The Role of the State in Delivering Improved Outcomes Through Realignment

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Senate Governance and Finance Committee

Hon. Lois Wolk, Chair

Organizational Change Complexities

☑ International studies of private and public sector organizations typically find that changing an organization's mission, structure, and culture is difficult.

■ Progress frequently is not as prompt as desired.

■ Results often do not meet all their objectives.

☑ IBM "Making Change Work" 2008 Study.

■ ***Total Success Is Not Common.*** Interviews with 1,500 project leaders in private and public organizations found that nearly 60 percent of them did not implement major organizational change within planned time, budget, and quality constraints.

■ ***What Makes Change Successful?*** Practitioners placed key responsibility for fate of projects at top management—92 percent named top management sponsorship as the most important factor for successful change. The next three factors were: employee engagement, honest and timely communication, and culture that motivates and promotes change.

■ ***What Are the Main Obstacles to Successful Change?*** "Changing mindsets and attitudes," "corporate culture," and "underestimating project complexity" ranked as more significant than a shortage of resources or training.

■ ***Similar to Public Administration Research.*** Sergio Fernandez and Hal G. Rainey, "Managing Successful Organization Change in the Public Sector" *Public Administration Review* (March/April 2006).

Organizational Change Complexities

(Continued)

☑ ***Key Areas of Focus for Legislature.*** While the state's realignment plan is still under development, three areas merit particular attention by the Legislature.

- Broadly communicating need for changes in state operations to align with revised state mission.

- Encouraging the active involvement of state employees in implementing and designing organizational changes.

- Exploring varied approaches to providing counties technical assistance, promoting oversight, and fostering best practices.

Broadly Communicate Need for Organizational Change

☑ ***State Departments' Mission Will Change Under Realignment.*** State responsibilities will center somewhat less on program delivery and more on providing counties technical assistance and promoting best practices.

- ***Not a Simple Government Reorganization.*** More complex to implement than merging two departments.

- ***Need to Re-Think Some Departmental Duties.*** Likely to modify organizational structure and mission of some departments and employee duties.

☑ Interest in making organizational changes promptly to achieve state savings.

- Concern that if organizational changes do not occur within a short period, difficult to institute them later.

- But trying to implement change without articulating clear management objectives, engaging employees, and building a culture open to change frequently is not successful.

☑ ***Options for Legislature to Help Ready the Public and Departments for Change.*** Use various forums to (1) communicate need for the state to revise the mission of some of its departments and (2) articulate a vision of state agencies performing these new roles well. For example:

- ***Statutory Changes.*** Specify expectations regarding state operations in realignment legislation.

- ***Policy Committee Hearings.*** Hold hearings at key intervals. Ask departments, employees, and stakeholders to jointly report on actions they are taking to implement realignment and their plans for the coming weeks.

Broadly Communicate Need for Organizational Change *(Continued)*

- **Town Hall Style Hearings.** Invite residents, journalists, and others to discuss the types of performance measures and other information that they need to play an active role in reviewing program outcomes for the realigned programs.

- **Confirmation Hearings.** Question nominees about actions the applicant will take to help transform the department and build a culture that will embrace the department's new role.
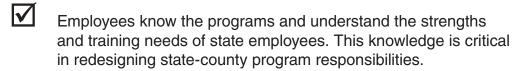
Encourage Active Involvement of State Employees

☑ Research indicates that change is more successful when employees are involved.

- Employee passive implementation is not sufficient.

- Need their active engagement.

- Do not underestimate state employee interest in improving program outcomes.

☑ Employees know the programs and understand the strengths and training needs of state employees. This knowledge is critical in redesigning state-county program responsibilities.

- Real insights as to what works.

- Realistic understanding of the upcoming challenges and complexities.

☑ Successful implementation of organizational change often resembles a hybrid—combining elements of lower-level participation and direction from top management.

Consider Varied Approaches to Providing Program Oversight, Offering Technical Assistance, and Promoting Best Practices

☑ ***Traditional "Top Down" Approaches Might Not Be the Most Effective.*** In some cases, the goals might be more effectively carried out:

- By organizations and parties other than the state.

- By the public or media using performance information provided by state or other entities.

- Through economic incentives (incentives and sanctions) rather than regulation.

☑ **Other Approaches**

- ***California Child Welfare Performance Indicators Project.*** This collaborative venture between the University of California at Berkeley and the California Department of Social Services (DSS) aggregates California's administrative child welfare and foster care data into customizable tables that are refreshed quarterly and made available on a public website. This data source allows those working at the county and state level to examine performance measures over time. It provides policymakers, child welfare workers, and the public with direct access to information on California's entire child welfare system. The program is funded by DSS and the Stuart Foundation.

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Consider Varied Approaches to Providing Program Oversight, Offering Technical Assistance, and Promoting Best Practices

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- ***Fiscal Crisis and Management Assistance Team (FCMAT).*** The FCMAT helps California's local educational agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services. The FCMAT was established pursuant to Chapter 1213, Statutes of 1991 (AB 1200, Eastin) and the Kern County Superintendent of Schools is the county office of education selected to administer FCMAT and its operations. Funding is appropriated each year in the budget act. The FCMAT reports to a board of directors comprised of one county superintendent and one district superintendent from each of the state's 11 service regions. A representative of the California Department of Education also is on the board.