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## *Nebraska Legislative Planning Committee, 2012 Report: Policy Briefs*

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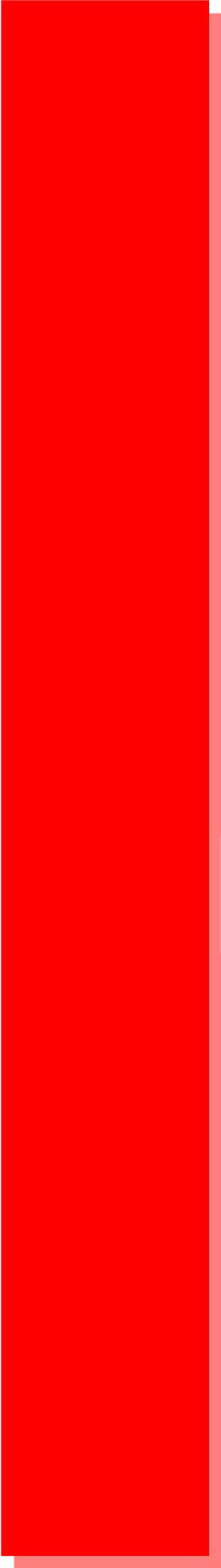
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**Nebraska Legislative Planning Committee**

**2012 Report**

***Policy Briefs***

**University of Nebraska at Omaha**

**December 2012**



## **Nebraska Legislative Planning Committee 2012 Report Policy Briefs**

### **Overview**

The Nebraska Legislature's Planning Committee was created in 2009 with the passage of LB 653 in order to help establish a process of long-term state planning with the Nebraska Legislature. The committee was created to assist state government in identifying emerging trends, assets and challenges of the state and the long-term implications of the decisions made by the Nebraska Legislature.

Efforts during the first two years of the committee focused on the development of a database. The goals and benchmarks included in the database were developed and approved by the Legislature's Planning Committee to present a common-sense and data-driven assessment of key areas important to Nebraskans' quality of life. This database was a joint initiative with the Nebraska Legislature's Planning Committee and the University of Nebraska at Omaha's College of Public Affairs and Community Service. The database was presented in a report that consisted of the data and summaries of the data for each of the nine categories of benchmarks established by the Planning Committee. Each year, the Planning Committee is in charge of updating the data for all benchmarks in each category. It is hoped that this will be of instrumental assistance to Legislators and staff as they craft and debate legislation each Session.

The 2012 update of the Planning Committee's report has added a section containing five Policy Briefs. These Policy Briefs address some of the issues that were identified when reviewing the indicators presented in the database. The purpose of the Policy Briefs is to identify and explore in greater depth issues identified by the evidence presented. The Policy Briefs do not recommend specific policies but rather describe options and considerations that relate to the issues.

The five Policy Briefs contained in this report focus on three general areas: (1) two look at the potential impact of Nebraska's aging population on Medicaid; (2) two address the theme of government consolidations and mergers; and (3) one deals with an aspect of early childhood education.

### **Addressing the Long-Term Care Needs of Nebraska's Aging Population through Expanded Assistance to Caregivers**

In this brief, Jerry Deichert and Karl Kosloski emphasize the fact that the number of persons aged 65 or older in Nebraska will increase greatly during the next 20 years. One immediate concern to Nebraska's policymakers is the financial impact of the long-term care needs of this growing population on Medicaid. The authors suggest that the most efficient way to save costs in the Nebraska Medicaid program is to delay or eliminate the need for nursing home placement. They indicate that the most effective way to do so is to develop alternatives to nursing home placement with home and community-based services. They identify three policy options that could result in fewer nursing home placements, improve the quality of care and help in local economic development. These options are: (1) broaden the definition of client to allow compensation for services that informal caregivers provide; (2) modify the assessment and referral process to provide personalized recommendations for support services; and (3) assist individuals in becoming microenterprises to supplement the pool of caregivers for older adults.

Allowing compensation for services provided by informal caregivers addresses the financial hardship that families face today. Since this is a significant determinant in nursing home placement,

the authors propose that financial compensation to family member caregivers for the service they provide may significantly reduce placement.

Secondly, by modifying the current assessment and referral process, case managers and support service providers could assess the type of stress being experienced by a caregiver. That information can be used to make personalized referrals to specific support services aimed at reducing specific types of caregiver stress.

Finally, they suggest a policy change to increase the home care work force by the creation of microenterprises. These will be small companies (as small as a single provider) intended to relieve the shortage of trained personnel available to provide caregiving services such as respite care to caregivers and custodial care to the elderly.

### **Cost Savings in Medical Care for the Elderly through Expanded Case Management**

Deichert and Kosloski also review the living arrangements of Nebraska's older adults. They point out that most older adults do not live in a nursing home. Instead, they live in a household. However, a sizeable percentage of older adults live alone. They suggest that efforts to provide a support system for persons living alone that prevents them from becoming institutionalized could have considerable cost advantages. They identify two options to confront this issue: (1) telephone reassurance, and (2) culture change in discharge planning.

Telephone reassurance can provide individuals with a means of contact with others and could greatly allay fears associated with living alone. Culture change in discharge planning would team the hospital discharge planner with a state-sponsored case manager. This could lessen the use of nursing homes as the hospital discharge planner could identify patients who are nursing home-eligible and appropriate for community-based services and refer them to the state-sponsored case manager.

### **City-County Consolidation: Implications for Nebraska**

John R. Bartle and Sikarn Issarachaiyos review several studies on city-county consolidation. They look at both the political factors affecting the adoption of consolidation proposals and the economic consequences of consolidation where it has been accomplished. The critical political factors explaining the outcome of referendum campaigns are: (1) appropriate proposed charter provisions, and (2) strong consolidation campaigns that emphasize economic development. Charter provisions need to address issues such as how debt obligations of the separate entities will be shared, treatment of employees, and how the county sheriff and the city police will be woven together. The potential for efficiencies that reduce costs is not an important influence on the adoption of consolidation referenda; rather, the promise of more effective economic development is the most significant factor where consolidation has been most successful.

The most important consequence of city-county consolidation is the improved coordination of economic development policy. While this did not happen in all cases, in some cases it is important. There are efficiency improvements due to city-county consolidations, but they are also relatively small. In some cases, functional mergers between the city and county appear to have realized most of the efficiency gains, in so much that few savings are achieved by legal consolidation.

### **County Mergers: Evidence for Nebraska**

County mergers are rare and none have been attempted in Nebraska. However, they are often discussed. John Bartle and Sikarn Issarachaiyos find that there are some savings that could be achieved, especially by spreading administrative costs over a broader population. However, in

other cases, mergers of counties would increase the costs for one or more counties. Also, public safety costs increase as the scale of service increases, and a merged county would incur new expenses. Other concerns include reduced local control, reduced access to services and potential reduced service quality.

Rather than merge counties, John Bartle and Sikarn Issarachaiyos suggest policy alternatives such as greater use of inter-local agreements, service sharing, special districts and state assumption of services. Careful efficiency analyses would likely identify alternatives to a merger that would achieve many of the benefits of a merger without the disadvantages.

### **Early Childhood Education for Children with All Parents in the Labor Force**

Jerry Deichert calls attention to the fact that historically Nebraska has had one of the highest labor force participation rates in the nation. As a result, a large portion of Nebraska's children have working parents and this trend is on the rise. Given this fact he suggests that the number and percentage of children with working parents should be utilized as a factor when considering the development of an early childhood program.



# **Addressing the Long-Term Care Needs of Nebraska's Aging Population through Expanded Assistance to Caregivers**

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December 2012

Members of the baby boom generation began turning 65 years old in 2011. As a result, the number of persons aged 65 or older in Nebraska will increase during the next 20 years. There are a number of relevant issues related to this aging population that should be of concern to Nebraska's policymakers. One immediate concern is the financial impact of the long-term care needs of this growing population, especially the impact on Medicaid if there is a corresponding increase in the number of persons requiring nursing home placement. The most effective way to delay or eliminate nursing home placement is to develop alternatives with home and community-based services. In this report, we present three policy options that could result in fewer nursing home placements. These options involve providing additional assistance to caregivers.

## **Introduction**

Several tables in the Legislature's Planning Committee 2011 Report highlight the Medicaid and CHIP expenditures for the state (pp. 91 and 92). These tables demonstrate the current financial impact the aging population has on Nebraska's Medicaid system. In this section, we bring in additional information to consider the future impact of this growing population.

### **1. Medicaid Expenditures and Eligibility**

In FY 2011, Medicaid expenditures for the Aged category totaled \$337.7 million. Table 1 shows that the 2011 value was lower than most in the previous six years. In addition, the Aged category accounted for a smaller proportion of Medicaid expenditures in FY 2011 than in the previous six years. Expenditures for the Aged represented 21.4% of the total Medicaid expenditures in FY 2011, which was considerably lower than the 26.1% reported in FY 2005.

Despite the fact that Medicaid expenditures for the Aged category has declined in recent years, both in absolute value and as a percentage of total expenditures, there are two reasons Nebraska policymakers should still be concerned about future Medicaid expenditures for the Aged category. First, expenditures in this category are relatively high. The average monthly expenditure per eligible person in the Aged category was \$1,583 in FY 2011. This was about the same as the average monthly expenditure per eligible person in the Blind and Disabled category (\$1,595) but was more than seven times the average monthly expenditure per person for the Children category (Table 2). Because of the high average monthly expenditure per eligible person in the Aged category, small changes in the number of eligible persons in this category will lead to much larger changes in total Medicaid expenditures. For example, for every 100 person change in the Aged category, total annual Medicaid expenditures will change nearly \$2 million.

Second, even though the number of eligible persons in the Aged category has declined since FY 2005 this trend is not likely to continue due to the aforementioned aging of the baby boomer generation. This is shown on Table 3 and Figure 1.

**Table 1. Medicaid and CHIP Vendor Expenditures by Eligibility Category for Nebraska: FYs 2005-2011**

	Aged	Blind and Disabled	ADC Adult	Children (includes CHIP)	Total
			(millions)		
FY 2005	\$365.0	\$566.6	\$104.1	\$360.9	\$1,396.6
FY 2006	\$356.2	\$580.6	\$102.0	\$392.1	\$1,430.9
FY 2007	\$333.4	\$586.0	\$105.2	\$414.2	\$1,438.8
FY 2008	\$341.1	\$610.6	\$105.5	\$439.5	\$1,496.8
FY 2009	\$345.6	\$639.8	\$108.7	\$444.4	\$1,538.4
FY 2010	\$347.3	\$655.3	\$129.7	\$439.7	\$1,572.0
FY 2011	\$337.7	\$664.5	\$175.2	\$398.4	\$1,575.8

Source: Nebraska Department of Health and Human Services; prepared by UNO Center for Public Affairs Research, September 2012

**Table 2. Average Monthly Medicaid and CHIP Vendor Expenditures by Eligibility Category for Nebraska: FYs 2005-2011**

	Aged	Blind and Disabled	ADC Adult	Children (includes CHIP)
FY 2005	\$1,663	\$1,644	\$367	\$235
FY 2006	\$1,616	\$1,630	\$361	\$253
FY 2007	\$1,526	\$1,621	\$387	\$265
FY 2008	\$1,588	\$1,664	\$423	\$276
FY 2009	\$1,628	\$1,695	\$419	\$272
FY 2010	\$1,633	\$1,655	\$413	\$248
FY 2011	\$1,583	\$1,595	\$460	\$220

Source: Nebraska Department of Health and Human Services; prepared by UNO Center for Public Affairs Research, September 2012

**Table 3. Average Monthly Medicaid and CHIP Eligible Persons by Category for Nebraska: FYs 2005-2011**

	Aged	Blind and Disabled	ADC Adult	Children (includes CHIP)	Total
FY 2005	18,291	28,724	23,635	128,107	198,757
FY 2006	18,370	29,682	23,556	129,062	200,670
FY 2007	18,204	30,128	22,646	130,030	201,009
FY 2008	17,900	30,585	20,815	132,743	202,043
FY 2009	17,687	31,451	21,595	136,347	207,080
FY 2010	17,717	33,005	26,158	147,580	224,459
FY 2011	17,783	34,708	31,723	151,140	235,353

Source: Nebraska Department of Health and Human Services; prepared by UNO Center for Public Affairs Research September 2012,

## 2. Medicaid Expenditures for Long-Term Care Services

Table 4 illustrates that long-term care services totaled \$617.5 million in FY 2011 and was down 4.3% from FY 2010. Even with this decline, expenditures for long-term care services accounted for approximately two out of every five dollars spent on Medicaid in Nebraska. Moreover, nursing facility costs totaled 19% of all Medicaid expenditures (Nebraska Medicaid Annual Report, 2011). The average annual cost in 2011 for a Nebraska senior in a nursing facility, under the Nebraska Medicaid program, was \$86,040 (DHHS, Costs of Senior Care, 2011). Clearly, any intervention that delays or eliminates the need for nursing home care will have a substantial impact on long-term care costs for Nebraska.

As can be seen from Table 4, Nebraska's Department of Health and Human Services (DHHS) is moving in this direction and has initiated a number of programs to develop home and community-based alternatives to nursing home care. However, two areas that could be expanded are Aged & Disabled Waivers and Home Health/Personal Assistance Services.

Table 4. Medicaid Expenditures for Long-Term Care Services for Nebraska: FYs 2010 and 2011

	FY 2011	FY 2010
Nursing Facilities	\$299.1	\$317.0
ICF/MR	\$20.8	\$43.0
Developmental Disability (DD) Waivers	\$195.3	\$179.4
Aged and Disabled (A&D) Waivers	\$38.7	\$35.4
Home Health/Personal Assistance Svcs.	\$33.3	\$40.6
Assisted Living	\$30.2	\$29.7
Total	\$617.5	\$645.0

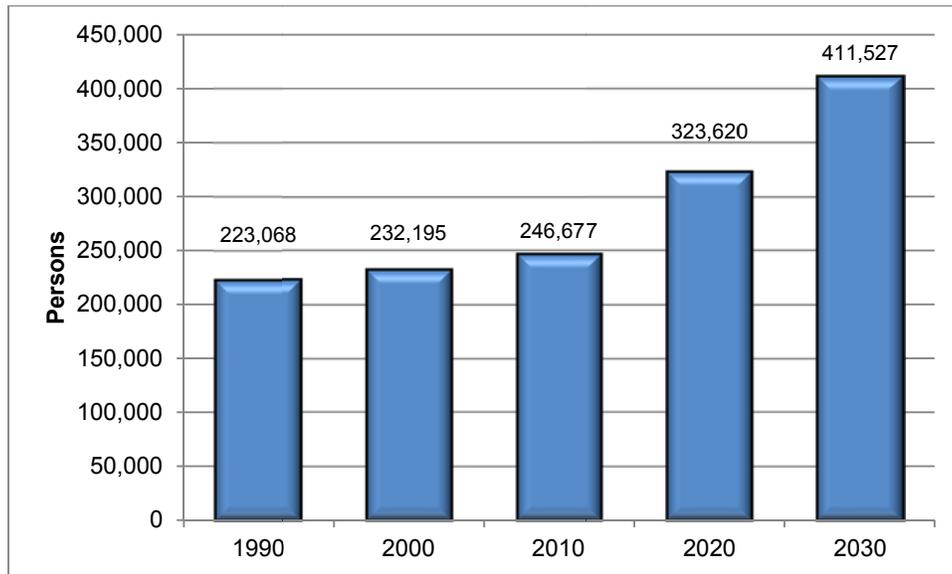
Source: Nebraska Department of Health and Human Services; prepared by UNO Center for Public Affairs Research, September 2012

## 3. Historical Population and Projections

If the aging of the baby boom generation is going to influence Medicaid expenditures, we need to know how large the increase in the elderly population is going to be in the upcoming years. Figure 1 examines the population aged 65 years or older by decade since 1990, with projections for 2020 and 2030. As can be seen, the number of persons aged 65 years or older grew slowly between 1990 and 2010 but is projected to increase rapidly between 2010 and 2020 and between 2020 and 2030. The number of persons is projected to grow from 246,277 in 2010 to 323,620 in 2020 (a 31.2% increase); and then to 411,527 in 2030 (a 27.7% increase).

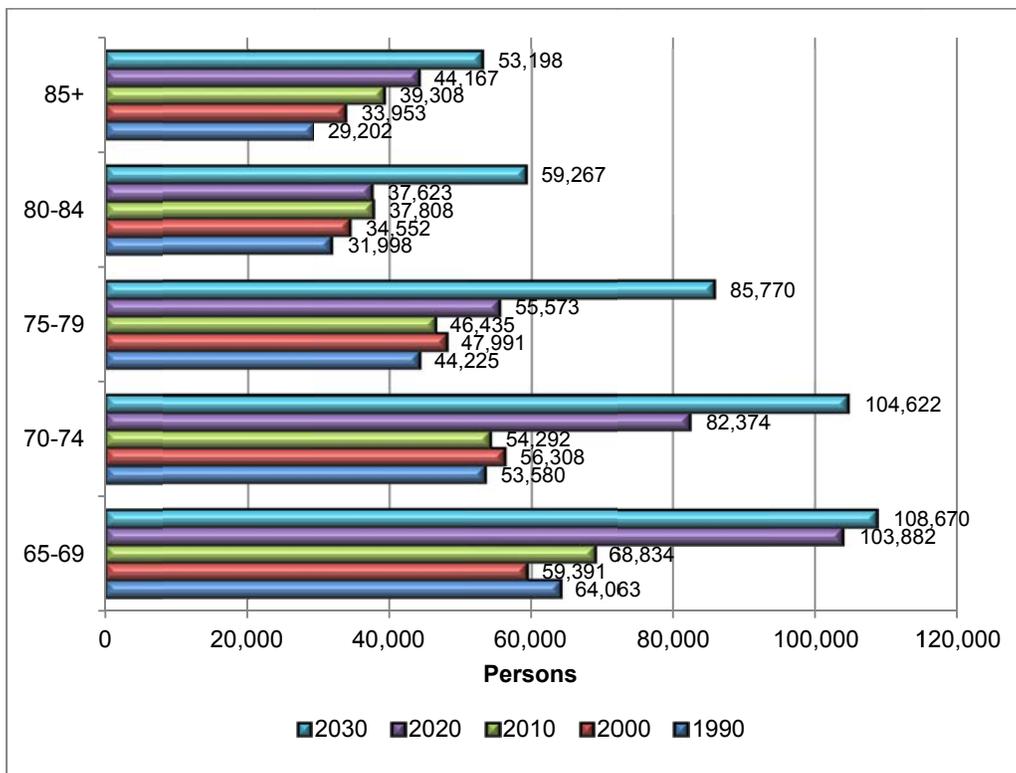
If the number of those persons eligible experiences a similar increase, Medicaid costs for the Aged category could increase by approximately three percent per year. This does not account for price increases. This would translate into annual expenditure increases of more than \$10 million. However, Figure 2 suggests that the pressure on expenditures may not be as great between 2010 and 2020, since much of the growth in Nebraska's elderly population will be in the 65 to 69 years and 70 to 74 years age groups. Persons in these two age groups generally have lower Medicaid utilization rates than those in the 75 years and older age groups (especially for the 85 years or older age group). Figure 2 shows that the fastest growing age groups between 2020 and 2030 will be 75 to 79 years and 80 to 84 years.

**Figure 1. Nebraska Population Aged 65 Years or Older: 1990, 2000, and 2010 with Projections for 2020 and 2030**



Source: U.S. Census Bureau, 1990, 2000, and 2010 Censuses of Population; UNO Center for Public Affairs Research, Projections for 2020 and 2030, prepared September 2012

**Figure 2. Nebraska Population Aged 65 Years or Older by Age Group: 1990, 2000, and 2010 with Projections for 2020 and 2030**



Source: U.S. Census Bureau, 1990, 2000, and 2010 Censuses of Population; UNO Center for Public Affairs Research, Projections for 2020 and 2030, prepared September 2012

One of the reasons for the decline in the number of Medicaid eligible persons in the Aged category during the past few years is the relatively slow growth in the number of persons aged 65 years or older. As Figure 2 demonstrates, this was due to the decline in the number of persons aged 70 to 74 years and 75 to 79 years between 2000 and 2010. Since the highest eligibility rates are for persons over the age of 80, we may not see the full impact of the aging baby boom generation for another decade.

#### 4. Nursing Home Residence for Persons 65 Years or Older

Table 5 shows that in 2010, 48.6 of every 1,000 persons aged 65 years or older in Nebraska resided in a nursing home. It also shows that the residency rates approximately doubled for each successive age group. The highest rate was for persons aged 85 years or older at 168.0 residents per 1,000 persons.

**Table 5. Nebraska Nursing Home Residents per 1000 Population by Age, 2010 Census**

	65 years and over	65 to 69 years	70 to 74 years	75 to 79 years	80 to 84 years	85 years and over
Residents per 1000	48.6	9.8	16.0	30.9	63.3	168.0

Source: U.S. Census Bureau, 2010 Census of Population; prepared by UNO Center for Public Affairs Research, September 2012

Table 6 summarizes the impact the aging baby boom generation will have on the number of persons living in nursing homes if the 2010 residency rates for each age category remain the same for 2020 and 2030. In 2010, there were 11,977 persons aged 65 or older living in nursing homes. This is projected to increase to 13,858 persons in 2020 (a 15.7% increase) and to 18,081 persons in 2030 (a 30.5% increase).

**Table 6. Nebraska Nursing Home Residents by Age, 2010 Census with Projections for 2020 and 2030**

	65 years and over	65 to 69 years	70 to 74 years	75 to 79 years	80 to 84 years	85 years and over
2010	11,977	675	871	1,433	2,393	6,605
2020	13,858	1,019	1,322	1,715	2,381	7,422
2030	18,081	1,066	1,678	2,647	3,751	8,939

Source: U.S. Census Bureau, 2010 Census of Population; UNO Center for Public Affairs Research, Projections for 2020 and 2030, prepared September 2012

#### Conclusion and Policy Options

From 2010 to 2011, Nebraska trimmed almost \$19 million from its Medicaid expenditures. DHHS attributed this cost savings directly to efforts to encourage home and community-based alternatives to facility-based care (Nebraska Medicaid Annual Report, 2011; p. 8). Two reasonable inferences can be drawn from this assertion. First, the most efficient way to save costs in the Nebraska Medicaid program is to delay or eliminate the need for nursing home placement. Second, the most effective way to delay or eliminate nursing home placement is to develop alternatives to nursing home placement with home and community-based services. Following are three policy options that could result in fewer nursing home placements. These options may also improve the quality of care and help in local economic development.

## **1. Broaden the definition of client to allow compensation for services informal caregivers provide**

Virtually all of the programs designed to maintain the older adult within the community define the older person as the primary client. According to the federal government, however, the success of state programs to delay or reduce the likelihood of nursing home placement depends in large part on the willingness and ability of informal caregivers to maintain older adults in the community (Spillman & Long, 2007). A number of studies support the view that having an informal caregiver is associated with a reduced likelihood of nursing home entry (Charles & Sevak, 2005; LoSasso & Johnson, 2002; Van Houtven & Norton 2004; Waidmann & Thomas 2003; see also Spillman & Long, 2007).

In a recent study reported by the U.S. Department of Health and Human Services, data were analyzed from the National Long Term Care Survey (NLTCS) and its Informal Care Supplement (ICS). The NLTCS is a nationally representative survey of the Medicare elderly that collects detailed information on the living situation of older adults. The analysis revealed that caregiver stress was one of the best predictors of nursing home placement and that financial hardship due to caregiving was an important predictor of caregiver stress (Spillman & Long, 2007).

Informal caregiving by family members or others is critical in the effort to help older adults remain at home. The finding that financial hardship is a significant determinant of nursing home placement suggests that financial support to the family may significantly reduce placement. One policy change to consider is to provide financial compensation to family member caregivers for the service they provide, which is not currently allowed under the Nebraska Aged and Disabled Medicaid Waiver.

## **2. Modify the assessment and referral process to provide personalized recommendations for support services**

The general procedure for assessing need for long-term care services is first to determine if the elder is eligible to receive Medicaid for nursing home placement, then to inform him or her and his or her caregivers about support services that are available in the local community as an alternative to nursing home placement. Unfortunately, most support services offered to caregivers come in a one-size-fits-all package without regard to what type of support services the elder and caregiver need considering their unique situation. A common example is recommending respite to everyone who qualifies for the service. The problem is that some caregivers may be so new to caregiving that they will not yet recognize the potential benefits of respite and some long-time caregivers may be stressed to the point that respite will not prevent nursing home placement. The effects of timing and dosage are well recognized in medicine, but not in support services. For example, the amount of an antibiotic that is dispensed will depend upon when it is administered in the disease process. If administered early, small doses of the antibiotic are effective. Later on, more extensive interventions are required. Although providing the same dosage of medicine for everyone would be tantamount to medical malpractice, it seems to be an accepted practice in the delivery of support services.

Effective targeting of support services requires knowledge of the level and type of stress the caregiver is experiencing. This is difficult because stress is a multidimensional notion (Ankri et al., 2005; Knight, et al., 2000; O'Rourke & Tuokko, 2003). A recent study noted that caregiving activities can affect several different domains of a caregiver's life (Savundranayagam et al., 2011). Stress can affect the interpersonal relationship between the caregiver and care receiver. This is called the relationship burden. Stress can interfere with other aspects of the

caregiver's life, such as relationships with other family members, work responsibilities, or personal privacy. This is called the objective burden. Stress can also be emotional stress. This is called the stress burden. Not surprisingly, the study found that these different types of caregiving stress had different causes and affect the decision regarding nursing home placement differently. For example, for caregivers who were spouses, only stress burden predicted intention to place; and for adult children, only relationship burden predicted intention to place.

The results of this study suggest that to reduce nursing home placement, one policy change to consider is to modify the current assessment and referral process. Case managers and support service providers should assess the type of stress being experienced by the caregiver and use that information to make personalized referrals to specific support services aimed at reducing the type of stress identified. For example, to reduce the likelihood of nursing home placement, support services aimed at adult children may be most effective if they reduce relationship burden. For spouses, support services should be targeted toward reducing stress burden.

This policy can also be seen as a way to improve the quality of care since caregivers will be provided with more personalized support services.

### **3. Assist individuals in becoming microenterprises to supplement the pool of caregivers for older adults**

The projected increase in the number of persons 65 years or older in Nebraska is certain to test Nebraska's financial resources to provide them with adequate long-term care, especially the cost of nursing home care if the numbers of placements remain at their current rate. To address this situation, an adequate home care work force is essential, especially in rural areas.

One policy change to increase the home care work force is the creation of microenterprises. These will be small companies (as small as a single provider) established that are intended to relieve the shortage of trained personnel available to provide caregiving services such as respite care to caregivers and custodial care to the elderly.

Many individuals have experience as family caregivers. What they lack is knowledge of how to provide home care professionally from a business perspective. Agencies such as the Alzheimer's Association, or the local Area Agency on Aging (AAA), could provide training for caregiving. Local community colleges or volunteers could provide help in establishing a business (e.g., how to pay taxes). The Area Agencies on Aging could keep a registry of available workers. Issues such as licensure and liability would have to be addressed.

Although such microenterprises could be seen as competition for established agencies, as a practical matter, in rural areas there may be no established agencies near enough to provide such services in a cost-efficient manner. Moreover, such a program would be consistent with already established programs such as Cash & Counseling, a participant-directed program incorporated into the Medicaid program that gives people with disabilities, including older adults, the option to manage a flexible budget and decide what combination of goods and services best meet their personal care needs. The funds of Cash & Counseling participants could be applied toward use of services from these newly established home care micro enterprises.

This policy option can also be seen as an important economic development strategy, offering local employment to willing participants, without the need to travel to metropolitan areas.

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## Cost Savings in Medical Care for the Elderly through Expanded Case Management

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Members of the baby boom generation began turning 65 years old in 2011. As a result, the number of persons aged 65 or older in Nebraska will increase during the next 20 years. There are a number of relevant issues related to this aging population that should be of concern to Nebraska's policymakers. One immediate concern is the financial impact of the long-term care needs of this growing population, especially the impact on Medicaid if there is a corresponding increase in the number of persons requiring nursing home placement.

### Introduction

Several tables in the Legislature's Planning Committee 2011 Report highlight the Medicaid and CHIP expenditures for the state (pp. 91 and 92). These tables demonstrate the current financial impact the aging population has on Nebraska's Medicaid system. In this section, we look at the living arrangement of the state's older population and consider this impact on potential expenditures.

#### 1. Medicaid Expenditures for Long-Term Care Services

Table 1 illustrates that long-term care services totaled \$617.5 million in FY 2011 and were down 4.3% from FY 2010. Even with this decline, expenditures for long-term care services accounted for approximately two out of every five dollars spent on Medicaid in Nebraska. Moreover, nursing facility costs totaled 19% of all Medicaid expenditures (Nebraska Medicaid Annual Report, 2011). The average annual cost in 2011 for a Nebraska senior in a nursing facility, under the Nebraska Medicaid program, was \$86,040 (DHHS, Costs of Senior Care, 2011). Clearly, any intervention that delays or eliminates the need for nursing home care will have a substantial impact on long-term care costs for Nebraska. As can be seen from Table 1, Nebraska's Department of Health and Human Services (DHHS) is moving in this direction and has initiated a number of programs to develop home and community-based alternatives to nursing home care.

**Table 1. Medicaid Expenditures for Long-Term Care Services for Nebraska:  
FYs 2010 and 2011**

	FY 2011	FY 2010
Nursing Facilities	\$299.1	\$317.0
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Assisted Living	\$30.2	\$29.7
Total	\$617.5	\$645.0

Source: Nebraska Department of Health and Human Services; prepared by UNO Center for Public Affairs Research, September 2012

## 2. Living Arrangements of Nebraska's Older Population

Nursing home placement is a persisting risk for frail older adults. One of the major risk factors for nursing home placement is lack of an informal support system, which is made more difficult by the number of persons living alone. Living alone is a source of anxiety for many adults. There is fear that if a health event or accident occurred, no one would know.

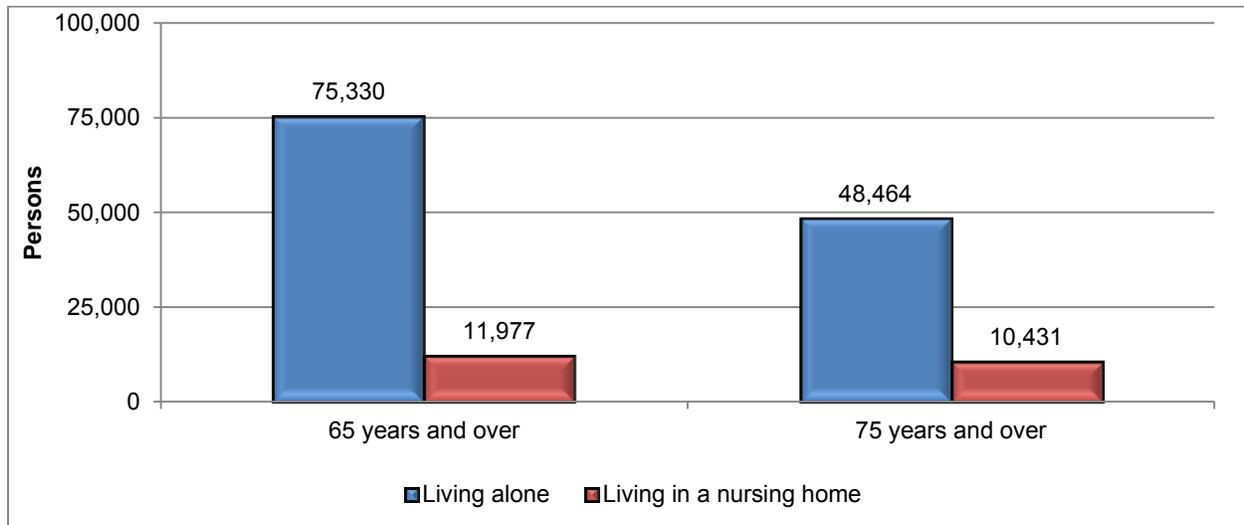
Table 2 shows the living arrangements of Nebraska's older adults. Most older adults do not live in a nursing home; they live in a household. However, a sizable percentage lives alone. According to the 2010 Census, 32.2% of the population 65 years or older and 42.9% of the population 75 years or older live alone. Focusing solely on the 75 years or older population, Tables 2 illustrates that the number of persons 75 years or older living alone is nearly five times as large as the population living in nursing homes. Efforts to provide a support system for persons living alone that prevents them becoming institutionalized could have considerable cost advantages.

**Table 2. Nebraska Population Aged 65 Years or Older by Living Arrangement: 2010**

	65 years and over	75 years and over
Total population:	246,677	123,551
Living in households	234,188	112,886
Living alone	75,330	48,464
Percent living alone	32.2%	42.9%
Living in a nursing home	11,977	10,431
Other living arrangement	512	234

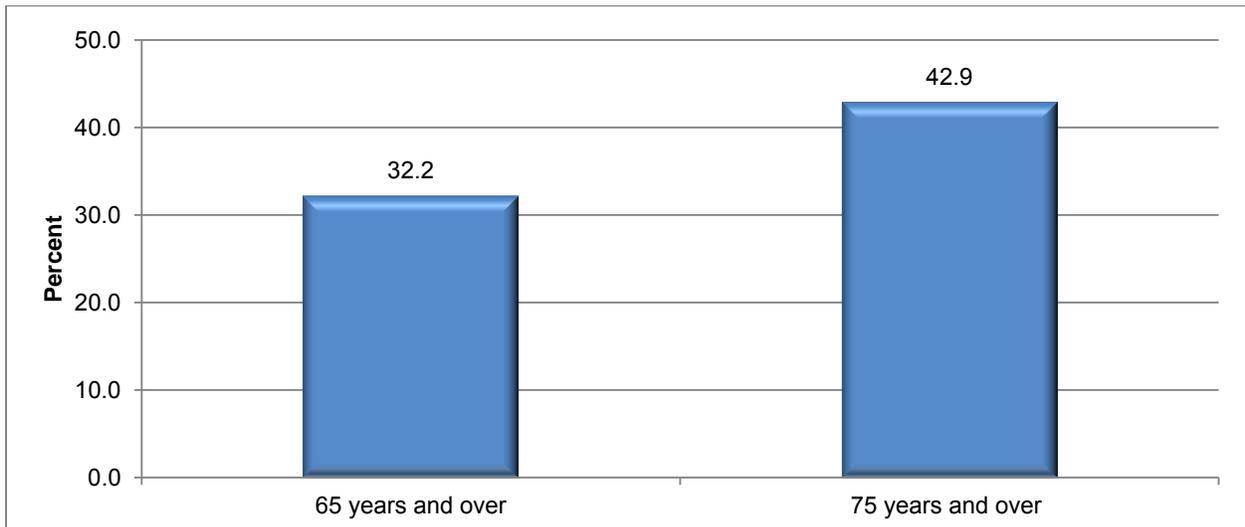
Source: U.S. Census Bureau, 2010 Census of Population, prepared by UNO Center for Public Affairs Research, November 2012

**Figure 1. Nebraska Population Aged 65 Years or Older Living Alone or in a Nursing Home: 2010**



Source: U.S. Census Bureau, 2010 Census of Population, prepared by UNO Center for Public Affairs Research, November 2012

**Figure 2. The Percentage of Nebraska Population Aged 65 Years or Older Living Alone: 2010**



Source: U.S. Census Bureau, 2010 Census of Population, prepared by UNO Center for Public Affairs Research, November 2012

### **Conclusions and Policy Options**

As stated above, one of the most efficient ways to save costs in the Nebraska Medicaid program is to delay or eliminate the need for nursing home placement. Listed below are two policy options that could result in fewer nursing home placements and enhance the quality of life for Nebraska's elderly population.

#### **1. Telephone Reassurance**

Providing individuals with a means of contact with others could greatly allay fears associated with living alone. The idea, of course, is not new. Hundreds of communities are providing telephone reassurance programs throughout the United States. Most of these are volunteer programs. In addition to volunteers, there are also automated calling systems. Indeed, whole industries, such as Lifeline, have been developed to provide this service.

For individuals who live alone, who are primarily home-bound and who have little family support, an informal support system is hard to acquire and maintain. One possibility for long term Medicaid cost savings for the State of Nebraska is for individuals with any of these risk factors to enroll in a telephone network of like individuals who agree to contact another person on a daily basis by telephone. By integrating participants into a network of mutual support, individuals have the opportunity for socialization, friendship and safety. Such a program also would be relatively inexpensive to create.

Nebraska has a number of these telephone assurance programs, but a major problem is that they lack formal organization. The programs are few and far between, and most lack secure funding resources. Given the potential importance of these programs in delaying institutionalization, one policy option to consider is to provide an inexpensive version of this service statewide. The program could be for individuals of any age who are Medicaid-eligible and participation would be voluntary.

The program could be supervised by a state-sponsored case manager from the local Area Agency on Aging or similar program. The actual calling, however, would be performed by the participants. Thus, the program costs would be primarily the personnel costs of supervision. There also may be private and public organizations that would provide grants to community organizations to support these programs.

A website for Database Systems Corporation, a supplier of telephone technology, lists telephone reassurance programs in Nebraska. The attachment at the end of this report is from their website and demonstrates the sporadic coverage across the state.

## **2. Culture Change in Discharge Planning**

From the point of view of the states, which bear a substantial portion of the health care costs for Medicaid patients, the hospital discharge planning process is inefficient. Despite the overwhelming preference of consumers for home-and-community based care, the most common destination for post-hospital care remains another institution. Since institutional care is much more costly than community-based care, much of this cost can be avoided by making community-based care a reasonable option for patients and discharge planners at the point of hospital discharge. Discharge planners often have little warning prior to discharge to make all of the necessary arrangements to support an older adult in the community. The choice for discharge planners is simple. They can spend all of the time that such planning requires, or they can invest much less time and simply find an available Medicaid bed in a local nursing home. This is of particular concern for persons who live alone without a support system.

One approach is for hospital discharge planners to team with a state-sponsored case manager in hospitals identified as having high placement rates. Participation by the hospital would be voluntary. At some reasonable time following hospital admission, the hospital discharge planner could identify patients who are nursing home-eligible and appropriate for community-based services and refer them to the state-sponsored case manager. The latter could provide custom tailored information about community services to each appropriate consumer prior to their hospital discharge or shortly following discharge if they are referred to an institution for short-term rehabilitation.

## Attachment

The following cities and communities provide telephone reassurance programs for the elderly within their Nebraska communities. These programs are both automated or volunteer based community services.

### Nebraska Volunteer Telephone Reassurance Providers

- **Cairo Senior Center** - Cairo, Nebraska (308) 485-4634
- **Grand Generation Center** - Grand Island, Nebraska (308) 385-5308
- **Hamilton County Senior Services** - Aurora, Nebraska (402) 694-2176
- **Howard County Senior Services** - St. Paul, Nebraska (308) 754-5452
- **Lincoln Area Agency on Aging Telecare** - Lincoln, Nebraska (402) 441-7026
- **Northeast Nebraska Area Agency on Aging** - Norfolk, Nebraska (800) 672-8368
- **Merrick County Senior Services** - Central City, Nebraska (308) 946-3779
- **City of West Point Senior Services** - City of West Point, Nebraska (402)372-3800
- **Wood River Senior Center** - Wood River, Nebraska (308) 583-2414
- **Neighbor to Neighbor** - Auburn, Nebraska (402) 274-3893
- **Retired and Senior Volunteer Program** - Crawford, Nebraska (308) 665-2350
- **Interfaith Health Ministries** - Grand Island, Nebraska (308) 398-5799
- **Kearney Area Interfaith Caregivers** - Kearney, Nebraska (308) 865-5365 ext. 128
- **Otoe County Faith in Action** - Nebraska City, Nebraska (402) 873-9139
- **Faith in Action of Interfaith Health Service** - Omaha, Nebraska (402) 660-2652
- **Family Friends Program of the Visiting Nurse Association** - Omaha, Nebraska (402) 342-5566
- **Sudanese National Community of Nebraska** - Omaha, Nebraska (402) 504-9733
- **O'Neill Community Volunteer Program** - O'Neill, Nebraska (402) 336-5285
- **Faith in Action in Johnson County** - Tecumseh, Nebraska (402) 335-5900
- **Faith in Action Care-A-Van, Inc** - Valley, Nebraska (402) 359-8634
- **Saline Eldercare** - Wilber, Nebraska (402) 821-3330

### Nebraska 211 Telephone Reassurance Providers

- **Adams County Senior Services** - Hastings, Nebraska (402) 463-5681
- **Aging Office of Western Nebraska** - Scottsbluff, Nebraska (800) 682-5140
- **Clay County Senior Services** - Chadron, Nebraska (402) 762-3226
- **Doniphan Senior Center** - Doniphan, Nebraska (402) 845-6583
- **Eastern Nebraska Office on Aging** - Omaha, Nebraska (888) 554-2711
- **Franklin Senior Center** - Franklin, Nebraska (308) 425-3724
- **Iowa Foster and Adoptive Parents Association** - Ankeny, Iowa (515) 289-4567
- **Midland Area Agency on Aging** - Hastings, Nebraska (402) 463-4565
- **Nuckolls County Senior Services** - Superior, Nebraska (402) 879-4679
- **Salvation Army - Omaha Senior Services** - Omaha, Nebraska (402) 898-5944
- **Sarpy County Community Service** - Papillion, Nebraska (402) 593-4366
- **Webster County Senior Services** - Red Cloud, Nebraska (402) 746-3708



## City-County Consolidation: Implications for Nebraska

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### Introduction

It is increasingly important for governments to do more with less. One method that has been suggested to accomplish this is by consolidating local governments. Some have suggested that this possible reform may enhance efficiency, effectiveness and service provisions at the local level. There are different types of local government consolidation. This paper focused on city-county consolidation. As defined by Leland and Thurmaier (2010, p. 2), city-county consolidation refers to “when a county and one or more of the cities within a county merge to form a single government entity.”

Nebraska ranks 14th in the number of local governments in the nation and third behind North Dakota and South Dakota in the number of local governments per capita. Compared to the United States average, Nebraska has about five times as many counties per capita and over four times as many municipalities (see Table 1).

**Table 1: Local Government Units Per 100,000 Population by Type:  
United States and Nebraska (2007)**

<b>Area</b>	<b>US</b>	<b>Nebraska</b>
Total	29.70	150.27
County	1.01	5.26
Municipal	6.47	29.95
Town or township	5.48	25.66
Special districts	12.41	73.13
School districts	4.33	16.28

In the history of city-county consolidation, there are many more failures than successes in winning voter approval. Despite 180 proposals, only 40 cases of city-county consolidation have been successfully implemented in United States history (National Association of Counties, n.d.). In Nebraska, this issue has not been on the ballot in any county. In the Midwest, there were two recent successful city-county consolidations: Kansas City Kansas/Wyandotte County (1997) and Tribune/Greeley County, Kansas (2007). The unsuccessful proposals in the region include Evansville/Vanderburgh County, Indiana (1974), Des Moines/Polk County, Iowa (1994 and 2004), Topeka/Shawnee County, Kansas (2005), and Tullahoma/Coffee County, Indiana (2001). There have been several unsuccessful attempts to consolidate St. Louis and St. Louis County, Missouri (National Association of Counties, n.d.).

Three sections follow this introduction. The second section examines the political factors that explain the passage or failure of city-county consolidation proposals. It presents a

conceptual framework that has been applied to different case studies and identifies the key factors affecting referenda on city-county consolidation proposals. The third section summarizes the economic effect of city-county consolidations, specifically whether consolidations have increased local government efficiency, stimulated economic development, or made other improvements as promised by consolidation proponents. The last section applies these findings to Nebraska.

## **Political Factors Leading to the Adoption of Consolidation Proposals**

What factors lead to consideration and adoption of city-county consolidation? Leland and Thurmaier (2004) have studied several successful and unsuccessful consolidation efforts. They focus on two major factors: agenda setting and the consolidation referendum campaign. Agenda setting is the process of raising concerns about an issue that builds active agenda status for consideration. They found that the critical factors explaining the outcome were in the referendum campaign, specifically: (1) appropriate proposed charter provisions, and (2) strong consolidation campaigns that emphasize economic development arguments.

To draft appropriate charter provisions, charter issues concerning taxes and structure and the size of the unified council tend to be the most important in influencing the result of the referendum. "Charters that minimize dramatic changes in tax burdens under consolidation are more likely to succeed than other plans" (Leland & Thurmaier, 2004, p. 18). Additionally, a smaller council with representatives from various districts, including minority districts, tends to acquire more support than other alternative governing structures.

For referendum campaigns, various arguments are made in support of consolidation, such as enhancing local government efficiency, improving economic development, avoiding annexation from neighboring cities and extending local service provisions. In the referendum campaign stage, the proposed consolidation charter provisions are deemed one of the essential conditions for the success of merger vote. The proposed charters should not contain any "poison pills," such as the reduction of sheriffs' duties without their consent, change of an elected sheriff to appointed sheriff, and the alteration of minority representation in a new government (Leland & Thurmaier, 2004, p. 307, p. 313).<sup>1</sup> Furthermore, the charters in successful merger cases show that it is important to create separate tax and service districts (e.g., urban vs. rural) that protect new combined jurisdictions from assuming existing debt burdens of pre-consolidated governments. Additionally, the proposed charters should specify how public employees would be treated in a new unified government. Will there be layoffs or reduction of work authority? While it is common for the new governing body to be smaller, the proposed council structure and size did not seem to affect merger success (Leland & Thurmaier, 2004, p. 310). Instead, strong consolidation campaigns are those that concentrate on economic development arguments.

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<sup>1</sup> Besides sheriffs, city police officers are another key group of employees affecting the success of consolidation and the transition in new consolidated governments (Leland & Thurmaier, 2004, p. 308).

There are several factors thought to be important in explaining the result of consolidation proposals that turned out to have little or no influence:

- The legal and institutional framework including factors such as the presence of legislation to authorize a referendum, home rule, issues relating to Voting Rights Act, and the number of governmental units. Although these factors had no significant effect on consolidation efforts, most of the successful consolidation cases demonstrate that it is necessary to have at least a vote of the local legislative delegation or state enabling legislation to create or pass special legislation supporting consolidation (Leland & Thurmaier, 2004, pp. 294-295, p. 320).
- The socioeconomic context including factors such as community characteristics and economic performance. Community characteristics had no major influence on the success of merger attempts. Minority representation and community homogeneity also did not affect the success of consolidation. Smaller municipalities in the county and other special districts (e.g., utilities or school districts) are often excluded from consolidation proposals, but they still have their rights to vote on referenda and could independently make decisions to join the consolidated governments. For example, in the case of Des Moines/Polk County, Iowa, the proposed consolidation which included all cities in the County was defeated in the referendum.
- Crisis climate including civic problems or issues such as a change in population, change in racial or ethnic composition, and change in the quality or quantity of service delivery, which require solutions or responses from government. There was some evidence that these events were important in affecting the results of consolidation including a community emergency in Branch/North Branch, MN, and scandals in Jacksonville/Duval, FL and Augusta/Richmond, GA. However, in other cases these factors were not present.
- Loss of confidence in the legitimacy of local governments, a factor which was not a reliable predictor of consolidation success.
- “Accelerator events” such as a scandal or loss of an influential leader who stimulates or raises support for consolidation. While in general there was little evidence on the importance of this factor, the sudden loss of influential leaders in Jacksonville/Duval County, FL and Wyandotte County/Kansas City, KS helped convince voters to adopt consolidations.

The next section provides a summary of whether consolidations have resulted in an increase in local government efficiency, their effectiveness in stimulating economic development and solutions to other issues promised by consolidation proponents in referendum campaigns.

### **Economic Impact of Consolidation**

There are two major economic arguments for city-county consolidation: (1) efficiency improvement of local governments, and (2) economic development enhancement. Most

successful mergers were accepted with the promise of improved economic development (Leland & Thurmaier, 2010, p. 3).

Did city-county consolidations increase local government efficiency? Leland and Thurmaier conclude that consolidations have a limited but positive effect in improving the efficiency of local government operations. Efficiency is an increase in productivity achieved by actions such as the unification of administrative functions or achieving economies of scale in expenses as in employee benefit plans (Leland & Thurmaier, 2010, p. 6). Large efficiency gains could occur when “there are completely separate city and county services before the merger and all the services are merged post-consolidation” (Leland & Thurmaier, 2010, p. 273). In contrast, small efficiency gains occur when some merged functions already exist prior to the consolidations, or there was no merger of any functions after the consolidations (Leland & Thurmaier, 2010, pp. 273-274).

Research by Faulk and Grassmueck (2012) found that, controlling for various factors, consolidation had no influence on per capita government spending. Like Leland and Thurmaier, they speculate that many of the possible savings may have already been achieved by functional mergers and interlocal agreements. Faulk and Hicks (2011) also find that consolidation has no effect on government employment, payrolls or expenditures.

The enhancement of economic development is a primary factor affecting the adoption of city-county consolidations. Leland and Thurmaier concluded that consolidated governments have performed better in enhancing economic development. This conclusion was based on changes in population, growth in retail sales and manufacturing sectors, employment and unemployment rates, changes in personal income, taxable value and housing growth. The improved economic performance of consolidated governments was a result of better effectiveness due to structural consolidation, such as merging two elected governments of the city and county. This brings about a unified economic development vision and voice from the new consolidated governments (Leland & Thurmaier, 2010, p. 3, p. 5). The merger of Wyandotte County/Kansas City, Kansas is such an example. See the accompanying box for a discussion of that case.

### **The Consolidation of Kansas City, Kansas and Wyandotte County**

In the early 1990's Wyandotte County and its major city, Kansas City in Kansas, were in a long-term economic slide characterized by unfavorable trends in population, poverty, unemployment, urban blight, housing units and property taxes. When presented with an opportunity to acquire a NASCAR track, “the city was said to have too much debt ... and the county was said to not have enough leadership or accountability to successfully reach a deal” (Leland & Wood, 2010 p. 251).

Consolidation was seen, in part, as a way to help attract the development. The referendum passed in 1997. At that time, the only functionally consolidated service was law enforcement. Afterwards, all services were fully consolidated. Seven years after consolidation, population stabilized, retail sales increased, the decline in housing units was slowed, and citizen attitudes of government improved markedly. Also the unified government, under pressure to clean up scandals, created an ethics commission and employee ethics training programs (Leland & Wood, 2010 pp. 246-270). This case is exceptional, but it does demonstrate the potential of consolidation to improve economic development, especially when there is little service consolidation beforehand.

Consolidations also achieve other promises. Examples of these consolidation promises include the avoidance of annexation by a neighboring city or county, the improvement of government responsiveness, greater professionalism in administration, reduction in property taxes, reduced political corruption and the improvement of local government services. The improvement of economic development does seem to be a successful outcome of consolidation, as promised by consolidation proponents. On the other hand, the increase of local government efficiency is relatively small, and likely to be a weak argument in favor of consolidation.

The main lessons from this research:

1. While consideration of city-county consolidation is not uncommon, successful consolidations are relatively rare and none have been considered in Nebraska.
2. The key political factors for successful consolidations are appropriate charter provisions and strong campaigns that emphasize economic development arguments.
3. Several factors thought to be important in influencing the outcomes of referenda had limited or no effects, such as the legal and institutional framework, community characteristics, crises and scandals and concerns about the legitimacy of leadership.
4. The most important outcome in some cases is the better coordination of economic development policy. Efficiency improvements due to city-county consolidations are positive but relatively small.

### **Implications for Nebraska**

One of the relevant factors is the size of the city relative to the county. If a city encompasses a large percentage of the county population, then the number of people in smaller municipalities or unincorporated areas affected by the merger are few. In Nebraska, the counties where 75% or more of the population are in the major city include Lancaster (Lincoln), Hall (Grand Island), Adams (Hastings), Douglas (Omaha) and Box Butte (Alliance) (U.S. Census Bureau, 2012). Some of these city-county combinations do share services between the city and county. This can be a first step toward consolidation or may be a way to realize the potential benefits from economies of scale and higher professionalism without the political merger of two entities.

The most important outcome identified in this research is the potential for better coordination in economic development policy. This needs to be a salient issue in the community and voters need to see consolidation as a possible means to economic growth. Charter provisions need to be clear and anticipate the concerns likely to be raised by employees, elected officials, businesses, minority groups and residents outside the city.

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## **County Mergers: Evidence for Nebraska**

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### **Introduction**

County mergers are one method that has been suggested to improve government efficiency. It is possible that combining low population counties could improve efficiency, enhance service quality and reduce the administrative and service delivery costs of local governments. Despite this potential, there have been only two cases of county consolidation in the U.S. (Mehlhoff, 2010). The first one occurred in 1919 between James and Hamilton Counties in Tennessee and the second case happened in 1932 among Campbell, Milton, and Fulton counties in Georgia. Consolidations have occurred that have merged unorganized counties into organized counties.

Despite the limited use of this option, it is a regular subject of discussion in Nebraska. This report principally draws on two studies of county mergers in North Dakota and South Dakota. The proximity of these two states to Nebraska and the similarity of the size and demographics of counties in these three states make these studies particularly valuable to Nebraska policymakers. The North Dakota study by Krause carefully examines the impact of a merger on costs and service efficiency. The South Dakota study by the University of South Dakota (USD) looks at county costs and the feasibility of merging counties. A third study of county costs in Nebraska is by Burger and Combs for the Platte Institute for Economic Research.

This report is comprised of four sections in addition to this introduction. The second section discusses the Krause study, the third section discusses the USD study and the fourth section summarizes the Platte Institute study. A final section is provided in conclusion.

### **County consolidation in North Dakota**

In 1993, North Dakota State Senator Jay Lindgren unsuccessfully proposed to merge North Dakota's 53 counties into 15 "super counties." An analysis done subsequent to the consideration of the legislation carefully examined the impact of the legislation on costs. It considered four major county government services functions: (1) general government, (2) public safety, (3) roads and highways, and (4) health and welfare. Krause's study also included an analysis of a more moderate 26-county consolidation plan.

The study found that the 15-county consolidation proposal would lead to an overall cost saving of 4.9 percent, or about \$12 million in 1992 dollars (Krause, 1996, p. iv). The estimated average cost reduction for general government was 10 percent, 3 percent for roads and highways and 15 percent for health and welfare. However, the estimated average cost for public safety was expected to increase by 25 percent. For the 26-county proposal, it was estimated that general government costs would decrease by 7 percent, roads and highways by 2 percent, health and welfare by 7 percent and public safety costs would increase by 10.6 percent (Krause, p. 13).

Several factors affect cost. There are economies of scale for general government and roads and highways, so that when service population increases, costs fall. However, for health and welfare and public safety, the economies of scale are minor. Another important factor for public safety in particular is transportation costs. As the service area grows, the cost of service delivery increases.

There are substantial regional differences in the cost impact of the 15-county proposal. For all four categories of public services, in some cases the change resulted in a cost increase, while in other cases there was a cost reduction. Also, in all of the proposed "super-counties," some services showed a cost decrease while others showed an increase. Thus, while on average, costs are reduced for three of the four service functions examined, the impact of merging counties on cost is highly variable.

Service quality is also important. As noted by Krause (1996, p. 13), "Quality of public safety services is largely based on the quickness of response to threats and emergencies, the prevention of problems through education and frequent patrols, and responsiveness to community preferences regarding how services are provided." Therefore, the farther the residents live from the consolidated public safety offices, the higher the travel costs and the lower the perceived quality of services. Other examples of services that require quick responsiveness include snow removal and certain health and welfare services (Krause, 1996). Accordingly, Krause suggested that the county sheriff's office be retained so as to maintain service quality.

In short, consolidation of specific government services may result in greater cost savings compared to the consolidation of entire counties. Alternatives include the merger of county courts into district courts, sharing specialized health and welfare services staff, and joint bidding of road and highway contracts (Krause, 1996, p. 15). Further, while certain county merger proposals would achieve cost savings, some would not.

Krause writes,

"The results suggest that consolidating of counties is not the answer for reducing the costs of county government services in North Dakota. Substantial cost savings could be achieved for some services, in some regions of North Dakota, but not for other services and regions. Furthermore, this analysis does not consider the adjustment costs of consolidating counties. The cost estimates also do not consider the lower quality of services, reduced local control over services, and effects of lost jobs and local business in current county seats that would result from consolidation. Consolidation should be undertaken only for specific services after careful study of probable cost savings, adjustment costs, and reduced quality of services." (p. iv).

### **County Consolidation in South Dakota**

The University of South Dakota study examines the per capita costs for both total costs and administrative costs for counties of different sizes. They are shown in Table 1 (administrative costs here include the costs for six offices: Auditor, County Commissioners, Register of Deeds, Treasurer, States Attorney, and Equalization). Administrative costs decrease consistently with the increase in county size. The change is largest in moving from the smallest population in counties to the 10,001 to 15,000 category. The same is true of total costs, although the pattern is not as consistent.

While not shown, public safety costs increased rather than decreased as population had risen (note that this finding is consistent with the Krause study).

**Table 1:  
South Dakota Counties  
Total and Administrative Per Capita Costs  
Three- year cost average, 1993-1995**

County Population	Total Costs Per Capita	Administrative Costs Per Capita
2,500 and under	\$583	\$149
2,501 to 5,000	442	102
5,001 to 10,000	320	61
10,001 to 15,000	244	46
15,001 to 20,000	216	40
20,001 to 25,000	235	40
Brookings (26,000)	177	36
Minnehaha (134,000)	173	23

Note: Data includes 58 of the 66 counties.  
Source: USD (1997).

The main reason for these patterns seems to be economies of scale. For example, the total cost for administrative offices do not increase much for the smallest category compared to a mid-size South Dakota county. Spreading this total cost over a larger population yields a lower average cost. Similarly, per capita administrative costs decrease significantly to about 8,000 population after which they level out.

This study also provided four examples of hypothetical county mergers. It examined the effect on costs of merging two or three contiguous counties. In all four cases, per capita costs fell for some counties but had risen for other counties. The largest reductions occurred in low population density counties. However, new costs incurred by the merger caused some counties to face higher per capita costs. These costs included land acquisition for new, centrally located facilities as well as new building construction, employee training costs and travel costs. While many of these are one-time costs, the benefit of a merger would take some time to fully realize and be realized by some residents but not others.

The optimal size for services is different, which makes it difficult to achieve the lowest cost in a multi-functional local government service provider. Also, the geography of an area can influence costs, especially where travel costs are important. There are alternatives to mergers that can achieve some of the same efficiencies, such as inter-local agreements or joint agreements which can share the costs of expensive inputs with regard to information technology, specialized vehicles and equipment, and specialized personnel in legal and planning areas.

This study concludes that while there is potential for efficiency gains from county mergers, these savings can be realized in other ways and new costs are often created by mergers. Further, other considerations need to be taken into consideration such as local control, access to services, responsiveness, and accountability.

## Nebraska County Administrative Costs

Burger and Combs (2009) examine the configuration of Nebraska counties that would reduce the number of counties while keeping travel mileage to the county center at a minimum. They do not include eight urban and suburban counties in their analysis (Dodge, Sarpy, Washington, Douglas, Saunders, Cass, Lancaster, and Otoe). For the other 85 counties, they find that a 20-county design could be configured so that residents would travel on an average of 21.4 miles to the county center.

While this study does not directly address costs, it is informative as it suggests a possible configuration of Nebraska counties that would minimize the travel costs, as indicated by both the Krause and the USD studies that found this to be an important influence on costs.

## Conclusion and Policy Options

The three studies are consistent in their findings. There are some economies of scale that can be realized by merging counties, but savings differ by service type. Administrative cost savings can be realized up to about 8,000 in population, but for services where transportation costs are significant there is an increase in cost. There are also new costs in forming a new government, and some residents may face cost increases while others would enjoy cost reductions. Finally, efficiency is not the only goal. The wrenching experience of school consolidation is a poignant example for some communities regarding the effect on community identity and merging units of local government.

Given the rarity of county mergers in the U.S., it seems that other strategies are seen as more practical alternatives in order to reduce the costs in service delivery:

- Make use of inter-local agreements, service sharing, and special districts as alternatives to mergers. Careful examination of the cost in each case is important, as well as other values besides efficiency.
- Local governments are legal creatures of the state so the state ultimately is responsible for the provision of that service. Some services may be done more efficiently and professionally by the state.
- Any change should seek to realize potential economies of scale by spreading administrative costs over a wider population. Services with high transportation costs that are likely to increase should not be merged.
- Rapid advances in information technology change the appropriate scale of service provision in many cases. Careful examination of these opportunities can present opportunities to reduce costs and improve service quality.

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## Early Childhood Education for Children with All Parents in the Labor Force

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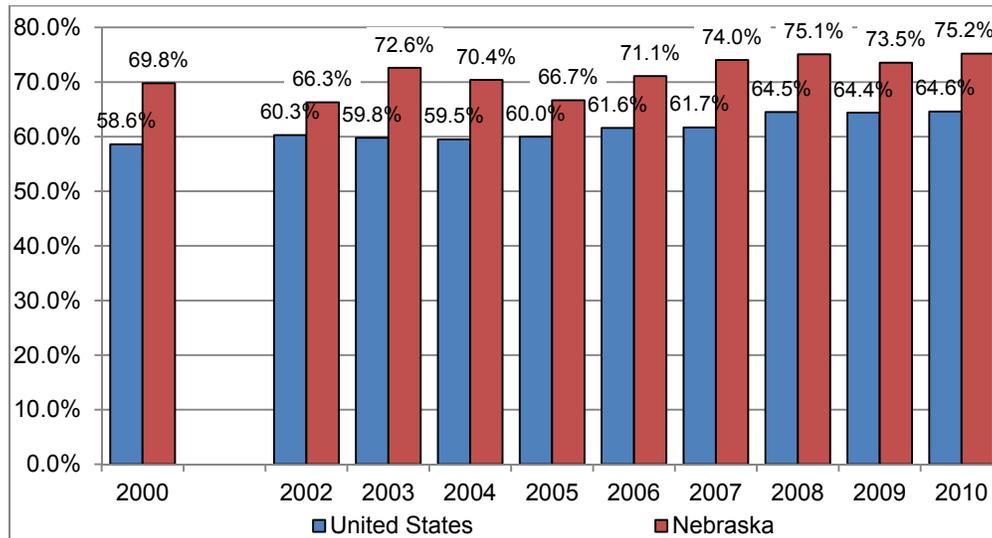
Historically, Nebraska has had one of the highest labor force participation rates in the nation. As a result, a large portion of Nebraska's children have working parents. Table 1 shows that in 2010, 75.2% of Nebraska's children under 6 years old had all their parents in the labor force<sup>1</sup>. This ranks second in the nation and compares to the national average of 64.6%. Moreover, the percentage of children with all their parents in the labor force has been increasing during the past decade. In 2000, the comparable value was 69.8% (see Figure 1).

**Table 1. Percentage of Own Children under 6 Years Old with All Parents in the Labor Force for Nebraska and the United States: 2010**

	Percentage of Children under 6 Years	National Rank
United States	64.6	
Nebraska	75.2	2

Source: U.S. Census Bureau, 2010 American Community Survey; prepared by UNO Center for Public Affairs Research, September 2012

**Figure 1. Percentage of Own Children under 6 Years Old with All Parents in the Labor Force for Nebraska and the United States: 2000-2010**



Source: U.S. Census Bureau, American Community Survey, 2002 to 2010 and 2000 Census of Population and Housing; prepared by UNO Center for Public Affairs Research, September 2012

### Early Childhood Education

As documented in the Legislature's Planning Committee 2011 Report, this trend has coincided with an increased effort in early childhood education in Nebraska. In 2010-2011,

<sup>1</sup> If children live with two parents, then both parents are in the labor force. If children live with one parent only, then that parent is in the labor force.

10,250 children attended an early childhood education program conducted by a school district or Educational Service Unit. This is a slight decrease from 2009-2010 (10,259) but an increase from 2009-2008 (9,641) and 2007-2008 (8,692). In addition, over 3,000 children were served by non-school district Head Start programs in 2008-2009.

Compared to the nation, Nebraska lags in the percentage of children aged three and four who are enrolled in an education program. According to the 2008-2010 American Community Survey, 47.8% of Nebraska's children aged three and four were enrolled. This was slightly below the national level of 48.3% and ranks 24th in the nation. Regionally, only Colorado and Iowa had a higher percentage of children enrolled. Of those children enrolled, 53.7% were enrolled in a public school. This ranked 29th in the nation.

In its publication, "Early Childhood Programs: A Guide to Serving Children Birth to Kindergarten Entrance Age In Center-based Early Childhood Programs Operated by Public School Districts, Educational Service Units and their Community Partners", the Nebraska Department of Education discusses the components of a community needs assessment to help determine the current status of early childhood education services in the community. The report suggests that "the community needs assessment should include, but is not limited to:

- The total number of children birth to age five in the community;
- The number of children from families with risk factors such as low income, English language learners, children of teen parents, and children who were born at a low birth weight ;
- The number and enrollment capacity of currently licensed family child care homes, child care centers, preschools, and Head Start in the community;
- The number of children birth to kindergarten entrance age who are not currently receiving early childhood education services; and
- Barriers to accessing services for children not enrolled in other programs."

## **Conclusion**

In the list of items to include in a community needs assessment, the Nebraska Department of Education does not mention working parents; nor does the report recommend including children with working parents in the identification of current demographic information. Given the fact that a large and increasing percentage of Nebraska's children under the age of six years have working parents, we suggest that this indicator should be utilized as a factor when considering the development of an early childhood program.

## **References**

Office of Early Childhood, Nebraska Department of Education (August 2012). Early Childhood Programs: A Guide to Serving Children Birth to Kindergarten Entrance Age In Center-based Early Childhood Programs Operated by Public School Districts, Educational Service Units and their Community Partners.