainpower is driving the New Economy. Our postsecondary education systems must:
1) Respond by increased participation; 2) Develop the research and development infrastructure to collaborate with business; and 3) Provide the workforce training critical to economic growth.

Step 3: “Our KIDS”

Research shows that the ages 0-5 provide the foundation for learning and development throughout one’s lifetime. In our 2000 Legislative Session of the General Assembly, we committed 25 percent of our tobacco money, in addition to other state and federal resources, to our Kentucky Invests in Developing Success (KIDS) Program.

Step 4: “Lifelong Learning”

The skill sets required for our workforce are continually changing. Our older workers cannot be left behind. Supplying worker training and retraining and providing for the education needs of our existing workforce are critical if all regions — rural and urban — are to participate in the New Economy. Kentucky has been a leader in the implementation of the Workforce Investment Act and has implemented a number of other initia-
tive to retool and retrain our existing workforce, including new initiatives developed in the 2000 Legislative Session.

Step 5: “Putting It All Together”

In the 2000 Legislative Session, we enacted “The Kentucky Innovation Act,” a far-reaching bill that recognizes that education, particularly postsecondary education, is a critical partner with economic development. We created a Kentucky Innovation Commission composed of state policymakers and representatives from high-tech business and industry to identify strategic areas of focus and public policy issues we must address to be successful in the New Economy. These include:

- Creating an Office of the New Economy, headed by a Commissioner whose focus is attracting technology-driven business and industry to Kentucky and assisting in the development of home-grown companies.
- Requiring an entrepreneurial audit of state government be completed to assist us in identifying our strengths and weaknesses.
- Developing a strategic plan for the New Economy.
- Increasing funding for research at our universities, providing funding for businesses to access the research capabilities of our universities and providing funding to assist researchers at our universities in commercializing their research activities.
- Providing new funds for workforce training and providing funds to help our manufacturers modernize.
- Developing initiatives to ensure that rural Kentucky participates in the growth of the New Economy.

My goal as Governor of the Commonwealth of Kentucky is to develop the programs that will allow our citizens today and in the future to enjoy increased economic opportunities and an improved standard of living. For us to accomplish this goal we must ensure that our economy is positioned to prosper in the New Economy.

We want your PERSPECTIVE

The Council of State Governments would like to hear about your experiences with the significant public policy issues affecting state government. Information exchange between policy-makers has always been a goal for Spectrum. We are continuing this tradition by offering “Perspectives.” This is a forum for sharing your ideas and recommendations on key policy issues with other state officials.

Submissions should be no longer than 1,000 words. Please include address, telephone number and photo. Send two hard copies to:

Editor-in-Chief, Spectrum
The Council of State Governments
2760 Research Park Drive, P.O. Box 11910
Lexington, KY 40578-1910

If you have questions, call Keon S. Chi at CSG (859) 244-8251; e-mail kchi@csg.org; or fax (859) 244-8001.
What Americans think

Seat Belt Laws

A survey by the Insurance Research Council, conducted by Roper Starch Worldwide

According to a recent Insurance Research Council (IRC) survey of U.S. households, Americans support measures such as primary seat belt enforcement and red light cameras that are designed to increase compliance with vehicle safety laws.

Eighty-nine percent of respondents supported some type of seat belt law. Nearly half (47 percent) of respondents favored primary enforcement, whereby police can stop a driver solely on the basis of not wearing a seat belt. Forty-one percent of respondents favored secondary enforcement, which requires police to have some other reason to stop a vehicle before citing an occupant for not buckling up.

On the second issue, most respondents supported mounting cameras at intersections to photograph vehicles running red lights. Nearly six in ten respondents (59 percent) said that they strongly or somewhat favor the use of red light cameras to deter red light running in their communities.

“Other research has shown that primary seat belt enforcement and red light cameras are effective in reducing accidents and saving lives,” said Elizabeth A. Sprinkel, senior vice president, who heads the IRC. “It is encouraging that most Americans support these measures.”

The results contained in IRC’s recently released report, Public Attitude Monitor 2000, Issue 2, were based on a survey conducted by Roper Starch Worldwide. The survey consisted of in-home interviews with 1,996 men and women 18 years old and older. Survey participants were selected to be representative of the population of the continental U.S. The survey also addressed insurance satisfaction, general insurance knowledge, and attitudes towards banks and insurance.

Seat Belt Enforcement

Of the 89% of respondents who favored some type of seat belt law:

- Focusing primary enforcement — 47%
- Focusing secondary enforcement — 41%
- Undecided — 22%

Source: Insurance Research Council
www.ircweb.org/news/PAM2_Safety.htm
What Americans think
Local Issues

A survey by the Pew Center for Civic Journalism, an initiative of the Pew Charitable Trusts

“We're growing faster than the facilities and things that were put here years ago are able to handle.” — Words from 68-year-old woman

At the local level, Americans' concerns are much more related to their everyday lives than is the case when discussing national issues. The complex of issues known as sprawl, growth, traffic, roads and infrastructure are a top concern, with 18 percent mentioning the issue. This cluster of issues is quite diverse, but all focus on the impact of growth and development on the daily lives of individuals. Whether it is traffic congestion, poorly-maintained roads, inadequate sewer and water or crowded schools, all the complaints focus on the quality of life that is endangered as the local infrastructure fails to keep pace with growth and development.

This national survey of adults aged 18 and older was conducted on behalf of the Pew Center for Civic Journalism, an initiative of the Pew Charitable Trusts. A representative sample of 1,004 adults was interviewed by telephone during the period October 6 through October 31, 1999. For results based on the total sample, one can say with 95 percent confidence that the error attributable to sampling is plus or minus three percentage points. Results based on smaller subgroups are subject to a larger margin of sampling error. In addition to sampling error, the practical difficulties of conducting telephone surveys can introduce error or bias into their results.

**Most Important Local Issue**

“Now, what do you think is the most important problem facing the community where you live?”

<table>
<thead>
<tr>
<th>Issue</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development/ Sprawl/ Traffic/ Roads</td>
<td>18%</td>
</tr>
<tr>
<td>Crime/ Violence</td>
<td>18%</td>
</tr>
<tr>
<td>Economic Issues/ The Economy</td>
<td>13%</td>
</tr>
<tr>
<td>Education</td>
<td>10%</td>
</tr>
<tr>
<td>Child and Teen Issues</td>
<td>6%</td>
</tr>
<tr>
<td>Problems with Politics/ Politicians</td>
<td>3%</td>
</tr>
<tr>
<td>Racism/ Discrimination/ Intolerance</td>
<td>2%</td>
</tr>
<tr>
<td>Problems with Immigrants</td>
<td>2%</td>
</tr>
<tr>
<td>The Environment</td>
<td>2%</td>
</tr>
<tr>
<td>Law Enforcement/ Justice/ Court system</td>
<td>2%</td>
</tr>
<tr>
<td>Moral Decline/ Decline of Family Values</td>
<td>3%</td>
</tr>
<tr>
<td>Health/ Medicine</td>
<td>1%</td>
</tr>
<tr>
<td>Poverty/ Hunger/ Homelessness</td>
<td>1%</td>
</tr>
<tr>
<td>Natural Disasters/ Hurricanes/ Floods</td>
<td>1%</td>
</tr>
<tr>
<td>Senior Citizen Issues/ Care of the Elderly</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
<tr>
<td>Things are Good Here</td>
<td>3%</td>
</tr>
<tr>
<td>New to the Area/ Just Moved Here</td>
<td>1%</td>
</tr>
<tr>
<td>Nothing/ No Problems/ None</td>
<td>6%</td>
</tr>
<tr>
<td>Don’t Know/ Can’t Think of Anything</td>
<td>5%</td>
</tr>
<tr>
<td>Refused/ No Comment</td>
<td>1%</td>
</tr>
</tbody>
</table>