

The economic crisis facing Oregon and its 36 counties is not a matter of short term cash flow. There is probably not a feasible way to raise enough new revenue to solve the budget gaps. And even if the federal timber payment problem didn't exist, we'd still have a problem. We have an economically unsustainable program of delivering services. The solution will not come from simply asking the state and counties to consider raising additional revenue. While we may need to consider **revenue restructuring**, we also need to consider **government restructuring**. This is the time.

Our system of delivering services – policing, jails, ensuring clean water, protecting children, taking care of seniors and disabled persons; processing claims and complaints and forms – is complex. It's tangled enough that it can take 3 or more legislative fiscal analysts to comb through various budgets of multiple agencies, reporting to **different** Ways and Means subcommittees, just to answer a question on what we spend to help those children, treat persons with addiction and mental health problems, support county fairs, tackle invasive species, or train workers. Then add to that 36 counties and it gets really tangled up.

In addition to discussion with colleagues here at the Capitol, I also paid special note of information being developed by the Association of Oregon Counties, and also the Governor's Task Force on Federal Forest Payments and **County Services**. – my emphasis, county services. The Final report of that task force lists 53 specific recommendations. I was struck by the number of those recommendations that are about STATE services, or state support.

Here's a short sample of topics from the recommendations:

- #4 and 5: State Police responsibility and medical examiners in southern Oregon.
- #6: state support for wildlife services and animal damage control.
- #7: increase state general fund support for prosecutorial assistance.
- #8: add staff to state's criminal justice commission to assist counties with grant writing
- #10: regionalizing community and close custody beds (OYA)
- #16: technical assistance to counties interested in creating regional jails
- #19: streamline and reduce administrative burden for county contracts with DHS.
- #23 and 24: increase state funding to counties
- #26: allow co-location of ODOT maintenance facilities with county and local facilities
- #34: state staffing for water management
- #38: state pick up cost of elections for statewide offices and ballot measures

At least 17 of the 53 call explicitly for increased state support, either funding or providing service.

You get the idea. The report is full of statements that relate explicitly to the division of responsibilities, as well as funding.

Another series of reminders of the problem came at the JWM-PS and HS hearings a couple of weeks ago.

In one section of invited testimony, presenting the report “Analysis of Oregon’s Alcohol and Drug Treatment and Prevention System” we heard about the issue of multiple state agencies involved, differences in data systems, duplicate data entry, and subsequent burden on provider.

In other testimony from a Baker City service provider, we heard that we should “allow a *region* the flexibility to manage the money to meet the needs.

Reviewing information developed by AOC, I scanned the **Shared State-County Services Chart**, which illustrates services in 5 broad areas:

1. Health & Human Services: (18 services) such as child protection, aging and senior services, and solid waste management
2. Public Safety (20 services), such as state police; 9-1-1- communications; and animal control
3. Natural Resources & Recreation (14 services), such as wildlife regulation; noxious weed control, and soil & water conservation
4. Transportation, Land Use, and Economic Development (14 services), such as state highways; building permits and inspection, and surveying
5. Other community services (18 services), such as assessment and taxation, elections, and recording public documents

Of those 79 separate services, 14 are provided by the state; 19 by counties; and 46 are state and county *shared* services. (link to chart: http://www.aocweb.org/aoc/Portals/0/Content_Managers/Shared%20Services%20Chart%20-%20Jan%202007.pdf)

From another angle, we have **shared revenue agreements** in a number of areas, including: cigarette tax; liquor receipts; beer and wine taxes; video lottery; gambling addiction treatment; county forest trust lands; gas tax and motor vehicle fees; property assessment and taxation funding; and recreational vehicles fees.

Our bureaucracy is in the way – it’s pulling us down. And let’s face it – there are tensions between the state and counties; funding promises haven’t been realized, or funding agreements have changed. Delivery of services may not meet expectations. While the population has shifted, transportation and communication have evolved, and some of the economic basis has moved from agriculture and manufacturing to service economy, the underlying government structure has remained largely unchanged. Technology, in particular, creates opportunities for transformation and efficiency.

I’ve spent a lot of time so far describing the situation as a legislator – and a bureaucrat. But let’s look at this from two other points of view: the taxpayer [or voter], and then service provider.

Taxpayers often care little about who's responsible, they just want SOMEONE to be responsible, and get the job done. It's all tax money, and it's little consolation to hear, "That's a state fee," or "that's a county fee." They want results, not gridlock.

For service providers, the burden of our bureaucracy can be tremendous. Here are two examples.

The first is from a Portland area child and family service provider. They have 46 contracts with 4 state agencies and 5 counties; each with a completely separate clinical and fiscal compliance audit. This organization is involved in some kind of an audit every day of the year, either preparing for an audit, responding to the audit, or training or implementing policies for new administrative rules that will then be audited. They have two full time and one part time dedicated staff just to respond to redundant oversight in human resources, fiscal department, and quality assurance.

The other example comes from a youth service provider in southern Oregon that has contracts with Department of Human Services and Oregon Youth Authority. The provider tells us "Both agencies audit the program for essentially the same services under comparable contracts and the same reimbursement rate. DHS wants details on shift staff hours each day for July and Aug, 2008. I understand this [is] to confirm staffing ratios. OYA was satisfied with two days that they picked randomly from June 2008. OYA also wanted total staff hours for June 2008 that was easy to report. DHS wants personnel qualifications for all staff. OYA wanted the same information. [but] DHS wants information in a different format."

The bottom line: this is money going to redundant bureaucracy, not to delivering services to children and families.

Let's look at other kinds of services. We have 36 separate elections divisions in each county, working to maintain the integrity of voter registration and elections. We also have a secretary of state that has a state-wide database of registered voters, and services for managing elections.

We have 36 separate assessment and taxations operations in the counties, and a state department of revenue that is doing some of the same work. Again, with modern technology, communications, geographic and other data, what are we doing built on a 20th century framework that should be re-built for the 21st century?

In 2008 several other states were working on government reorganization and efficiency – New Jersey, New York, Maine, Ohio, Indiana, and Pennsylvania – and they ALL asked for *local* governments – counties and cities - to increase efficiency and effectiveness. I'm not modeling my suggestion on any of those commissions, because I think we – state and county government – are in this together, and together need to figure out how to achieve the most effective delivery of services.

One state does, however, use a technique that I have mentioned in a couple of previous bills I've drafted, which is this: offer incentive grants to help local governments with collaboration and cost-saving. Another, Maine, has been working since 2003 on consolidating public safety answering points from 48 to around 20, and in April 2008 passed legislation to create a unified prison system for state and counties.

So what should we do here in Oregon? Take a fresh look at our division of delivering services. In the 1990's the Oregon legislature developed the mechanism for intergovernmental agreements. Now, in the 2000's, let's take another step.

Let's look at simplification; regionalization; consolidation; and reorganization, with an emphasis on saving money and improving service.

We should consider a redistribution of functions of state and county government; achieve clarification and rationalization of what we have now, and accomplish a transfer of functions where it makes sense. Consider transfer of functions, or consolidation of policy, delivery, accountability, and funding streams.

There's too much redundant auditing, and not necessarily better outcomes.

Too much accounting, but a lack of accountability.

In the 1980's, at the urging of counties, public assistance (or welfare), was transferred from county to state government. Because of financial stress, we already have a couple of counties that have "opted out" of local control for community corrections, and turned that function over to the state. How many more counties will be handing over community corrections, or public health, or other services – either through a planned effort, or by default when the money runs out and they close the doors to that department?

Things are not okay as they are. What was right at one point in time may not be optimal at *this* point in time. It's our job to periodically reexamine previous decisions. The natural tendency is for bureaucratic systems to become more complex and tangled over time, as good ideas are piled onto existing systems, wedged in here or tacked on there. Parts of the system can get tangled and hard to manage. There's interest from legislators and other elected officials, and I believe there would be broad public support. It's important to take a step back and look at the whole picture from time to time. That time is now.