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DEPARTMENT OF ECONOMIC SECURITY

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*Your Partner For A Stronger Arizona*

TESTIMONY of

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Arizona Department of Economic Security

Before the

House Ways and Means Subcommittee on Human Resources

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Mr. Chairman and members of the House Ways and Means Subcommittee on Human Resources, my name is Clarence H. Carter. I am the Director of the Arizona Department of Economic Security (DES), the safety net agency for the state. I am honored to have the opportunity to speak with you today and share some of my insights on the strengths and challenges of the public systems that serve our citizens in need and to inform you of the exciting work we are doing in Arizona to reinvent our safety net.

What I will share with you today is derived from a career of 20 years of service in the administration of safety net programs and agencies at the federal, state and local levels of government. It has been my honor and privilege to serve a President, four Governors and a Mayor.

I begin today by telling you in no uncertain terms that our safety net system is not a system at all. It is an aggregation of single purpose programs, each with its own objectives, rules and funding. DES is one of the larger safety net agencies in the country in terms of its scope and programs. We administer more than 40 of the 336 safety net programs delineated in the Catalog of Federal Domestic Assistance. Some 41 years ago in an attempt to streamline and make a more efficient Arizona state government, DES was born out of the consolidation of eight standalone agencies all addressing issues of the human condition. One hope was that by consolidating these agencies they could function more in concert to meet the needs of Arizonans who require safety net support. While the physical merger was accomplished, the agency I was asked to lead two-and-a-half years ago and more than 40 years after it was constituted was no more integrated than that physical merger of 1972. For all intents and purposes, the 40 programs continue to function separately, just under a single operating authority.

As you know, this is not a phenomenon unique to Arizona. Each state and locality struggles daily with the administration of this hodgepodge of single purpose programs in an endeavor to serve those in need as efficiently and effectively as possible. The truth is the labor force of the safety net, both public and private, has worked diligently to make lemonade of the aggregation of lemons they have been given to work with. Human services leadership of the safety net at the state and local level has struggled for years to make incremental changes to the system we administer. One such incremental change proposal is currently being debated in this body. The Secretaries Innovation Group, a group of Human Services Secretaries and Commissioners who are trying to accelerate the rate of change to the system, has proposed adding an innovative work requirement to the Supplemental Nutrition Assistance Program (SNAP). While these incremental changes are intended to improve the system, they fail to address the central issue;

that the safety net is structurally flawed in its design and operation. No matter how well intentioned, the kind of tinkering we do at the margins will not ultimately give us the safety net model the people of our nation so desperately need and deserve.

First, I would like to share with you briefly the flaws inherent in the design and operation of the existing system. Then, I will talk with you about what we are modeling in Arizona that we believe is an answer to the problems we face.

I begin with the ***flaw of no shared vision***. DES, like every other safety net agency (and business for that matter), has a mission statement. Most organizations, at one time or another, have expended time and energy developing and refining those mission statements which are an expression of the objectives of their existence and their hope for the result of their work. Unlike the business world that can shape the component parts of its operating model to meet its vision and mission, the safety net agencies have no such liberty. We are required to administer the programs as they have been designed and authorized. The focus on the administration of many single purpose programs significantly hinders any ability to have a comprehensive, integrated approach to the health and well-being of our citizenry. This lack of a shared vision invokes the old adage, 'If you don't know where you are going, any road will get you there.' Conversely, a shared vision or overarching objective would serve to guide the design of any program and promote cross-functional collaboration that increases the efficacy and efficiency of the safety net system as a whole.

This lack of a shared vision permeates all levels of the safety net. At the federal level, between both the House and the Senate there are 21 committees that authorize the more than 330 programs of the nation's safety net. Since most of those programs are authorized in the vacuum of its particular committee of jurisdiction, there is limited linkage to programs authorized in other committees. This lack of a shared vision is further compounded by the fact that the authorized programs are administered by 21 federal agencies. Rhetorically, when was the last time we answered the question, "What is our overarching vision for addressing the needs of Americans who are facing social and economic challenges?" And secondly, how do our strategies (programs) work to support that overarching vision? Please don't hear this as a plea for some super committee of Congress or an expansive safety net agency. We can accomplish the objective of a shared vision by having a set of principles that would serve as a 'true north' no matter which committee authorizes a program or what agency administers it. These principles would then align all efforts, making the whole much greater than the sum of its parts.



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The next flaw in design flows from the first. It is the ***flaw of silos***. In our attempts to address different aspects of the human condition, we have developed multiple single purpose interventions as noted earlier. These silos each require a degree of substructure to effectuate their existence. In many instances, our expenditures are redundant because we recreate base elements of delivery and operation across the multiple single purpose programs. Not only does the flaw of silos impede our ability to take a comprehensive and coordinated approach to the well-being of our citizenry in need, it dramatically inflates the costs of the system as a whole.

Following the design flaws of no shared vision and silos, are operating flaws. The first of these ***operating flaws*** is one of ***limited objectives***. For this discussion, I will introduce the term program-centric. Program-centric refers to the primary focus that is placed on the objectives of the program. In the administration of the programs, we are principally held accountable for adherence to the rules of the program. While it is our collective aspiration that the person or family served gets ‘better’ for having received that service, that aspiration is neither spoken nor measured. An example of this is SNAP, the premier nutrition safety net program. The intention of this program is to ensure that low income individuals and families have increased purchasing power to ensure they can buy healthy and nutritious food. There are three primary measures that states are held accountable for in the administration of SNAP. First, did we get the benefit to the ones entitled to receive it; second, did we get it to them in the proper amount based on their circumstances and; third, did we get it to them in the proper timeframe. If we do those three things well, we have run SNAP effectively according to current federal measurements. What is limited about this objective is that nothing we measure addresses improving the capacity of SNAP users and moving them beyond their need for assistance. So what we are saying systemically, is that as long as one meets the eligibility criterion and we have availability of the benefit, the user will receive it. Our objective is limited in that there is no exit strategy designed in which a user may move beyond the need for the benefit.

The program-centric approach of the existing system is juxtaposed against a person-centric system. In a person-centric system, the emphasis is inverted to focus on the needs of the person being served. In this construct, benefits, goods and services are aligned based on the needs of the individual served. When you add to this person-centric construct the vision of increasing the capacity of the safety net users by reducing their dependency, programs of the safety net then become tools in which you enhance individuals’ ability to attain their own level of self-sufficiency and freedom from the safety net.

This myopic focus on limited program objectives of the current construct then leads to the other ***operating flaw of perpetuating dependency***. Our current system perpetuates

dependency because the rules and objectives of one program in many instances compete with the rules and objectives of other programs. This hinders the creation of a clear path in which users of the safety net can move beyond this mile marker in their life where they are dependent on safety net supports.

While these challenges are repeated across programs of the safety net, I would call your attention to an example a little closer to home; the very title of this hearing. The title of today's hearing is: 'Improving the Safety Net: Better Coordinating Today's Maze of Benefits to Ensure Families Receive Real Help.' While better coordination of benefits and ensuring that families' receive real help are important, I ask the question, to what end? There must be an objective beyond simple coordination and the receipt of benefits. Our ultimate objective must be, where possible, moving persons beyond the need that required them to seek public intervention in the first place. And while many of us would say that is our objective, I highlight that this is unstated, and therefore, not measured.

I would now like to turn your attention to our work in Arizona. In discussions with Governor Jan Brewer about the dysfunction in the design and operation of the safety net, she said, "Don't just bring me a problem; bring me a solution." Our solution is an ambitious effort to fundamentally reinvent the Arizona safety net.

Our work begins with a shared **Vision** that states: *Arizonans in need of safety net supports achieve their highest functioning self through a safety net system which is comprehensive, integrated and operated to intentionally grow their capacity and reduce their dependency on public supports.*

Several important **Principles** underscore this **Vision**.

**Shared Vision:** The dual purpose of the safety net system is to meet the immediate needs of those it serves, while simultaneously working to increase the capacity of the individual to move beyond the need for safety net resources, where possible.

**Measure the Functional Enhancement of the User:** In addition to program measures, develop metrics and measure outcomes that show the increased capacity of the user to be more self-reliant.

**Measure the Reduction of Dependency:** An annual measurement of our ability to reduce dependency on public supports.

**Mutual Responsibility:** Full and equal responsibility for maximizing personal potential lies with both the individual and society. This means that our strategies are equally focused on the behavior of society (and its institutions) and the behavior of the individual.

**Person-centric:** The Arizona safety net places the needs, choices and outcomes of the individual or family it serves at the core of planning, service delivery and evaluation.

**Everyone has a role:** Every sector (government, private industry, non-profit, faith, communities) has a vital role in creating an Arizona that promotes the capacity, resilience and prosperity of its citizenry. No single policy, program, community or strategy can achieve this vision on its own.

**Interoperability:** The programs, mechanisms, funding and structures of the safety net will be configured to work in concert to achieve this shared vision.

If you will, our Vision serves as the architectural rendering for our new system. The Principles serve as the building materials. Our work then weaves together our Vision and Principles, guiding us in the creation of a new operating construct. This is the basis for our initiative to reinvent the Arizona Safety Net.

I should note that there is another important ingredient to this reinvention; it is much broader than the Department of Economic Security. It is about a shared vision for all of Arizona and engaging all parts of our State in this endeavor.

Because the size and scope of this endeavor reaches far beyond the scope of the Department, we have enlisted many partners in our change model to assist us in this transformation work. The major component parts of that change model include:

#### **State Governance Group**

The initiative to reinvent the Arizona safety net is much broader than government, but it must connect all parts of government around the shared vision. In working towards that goal, Arizona is developing a cross-agency governance model which brings together all agencies that administer safety net programs to work toward the objectives of the shared vision.

#### **Academic Advisory Board (Board)**

The Board consists of a multi-disciplinary group of academicians, who have been assembled to advise and assist Arizona in its vision to reinvent the safety net. While the

safety net system has generally been the purview of the social work discipline, it is our intent to broaden this single focus and include representatives from other academic concentrations such as human resources, public administration, supply chain operations and service management, sociology, engineering, technology and economics.

The seven member Board is comprised of a diverse panel of professors from top colleges and universities who have volunteered their commitment to provide expert academic perspectives to the Department as we begin the implementation of a new person-centric operating model. This multi-disciplinary “think tank” will view this new operating construct through the lens of their respective disciplines and draw from research-based findings and potential best practices to advise and provide recommendations to the Department on key areas related to DES’ transformation efforts.

### **Federal Policy Team**

Because the safety net is, in large measure, designed at the federal level, the federal government is a critical partner in rethinking how the Arizona safety net operates to align with the Vision.

To that end, DES recently established a multi-disciplinary Federal Policy Team. This Team, comprised of senior policy leaders from relevant federal agencies, will work side by side with Arizona in identifying opportunities and addressing the challenges within the context of the objectives and shared vision for reinventing Arizona’s safety net.

### **State Stakeholders Group**

Meaningful stakeholder engagement is critical to this transformation work. Stakeholders include: consumers, staff, administrators, providers and partners of the State, local and community organizations that constitute Arizona’s safety net; policy makers, the business community, faith and community organizations, Institutions of Higher Education, philanthropy, educators, media, advocates and others interested in and/or affected by the safety net. Effective, inclusive stakeholder engagement enables the Arizona safety net to learn from and respond to the diverse stakeholder communities, promotes ownership of and accountability to the Vision and change process and generates momentum for and expectation of improved outcomes for Arizonans in need of safety net supports as well as the safety net, as a whole. This work

is too important, too complex and too far-reaching to be defined, owned and implemented singularly by the DES and the safety net partners; it must be owned by all of Arizona.

### **National Stakeholders Group**

The Department has convened a National Stakeholders Group inclusive of diverse leaders in policy, advocacy and philanthropy. The intent of this and other new cross-sector national and state collaborations will inform and test transformation concepts and create a forum for expanding innovative ideas beyond the borders of Arizona. Through this collaborative engagement, national leaders expand the discussion within their own circles of influence, and, in doing so, begin to shift the cultural and attitudinal expectations of the safety net; a shift which is critical to generating the momentum for change.

### **Demonstration Project**

All of the component parts of the initiative to reinvent Arizona's safety net will come together in a Demonstration Project. The Demonstration Project will test a new way of engaging and supporting individuals and families and coordinate with the formal and informal resources that are or could be involved with the individual or family. Case coordination is central to this new engagement model. Case coordinators conduct a comprehensive assessment with an individual to identify self-sufficiency assets and barriers and develop an individualized plan that articulates agreed upon strategies, resources and responsibilities for reaching or moving closer to self-sufficiency. The path to self-sufficiency will be unique for each individual and will likely entail resolution of issues regarding employment and income stability, health, mental health and safety, as well as issues of self-efficacy and social connectedness. As an example, metrics will include income and savings relative to financial obligations, cost of living and reduced dependence on public benefits. Case coordination will initially focus on working across existing formal and informal systems to mobilize the individual's benefits, goods, services and resources around a shared vision of self-sufficiency. The Demonstration will become a platform for identifying and testing new strategic and operating methodologies that address the financial, policy, personnel, data and practice barriers that hinder our ability to take a comprehensive and holistic approach to understanding the individual and promoting his/her capacity.



It is our contention that a system focused on measurably increasing the functioning capacity of safety net users toward the goal of reducing their dependency is a better use of public safety net resources and ultimately benefits the persons served and our communities as a whole.

Please know that we are fully cognizant of the size and scope of this initiative and mindful that it cannot be accomplished in short order. For our example we look to when President Reagan, in 1980, spoke of the brokenness of the welfare system, how it sapped mind, body and spirit and was also bad economics. That call to arms launched years of work at the state and local level demonstrating different policy models that resulted 16 years later in the Personal Responsibility and Work Opportunity Act signed by President Clinton. The realization of this idea that I am sharing with you today, is somewhere in the distant future, but the time to start is now.

In conclusion, Mr. Chairman and members of the subcommittee, it is our argument in Arizona and the nation overall, that it is not a lack of expenditures which is our challenge to an effective safety net; rather it is a lack of vision, a flawed operating construct and strategies. We can tinker around the edges of this system all we want. We will not have appreciable change in the systems that serve those in need of the safety net until we have the courage to admit that ‘this emperor has no clothes’ and the fortitude to do something about it.