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Needed Change is Coming to State Government

By: Tom C. Rawlings, Director

The coming year may witness the most ambitious structural re-engineering our state health and social services system has seen in the past 35 years. Governor Perdue recently released the preliminary recommendations of his Health and Human Services Task Force, a group of policy and legislative leaders that is proposing to realign the Departments of Human Resources and Community Health.

Currently, the Department of Human Resources (DHR) uses its \$2.8 billion budget and 20,000 employees to administer the waterfront of social services: aging, mental health, developmental disabilities, child protection, public health, and child care licensing, among others. The Department of Community Health (DCH) administers a \$12 billion budget that includes funding for Medicaid health coverage for the poor. Under the proposed realignment, the Department of Community Health and DHR's Division of Public Health would become a single Department of Health. Mental health and substance abuse services would be managed out of an independent Department of Behavioral Health. And another separate Department of Human Services would direct aging, developmental disabilities, family assistance, child support, and child protective services.

These are significant changes that will undoubtedly cause some concern among the many consumers and service providers who work with DCH and DHR. But the changes are necessary if we are to have a social service delivery system that is both efficient and adaptable to a changing society. As the Task Force report notes, Georgia's population has changed over the past 35 years, and so have the problems facing our citizens. Where we were once a smaller state whose residents were younger on average, we are now the eighth-largest state and growing dramatically -- especially in our over-65 population. We face new issues: greater mental health needs, increased childhood obesity, newly-resurgent diseases such as tuberculosis that we once thought we had under control.

The idea behind the original consolidation of social services into a single Department of Human Resources in 1972 was a good one: combining services under one agency offers better coordination. But over time, we have found that as needs shifted our agency structures did not always follow, so consumers had to work with multiple agency divisions to obtain a single service. What is children's mental health, for example? Is it a public health issue, a child protection issue, a juvenile justice issue, a Medicaid issue, or just a mental health issue? The truth is that it is all of those things, and managing it requires managing a myriad of connections among different parts of DHR and DCH.

But, as experts such as mathematical biologist Stuart Kauffman have shown, when you create a large interwoven bureaucratic network, you often end up with a system that does not work efficiently. "The probability that a positive change in one part of the network will lead to a cascade resulting in a negative change somewhere else grows exponentially," writes Eric Beinhocker in his fascinating 2006 book, *The Origin of Wealth*. As an example, consider the effect of budget cuts. If the Public Health agency trims a child abuse prevention program from its budget to save money for other purposes, the Child Protective Services agency may end up receiving more referrals and having to increase its budget. Large bureaucracies are often less able to adapt to changing circumstances, Beinhocker writes. "The challenges of executing complex production and service processes drive organizations to develop deep, densely connected hierarchies. Yet these structures are not well suited to the tasks of exploration, which require flatter, more autonomous organizational structures."

By dividing and realigning these currently consolidated social service agencies, Governor Perdue can accomplish what has been a hallmark of his administration -- a more efficiently-managed state government and one that can adapt more quickly to change and more effectively address problems. At the same time, advocates are right to be concerned that these newly separate agencies not operate in isolation. The way to prevent that problem, Beinhocker writes, is to create units that have autonomy but that also work within a hierarchy. Such a system is what has enabled some of the country's most successful companies to grow larger while maintaining flexibility, he says.

Imposing that hierarchy will require the kind of coordinating bodies the Task Force has envisioned made up of all the various agencies involved in social services. But it will also require strong leadership from Governor Perdue and from his successors. Beinhocker, a senior adviser to management consultant McKinsey & Company, suggests that leadership must create a culture in which those working within the agencies are not only free to share their concerns and ideas but also have an "obligation to dissent" when they disagree with management.

Our state's leadership must continue to work to ensure that policies and funding priorities across agencies are consistent and are customer-focused. Among our state social services agencies, we must continue to create a culture focused not on the agency's needs and goals but on the goals of the enterprise and the needs of citizens. That our leadership is already creating this culture is evident in Governor Perdue's support of the various systems of care initiatives taking shape across the state in which agencies work together to serve our children whose needs cannot be met by one single agency.

Reorganizing our state social services infrastructure is not a goal; rather, it is an opportunity to begin adapting our system to better serve the needs of Georgians. And that ultimate objective will require creating a social services culture and a work force that values innovation. In our social service delivery system, we must be not merely a collection of agencies with various functions but a single enterprise dedicated to improving the lives of our children and families.

To read the HHS Task Force Interim Report for yourself, visit our website: www.gachildadvocate.org. And for one of the best-written general economics and business books currently on the market, pick up a copy of *The Origin of Wealth*.