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Budgeting to Promote Social Objectives—A Primer on Braiding and Blending

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Introduction: The Need for Collaborative Cross-Sector Budgeting

Frustrating problems occur throughout the government budgeting process, from the federal government down to local governments. These problems range from legislative gridlock and missed deadlines to poor long-term planning for spending commitments, revenue sources, and borrowing obligations.

Of course, finding solutions to these problems is necessary for more effective government. But the objective is not only about how to make individual programs operate more efficiently. Tackling many complex social issues—such as homelessness, aging, the causes and impacts of opioid use, community stabilization and good family health—also requires a high degree of cross-sector and cross-program collaboration to achieve a coordinated and often customized approach.

There are impressive examples at all levels of government of finding ways to improve such collaboration. For instance:

- The U.S. Interagency Council on Homelessness, set up by statute, coordinates efforts to address homelessness across federal agencies and with lower levels of government. Meanwhile the Interagency Working Group on Youth Programs is composed of representatives from 21 federal agencies working together to support and coordinate programs and services for youth.
- Recent legislation permits Medicare Advantage plans to incorporate a broad range of nonmedical services to improve the health of their elderly enrollees.
- More than half of the states have established, through legislation or through a governor's executive order, "children's cabinets", which bring together the leadership from agencies serving children and youth, enabling departments to collaborate and design a shared vision and goals for improving family and child outcomes.
- Maryland's system of "local management boards" permits nonprofit and county level government agencies to "braid and blend" money from public and private sources to support multi-sector services for children.

Unfortunately, there are also many obstacles to using multiple program resources in entrepreneurial ways; even when technically possible, it is hard to do so in an efficient manner. The challenge is how to make government a more enterprising and nimble partner for multi-sector efforts to address complex social problems—yet maintain appropriate oversight and fiscal management and be faithful to the legislated purposes of each program. Fortunately, governments at different levels have a range of budgetary tools and techniques available to them, such as waivers, interagency bodies, and pay-for-success contracts. If these tools are strengthened and used as part of a more conscious strategy, governments can achieve a much greater impact on pressing social policy issues.

Common Obstacles in the Current Budget System

Public sector managers often must find creative and innovative ways of working around various obstacles when having to coordinate agencies and funding streams to tackle a problem. The most serious obstacles include:

Budget siloes. Effective collaboration across sectors requires the ability to align funds from different sources to reach a common objective. It also requires significant planning and oversight of complex accounting practices that will allow the flexible use of funds—including using resources for purposes that are outside of the defined use of the program's funds—to achieve that objective. An example of this would be funding for proven social determinants of health that affect community needs, such as investments in public transfer infrastructure, safer housing for the elderly, and walkable neighborhoods.[1] However, federal, state, and local agencies often do not plan together to coordinate funds and payment rules in a flexible way. Sometimes the reason for budget silos is simply the bureaucratic tendency of agencies to plan internally and focus on their own program and department goals, rather than plan in cooperation with other agencies. In other cases, there are statutory obstacles preventing funding flexibility. For instance, although there has been progress in using Medicaid funds for housing supports to improve the health condition of the elderly and previously homeless individuals, federal law still places limits on that flexibility.[2,3]

Fragmentation. This is the other side of the silo coin. Many activities of government, such as job training programs and support for education, are spread across multiple agencies. In principle, having funds for similar activities within multiple agencies can help mitigate the silo problem, but that possible benefit is often blunted by rules and eligibility requirements that make it hard to pool funds for a common purpose. Too often, program fragmentation, gaps, restrictions on uses, and duplication ends up getting in the way of coordination and collaboration. The Governmental Accountability Office (GAO) reports to Congress each year on programs that have duplicative goals or activities. For example, GAO found in 2018 that science, technology, engineering, and mathematics (STEM) education funds were distributed across 163 programs and 13 different agencies.[4] Since 2011, GAO has identified 805 opportunities to improve federal programs or activities through better coordination and consolidation, of which only 54% have been fully addressed.[5]

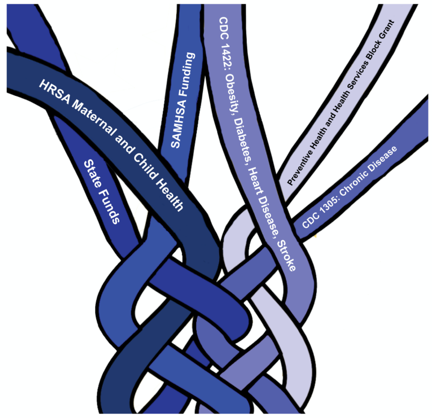
The wrong pockets problem. Efficient collaboration and coordination is further limited by the "wrong pockets" problem.[6] This problem arises when an organization, sector, or agency invests in achieving a desirable outcome, but the end benefit of the investment is uneven. While a particular intervention may benefit multiple sectors or agencies, many times only one sector is paying for the initial investment—or, as in some instances, the sole benefactor is another sector or agency altogether. The result is less than optimal investment in effective solutions to problems because many investments cannot be justified within an investing agency in terms of a return to that investing agency. For example, spending housing funds to make bathrooms safer for elderly individuals at risk of falling can produce significant savings to Medicare and Medicaid, but these savings do not directly accrue to housing departments and thus are harder to justify to housing budget managers.[7] There are cases of

1 "Social Determinants of Health: Know What Affects Health," Centers for Disease Control and Prevention, January 29, 2018, https://www.cdc.gov/socialdeterminants/index.htm.
2 Vicki Wachino, "Coverage of Housing-Related Activities and Services for Individuals with Disabilities," Centers for Medicare and Medicaid Services, June 26, 2015, https://www.medicaid.gov/federal-policy-guidance/downloads/cib-06-26-2015.pdf.
3 Stuart M. Butler and Marcela Cabello, "Housing as a hub for health, community services, and upward mobility," The Brookings Institution, March 15, 2018, https://www.brookings.edu/research/housing-as-a-hub-for-health-community-services-and-upward-mobility/.
4 "2018 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Other Financial Benefits," Government Accountability Office, April 26, 2018, https://www.gao.gov/products/GAO-18-371SP.
5 "2019 Annual Report: Additional Opportunities to Reduce Fragmentation, Overlap, and Duplication and Achieve Billions in Financial Benefits," Government Accountability Office, May 21, 2019, https://www.gao.gov/products/GAO-19-285SP.
6 Stuart M. Butler and Marcela Cabello, "An antidote to the "wrong pockets" problem?," Urban Institute, Pay For Success Initiative (PFSI), October 8, 2018, https://pfs.urban.org/pay-success/pfs-perspectives/antidote-wrong-pockets-problem.
7 "Falls Data," Centers for Disease Control and Prevention, September 17, 2019, https://www.cdc.gov/homeandrecreationalsafety/falls/fallcost.html.

the broader, cross-sector social return analysis for some investments.[8] However, evaluations typically focus only on the return to the sector making the investment; the general lack of data on cross-sector impacts makes it harder to justify investments that are subject to the wrong pocket problem.

These budgeting obstacles impede both government-led and community efforts to address problems that require the collaboration of different sectors and the use of funds from multiple sources. They make it challenging for entrepreneurial government officials seeking to coordinate resources using funds from multiple agencies. At the community level, the obstacles make it difficult for creative organizations seeking to become multi-sector hubs for services by "braiding and blending" funds from different agency programs.[9]

Braiding



Adapted from the National Academy for State Health Policy, December 2017. https://nashp.org/wp-content/uploads/2017/12/deBeaumont.pdf

How to Bring Flexibility and Coordination to Budgeting: Braiding and Blending

Mixing together funds from different programs to achieve a common purpose, while still fulfilling the statutory purposes of each program and maintaining proper oversight, is generally referred to as the blending or braiding of funds.[10]

Braiding refers to lacing together funds from multiple sources to support a common goal or idea such that each individual funding source maintains its specific program identity; braiding funds typically can be undertaken without statutory authority. In braiding, the money from a program is used collaboratively with funds from other programs, but the funds are still tracked throughout the entire process from planning to final evaluation. Although several funding streams are laced together, program managers are nevertheless able to monitor money from specific sources when they are used in a collaborative activity.

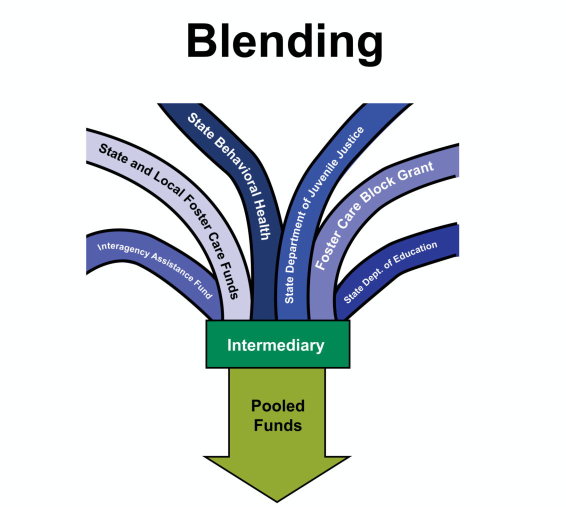
Blending refers to mixing together funds from multiple sources to support a common goal or idea such that each individual funding source loses its program-specific identify; blending funds typically requires statutory authority. In this case, the only requirement is to report on the use of measure and report on the funds from each program and agency.

These are more than just flexible budget management approaches. Planning and collaboration arrangements that incorporate braiding and blending help managers to combine different program funds to achieve common goals in more creative and efficient ways. When implemented well, these tools not only allow government to address interconnected public needs more effectively, but also provide a better

8 Laura Martinez, Cheryl D. Hayes, and Torey Silloway, "Measuring Social Return on Investment for Community Schools: A Practical Guide," National Center for Community Schools, 2013, https://www.nccs.org/resource/measuring-social-return-investment-community-schools-practical-guide.

9 Stuart M. Butler and Marcela Cabello, "Housing as a hub for health, community services, and upward mobility." The Brookings Institution, March 15, 2018, https://www.brookings.edu/research/housing-as-a-hub-for-health-community-services-and-upward-mobility/.

10 "Blended and Braided Funding: A Guide for Policy Makers and Practitioners," Association of Government Accountants, December 2014, https://www.agacgfm.org/Intergov/More-Tools/Blended-and-Braided-Funding-A-Guide-for-Policy-Ma.aspx.



Adapted from the National Academy for State Health Policy, June 2016.
https://nashp.org/wp-content/uploads/2016/06/CSA-Virginia-Brief-1.pdf

and more connected experience for the beneficiary.

Some Issues Associated with Budgetary Flexibility

While providing greater flexibility to coordinate funding has obvious attractions and is widely supported by front-line organizations addressing local problems, flexibility also raises some management issues that need to be addressed. The central issue is how to set up a structure and incentives for managers and policymakers so that they benefit from the practice of braiding and blending, while maintaining the integrity of programs and the appropriate use and monitoring of funds.

As we describe later, there has been significant progress in addressing these issues, with models now available for jurisdictions to adopt—but more still needs to be done.

Maintaining a **proper balance between budget flexibility and program accountability** is perhaps the most important concern. Public officials have a responsibility to follow instructions from a variety of bosses to prevent the arbitrary exercise of power.[11] Accordingly, deviations from traditional budgeting practices will cause jurisdictions to raise accountability questions, and this needs to be considered when braiding and blending funds.

Assuring **effective program and intervention evaluation** is also a concern. Measuring a policy program's return on investment (in both a financial and quality sense) is difficult enough with single-source funding. It is much more challenging in a collaborative arrangement when the task of evaluation is to isolate and measure the impact in one sector—say, the savings to Medicare and better quality of life resulting from apartment improvements that reduce the incidence of falls—that are due to an investment by another sector, in this case housing. Multi-sectoral impact analysis of this kind is difficult and rarely conducted. But without it, it is difficult to provide justifications to budget managers for allowing funds to be allocated outside the program's normal uses. Thus, while the increased focus on requiring stricter evaluations of government programs is a welcome step, it may have the unfortunate side effect of discouraging program managers from agreeing to fund cross-sector collaborative ventures where the net benefits are difficult to measure and management accountability is siloed. [12,13]

There can also be **strong resistance from stakeholders and beneficiaries** to increased budgetary flexibility. This is particularly true of proposals to use Medicaid funding for non-clinical services that could improve health. Part of the worry is that the main effect of budget and

[11] Kenneth J. Arrow, "The Economics of Agency," *The Economic Series, Stanford University Institute for Mathematical Studies in the Social Sciences,* no. 451 (1984): 1-24.
[12] "The President Signs H.R. 4174, Foundations for Evidence-Based Policymaking Act of 2018," Social Security Legislative Bulletin, February 15, 2019, https://www.ssa.gov/legislation/legis_bulletin_021519.html.
[13] Stuart M. Butler, "Why Capital Markets Are Tough for Scrappy Non-Profits," Real Clear Markets, August 23, 2016, https://www.realclearmarkets.com/articles/2016/08/23/why_capital_markets_are_tough_for_scrappy_non-profits_102315.html.

payment flexibility between programs may, over time, be that the original purposes and beneficiaries of one program is short-changed and money is drained away to another program with different purposes.[14] In the case of Medicaid, the worry is that Medicaid funds used for health-related transportation or housing might end up being used for general transportation and housing purposes and ultimately be lost to health care. But a larger issue for many is that increased flexibility in the Medicaid program has become entangled in the debate over federal block grants for states, where greater flexibility is combined with a cap on the growth of the federal commitment to Medicaid.[15] While spending control and flexibility are not directly connected, the concern is that block grant flexibility has come to mean budget cuts. And this increases strong supporters of Medicaid to resist efforts to allow Medicaid program dollars to be used for transportation, housing, and social services, even when they agree that there is good evidence that using money in these alternative ways can significantly improve health.[16]

Many state and local agencies are also hesitant to pursue braiding or blending of program money that includes federal funds for fear of **running afoul of federal auditors**. To encourage more states to braid or blend, the federal government can, and sometimes does, take a more active approach to addressing this reluctance by providing safe harbor examples—which give a clearer sense of which budgeting procedures meet federal requirements—for those jurisdictions seeking to braid or blend program money that includes federal funds.

[14] Robin Rudowitz, "5 Key Questions: Medicaid Block Grants & Per Capita Caps," Kaiser Family Foundation, January 31, 2017, https://www.kff.org/medicaid/issue-brief/5-key-questions-medicaid-block-grants-per-capita-caps/.

[15] Sara Rosenbaum et al., "What Would Block Grants or Limits on Per Capita Spending Mean for Medicaid?" The Commonwealth Fund, November 18, 2016, https://www.commonwealthfund.org/publications/issue-briefs/2016/nov/what-would-block-grants-or-limits-capita-spending-mean-medicaid.

[16] "The Problems with Block-Granting Entitlement Programs," Center on Budget and Policy Priorities, accessed January 14, 2020, https://www.cbpp.org/the-problems-with-block-granting-entitlement-programs.

Strategies to Achieve Cross-Sector Budgeting for Collaborative Goals

Bearing in mind the concerns surrounding greater flexibility in budgeting, there are several strategies available for promoting flexibility and coordination and some specific opportunities built into statute. Indeed, as we follow program money down the federal system, there are many ways in which funds could be merged across sectors or used more flexibly to achieve better program results. To support these collaborations, the services of a separate entity—or intermediary—are often used to assist with coordination at various levels of government and across sectors.

At the Federal Level

The federal government can help create the policy and management template for greater flexibility with appropriate oversight. It can also provide tools and structures that allow or encourage more braiding and blending of funds and other opportunities for flexibility and innovation as money moves down the federal system.

1) Coordinated budget planning across agencies

Interagency budget coordination should be the simplest way to achieve a degree of braiding and blending in budgeting. Nevertheless, the bureaucratic and agency culture obstacles that lead to budget siloes still mean that it is not sufficiently widespread at the **federal level**. Moreover, terms like "planning" can mean different things to managers at different levels given where and when critical decisions are made for a particular set of funds.

Some agencies, occasionally with congressional support, have taken important steps to **plan program budgets and initiatives in concert** to achieve certain goals of each agency. As part of the Federal Interagency Reentry Council, for instance, the Justice Department and the Department of Housing and Urban Development (HUD) partnered to launch a pilot to reduce homelessness among former inmates reentering communities.[17] HUD has also partnered with the Department of Health and Human Services (HHS) in designing coordinated housing, health, and long-term services and supports for low-income elderly adults and with the Departments of Labor and Veterans Affairs to launch a joint program addressing veteran homelessness.[18,19]

The **Advance Planning Document (APD) process** is an example of coordination between different levels of government as well as coordination between state agencies to advance information technology projects. The APD process enables states to obtain approval for federal financial assistance to help with the cost of acquiring automated data processing equipment and services. By convening program stakeholders with federal and state agencies, the process formally brings together officials to coordinate, plan, and prioritize together for IT needs and improvements. The U.S. Food and Nutrition Service (FNS), for example, has

[17] "The Federal Interagency Reentry Council: A Roadmap of Progress and a Roadmap for the Future: Housing," The Council of State Governments, August 2016, https://csgjusticecenter.org/wp-content/uploads/2017/01/Housing.pdf.

[18] "Design of a Demonstration of Coordinate Housing, Health and Long-term Care Services and Supports for Low-Income older Adults," U.S. Department of Health and Human Services, Assistant Secretary for Planning and Evaluation, Office of Disability, Aging and Long-Term Care Policy, May 2011, https://aspe.hhs.gov/report/design-demonstration-coordinated-housing-health-and-long-term-care-services-and-supports-low-income-older-adults.

[19] Mary K. Cunningham et al., "Veterans Homelessness Prevention Demonstration Evaluation: Final Report," November 2015, https://www.huduser.gov/portal/publications/homeless/veterans-homelessness-prevention-report.html.

provided technical guidance and updated handbooks for FNS officials and state agency staff to work in partnership for successful automation of program requirements and delivery of benefits to FNS clients.[20] The ADP process could be further expanded to encourage state and local governments to integrate additional program data and also strengthen analytical capacity.

Sometimes an effective approach to interagency budget planning is to **create an intermediary body** designed specifically to coordinate programs and budget items across agencies and sometimes with lower levels of government. These government or quasi-government bodies can help facilitate the braiding and blending of funds, while at the same time manage relationships between different agencies and levels of governments. Indeed, a key value of an intermediary is that they serve as a neutral, trusted body around which different organizations can comfortably coalesce. A good example of this is the U.S. Interagency Council on Homelessness (USICH).[21] This is technically a separate federal agency in the executive branch, set up by statute, that is charged with coordinating efforts to address homelessness across federal agencies and with lower levels of government. While limited with their staff capacity, federal and local stakeholders working to end homelessness have praised the USICH for leveraging its unique position to strengthen the collective movement.[22]

The Interagency Working Group on Youth Programs is composed of representatives from 21 federal agencies that support and coordinate programs and services for youth.[23] It does not, however, have the statutory authority possessed by the Council on Homelessness (and is therefore more dependent on White House support) and serves rather as a venue for collaboration after budgets have already been determined. With added legislative authority the Working Group could be an even more effective coordinating body.

Similarly, the Obama Administration established the White House Council on Strong Cities, Strong Communities (SC2), which created interagency teams that partnered with mayors around the country to leverage federal resources, align priorities, and create sustainable opportunities for further cross-sector innovation. With the help of the SC2 team, for instance, local leaders in Detroit were able to partner with area foundations and businesses to assemble $100 million in funding to build a light rail system linking downtown Detroit with surrounding neighborhoods experiencing economic growth.[24]

Central to the success of coordinated budget planning across agencies is a collaborative body that has a structure, governing authority, clear process, and sustained funding source for intergovernmental and interagency problem solving. One recommendation from a veteran, former senior executive at the Office of Management and Budget (OMB) would be to **establish a Center for Intergovernmental Human Services Innovation** in the White House for the co-creation of policies and incentives across human services programs.[25] Such a Center, or Interagency Council, could be staffed by experts from federal, state, and local levels and report to the heads of OMB and the Domestic Policy Council. If established, the new body would play a central role in ensuring that the

20 "State Systems and the Advance Planning Document Process," U.S. Department of Agriculture, Food and Nutrition Services, January 2019, https://www.fns.usda.gov/sso.

21 "About USICH," U.S. Interagency Council on Homelessness, accessed January 14, 2020, https://www.usich.gov/about-usich/.

22 Gillespie, Sarah, et al., "How Would Terminating USICH Affect Efforts to End Homelessness? Findings from Interviews with Federal Agencies, National Advocacy Organizations, and State and Local Stakeholders," The Urban Institute, October 2016, https://www.urban.org/sites/default/files/publication/84611/2000951-2-how-would-terminating-usich-affect-efforts-to-end-homelessness.pdf.

23 "About Us," Interagency Working Group on Youth Programs, accessed January 14, 2020, https://youth.gov/about-us.

24 Shaun Donovan and Cecilia Munoz, "Supporting Local Communities by Building Capacity and Cutting Red Tape," The White House Blog, April 25, 2013, https://obamawhitehouse.archives.gov/blog/2013/04/25/supporting-local-communities-building-capacity-and-cutting-red-tape.

25 Kathy Stack (former Senior Executive at U.S. Office of Management and Budget) in discussion with authors, December 2019.

efforts across agencies are in harmony and providing the best services to the public.

The federal government can also **amend grant or program application requirements** to permit local organizations to tap into different programs in a coordinated manner, even if funding streams remain separate.[26] For instance, the government can encourage such braiding of funds by coordinating the application design for grants or programs. Some braided financing for the Partnership for Sustainable Communities (The Partnership), for example, was due to a joint grants process spanning the U.S. Department of Transportation, the U.S. Department of Housing and Urban Development, and the U.S. Environmental Protection Agency.[27] Instead of requiring that applicants complete separate grant applications, each with a different set of requirements and deadlines, The Partnership created one application with shared goals to address focus areas of transportation, affordable housing, economic and educational opportunity, neighborhood support, federal investment, and community health and safety.

In addition, an impressive and ongoing effort was launched in 2017 to address more comprehensively the opioid epidemic. Involving the Department of Health and Human Services (HHS), the Department of Justice (DOJ) and private philanthropy, the Comprehensive Opioid Abuse Program (COAP) provides support to states and local and tribal governments to plan, develop, and implement comprehensive efforts to identify, respond to, treat, and support those impacted by the opioid epidemic.[28] The COAP program has four key areas of programmatic focus that includes strengthening the collection and sharing of data across systems and aligning and maximizing resources across systems to leverage diverse program funding.[29]

The COAP grant program also supported Demonstration Projects in 2018 between the Bureau of Justice Assistance (BJA) within DOJ and various partners to strategically blend funding from multiple federal agencies and promote public-philanthropic partnerships.[30] Examples include the Building Bridges Initiative with BJA and Arnold Ventures to support 16 counties committed to implementing medication-assisted treatment in jails and enhancing collaboration between jails and community-based treatment providers.[31] Another impressive demonstration program is the Overdose Detection Mapping Application Program (ODMAP) to quickly track locations of suspected fatal and nonfatal overdoses and the administration of naloxone.[32] Co-funded by the BJA and the Centers for Disease Control and Prevention, this demonstration project supports eight states in achieving statewide adoption of ODMAP.

2) Evaluation and data sharing

To ensure that agencies or departments are effective in these forms of budget collaboration

26 "Braiding and Blending Funds to Support Community Health Improvement: A Compendium of Resources and Examples," Trust for America's Health, September 2018. https://www.tfah.org/wp-content/uploads/2018/01/TFAH-Braiding-Blending-Compendium-FINAL.pdf.
27 "Partnership for Sustainable Communities: Five Years of Learning From Communities and Coordinating Federal Investments," U.S. Environmental Protection Agency, Office of Sustainable Communities, August 2014, https://www.epa.gov/sites/production/files/2014-08/documents/partnership-accomplishments-report-2014-reduced-size.pdf.
28 "COAP Grant Program," U.S. Department of Justice, Bureau of Justice Assistance, accessed January 14, 2020, https://www.coapresources.org/Program.
29 "Areas of Focus," U.S. Department of Justice, Bureau of Justice Assistance, accessed January 14, 2020, https://coapresources.org/Focus.
30 "Demonstration Projects," U.S. Department of Justice, Bureau of Justice Assistance, accessed January 14, 2020, https://www.coapresources.org/Program/DemoProjects.
31 "Building Bridges Initiative," U.S. Department of Justice, Bureau of Justice Assistance, accessed January 14, 2020, https://bridges.coapresources.org/.
32 "The ODMAP Initiative," U.S. Department of Justice, Bureau of Justice Assistance, accessed January 14, 2020, https://odmap.coapresources.org/.

and alignment of funds, **appropriate evaluations are needed** to demonstrate broad impact across the various sectors coordinating around this common objective. Unfortunately, this is not always common practice in government budgeting. One reason is that agencies can be reluctant to share information needed for evaluations; there are often genuine concerns about data sharing and data privacy which inhibit sharing of data between coordinating government agencies across different sectors. However, the U.S. Department of Housing and Urban Development (HUD) successfully carried out a major randomized housing mobility experiment—called Moving to Opportunity—that demonstrates the government's ability to carry out cross-agency research.[33] The result was the product of many federal, state, and local government agencies sharing the necessary administrative data to conduct the robust evaluation. A similar recent evaluation effort was carried out to review HUD-assisted children from 2006-2012 and demonstrated the promise of ex-post evaluations.[34]

Another challenge has to do with **technical and timing issues**. For instance, pilot programs can take a long time to develop and implement. They are also often difficult to design and execute and are frequently location-specific due to the varied dynamics in a respective community.[35]

There are several ways in which evaluation techniques could be improved in order to encourage more budgeting flexibility and collaboration at the federal level. Along with strengthening OMB's target to improve evidence and innovation, further action to build up results and performance improvement and intergovernmental reform initiatives is crucial.[36]

With the enactment of the Foundations for Evidence-Based Policymaking Act of 2018 in January 2019, Congress took important steps to build a stronger and more consistent culture of evaluation within federal agencies.[37] The legislation, focused on enhancing the federal government's capacity for producing and using evidence, directs agencies to develop evidence plans and produce written evaluation policies for their programs. The law further prioritizes evaluation by establishing evaluation officers within federal agencies and directing managers to periodically report on their evaluation capabilities. The law also strengthens privacy protections and secures data access.

Another data-sharing demonstration program launched in 2018 was The Partnerships Initiative, which established cross-sector teams in six local communities to promote collaboration and enhance information sharing.[38] For example, Paterson, NJ now convenes a workgroup composed of local public health, law enforcement, recovery specialists, and other stakeholders to share data at least every other week to ensure well-informed decisions are made.[39]

3) Congressional Encouragement

In addition to setting up intermediary bodies and committees in the legislative branch, the

[33] "Final Impact Evaluations," National Bureau of Economic Research, Moving to Opportunity (MTO) for Fair Housing Demonstration Program, accessed January 14, 2020, http://www.nber.org/mtopublic/final.htm.

[34] Helms, Veronica E., et al., "A Health Picture of HUD-Assisted Children, 2006-2012," U.S. Department of Housing and Urban Development, Office of Policy Development and Research, March 2018, https://www.huduser.gov/portal/publications/Health-Picture-of-HUD-Assisted-Children.html.

[35] Hawkins, Rayanne, et al., "Using Pay for Success in Criminal Justice Projects Lessons Learned from PFS Project Stakeholders, Policy Analysis, and Landscape Analysis," The Urban Institute, November 2017, https://www.urban.org/sites/default/files/publication/94736/using-pay-for-success-in-criminal-justice-projects_1.pdf.

[36] Andrew Feldman, "Strengthening Results-Focused Government: Strategies to Build on Bipartisan Progress in Evidence-Based Policy," The Brookings Institution, January 2017, https://www.brookings.edu/wp-content/uploads/2017/01/es_20170130_evidencebasedpolicy.pdf.

[37] Foundations for Evidence-Based Policymaking Act of 2018, H.R. 4174, 115th Cong. (2017).

[38] "The Partnerships Initiative," U.S. Department of Justice, Bureau of Justice Assistance, accessed January 14, 2020, https://partnerships.coapresources.org/.

[39] "City of Paterson, New Jersey," U.S. Department of Justice, Bureau of Justice Assistance, accessed January 14, 2020, https://partnerships.coapresources.org/Sites/Paterson.

legislative branch can also improve the climate for legislation to permit greater blending and braiding of funds.

Certain **congressional committees** are well placed to build acceptance of such changes. The Senate Special Committee on Aging, for instance, studies issues related to older Americans. Because the committee lacks formal legislative authority, and hence does not interfere in traditional committee jurisdiction, it is able to explore broader issues, such as using braiding and blending and other forms of budget flexibility to improve services to older Americans.

Congressional caucuses are another form of congressional bodies that can be helpful in bringing together members of different committees, perspectives, and constituencies to focus on a feature of government. These informal groups have proven to be an effective mechanism to build trust and examine issues outside the confines of traditional committee structures and prepare the ground for legislative change.[40] Since 2015, for instance, the Congressional Cancer Prevention Caucus has convened members of Congress and outside experts to explore cross-sectoral cancer solutions, such as exercise, education campaigns, and the cessation of tobacco and alcohol use.[41] These bodies can help build crucial trust among members, even among outside groups, and assuage concerns about changes in budget practices.

Congress could also improve coordination across agencies and programs by making greater use of **portfolio budgeting** in the congressional budget process.[42] Under the current budget process spending for similar activities can be spread across multiple agencies, making it difficult to review funding for similar purposes.

Portfolio budgeting identifies streams of spending, tax provisions, and even regulatory policies in different programs and agencies that are aimed at achieving a similar policy goal—such as higher education or health. Using portfolio budgeting to provide a more comprehensive budget picture of the government's activities in different agencies could help the planning of interagency bodies tackling an issue. Providing a clearer picture of funding streams for a particular purpose could help encourage both agency managers and lawmakers to be more open to coordinated budgeting. It would also help state and local governments and community-based organizations to understand the full array of funding streams that may or could be flowing to their jurisdictions, as well as achieve greater impact, if they were better connected.

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[40] Stuart M. Butler and Matthew Sommerfeld, "Could Caucuses Help Rebuild Bipartisanship on Capitol Hill?" The Brookings Institution, February 9, 2017, https://www.brookings.edu/research/could-caucuses-help-rebuild-bipartisanship-on-capitol-hill/.

[41] Honorable Representative Debbie Dingell, "Join the Bipartisan Congressional Cancer Prevention Caucus and Co-Sponsor Resolution on National Cancer Prevention Day," U.S. House of Representatives, Dear Colleague Letter, February 2, 2018, http://dearcolleague.us/2018/02/join-the-bipartisan-congressional-cancer-prevention-caucus-and-co-sponsor-resolution-on-national-cancer-prevention-day/.

[42] Steve Redburn and Paul Posner, "Portfolio budgeting: How a new approach to the budget could yield better decisions," The Brookings Institution, September 29, 2015, https://www.brookings.edu/research/portfolio-budgeting-how-a-new-approach-to-the-budget-could-yield-better-decisions/.

Box 1: Recommendations for the Federal Executive Branch

- The federal government should expand the Advance Planning Document (ADP) process, which would help coordination between different levels of government to advance information technology projects that could enhance cross-sector collaboration.
- The Office of Management and Budget (OMB) should establish a Center for Intergovernmental Human Services Innovation, designed to promote cross-agency collaboration between federal agencies and between those agencies and lower levels of government.
- Federal agencies should amend grant and program application requirements to make it easier for organizations to braid funds from different programs.
- To help underscore the value of cross-sector collaboration and budgeting, OMB should strengthen its targets for utilizing evidence-based policymaking at the federal level, building on the 2018 Evidence-Based Policymaking Act.

Box 2: Recommendations for Congress

- Members of Congress should consider establishing a congressional caucus to promote the braiding and blending of federal funds to help achieve social objectives.
- Congress should make greater use of portfolio budgeting in the budget process; this would make it easier to identify funds for similar purposes in different agencies and be a valuable tool for cross-agency planning and budgeting.

4) Informing lower levels of government about opportunities

An elementary but crucial way to foster budget flexibility further down the federal system is for the federal government to inform lower levels of government about what they can actually do under current law. There are many more opportunities for states and local governments to undertake braiding and blending under current law than is often realized, but many state and lower levels of government are not always aware of existing initiatives to encourage braiding and blending.[43,44] Thus, one way the federal government can help is to give clearer guidance on current braiding and blending opportunities.

As noted earlier, the federal government can help by **providing guidance and "safe harbor" examples** so that other levels of government have a better sense of what will comply with federal auditing rules when federal funds are involved in a braiding or blending initiative. One good example of this service to states is the Cost Allocation Methodology (CAM) Toolkit, which was developed and made available online by the Administration for Children and Families (ACF) in collaboration with the U.S. Department of Health and Human Services (HHS), the Office of Child

[43] "Blending, Braiding, and Block-Granting Funds for Public Health and Prevention: Implications for States," National Academy For State Health Policy, December 2017, https://nashp.org/wp-content/uploads/2017/12/deBeaumont.pdf.
[44] "Braiding and Blending Funds to Support Community Health Improvement: A Compendium of Resources and Examples," Trust for America's Health, September 2018, https://www.tfah.org/wp-content/uploads/2018/01/TFAH-Braiding-Blending-Compendium-FINAL.pdf.

Support Enforcement (OCSE), and the U.S. Department of Agriculture (USDA).[45]

Another instance of the federal government clarifying budget rules for lower levels of government was the Obama Administration's 2012 Office of Management and Budget Circular A-133, which made available a comprehensive department-by-department guide on compliance.[46] There are other ways in which the OMB and other federal agencies could further clarify that existing federal funds can be used to build state and local capacity for outcome-focused strategies using braiding and blending funding. For instance, OMB could issue cross-cutting legal and policy guidance to agencies and auditors that, unless specifically prohibited by or clearly inconsistent with statutory intent, allowable program costs could include: outcome-based payments, strategic planning across agencies, data infrastructure, and even training staff to utilize data for program improvement.[47]

As an indication of what can be done, in 2015 HHS released an informational bulletin to inform states of ways in which Medicaid could be used to cover housing-related activities and services for individuals with disabilities.[48]

This bulletin further clarified particular Medicaid waivers that could be used and recognized how addressing housing needs can further meet Medicaid goals. In 2013, CMCS released a similar bulletin to provide support and technical assistance on the coordination between Medicaid and the Ryan White HIV/AIDS programs. The guidance was followed by webinars targeted towards states, providers, and others working in this space.[49] The U.S. Department of Education has also issued guidance on designing and implementing programs to braid or blend federal Title 1 funds with state and local funds.[50,51]

Another example, from 2017, of the federal government providing **guidance to states and localities** is a joint policy statement issued by the Department of Health and Human Services and Department of Education to help align childhood health and early learning systems.[52] The joint policy statement identifies resources and shares practices that steer state and local governments towards collaborative efforts to improve health and early learning outcomes for children.

Since 1995, the Environmental Protection Agency (EPA) has promoted program flexibility through the National Environmental Performance Partnership System (NEPPS).[53] Under the NEPPS framework, the EPA loosened administrative requirements to "take advantage of the unique capacities of each partner and achieve the greatest environmental results" through a partnership model between the EPA, states, and tribes. This increased flexibility is brought to bear through jointly negotiated environmental priorities between the parties—

45 "Cost Allocation Methodologies (CAM) Toolkit," U.S. Department of Health and Human Services, Administration for Children and Families, January 15, 2015, https://www.acf.hhs.gov/css/resource/cost-allocation-methodologies-cam-toolkit.
46 "OMB Circular A-133 Compliance Supplement 2012," U.S. Office of Management and Budget, June 2012, https://obamawhitehouse.archives.gov/omb/circulars/a133_compliance_supplement_2012.
47 Kathy Stack (former Senior Executive at U.S. Office of Management and Budget) in discussion with authors, December 2019.
48 Vikki Wachino, "Coverage of Housing-Related Activities and Services for Individuals with Disabilities," Centers for Medicare and Medicaid Services, June 26, 2015, https://www.medicaid.gov/federal-policy-guidance/downloads/cib-06-26-2015.pdf.
49 Cindy Mann and Mary Wakefield, "Coordination between Medicaid and Ryan White HIV/AIDS Programs," U.S. Department of Health and Human Services, Health Resources and Services Administration and Centers for Medicare and Medicaid Services, May 1, 2013, https://www.medicaid.gov/federal-policy-guidance/downloads/CIB-05-01-2013.pdf.
50 "Supporting School Reform By Leveraging Federal Funds In A Schoolwide Program," U.S. Department of Education, September 2016, https://www2.ed.gov/policy/elsec/leg/essa/essaswpguidance9192016.pdf.
51 "Title I Fiscal Issues: Maintenance Of Effort Comparability Supplement, Not Supplant Carryover Consolidating Funds In Schoolwide Programs Grantback Requirements," U.S. Department of Education, February 2008, https://www2.ed.gov/programs/titleiparta/fiscalguid.pdf.
52 "Aligning Health and Early Learning Systems," U.S. Department of Health and Human Services, Administration for Children and Families, accessed January 14, 2020, https://www.acf.hhs.gov/ecd/health.
53 "National Environmental Performance Partnership System (NEPPS)," United States Environmental Protection Agency, accessed January 14, 2020, https://www.epa.gov/ocir/national-environmental-performance-partnership-system-nepps.

titled Performance Partnership Agreements (PPA)—and more tangibly Performance Partnership Grants (PPG). A single clause in the 1996 appropriations language provided the EPA with the authority to award PPGs, which have grown as a result from pilots to a nationally accepted practice.[54]

A PPA enables states and tribes to combine at least two and up to twenty categorical environmental program grants into a single blended grant agreement "with a consolidated work plan and budget."[55]

Currently, 43 state environmental agencies and 32 state agriculture agencies combined some or all their grants into PPGs, with PPG-eligible funds totaling over $1 billion in FY14. In the same year, every participating state environmental agency reported using PPGs to achieve administrative efficiencies, and roughly half used their increased flexibility to fund cross-cutting projects or initiatives.[56]

Box 3: Recommendations for the Federal Executive Branch

- Federal agencies should provide state and local governments with "safe harbor" examples and other guidance to indicate what types of braiding and blending initiatives would comply with federal audit rules.
- Agencies should issue joint policy statements and frameworks identifying agreed goals; these statements would encourage state and local governments to launch initiatives involving funds from more than one federal agency. The statements, and similar agency statements involving multiple programs, should include greater flexibility to braid and blend program funds.

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[54] Omnibus Consolidated Rescissions and Appropriations Act of 1996, Public Law 104-134, 110 Stat. 1321 (1996).

[55] "National Program Guidances," United States Environmental Protection Agency, accessed January 14, 2020, https://www.epa.gov/planandbudget/national-program-guidances#fy20202021.

[56] "Implementing Performance Partnerships," United States Environmental Protection Agency, accessed January 14, 2020, https://www.epa.gov/ocir/national-environmental-performance-partnership-system-nepps.

5) Specific statutory authority for programs

In addition to creating interagency bodies to encourage cooperation and joint planning, Congress can, and should, review program spending rules to introduce greater discretion for using funds to help agencies achieve a common purpose.

Some federal programs include **provisions to permit funds to be used in other sectors**, provided the purposes of the program are pursued. For instance, statutory language was added to the Medicare program in 2018 permitting Medicare Advantage plans to offer non-medical supportive services, such as transportation and home meals, as part of their benefits package.[57] This allows plans to seek ways of improving their enrollees' health, by funding non-medical beneficiary services, and coordinate with other programs and venders providing those services.

Further, the Centers for Medicare and Medicaid Services (CMS) updated its Medicaid managed care rule in 2016 in order to encourage Medicaid health plans and providers to address social determinants of health of beneficiaries, particularly non-medical approaches that could improve health outcomes and lower costs.[58] The rule emphasized that Medicaid Managed Care Organizations (MCOs) have the flexibility to provide nontraditional services through existing "in lieu of" authority, which allows for an alternative set of services that are deemed medically relevant and cost-effective substitutes for covered services.[59] MCOs can also provide "value-added" services such as nutritional classes or support groups for those struggling with substance abuse. These additional services are intended to fill gaps in care and provide flexibility for plans in addressing social determinants of health through managed care.

Some Medicaid MCOs are expanding their non-clinical services significantly, and many states are building non-medical features into their Medicaid contracts and their requests for Section 1115 Medicaid waivers.[60] Services at some MCOs now include assistance with obtaining a General Equivalency Diploma (GED) and help with getting a job. Increasingly, Medicaid MCOs are becoming hubs for a wide range of services that are linked to improved health.

In addition, thanks to recent legislation and rules, Medicare Advantage plans have much greater discretion to use the capitated payment they receive to provide or expand a wide range of non-clinical services to promote the health of enrollees with chronic conditions.[61] These services include such things as transportation, home delivered meals, and personal care. Thus, the effect of the new latitude is, in effect, to allow these plans to merge Medicare funds with social service spending for these enrollees.

Recently, Congress has taken another possible step towards fostering braiding and blending with the introduction of the Social Determinants Accelerator Act in 2019. The legislation would create an interagency technical advisory council and provide grants to local governments to help

57 Howard Gleckman, "What A Medicare Advantage Personal Care Benefit Looks Like," Forbes, October 5, 2018, https://www.forbes.com/sites/howardgleckman/2018/10/05/what-a-medicare-advantage-personal-services-benefit-looks-like/#127e44626066.

58 "Medicaid and CHIP Managed Care Final Rule," Centers for Medicare and Medicaid Services, accessed January 14, 2020, https://www.medicaid.gov/medicaid/managed-care/guidance/final-rule/index.html.

59 Diana Crumley et al., "Addressing Social Determinants of Health via Medicaid Managed Care Contracts and Section 1115 Demonstrations," Center for Health Care Strategies, December 2018, https://www.chcs.org/media/Addressing-SDOH-Medicaid-Contracts-1115-Demonstrations-121118.pdf.

60 Stuart M. Butler, "How An Expanded Vision of Managed Care Organizations Could Tackle Inequities," JAMA Forum, April 24, 2019, https://newsatjama.jama.com/2019/04/24/jama-forum-how-an-expanded-vision-of-managed-care-organizations-could-tackle-inequities/.

61 Susan Jaffe, "Medicare Advantage Plans Cleared To Go Beyond Medical Coverage — Even Groceries," Kaiser Health News, April 3, 2018, https://khn.org/news/medicare-advantage-plans-cleared-to-go-beyond-medical-coverage-even-groceries/.

them braid and blend funds.[62] If enacted into law, this could be a very important aid to planning and coordination by creating a vehicle, technical infrastructure, and funds to foster collaboration between agencies and between the federal government and lower levels of government.

Box 4: Recommendations for Congress

- As it did for Medicaid and Medicare, Congress should provide statutory authority for more programs to permit funds to be used in other sectors where the goals of the program will be enhanced.
- Congress should consider the Social Determinants Accelerator Act, which would create an interagency council to help state and local government braid and blend funds.

6) Waivers and demonstrations

In addition to legislation granting specific funding flexibility, some legislation builds in managerial flexibility to use funds in creative ways. In particular, the federal government has been given **statutory authority in some policy areas to grant states waivers** from certain federal rules to operate programs in alternative ways to achieve the purposes of the program. Thus, waivers are another tool by which the federal government could permit greater use of braiding and blending strategies by states on a case-by-case basis.

Medicaid 1115 Waivers. Waivers are widely available within Medicaid and allow states to test innovations that go beyond the general constraints of the Medicaid statute regarding experimenting with approaches that fulfill the intent of the program. The broadest type of waiver available under Medicaid is the 1115 waiver.[63] Many 1115 waivers focus on payment systems and eligibility modifications within Medicaid itself and have often been used to provide greater budget flexibility in state programs. For instance, North Carolina was recently granted a Section 1115 Medicaid waiver from CMS to reduce costs and improve outcomes for certain populations with complex problems through an enhanced managed care service.[64] As part of the large collaborative effort to transform the state's Medicaid program while utilizing the waiver, the North Carolina Department of Health and Human Services launched a Healthy Opportunities Pilots program. The program, initially in two to four regions in the state, seeks to improve health and reduce costs through managed care services incorporating a range of non-clinical services not generally included within Medicaid, including housing, food, transportation, employment, and interpersonal safety. North Carolina is the first state to receive a waiver to comprehensively pilot these innovations, acknowledging that health outcomes are shaped by factors beyond hospital doors. Another recent example is Oregon's coordinated care organizations (CCOs), which are working toward improved outcomes through

[62] Honorable Representative Cheri Bustos, "Social Determinants Accelerator Act: Leveraging Existing Programs to Address Social Determinants of Health," July 2019, http://aligningforhealth.org/wp-content/uploads/2019/07/SDAA-One-Pager.pdf.

[63] "About Section 1115 Demonstrations," Centers for Medicare and Medicaid Services, accessed January 14, 2020, https://www.medicaid.gov/medicaid/section-1115-demo/about-1115/index.html.

[64] "NC Medicaid's Approved 1115 Demonstration Waiver," State of North Carolina Department of Health and Human Services, accessed January 14, 2020, https://files.nc.gov/ncdhhs/CMS-1115-Approval-FactSheet-FINAL-20181024.pdf.

alignment of health services and early learning systems.[65]

States can also use waiver authority in creative and innovative ways when urgent action is needed. During the Flint water crisis in 2017, for example, the state of Michigan received fast-track approval for a Section 1115 Medicaid waiver to respond to their public health problem.[66] The waiver expanded Medicaid coverage for pregnant women and children served by the Flint water supply. The state health agency was able to quickly redirect Medicaid funds to react to the pressing water crisis. Other states allow Medicaid funds to be used in conjunction with funds from other agencies to promote better health for low-income households, such as New York's waiver to permit Medicaid funds to be coordinated with housing funds to provide safer, healthier housing for the low income elderly population.[67,68] States may also use Section 1915(c) home- and community-based services waivers to pay for housing services that allow beneficiaries, who would otherwise need to be in a nursing facility, to remain in their homes.[69] Services covered include home health aide and personal care, home modifications, one-time moving expenses, or even assistance in finding a home.

As states continue to seek Medicaid waivers, it is important to **measure impact and lessons learned through evaluations.**[70] The Administration on Children, Youth and Families (ACYF), which has provided waivers for many years, has developed rigorous evaluations to measure the impact of its waivers. The Responsible Fatherhood program is one such example of Section 1115 waivers that, with thorough and timely evaluations, has contributed to a growing body of evidence on effectiveness.[71,72]

Section 1332 State Innovation Waivers. The Affordable Care Act (ACA) introduced another form of waiver known as Section 1332 State Innovation Waivers.[73] Under these waivers, states can apply to the federal government for permission to change several central features of the ACA, provided the states' proposals adhere to so-called "guard rails", including that the modifications result in equally comprehensive, affordable, and equal coverage to the same number of people and impose no additional cost to the federal government. Some advocates of Section 1332 encouraged the Obama Administration to interpret the budget neutrality broadly by considering state proposals that would essentially allow money from Medicaid, ACA

65 "Early Childhood Systems Alignment," Oregon Health Authority, accessed January 14, 2020, https://www.oregon.gov/oha/PH/HEALTHYPEOPLEFAMILIES/BABIES/HEALTHSCREENING/ABCD/Pages/early_childhood_systems.aspx.

66 "Flint Michigan Section 1115 Demonstration," Centers for Medicare and Medicaid Services, August 8, 2017, https://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/mi/mi-health-impacts-potential-lead-exposure-ca.pdf.

67 Brenda C. Spillman et al., "Housing And Delivery System Reform Collaborations: ASPE Issue Brief," HHS Office Of The Assistant Secretary For Planning And Evaluation (ASPE), February 2019, https://aspe.hhs.gov/basic-report/housing-and-delivery-system-reform-collaborations-issue-brief.

68 "Creating Pathways for Housing through Medicaid," Enterprise Community Partners, accessed January 14, 2020, https://www.enterprisecommunity.org/sites/default/files/media-library/solutions-and-innovation/health-and-housing/creating-pathways-for-housing-through-medicaid.pdf.

69 "Home & Community-Based Services 1915(c)," Centers for Medicare and Medicaid Services, accessed January 14, 2020, https://www.medicaid.gov/medicaid/hcbs/authorities/1915-c/index.html.

70 Anne F. Weiss, "There's A Lot To Learn From State Medicaid Experiments, But Only If They're Carefully Evaluated," Health Affairs Blog, March 19, 2018, https://www.healthaffairs.org/do/10.1377/hblog20180314.287490/full/.

71 Sarah Avellar et al., "Parents and Children Together: Effects of Four Responsible Fatherhood Programs for Low-Income Fathers, OPRE Report Number 2018-50," U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation, June 2018, https://www.acf.hhs.gov/sites/default/files/opre/pact_rf_impacts_to_opre_508.pdf.

72 Jessica Tollestrup, "Fatherhood Initiatives: Connecting Fathers to Their Children," Congressional Research Service, May 1, 2018, https://fas.org/sgp/crs/misc/RL31025.pdf.

73 "Section 1332: State Innovation Waivers," Centers for Medicare and Medicaid Services, The Center for Consumer Information and Insurance Oversight, accessed January 14, 2020, https://www.cms.gov/CCIIO/Programs-and-Initiatives/State-Innovation-Waivers/Section_1332_State_Innovation_Waivers-.

subsidies, and other programs to be blended together, providing beneficiaries of each program did not suffer any loss of services.[74] But the Obama Administration, and as yet the Trump Administration, declined to interpret the law as granting that much flexibility to states. States are, however, permitted to use Section 1332 waivers to blend funds from a variety of other funding sources, including the ACA's tax credits for households, using the individual market, tax credits for small businesses, and savings to the federal government that might result from reduced employer spending on health benefits.

Education Waivers. Waiver opportunities available in the education sector have also made it possible for states seeking more flexibility from certain requirements. The 2015 Every Student Succeeds Act (ESSA) requires state education authorities to measure several indicators of student success, to include a new obligation to measure at least one non-academic indicator. Some states have decided to use chronic absenteeism as their non-academic indicator, while others have used ESSA flexibility to track health measures such as counseling and mental health support.[75] Because ESSA allows for the braiding of funds, states have wider flexibility to expand accountability systems and align goals and funding across agencies.[76]

Performance Partnership Pilots for Disconnected Youth. Another example is the Performance Partnership Pilots for Disconnected Youth (or "P3"), launched in 2014.[77] The P3 legislation, which created statutory waivers for several departments, provided authority to the Departments of Education, Labor, Justice, Housing and Urban Development (HUD), and Health and Human Services (HHS), to launch up to ten pilots per year that would braid or blend together funds across multiple agencies. While still in place, P3 is limited, in part because the authority written in appropriations law typically expires at the end of each year and must be renewed, creating uncertainty. There also continues to be significant bureaucratic infrastructure to navigate, and there are still many lessons to be learned and incorporated if P3 is to be expanded and improved.

Meanwhile, under existing legislation, the Center for Medicare and Medicaid Innovation (CMMI) within HHS has the authority to provide funds for pilots that often entail aligning health funding with related social needs. An example of this is the Accountable Health Communities Model, which supports communities with funding and technical support to create the infrastructure needed to address Medicare and Medicaid beneficiaries' cross-sector social needs, such as housing instability, food insecurity, utility needs, and transportation.[78]

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[74] Katherine Hayes et al., "Improving and Expanding Health Insurance Coverage through State Flexibility, Dec 10, 2015," Bipartisan Policy Center, https://bipartisanpolicy.org/report/health-insurance-coverage-state-flexibility/.

[75] Susanna Loeb and Heather Hough, "Making use of waivers under ESSA," The Brookings Institution, August 4, 2016, https://www.brookings.edu/research/making-use-of-waivers-under-essa/.

[76] "Thought Leadership Forum Brief: Braiding Federal Funds Under ESSA," Center on School Turnaround at WestEd, March 2017, https://centeronschoolturnaround.org/resource/thought-leadership-forum-brief-braiding-federal-funds-under-essa/.

[77] "Performance Partnership Pilots for Disconnected Youth (P3)," Interagency Working Group on Youth Programs, accessed January 14, 2020, https://youth.gov/youth-topics/reconnecting-youth/performance-partnership-pilots.

[78] "Accountable Health Communities (AHC) Model Assistance and Alignment Tracks Participant Selection," Centers for Medicare and Medicaid Services, April 6, 2017, https://www.cms.gov/newsroom/fact-sheets/accountable-health-communities-ahc-model-assistance-and-alignment-tracks-participant-selection.

Box 5: Recommendations for the Federal Executive Branch

- The Department of Health and Human Services (HHS) should make the fullest possible use of its Section 1115 Medicaid waiver authority, and other waiver authority, to encourage states to launch initiatives that promote health objectives by addressing non-medical factors, such as housing.
- Congress should consider legislation to allow states to use the Affordable Care Act's Section 1332 waivers to combine funds from multiple programs to pursue the objective of more affordable and broader coverage.
- The Department of Education (DoE) should use the provisions of the 2015 Every Student Succeeds Act (ESSA) to encourage education authorities to examine the impact of non-academic factors on children's school performance. DoE should work with other agencies to develop joint plans and coordinated funding to address those factors.
- Modeled on Performance Partnership Pilot for Disconnected Youth (P3) statutory waivers, Congress should give greater authority for multiple agencies to launch P3-style pilots to advance common goals.
- OMB should examine ways to encourage agencies to make greater use of existing waiver authority to permit budgeting flexibility. Meanwhile, CMMI and other federal agencies should use their authority and funding to pilot-test a range of community initiatives to build the infrastructure needed to assist cross-sector collaboration and budgeting.

7) Pay for Success

The policy and management issues concerning budget flexibility and integration are not confined to funding the ongoing delivery of services. Many efforts to achieve collaboration across sectors require significant start-up capital costs for construction, training, and other activities before services begin. Assembling upfront capital from different agencies and programs can be especially challenging given tight budgets and competition between agencies for capital funds. For instance, creating a housing-based or school-based hub for a variety of health, education, and social services for households not only requires braiding and blending money for services. It also means finding a way to assemble a mix of capital funds that spans different sectors and affects different programs.[79,80]

There has been growing interest in new strategies to address this problem, in particular by using private capital for start-up and even some ongoing cost, with investors repaid over time from program budgets and, it is hoped, accrued savings. Thus, **pay for success (PFS)** and other financing innovations have attracted attention as creative mechanisms to supply up-front private capital investment to launch or scale-up social programs that may or may not yet have a demonstrated return. In a PFS project, the outside investor both assembles funding and carries the entrepreneurial risk (rather than government doing so), and the investor recoups their costs and anticipated return only if the

[79] Stuart M. Butler and Marcela Cabello, "Housing as a hub for health, community services, and upward mobility," The Brookings Institution, March 15, 2018, https://www.brookings.edu/research/housing-as-a-hub-for-health-community-services-and-upward-mobility/.

[80] Stuart M. Butler and Carmen Diaz, "Hospitals and Schools as Hubs for Building Healthy Communities," The Brookings Institution, December 5, 2016, https://www.brookings.edu/research/hospitals-and-schools-as-hubs-for-building-healthy-communities/.

mutually agreed-upon outcome is met. One PFS initiative in Massachusetts, the Home and Healthy for Good program, was designed to address the chronically homeless population.[81,82] This program uses the "Housing First" model and brought in the Massachusetts Housing and Shelter Alliance as an intermediary and service provider, along with the Corporation for Supportive Housing, the United Way of Massachusetts Bay and Merrimack Valley, and Santander Bank as investors. After initial evaluations showed that the program has been successful in housing chronically homeless individuals and in ensuring they remain housed, the first round of payments was made to investors in 2018.[83]

As a method of assembling and blending funds from several sources, PFS has many attractions and shows promise. Among the attractions:

- In the private sector, there are typically far fewer "turf" issues when assembling funds from multiple sources. Indeed, PFS ventures commonly draw from philanthropic foundations, investment banks, investors from the health sector, and others.

- Because most of the financial—and political—risk is transferred to the private investor, government agencies have less concern about the commitment of funds.

- Since often, significant start-up costs are not part of an agency's annual budget, PFS makes it easier to manage and gain approval for new projects including multiple funders.

There are, however, questions about just how effective and scalable pay for success efforts will be in the future. America Forward, a leading network of over 70 social innovation organizations, promotes the use of pay for success programs, but also warns that these innovations are not always scalable.[84] Moreover, the managerial capacity of state and local governments to administer these creative financing programs remains an enduring challenge.

While recognizing these issues, the federal government has moved to encourage such partnerships between public and private sectors to improve social programs. Most recently, the **Social Impact Partnerships to Pay for Results Acts (SIPPRA)**, a provision in the Bipartisan Budget Act of 2018, included a $100 million standing fund to "support outcomes-based financing and provide funding for social impact partnerships."[85,86] The bill also created a Federal Interagency Council on Social Impact Partnerships and the supportive Commission on Social Impact Partnerships to report to the Secretary of the Treasury on programs and projects with pay for success and overlap opportunities. Following this, at least nine states and the District of Columbia have enacted pay-for-success legislation.

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[81] "Chronic Homelessness Pay for Success Initiative," Urban Institute, Pay For Success Initiative (PFSI), accessed January 14, 2020, https://pfs.urban.org/pfs-project-fact-sheets/content/chronic-homelessness-pay-success-initiative.

[82] "Home & Healthy for Good," Massachusetts Housing and Shelter Alliance, accessed January 14, 2020, https://www.mhsa.net/HHG.

[83] United Way of Massachusetts Bay and Merrimack Valley, "Pay for Success Initiative to Reduce Chronic Individual Homelessness Exceeds Goals; Issues First Dividend Payments to Investors," February 18, 2018, https://unitedwaymassbay.org/news/pay-for-success-initiative-to-reduce-chronic-individual-homelessness-exceeds-goals-issues-first-dividend-payments-to-investors/.

[84] "Pay For Success A New Way Of Doing Business For Government," America Forward, accessed January 14, 2020, http://www.americaforward.org/policy-solutions/pay-for-success/.

[85] "Social Impact Partnerships to Pay for Results Act (SIPPRA)," S. 963, 115th Cong. (2017).

[86] "Bipartisan Budget Act of 2018," H.R. 1892, 115th Cong. (2017).

Box 6: Recommendations for Congress

- The federal government should encourage maximum use of the provisions of the Social Impact Partnerships to Pay for Results Act (SIPPRA). In particular, the federal government should indicate to states and communities that it is open to bold and innovative initiatives that will break down the siloes between agencies and data systems.

At the State Level

While the federal government has the broadest role in creating the policy environment for collaborative ventures using merged government funds, the states are often the best placed level of government able to make fullest use of that environment. It is the states, for example, that design and propose waivers under the Medicaid 1115 and ACA 1332 provisions. And it is states, often working with counties and cities, that typically can create the infrastructure and help pioneering projects to take root and flourish as well as see directly the benefits of greater flexibility and collaboration to households and to government.

As with the federal level, effective cross-agency collaboration requires leadership from the top. In the states, the key requirement is for the governor to signal a strong commitment to coordination and for heads of agencies to be directly involved. Without that level of support, it is difficult to create and maintain a culture of collaboration.

Likewise at the federal level, there are several ways that states can create an infrastructure of collaboration.

1) Agency planning and coordination

Budget coordination can be a challenge at the state level as well as at the federal level, even though the smaller scale and more intimate nature of state government should, in principle, make collaboration across agencies more possible.

States do make major use of **interagency planning groups**, for example **children's cabinets** and **interagency homelessness councils**, that make it easier to coordinate funding for specific objectives across agencies. Often established through legislation or through a governor's executive order, children's cabinets typically bring together the leadership from agencies serving children and youth, enabling departments to collaborate and design a shared vision and goals for improving family and child outcomes.[87] These teams meet regularly and coordinate with private, nonprofit organizations to develop and implement joint strategies to improve outcomes. Some cabinets, such as the Maryland Children's Cabinet, use their unique position to integrate services with a governor's broader social and economic agenda (for example, youth homelessness, nutrition and hunger, and juvenile justice).[88] Many children's cabinets, for instance Virginia's, have been in the forefront of using techniques, such as "fiscal mapping"—which helps states identify what funds are available and how they can be redeployed to better achieve the

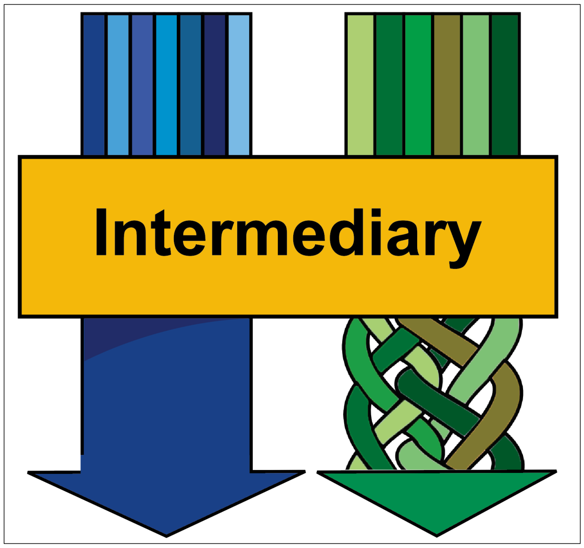
[87] Elizabeth Gaines et al., "2017 State Policy Survey: Child and Youth Policy Coordinating Bodies in the U.S.," The Forum for Youth Investment, December 2017, https://forumfyi.org/knowledge-center/2017-state-policy-survey/.
[88] " Aligning People: Best Practices Discussed at our Children's Cabinet Summits," The Forum for Youth Investment, accessed January 2020, https://forumfyi.org/ccn/aligning-people/.

goals of the children's cabinet.[89] And in many states, such as Colorado, the children's cabinet model is taken down to the county and city level.[90]

Children's cabinets and similar interagency planning groups are also able to serve as the trusted entity when new issues affecting children and families emerge. For instance, rather than create a new advisory council to fulfill requirements from the 2007 Head Start Act, Georgia used the existing children's cabinet to address those issues, using an already known and trusted body to reduce inefficiencies and duplication of efforts, time, and money.[91]

In addition to establishing budget coordination by executive action, some states have gone further and enacted **legislation to combine funds to achieve a goal**, much like the examples noted earlier at the federal level. For instance, in 1993, Virginia sought to address the multiple needs of low-income and high-risk families by establishing a single, state pool of funds to fund a range of services for the state's at-risk population.[92] Administered by local interagency teams, this blended pool of money, created under the Children's Services Act (CSA), provided a combined $390 million in state and local funding to service over 15,000 children and families in FY18.[93] The CSA overcame traditional silos by bringing together at least seven separate funding streams from four different state departments—including federal Medicaid dollars—into one blended pool.[94] Alongside this blended pool, the state also braided in $173 million in state and federal funding in 2019, such as Medicaid and Title IV-E Foster Care (see Figure 1).[95]

Figure 1. Braiding and Blending Funds



CSA has been a successful model for blending funds to address cross-sector needs. Importantly, Virginia has granted considerable autonomy to local level bodies to ensure that funding is targeted and that there is accountability.[96] Community Policy and Management Teams (CPMTs), appointed by local governing bodies, receive and manage the CSA funds with direction from the local Family Assessment and Planning teams. CSA funds can be used with great flexibility by CPMTs to deal directly with

89 Amelia Thomas, "2017-2018 Fiscal Map of Children's Supports in Virginia," Virginia Governor's Children's Cabinet, December 2017, https://vakids.org/wp-content/uploads/2018/01/2017-2018-Fiscal-Map-of-Childrens-Supports.pdf.

90 "Executive Order No. 139, "The Denver Children's Cabinet," Revised Municipal Code of the City and County of Denver, July 17, 2012, https://www.arcgis.com/apps/MapSeries/index.html?appid=939edc78fa0e4c799089f233ff07395a.

91 Danielle Evennou, "Don't Stop Collaborating – Just Stop Creating New Collaboratives," The Forum for Youth Investment, August 4, 2011, https://forumfyi.org/knowledge-center/dont-stop-collaborating-just-stop-creating-new-collaborations/.

92 Children's Services Act (CSA) and the Office of Children's Services (OCS), accessed January 14, 2020, https://www.csa.virginia.gov/.

93 Children's Services Act (CSA) and the Office of Children's Services (OCS), accessed January 14, 2020, https://www.csa.virginia.gov/.

94 Amy Clary and Trish Riley, "Pooling and Braiding Funds for Health-Related Social Needs: Lessons from Virginia's Children's Services Act," National Academy for State Health Policy, June 27, 2016, http://nashp.org/pooling-and-braiding-funds-for-health-related-social-needs-lessons-from-virginias-childrens-services-act/.

95 "Progress Report On The Children's Services Act: Biennial Report to the General Assembly," Children's Services Act (CSA) and the Office of Children's Services (OCS), December 2019, https://csa.virginia.gov/content/doc/Biennial_Progress_Report_2019_and_Strategic_Plan_for_Childrens_Services_Act_2020-2024.pdf.

96 Vinu Ilakkuvan and Anne de Biasi, "Examples of braiding and blending to support community health: a compendium of resources," Urban Institute, Pay For Success Initiative (PFSI), October 3, 2018, https://www.tfah.org/wp-content/uploads/2018/01/TFAH-Braiding-Blending-Compendium-FINAL.pdf.

immediate needs that, if not addressed, could mushroom into bigger and costlier problems. For example, CSA has financed apprenticeships for at-risk youth and even funded a car repair so that a child with chronic asthma could get to regular doctors' appointments.[97]

Box 7: Recommendations for States

- States should use the model of Children's Cabinets to establish high-level interagency planning groups to coordinate funding and programs across agencies to pursue state goals.
- Modeled on Virginia's Children's Services Act, states should create pools of blended funds to achieve goals.

2) New bodies and powers for collaboration

In addition to the governor's support, and, if necessary, legislation to permit the merging of funds, several states have established **special bodies to act as managers of braided and blending funds**. Virginia's CPMTs are an example of the pattern of states creating bodies at lower levels of government, or working with existing bodies, to provide for a process of coordinating and braiding of funds down to the community level.

Maryland has gone further than other states by establishing **county-level bodies that function as financial intermediaries** designed to broaden braiding and blending and to address oversight and reporting issues associated with merging funds. Created initially by the governor through executive order, and authorized under statute by the General Assembly in 1990, Maryland's Local Management Boards (LMB) improve the coordination of a range of services for children.[98] These boards can be government agencies or nonprofit institutions. In addition to improving coordination, the LMBs also braid and blend money from multiple sources and sectors, including state, federal, and philanthropic funds. The LMBs contract with local service organizations, which become grantees of the LMB. This arrangement means small service organizations can obtain merged funds from a much wider range of sources than the organization has the capacity to handle and report on because the LMB manages the oversight and reporting. There are twenty-four counties and jurisdictions in Maryland, each with their own LMB, though they each have their own unique name.

The Family League of Baltimore is the dedicated local management board for Baltimore County in Maryland.[99] This well-established nonprofit organization collaborates with over 100 local partner organizations and over 35 funders. The League braids together both government funds and private support and supports the work of local organizations.

Notwithstanding its success, the Family League's experience also indicates some of the challenges

[97] Amy Clary and Trish Riley, "Pooling and Braiding Funds for Health-Related Social Needs: Lessons from Virginia's Children's Services Act," National Academy for State Health Policy, June 27, 2016, http://nashp.org/pooling-and-braiding-funds-for-health-related-social-needs-lessons-from-virginias-childrens-services-act/.
[98] Phyllis Rozansky, "Maryland's Local Management Boards: Making a Difference for Children and Families, 1990-2010," January 2011, https://goc.maryland.gov/wp-content/uploads/sites/8/2015/10/LMBs-making-a-difference-20-years.pdf.
[99] "Family League of Baltimore," Family League, accessed January 14, 2020, http://familyleague.org/.

facing local financial intermediaries intending to foster braiding and blending. One issue is how to create the needed trust and understanding between the intermediary and the local grantees as well as between the intermediary and the government and private funders. The League is well placed to do this today because, having existed since 1991, it has built up its reputation over many years. Another issue is how to build and finance the accounting, evaluation, and reporting capacity of the intermediary. In practice, the League undertakes this "back office" reporting and data analysis function for small Baltimore organizations that receive braided funds from multiple sources, but that do not have the internal capacity to manage the reporting requirements of multiple grants. Thus, it is an intermediary carrying out "public good" functions that otherwise would have to be conducted by government. But generally, these additional overhead functions are not fully accounted for in the League's own funding.

The LMB for Anne Arundel County in Maryland is called the Anne Arundel County Partnership for Children, Youth and Families (The Partnership).[100] Like the Family League of Baltimore, The Partnership has established itself as a trusted community member and financial intermediary since 1993. Using a results-based accountability framework and human-centered design, The Partnership has been able to balance state priorities with local and community human services needs. Through its regular convenings with community members and stakeholders and through its Community Needs Assessment, The Partnership both braids and blends funds at the family level. Like the Family League, The Partnership also has faced funding flexibility challenges. For instance, although The Partnership does not receive county funding, as a county-based organization, their funding must flow through the county's financial system. That county financial system operates according to business units, so braiding or blending funds must fit into those business units. This results in limitations on the way The Partnership's funds are accounted for and must be separated for reporting purposes. They do have more flexibility when the funding comes from philanthropic sources with limited restrictions, which can then be put into a blended fund to be used flexibly.[101] Other states would be wise to review the experience and lessons of Maryland's LMBs and consider establishing a version of the model to help facilitate braiding and blending at the local level. Trust for America's Health and the financial services firm, Deloitte, analyzed the key requirements of such financial intermediaries and proposed a model for health-related services.[102]

Replicating state-sponsored bodies like LMBs requires states to consider carefully how to balance the goal of creating bodies with the authority to promote braiding and blending with the need to establish a culture of accountability when they devolve state authority to special, local institutions. For instance, it is a burden on such bodies when a state fails to provide them with adequate resources to collect and analyze data and report on the performance of projects and grantees to assure proper accountability—an issue that has frustrated some LMBs. On the other hand, when accountability requirements become lax, devolution to promote collaboration can result in inefficiency and even scandal and collapse. North Carolina experienced this problem in 2017 when the state had to intervene to take over a body that had been entrusted with braiding and blending Medicaid and mental

[100] "Anne Arundel County Partnership for Children, Youth and Families Case Study," The Children's Funding Project, accessed January 14, 2020, https://static1.squarespace.com/static/5b75d96ccc8fedfce4d3c5a8/t/5d79513c293fb35084abaa7c/1568231741318/Anne+Arundel+County+Partnership+for+Children+Case+Study_+FINAL.pdf.

[101] "Braiding and blending funds to promote social determinants of health," The Brookings Institution, May 1, 2019, video, https://www.brookings.edu/events/braiding-and-blending-funds-to-promote-social-determinants-of-health/.

[102] Jitinder Kohli and Anne De Biasi, "Supporting healthy communities: How rethinking the funding approach can break down silos and promote health and health equity," Deloitte Center for Government Insights, August 2, 2017, https://www2.deloitte.com/us/en/insights/industry/health-care/building-and-funding-healthy-communities.html.

health block grant money but had not been subject to meaningful accountability and oversight for several years.[103]

3) Locally Established Bodies

Within many states, **special local institutions** often carry out coordinated planning and funding functions outside of a formal state framework. An example is the Community Development Financial Institution (CDFI). CDFIs are private-sector financial intermediaries, certified by the federal government, whose main mission is community financial and economic development.[104] While there are a variety of CDFI types (banks, credit unions, community development loan funds, nonprofits, and venture capital funds), all are locally controlled and based organizations. In Baltimore, Maryland, for instance, the Bon Secours Health System partnered with a local CDFI to invest and support affordable housing and community and economic development.[105]

Meanwhile in Montgomery County, Maryland, the Thriving Germantown Community HUB is an example of a locally based organization extensively engaged in coordinating planning and funding.[106] From its roots over a century ago, the multi-generational, multi-sector care coordination initiative addresses the growing educational, health, economic, and social disparities for children and families in Germantown, Maryland. Over twenty organizations, foundations, and local agencies have come together to provide funding or services in the areas of health and wellness, early care and education, behavioral health, and economic security for children enrolled in one local elementary school and their families. Thriving Germantown uses a Collective Impact funding model that braids funds from its partners based on the four service pathways previously mentioned, along with its reputation as a trusted community partner, to build meaningful relationships with community members, partners, and stakeholders.

In addition to counties, **cities are often the local-level "public entrepreneurs"** that are best able to make the best use of braiding and blending tools. As noted earlier, for instance, Denver has been in the forefront of using sophisticated techniques to carry out children's cabinet functions at the city level.[107] Recognizing the importance of collaboration between levels of government, for instance, the National League of Cities (NLC) has partnered with the National Association of Counties to look specifically at ways to tackle the opioid crisis. Over several convenings and meetings held to raise policy solutions on the issue, the partnership led a Mayors' Institute on Opioids in which a selected cohort of six cities participated with the goal of aligning city, county, and state resources to address this epidemic. Mayors from Massachusetts, New Hampshire, Tennessee, Washington, West Virginia, and Wisconsin took part in the two-day convening to discuss harm reduction, treatment, recovery, and prevention through data-sharing and evidence-based approaches.[108] At the root of many conversations

[103] Richard Craver, "'Ultimate arrogance' led to takeover of Cardinal; N.C. Medicaid chief takes over operations," Winston-Salem Journal, November 28, 2017, https://www.journalnow.com/news/local/ultimate-arrogance-led-to-takeover-of-cardinal-n-c-medicaid/article_138bd621-b569-5015-b4f9-faf14a197121.html.

[104] "Community Development Financial Institutions," Urban Institute's Community Economic Development Hub, accessed January 14, 2020, https://www.urban.org/policy-centers/cross-center-initiatives/community-economic-development-hub/projects/community-development-financial-institutions.

[105] "Catholic Impact Profile: Bon Secours Health System," Catholic Impact Investing Collaborative, April 8, 2018, http://www.catholicimpact.org/storiesofcatholicimpact/bonsecourshealthsystem.

[106] "Thriving Germantown: A Community HUB serving the Captain James E. Daly Elementary School in Germantown, MD," Sheppard Pratt Health System, accessed January 14, 2020, https://www.sheppardpratt.org/care-finder/thriving-germantown/.

[107] "Executive Order No. 139, "The Denver Children's Cabinet," Revised Municipal Code of the City and County of Denver, July 17, 2012, https://www.arcgis.com/apps/MapSeries/index.html?appid=939edc78fa0e4c799089f233ff07395a.

[108] National League of Cities, "Aligning City, County and State Resources to Address the Opioid Epidemic: Lessons Learned And Future Opportunities," National League of Cities (NLC), Mayors' Institute on Opioids: Part of the Culture of Health NLC Mayors'

was the challenge of establishing long-term, sustainable funding strategies. While many cities are already taking steps to creatively braid and blend funding from federal substance abuse prevention and treatment block grants, Medicaid expansion, and private philanthropy, more work is needed to ensure further innovative mechanisms are available at federal and local levels.

In some cases, **a nonprofit service provider can be the nucleus of local initiatives** within a state. Over the past two decades, Spectrum Health has collaborated with Michigan's Grand Rapids Public Schools (GRPS) to improve the general health and well-being of students through management of acute illness, preventative health, and management of chronic disease.[109] The program coordinates funding from at least six funding sources, including the local district budget, State Department of Education, grants for at-risk youth, and private funding, to deliver health services primarily in their school-based health centers. GRPS also partners with a Federally Qualified Health Center (FQHC) to deliver services and a traveling dental program, making them eligible to receive Medicaid reimbursement and the preferred FQHC reimbursement rate. Elsewhere, FQHCs themselves are becoming hubs and partners to provide a wide range of services, non-medical as well as medical, for low-income households.

Understanding that education, a key social determinant of health, is harmed by low attendance and chronic absenteeism, Spectrum Health provides education and training to school health personnel who provide daily, direct service to students.[110] Spectrum Health also provides in-person and secure video support for students at school via Spectrum Health MedNow technology.[111] In FY16, 30,381 students were served in seven school districts around Western Michigan, and the school health care team resolved over 98 percent of problems.[112]

Additionally, some experts and local institutions are exploring the use of new models and incentive systems to **tackle the wrong pockets problem**, the perverse incentive that discourages a group of organizations sharing the costs of a collaboration that could generate broad benefit. These approaches look for procedures and new bodies, in some cases drawn from the business world and other sectors, which could mitigate wrong pockets disincentives to invest in collaborative efforts. Such models are designed to provide incentives and an infrastructure that can enable savings or added value to be identified and shared, and to encourage investments even when the benefits have features of a "public good." For instance, two health economists have proposed using an economic model known as a "Vickrey-Clarke auction" to encourage a group of organizations, including a health plan, school district, police department, housing association, and other possible local partners, to "bid" to invest in a cross-sector approach to improving health that would provide spin-off benefits to the non-health partners.[113] They have launched a feasibility study to test the model in several local jurisdictions.[114]

Institute Series, November 2018, https://www.nlc.org/sites/default/files/users/user93/YEF%20%20Mayors%20Institute%20on%20Opioids_web.pdf.

109 "School Health Program: Healthy, Safe and Ready to Learn," Spectrum Health, accessed January 14, 2020, https://www.spectrumhealth.org/healthier-communities/our-programs/school-health-program.

110 Len M. Nichols and Lauren A. Taylor, "Social Determinants As Public Goods: A New Approach To Financing Key Investments In Healthy Communities," Health Affairs 37, no. 8 (August 2018), 1223-1230, https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2018.0039.

111 "School Health Program: Healthy, Safe and Ready to Learn," Spectrum Health, accessed January 14, 2020, https://www.spectrumhealth.org/healthier-communities/our-programs/school-health-program.

112 "School Health Program: Healthy, Safe and Ready to Learn," Spectrum Health, accessed January 14, 2020, https://www.spectrumhealth.org/healthier-communities/our-programs/school-health-program.

113 Len M. Nichols and Lauren A. Taylor, "Social Determinants As Public Goods: A New Approach To Financing Key Investments In Healthy Communities," Health Affairs 37, no. 8 (August 2018), 1223-1230, https://www.healthaffairs.org/doi/pdf/10.1377/hlthaff.2018.0039.

114 "Collaborative Approach to Public Good Investments: A Feasibility Study," George Mason University, accessed January 14, 2020, https://capgi.gmu.edu/. Note: Co-author Stuart Butler serves on the advisory council of the feasibility study.

Box 8: Recommendations for States

- Modeled on Maryland's Local Management Boards, states should establish county-level bodies designed to braid and blend money from multiple public and private sources and to provide grants and reporting services to local organizations.
- States and counties should make greater use of special local bodies, such as Community Development Financial Institutions (CDFIs), to help facilitate collaborative ventures involving public and private organizations.
- City leaders should be more willing to initiate data-sharing agreements and other steps to make it easier for local organizations to braid and blend money. Cities and counties should also review regulations and funding regulations to empower Federally Qualified Health Centers (FQHCs) to become hubs and partners to provide a range of integrated services for communities.
- Government and nonprofit organizations should experiment with a variety of models and innovative approaches to solve the wrong pockets problem.

4) Making use of federal waivers

Federal waivers are a tool to encourage states to explore innovative approaches to goals and issues. In addition to using waivers for state-wide activities that may include braiding or blending money with a federal funds component, states have used the federal waiver authority as a **platform for granting permission to lower levels of government** to use a mix of state and federal funds. Some states have used this authority as the vehicle to coordinate services on a large scale. For instance, in Vermont, one such initiative grew out of concerns that older residents were not able to adequately access or receive supports and services to safely remain living independently in their homes.[115] Using a Medicaid Section 1115 waiver as the platform, Vermont created Support and Services at Home (SASH), a care program that coordinates health, social, and supportive services for older Vermont residents to age in place.[116] Anchored in affordable senior housing properties and communities, SASH braids public and private funds at the local level to deliver on-site nursing, wellness teams, care coordination, and social activities.[117]

Several states have used the waiver opportunity under Medicaid to use health money flexibly and merge with resources from other sectors. For example, New York and Oregon are among the states that have used Section 1115 waivers to support housing services for their most complex and vulnerable Medicaid populations.[118,119] California similarly is using a Section 1115 waiver to have Medicaid funds included in paying for certain housing-related services.[120]

States have also used waiver authority with the Responsible Fatherhood demonstration programs, which help promote responsible parenting and foster economic stability. California, Colorado, Maryland, Massachusetts, Missouri, New Hampshire, Washington, and

[115] "Learn About SASH," Support and Services at Home, accessed January 14, 2020, http://sashvt.org/learn/.
[116] "Evaluation of the Multi-Payer Advanced Primary Care Practice (MAPCP) Demonstration: Final Report," RTI International and Urban Institute, June 2017, https://downloads.cms.gov/files/cmmi/mapcp-finalevalrpt.pdf.
[117] "SASH Funding," Support and Services at Home, accessed January 14, 2020, https://sashvt.org/funding/.
[118] "New York State & CMS Finalize $8B Medicaid Waiver," The Corporation for Supportive Housing (CSH), April 23, 2014, https://www.csh.org/2014/04/new-york-state-cms-finalize-8b-medicaid-waiver/.
[119] Jeff C. Goldsmith and Bruce Henderson, "Oregon's High-Risk, High-Reward Gamble On Medicaid Expansion," Health Affairs Blog, January 10, 2017, https://www.healthaffairs.org/do/10.1377/hblog20170110.058188/full/.
[120] "Medi-Cal 2020 Waiver – Whole Person Care (WPC) Pilots: Frequently Asked Questions and Answers," California Department of Health Care Services, June 22, 2016, https://www.dhcs.ca.gov/provgovpart/Documents/RevisedDHCSWPCFAQ6-24-16.pdf.

Wisconsin all applied for and received Section 1115 waivers from the Administration for Children and Families (ACF) to implement and test Responsible Fatherhood programs.[121]

Box 9: Recommendations for States

- States should make creative use of federal waivers to undertake statewide initiatives that include braiding and blending both federal and state funds and to make it easier for local governments to do so.

5) Data sharing and evaluation

Sharing and analyzing good data is critically important for promoting collaboration and flexible or merged budgeting. In particular, evaluating cost and impact data on the net impact of cross-sector collaboration is crucial to building the case for budget changes such as braiding and blending funds.

Unfortunately, such evaluations are often lacking. They are technically difficult to undertake, given the multiple variables involved when there are costs and benefits to be assessed in more than one sector. It is also frequently difficult to obtain and share data between agencies and with evaluators. In part, this is because of the general reluctance of one agency to share data with another and partly because of legal privacy restrictions, such as those applied to health and education data. Moreover, relatively few institutions undertake such analytical work for government. Another issue is that data is often dispersed across different systems, each with different measures, data points, and funding.[122] At local, state, and federal levels, health and human services agencies are looking at ways to further integrate data and make it interoperable.[123]

Some states and local governments have taken steps to ameliorate this problem. One of the leaders is Washington, which has **established a research institute** known as the Washington State Institute for Public Policy (WSIPP), designed to provide cost-benefit analyses and other research to improve government policymaking.[124] WSIPP is a nonpartisan public policy research group whose board includes state lawmakers, government officials, and university leaders. Its analyses have begun to include some cross-sector analyses, such as the broader impacts of Communities in Schools and the Nurse Family Partnership program.[125,126] Other examples include Actionable Intelligence for Social Policy at the University of Pennsylvania,

[121] Jessica Tollestrup, "Fatherhood Initiatives: Connecting Fathers to Their Children," Congressional Research Service, May 1, 2018, https://fas.org/sgp/crs/misc/RL31025.pdf.
[122] Ann Flagg and Christina Becker, "Integrated funding streams across the health and human services continuum," Urban Institute, October 4, 2018, https://pfs.urban.org/pay-success/pfs-perspectives/integrated-funding-streams-across-health-and-human-services-continuum.
[123] Ann Flagg and Christina Becker, "Integrated funding streams across the health and human services continuum," Urban Institute, October 4, 2018, https://pfs.urban.org/pay-success/pfs-perspectives/integrated-funding-streams-across-health-and-human-services-continuum.
[124] "Washington State Institute for Public Policy (WSIPP)," Washington State Institute for Public Policy, accessed January 14, 2020, http://www.wsipp.wa.gov/.
[125] "Communities in Schools: Public Health and Prevention: School-based," Washington State Institute for Public Policy (WSIPP), December 2019, http://www.wsipp.wa.gov/BenefitCost/Program/829;
[126] "Nurse Family Partnership: Public Health & Prevention: Home- or Family-based," Washington State Institute for Public Policy (WSIPP), December 2019, http://www.wsipp.wa.gov/BenefitCost/Program/35.

which works with states and localities to **develop integrated data systems** that link administrative data across agencies.[127]

To help mitigate uncertainty surrounding data sharing and data privacy issues between housing and education sectors, the Council of Large Public Housing Authorities' (CLPHA) *HousingIs* initiative has created several data-sharing agreement templates to help housing authorities better collaborate, increase flexibility, and share data with intermediary and education organizations.[128,129] In Montgomery County, Maryland, the Thriving Germantown Community HUB pilot developed data sharing agreements for local school and service provider partners to provide intensive care coordination and address social determinants of health.[130]

Box 10: Recommendations for States

- States and local governments should take steps to integrate data across agencies and sectors through such steps as creating data-sharing agreements and establishing centers for evaluation in order to help indicate the benefits of collaboration and build the case for coordinated budgeting.

[127] "Actionable Intelligence for Social Policy," University of Pennsylvania, accessed January 14, 2020, https://www.aisp.upenn.edu/.
[128] Council of Large Public Housing Authorities, "Aligning Education and Housing: Data Sharing Agreement Template," Housing Is, May 1, 2016, https://housingis.org/content/aligning-education-and-housing-data-sharing-agreement-template.
[129] Council of Large Public Housing Authorities, "Aligning Education and Housing: Data Sharing Agreement Template for Intermediary Organizations," Housing Is, May 1, 2016, https://housingis.org/content/aligning-education-and-housing-data-sharing-agreement-template-intermediary-organizations.
[130] Crystal Townsend, "Thriving Germantown (TG) Community HUB at Daly Elementary School (DES) Pilot" (Healthcare Initiative Foundation), accessed January 14, 2020, https://www.mwcog.org/file.aspx?&A=RIdd9DA4wLsr%2Fbs3ZFHOVZ%2F%2FQ5uXZwaGZnti4kXrPeE%3D.

Conclusion

Government funding streams are typically established under a program designed to achieve a specific purpose and are managed by the agency with the primary responsibility for the topic. For many activities, this makes good management sense. But in many areas of public policy collaboration among several programs and agencies is needed to reach the desired goal. Unfortunately, in the narrow program-agency approach that typifies much budget management, siloes, wrong pockets problems, and other obstacles impede such good policy and efficient budgeting.

Braiding and blending funds helps mitigate the effects of these obstacles and permits funds to be used more effectively. As described in this paper, different levels of government have been instituting an assortment of special bodies, waivers, and other devices that permit a degree of braiding and blending. These have made a significant difference in many areas of policy by giving more latitude for innovative financing. But these efforts and models tend to be underappreciated, and their value is often not realized and replicated. That needs to change. Thus, it is important for governments at all levels to pay greater attention to opportunities and models that currently exist and build on them; it is also important for them to explore more ways to combine the flexibility and innovation that can flow from braiding and blending with the oversight and evaluation necessary for good budgeting and fiscal management.

Appendix: Summary of Recommendations

Recommendations for the Federal Executive Branch

- The federal government should expand the Advance Planning Document (ADP) process that would help coordination between different levels of government to advance information technology projects that could enhance cross-sector collaboration.
- The Office of Management and Budget (OMB) should establish a Center for Intergovernmental Human Services Innovation, designed to promote cross-agency collaboration between federal agencies and between those agencies and lower levels of government.
- Federal agencies should amend grant and program application requirements to make it easier for organizations to braid funds from different programs.
- To help underscore the value of cross-sector collaboration and budgeting, OMB should strengthen its targets for utilizing evidence-based policymaking at the federal level, building on the 2018 Evidence-Based Policymaking Act.
- Federal agencies should provide state and local governments with "safe harbor" examples, and other guidance, to indicate what types of braiding and blending initiatives would comply with federal audit rules.
- Agencies should issue joint policy statements and frameworks identifying agreed goals; these statements would encourage state and local governments to launch initiatives involving funds from more than one federal agency. The statements, and similar agency statements by agencies involving multiple programs, should be accompanied with greater flexibility to braid and blend program funds.
- The Department of Health and Human Services (HHS) should use its Section 1115 Medicaid waiver authority, and other waiver authority, to encourage states to launch initiatives that promote health objectives by addressing non-medical factors, such as housing.
- HHS, with action by Congress, should allow states to use the Affordable Care Act's Section 1332 waivers to combine funds from multiple programs to pursue to objective of more affordable, broader coverage.
- The Department of Education (DoE) should use the provisions of the 2015 Every Student Succeeds Act (ESSA) to encourage education authorities to examine the impact of non-academic factors on children's school performance. DoE should work with other agencies to develop joint plans and coordinated funding to address those factors.
- Modeled on Performance Partnership Pilot for Disconnected Youth (P3) statutory waivers, Congress should give greater authority for multiple agencies to launch P3-style pilots to advance common goals.
- OMB should examine ways to encourage agencies to make greater use of existing waiver authority to permit budgeting flexibility.

Recommendations for Congress

- Members of Congress should consider establishing a congressional caucus to promote the braiding and blending of federal funds to help achieve social objectives.
- Congress should make greater use of portfolio budgeting in the budget process; this would make it easier to identify funds for similar purposes in different agencies and be a valuable tool for cross-agency planning and budgeting.
- As it did for Medicaid and Medicare, Congress should provide statutory authority for more programs to permit funds to be used in other sectors when the goals of the program will be enhanced.
- Congress should consider the Social Determinants Accelerator Act, which would create an interagency council to help state and local government braid and blend funds.
- The federal government should encourage maximum use of the provisions of the Social Impact Partnerships to Pay for Results Act (SIPPRA). In particular, the federal government should indicate to states and communities that it is open to bold and innovative initiatives that will break down the siloes between agencies and data systems.

Recommendations for States

- States should use the model of Children's Cabinets to establish high-level interagency planning groups to coordinate funding and programs across agencies to pursue state goals.
- Modeled on Virginia's Children's Services Act, states should create pools of blended funds to achieve goals.
- Modeled on Maryland's Local Management Boards, states should establish county-level bodies designed to braid and blend money from multiple public and private sources and to provide grants and reporting services to local organizations.
- States and counties should make greater use of special local bodies, such as Community Development Financial Institutions (CDFIs), to help facilitate collaborative ventures involving public and private organizations.
- City leaders should be more willing to initiate data-sharing agreements and other steps to make it easier for local organizations to braid and blend money. Cities and counties should also review regulations and funding regulations to empower Federally Qualified Health Centers (FQHCs) to become hubs or partners for coordinating a range of integrated services for communities.
- States should make creative use of federal waivers to undertake statewide initiatives that include braiding and blending both federal and state funds and to make it easier for local governments to do so.
- States and local governments should take steps to integrate data across agencies and sectors through such steps as creating data-sharing agreements and establishing centers for evaluation, in order to help indicate the benefits of collaboration and build the case for coordinated budgeting.

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