SUMMARY OF ISSUES AND IDEAS

St. Luke’s Health Initiatives and the Flinn Foundation strive to make Arizona a better place to live for all of its residents. Despite our state’s assets, Arizona has many issues to address, with health and poverty among the most important. Our organizations have been pleased to sponsor the state capacity research that provided the background and impetus for More Promises to Keep: Sustaining Arizona’s Capacity for Welfare and Health Reform. St. Luke’s Health Initiatives and the Flinn Foundation view the information and analysis provided in this report as a good way to stimulate discussion of health and welfare policy options and community actions.

Research and dialogue are essential steps in the process of constructive change, as is communication with the public. We urge you to consider the ideas presented here and to continue to work with us to improve the health and welfare of all Arizonans.

John W. Murphy, Executive Director, Flinn Foundation
Roger Hughes, Executive Director, St. Luke’s Health Initiatives
For further information on state capacity and the sponsoring organizations, visit:

Morrison Institute for Public Policy
asu.edu/copp/morrison

Rockefeller Institute of Government
rockinst.org

ASU College of Extended Education
asu.edu/edx/

St. Luke’s Health Initiatives
slhi.org

Flinn Foundation
flinn.org

Arizona Department of Economic Security
de.state.az.us

Oregon Department of Human Services
hr.state.or.us
More Promises to Keep: Sustaining Arizona’s Capacity for Welfare and Health Reform

More Promises to Keep: Sustaining Arizona’s Capacity for Welfare and Health Reform provided a rare opportunity. The December 1, 2000 session allowed practitioners, researchers, and policy makers from throughout Arizona to discuss welfare and health reform in the state at length. New research findings in Arizona and 24 other states on the implementation of welfare and health reforms served as a backdrop for the discussion. Scholars and experts from Georgia, New York, Michigan, Oregon, and Washington enhanced the dialogue further.

More Promises to Keep concluded a three-year study of welfare and health reforms as examples of “devolution,” the process of the federal government delegating responsibility for various programs to state or local governments. Morrison Institute for Public Policy and the ASU School of Public Affairs gratefully acknowledge the financial support from St. Luke’s Health Initiatives and the Flinn Foundation over the life of the project. In addition, we thank the Nelson A. Rockefeller Institute of Government at the State University of New York, Albany and the Arizona State University College of Extended Education for cosponsoring the event.

This publication presents the views expressed by the major speakers at the meeting and summarizes the discussions of three Special Interest Sessions. The speakers’ op-ed-style pieces and the other articles look at the lessons and challenges of welfare reform, the new economy, unfinished business, and collaboration, in addition to specific plans in Oregon and Arizona. The authors are notable and well-known public administrators and social policy scholars with insights that should shape future developments in Arizona.

Morrison Institute wants to ensure that the ideas presented here reach a broad audience. Thus, we are sending this one-of-a-kind material to editorial editors across the state and to a list of more than 300 practitioners and policy makers, in addition to posting it on Morrison Institute’s web site. We hope that it will be of benefit to you and that you will share it with others.

Rob Melnick, Director, Morrison Institute for Public Policy
In 1997, the Nelson A. Rockefeller Institute of Government (State University of New York, Albany) began a national research project on state implementation of welfare and health reforms, two significant examples of devolution. The Arizona State University School of Public Affairs was asked to carry out the Arizona research, and Morrison Institute for Public Policy agreed to communicate the results and their implications to the state’s policy makers and residents.

Since that time, the state capacity research has documented how welfare and health programs have changed across the country. The 25 states in the study have worked diligently and with notable creativity to make employment a welfare recipient’s first priority. Sanctions for not finding work are now swift. In exchange, recipients have access to many more (and often better) services to help them move ahead. But, the states considered in the research still have a long way to go in management and information systems, standardizing services across localities, and other necessary components for lasting welfare reform.

Arizona was one of the first states to revamp its welfare and health programs, and it continues to experiment with such nontraditional approaches as the Arizona Works “privatization” pilot project. On welfare reform, the research has shown that Arizona has expanded its management capacity and taken significant steps toward serving clients in new ways. Caseloads are down, and the state’s activities consistently focus on three goals: 1) increase work; 2) reduce dependency; 3) increase client accountability and program efficiency. Questions remain, however, about what happens to recipients over the long term.

The Arizona Health Care Cost Containment System (AHCCCS) is a textbook case on how to develop the management capacity needed to implement a complex public program in an era of devolution. Arizona is an innovator in managing healthcare for poor residents. However, eligibility standards for AHCCCS are more stringent than for Medicaid in other states. Many Arizonans are still left without health insurance, and the state continues to struggle to extend coverage.

A significant lesson from the research is that the capacity for reform is increasing in Arizona. More changes will be necessary, however, to realize the goals of devolution, the plans of welfare and health program administrators, and the desires of practitioners.

John Hall, Director, Arizona Capacity Project and Professor, ASU School of Public Affairs
• Recent welfare and health reforms have had a positive impact. But there is a long way to go. The needs of multi-problem families still on welfare and the working poor are now “must solve” issues.

• Adequate healthcare coverage for low-wage workers and families is welfare reform’s main piece of unfinished business.

• Many public assistance recipients have gone from welfare to work. Their next moves must be from work to self-sufficiency. These moves will be tougher, especially if the economy weakens. Leaders have to determine how to help former recipients to move up the economic ladder.

• State agencies responsible for welfare programs have benefited from the flexibility and incentives in the federal legislation and made changes for the better. The next gains for both agencies and individuals could come from integrating separate services and programs.

• Government, business, and the nonprofit sector acknowledge that they can do more together than they can separately. But experience shows that collaboration will not happen without technical assistance and incentives.
The Personal Responsibility and Work Opportunity Act of 1996 — better known as welfare reform — has surprised a lot of people, including me. Enacted for five years, the statute set strict requirements for work and limited how long families could receive benefits. At the same time, it gave states and localities a lot of flexibility. This 1990s-style “block grant” left states decide how to organize social service systems to help families leave welfare and become self-reliant.

The Rockefeller Institute recently completed three years of field research in 25 states (including Arizona) on the law’s implementation. We learned a great deal about the ways states, municipalities, and thousands of community groups all over the country have interpreted a novel welfare bargain and operated in a new environment.

Our key finding is that the 1996 act truly has changed the signals, services, and sanctions for practitioners and recipients in many ways. In turn, this substantial shift in welfare policy has affected how all social programs work, including Medicaid, food stamps, and the Earned Income Tax Credit, in addition to cash benefits, childcare, transportation and social services.

We have documented many achievements in our research, including dramatic reductions in welfare caseloads and significant increases in employment. From my vantage point of decades of observing government and social programs, the difference between welfare programs now and in 1996 is monumental.

But as advocates, practitioners, and policy makers have noted, the work of welfare reform is not done.

The welfare reform law expires in federal fiscal year 2002, which means that Congress probably will debate whether it should be extended, amended, or ended during the early months of 2002. Right now, there seems to be a consensus that the basic structure of the act (balancing requirements and services with providing flexible funds to states) is likely to remain in its current form. But the unmet needs of multi-problem and working poor families definitely will be front and center in the debates. In fact, they are the chief topics of conversation in many states now.

When we start to discuss reauthorization seriously, everyone will be able to draw on the capacity developed during the past half decade. I hope, and expect, that service integration and turning programs into systems will feature prominently in the next five years. Lessons learned from this latest experiment in “devolution” show that doing so is both necessary and possible.

Sources: U.S. Census Bureau, “U.S. Statistical Abstract

COMPARISON SNAPSHOT


Surprises for an Observer Who Thought He Had Seen It All

Richard P. Nathan, Director, Nelson A. Rockefeller Institute of Government, State University of New York, Albany
Arizona has been a leader in welfare reform since the state implemented its comprehensive EMPower program in 1995. EMPower gave Arizona a head start on the reforms that states were free to implement after the federal law was approved in August 1996.

Our welfare program is helping families move toward self-sufficiency now, and Arizona continues to enhance its services. Work remains the cornerstone of EMPower. But, families also need a support structure that will address the barriers that prevent them from moving forward on the road to self-sufficiency. Supportive services such as childcare and transportation allow families to make transitions more easily.

Arizona has received national recognition for its program. Last year, the U.S. Department of Health and Human Services awarded Arizona for its program. Last year, the U.S. Department of Health and Human Services awarded Arizona for its program, and Arizona was one of just five states to receive $20 million for achieving the nation’s largest decrease in out-of-wedlock births. Arizona now has an opportunity to build on our accomplishments by strengthening our existing program, improving customer service, and expanding services that will help more families become self-reliant.

The future of our program is in six areas:

- Improving Collaboration and Employee Involvement
- Best Practices
- Improving Service Delivery
- Expanding Supportive Services
- Strengthening Education and Training
- Enhancing Automation

Improving Collaboration and Employee Involvement — The Department of Economic Security (DES) recognizes the importance of stakeholder involvement and collaboration with our community partners. We have taken several steps to promote collaboration, including the establishment of Local Advisory Councils to identify local issues and recommend solutions.

Best Practices — DES has established a Best Practices unit to research and identify best practices in human service programs. This information will be used to identify strategies to improve service delivery and implement innovative approaches to help individuals, families, and children to receive the services that foster self-sufficiency.

Improving Service Delivery — Arizona families seek assistance from many state government agencies. Governor Hull has developed the No Wrong Door initiative to ensure that appropriate state government services are available to all eligible Arizona children and families regardless of which state agency door they initially choose to enter the overall service delivery system.

DES is extending office hours to meet the needs of individuals who are working or have other circumstances that prevent them from visiting the office during regular business hours. We are also exploring a single point of contact for services. This would allow families to work with one individual who would determine eligibility for all benefits and manage their cases.

Expanding Supportive Services — We must continue to build on our successes in providing the critical supports such as childcare, transportation and health coverage that allow families to work. This year we will implement a substance abuse treatment program that will help families overcome these significant barriers and to find and retain employment.

Strengthening Education and Training — Work is important, but we must also recognize the importance of education and training. Obtaining the skills and education necessary to advance in today’s world of work is critical if we are truly going to help families become self-sufficient. We are exploring opportunities to expand post-secondary education and vocational training.

Enhancing Automation — DES is developing automated systems that are capable of improving service delivery in the new welfare environment. The ReDESign Project is a major initiative to reengineer the business processes through technology to help staff perform eligibility and many other functions.

Arizona’s welfare reform program is making a positive difference in the lives of families that are moving toward self-sufficiency. We must continue to improve and enhance our program to help more Arizonans make the transition from welfare to work.
Walk into an Oregon “welfare office,” and you may think you’ve found an employment office. You likely will observe a framed goals statement that says in part, “To help people find and keep jobs and advance to better employment.”

We have radically changed the old system while improving the client-friendly nature of the process. In contrast to most states, Oregon chose not to set a five-year time limit on receiving welfare. We figure that if you work with us, you will be on the road to self-sufficiency from the start. Nor has Oregon reduced its cash grant or tightened eligibility requirements. While work is always better than welfare, we maintain this safety net for those who need it.

Since March 1994, a benchmark for declining caseloads nationally, Oregon’s welfare caseload has fallen more than 60 percent. But even with hundreds of millions of dollars in savings, this isn’t about pushing people off the caseload. That would only lead to costlier consequences later.

Our positive outcomes result from a major culture shift in Adult and Family Services, a division of the Oregon Human Services Department. A decade ago, our offices were geared toward determining whether people were eligible for welfare and, if they were, getting accurate checks out on time. We now measure our success on how well we help move people toward economic independence.

Granted, people coming off welfare often start near the poverty line. Yet their progress is dramatic. Welfare, cash assistance, and food stamps for an Oregon family of three totals about $9,552 annually, which means they live in extreme poverty. But if the family’s breadwinner accepts a full-time job, even at Oregon’s minimum wage of $6.50 an hour, annual “spendable” income rises to $17,376 from paychecks, food stamps, and an income tax credit. This helps to explain why a University of Oregon survey found 97 percent of people who left welfare for employment said they were better off. A federally-sponsored study of Oregon resulted in what the Washington Post called “the best welfare news in a decade.”

Moreover, when Oregonians leave the welfare rolls, we don’t just cut them loose. They usually are entitled to food stamps, a childcare subsidy, Oregon Health Plan coverage for at least a year, and an income tax credit that works like a $1-an-hour pay raise.

Our offices have staffed resource rooms — many of which are open evenings. There, people may look up job openings, use phones, write resumes, polish computer skills and seek advice. These resources are available after clients leave welfare as well, part of our extended commitment to helping people climb the income ladder.

Now, we are preparing for an exciting new era aimed at further improving results for clients and communities. A comprehensive reorganization of the state human services department will be proposed to the 2001 Oregon Legislature. The new structure will better meet the multiple needs of clients, a fourth of whom receive services from three divisions. This means people already under stress must deal with the confusion of multiple caseworkers and case plans.

In Oregon and elsewhere we can expect this integrated model, supported by that energetic attitude, to pay even bigger dividends for the people we serve.

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Sources: U.S. Census Bureau, Center for Policy Alternatives, U.S. Statistical Abstract
The new economy has brought prosperity, low unemployment, and unprecedented job creation. Built on technological change, the new economy stresses speed, performance, and flexibility. Those who want to prosper must be highly skilled and have the capacity to adapt constantly to new skill requirements.

The jobs being created now are generally high level or low level with little in between. High-paying ones, particularly in fast-growing high-tech industries, require people with at least two years of post-secondary education. But many states are facing serious skill gaps. They are educating and preparing too few new workers and not retooling incumbent workers fast enough to meet the demand. At the highest level — workers with a bachelor’s degree or more — firms are recruiting from other states and increasingly from countries such as India and the Philippines that willingly are customizing their training systems to meet employer needs.

The jobs that traditionally paid high wages to workers with limited education or little training have virtually disappeared. In the Pacific Northwest, this has meant the loss of many good jobs in the timber and food processing industries. Since 1950 the portion of unskilled jobs has plunged from 60 percent to 15 percent of all openings, while skilled jobs, requiring high school or more but less than a B.A. degree, have climbed from 20 to 65 percent of the total.

Millions of jobs are being created at the bottom rung of the labor market. These jobs, primarily in service and retail, pay low wages and are often part time and without benefits. The country’s experiment with welfare reform coincided with a sustained period of economic growth. This growth has played a major role in the remarkable rate at which women in most states have left the welfare rolls for jobs. There clearly have been dramatic successes. Women who have never worked are employed and finding real satisfaction in their ability to be independent and take care of their children.

But, many of those going to work are entering and staying on the bottom tier of the labor market. They are poorly educated — only one in three has a high school diploma or equivalent — and poorly paid. They face multiple roadblocks on their way to permanent employment. Many of the former recipients have poor mental and physical health and have not worked regularly. Many have children with disabilities who require special care. Access to childcare and transportation presents serious obstacles. For example in a study by the Urban Institute in 20 metropolitan areas, 39 percent of employers said that their jobs are not accessible by public transportation.

Under the philosophy of “work first,” these women are entering the workforce without training. The pressure to fill these low-paying jobs has been so intense that employers will hire anyone. A frequent comment has been that anyone who can fog a mirror can get a job. But in the face of an economic downturn, they won’t necessarily be able to keep those jobs, let alone move up to ones that pay better.

Employers have made it clear that a major factor in deciding where they will locate is the availability of an educated, well-trained workforce. To remain competitive, states must prepare young people and adults to work for those high performance firms that pay a living wage. However in the 21st century, over one-half of new workforce entrants will be women and a fourth will be non-white. If these women, people of color, non-English speakers, and people with disabilities who will form a major block of new entrants to the workforce are not prepared for good jobs, everyone will pay a high price for our lack of investment.
While much of the nation’s attention has focused on the dramatic drop in welfare clients and spending, quiet problems have emerged in provision of health services to the working poor. Larger long-term problems loom in paying for healthcare for the elderly.

In spite of a strong economy and changes in federal law to provide health insurance for low-income children, some one out of five poor children and more than one out of three low-income adults in this country are uninsured. Arizona’s numbers are among the highest in the country with nearly half of low-income adults without health insurance. Ironically, the great success of welfare reform is one of the reasons for this poor showing.

The welfare rolls are dropping dramatically — nationwide by some 40 percent between 1996 and 1999. The drop was 42 percent in Arizona. Although welfare “leavers” are guaranteed Medicaid (AHCCCS in Arizona) coverage for at least six months by federal law (and for 24 months in Arizona), substantial numbers of former recipients do not take advantage of this provision. At least half of parents lose Medicaid in the months after leaving welfare. More than one third of the children in families that leave welfare lose Medicaid.

Why does this drop-off occur — especially given the availability of transitional aid? The reasons include the stigma attached to Medicaid, difficulties with language, and the complexity of Medicaid eligibility rules and administrative procedures. Welfare workers themselves may not fully understand the requirements, making it difficult to educate their customers. Finally, in some states, Medicaid is part of the sanction package toward welfare parents who refuse to participate with transitional programs.

States can do many things to help alleviate this drop-off of Medicaid-eligible children and adults. States can provide continuous eligibility for children, pay the low-income worker’s share of healthcare premiums for

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Sources: U.S. Census Bureau, Center for Policy Alternatives, U.S. Statistical Abstract

**“While much of the nation’s attention has focused on the dramatic drop in welfare clients and spending, quiet problems have emerged in provision of health services to the working poor.”**

**“In spite of a strong economy and changes in federal law to provide health insurance for low-income children, some one out of five poor children and more than one out of three low-income adults in this country are uninsured.”**

**Welfare reform’s unfinished business is adequate healthcare coverage for the nation’s near poor. Whether or not this is attended to depends in part on the more looming issues of healthcare for the growing numbers of elderly and disabled and the enormous demands they will make on the public treasury. In the next few years the bills will begin to become due. We should start planning for them now.**
Collaboration Works, But Only if the Players Know How to Do It

By Michael J. Rich, Director, Office of University-Community Partnerships, Emory University

As the Rockefeller Institute of Government concluded in its first report on the implementation of welfare reform, "state or county-centered systems common in the AFDC era are giving way to larger, more complex coalitions of institutions that have obtained greater control over policies, administration, and the delivery of services." These "coalitions" are key to successful welfare reform and have not received the attention they deserve.

My research has revealed that a great deal of energy and resources is being devoted to local collaborative initiatives on such problems as poverty, supporting needy families, and revitalizing neighborhoods. These initiatives are rooted in several different sources, including efforts by national foundations, federal programs (such as Empowerment Zones and Enterprise Communities, School to Work, Workforce Investment Act, Healthy Start, etc.), and state and local initiatives (e.g., Georgia’s Family Connection, the Local Investment Commission in Kansas City, and Florida’s Urban Partnership Initiative).

Though their origins and primary purposes differ, the initiatives frequently overlap, creating opportunities and challenges for designing, administering, and financing public policies for needy families and neighborhoods. In short, these initiatives and related changes in federal programs present real opportunities for communities to create governance structures capable of mobilizing government, business, and nonprofit resources, and applying them to a community’s most pressing needs.

Much has been written about the virtues of collaboration. However, empirical evidence on the difference collaboration actually makes is scant. Recently, we examined that question in Georgia, seeking to understand if and how collaboration enhances welfare reform and workforce development results. After interviews with regional coordinators in state agencies, we created a collaboration "score" for nearly all of Georgia’s 159 counties and explored whether there was any relationship between the level of collaboration and local outcomes. We found that counties with higher levels of collaboration had greater reductions in welfare caseloads and higher proportions of households who left welfare for employment than did counties with lower levels of collaboration. Furthermore, these findings held when we accounted for such factors as local unemployment rates and the number of long-term recipients.

But, only about a third of Georgia counties could be considered to have high levels of collaboration. In many, there was a significant gap between state officials’ collaboration rhetoric and actual conditions in counties and municipalities. The reasons given for this included lack of state oversight and direction, insufficient commitment of top-level state leaders to a collaborative welfare reform/workforce development effort, poor communication from state to regional to local to line officials, and a lack of technical assistance to build capacity for collaboration at the local and regional levels.

While several states actively have encouraged a collaborative approach to the welfare-to-work challenge, few have actually provided the cash or technical assistance needed to make collaboration a reality.

As states grapple with the multi-barrier cases left on the rolls, collaborative approaches will become critical. The same holds for the challenge of keeping recipients in the work force and moving them to self-sufficiency. While programs have begun to take on a more collaborative flair in some states, they remain largely separate welfare and workforce development systems (Ohio, Texas, and Utah are notable exceptions) that are at best only loosely coupled.

States must devote greater attention to monetary support and technical assistance for local collaboratives that bring together key stakeholders in welfare reform, workforce development, economic development, education, and the like.

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Sources: U.S. Census Bureau, Center for Policy Alternatives, U.S. Statistical Abstract
High tech is not the only important industry in or characteristic of the new economy. But, it is visible and symbolic. In the past 10 years, high tech and related employment has grown substantially in Arizona and Washington. In fact, the two states have many similarities. Urban concentration is supporting economic growth, and both have a big stake in the new economy. Most traditional high-paying jobs, whether in timber, fishing, or mining, have disappeared, leaving low-skilled workers with few quality options. Lots of new jobs are being created with many being part time and low paying. In both states, families with two working parents often still live in poverty.

The gap created by the loss of low-skill jobs and the rapid increase in skilled positions is one of the most frustrating situations for the practitioners in the group. How can a state use all of the tools available to bridge the gap? How can resources be mobilized? How does business help the working poor?

Livable wage initiatives and public contractor requirements have emerged as one way to fill the gap. For example, the city of Tucson adopted an ordinance requiring all contractors to pay workers a minimum of $8 per hour. The city of Phoenix is planning to require all contractors to provide health insurance benefits to employees. But, these types of directives are controversial. Arizona’s Legislature has attempted to bar local governments from enacting such ordinances.

Small businesses and their frequent inability to increase wages and benefits were discussed. Employers with 100 employees or less are common, and their number is growing in Arizona. This may be a group to target with training incentives and outreach to let them know what is available to help low-income employees. For example, the Phoenix Human Services Department sponsors a Youth Employment program that provides vouchers of $500 to small businesses that provide at least 600 hours of training or employment for youth.

Some states are taking a strong leadership role in the public and private sectors to ensure that employment and training issues get the attention they deserve and need. However, practitioners thought much more was needed. Everyone talks about leadership, but getting public and private leaders to understand and act has been surprisingly hard. There is plenty of data available on the problems and possible solutions, but its complexity makes communication difficult. Plus, in Arizona, business leaders are often “short-termers.” Corporate promotions usually lead to relocations to other states. Other aspects of the economy often get attention before training and the workforce. For example, cutting taxes seems to come before investments in people. Often business appears to work at cross purposes by supporting education improvements in one setting, but working against them and other workforce investments in others.

Leadership often emerges out of frustration and may come in Arizona from some unexpected people and places. Regardless of past experiences, the participants agreed that any workforce initiative must involve the private sector. Alliances and partnerships with businesses are critical to improvement and success.
FOCUS

WELFARE AND HEALTH’S UNFINISHED BUSINESS

Facilitators:
Diane Ross, Assistant Director, Arizona Health Care Cost Containment System
Carol Weissert, Director, Michigan State University
Public Policy and Administration Program

Human service programs are meant to help people. So, it’s frustrating to see programs such as Medicaid (AHCCCS in Arizona) operate under capacity at times and to try to understand the reasons behind today’s issues. This discussion centered on some perplexing issues, including the complexities of extending health coverage to residents and helping eligible recipients take advantage of programs that could help them move out of poverty.

As of October 2000, 590,000 Arizonans participated in AHCCCS. Unfortunately, Arizona still has the second highest percentage of uninsured children and low-income adults in the nation. Participants cited the following reasons as partly responsible for the situation:

- High numbers of low-wage agricultural workers, seasonal employees, and service workers
- Many small businesses’ inability to afford health coverage for employees
- Lower incomes on average in Arizona

A decline in recent years in the number of individuals and families participating in AHCCCS made administrators explore why. A possible reason was that residents found jobs and thus got health coverage elsewhere. Although some went to work, jobs were often part-time, making the person ineligible for company insurance. Employment did not seem to be the answer to the question. Figures for 1999 reveal however that Medicaid and AHCCCS enrollment for adults and especially children is up.

Participants talked at length about Arizona’s Proposition 204 (The measure passed in November 2000 mandating health coverage for all residents with incomes less than the federal poverty level.) and its potential outcomes for low-income Arizonans. Tobacco settlement money will be used to implement 204’s provisions. As many as 40,000 adults and children may be added to the AHCCCS program because of Prop 204. The discussion of numerous existing eligibility levels underscored the complexity of such programs as AHCCCS.

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- Many small businesses’ inability to afford health coverage for employees
- Lower incomes on average in Arizona

The low-income single adult with no family who is working will be targeted for outreach. AHCCCS also wants to simplify the process of eligibility by possibly looking at 13 weeks of past employment instead of a year.

Since changes to AHCCCS have to be “budget neutral,” (meaning they cannot increase the program’s bottom line) adding people who do not fit into established categories will be an administrative challenge. Savings must be found to offset increasing the number of recipients. That will be difficult in Arizona since AHCCCS already relies almost exclusively on managed care and thus has a relatively low-cost program. Increases in premiums from managed care plans pose another challenge for Arizona and other states. For example, Blue Cross/Blue Shield, InterGroup, and Health Concepts have stopped participating in AHCCCS because of rising costs. Oregon had to raise its budget cap by two percent to keep some managed care providers in the program. Michigan increased its premium 11 percent to remain solvent. In a recent survey Arizona physicians said they still prefer to stay in the state program because they know that they will get paid. But Arizona has also made changes in what physicians are paid to offset increasing costs.

Another financial issue is the fact that Arizona sent millions of federal dollars received for the KidsCare program back to the U.S. Department of Health and Human Services. The state got a late start in the program. Also, many of the children identified through outreach qualified for AHCCCS and were enrolled in that program. A total of 37 states returned monies to the government.

The discussion about helping people to use available programs moved on to food stamps and reductions in the number of recipients. Arizona’s food stamp program went from serving 560,000 to 259,000 in just a few years. While some reduction is due to employment, many Arizonans, especially welfare recipients, have seemed to “get lost.” In addition, Arizona’s past error rate required recipients to reconfirm their eligibility every three months. Many did not follow through. Outreach and such approaches as employee notification were suggested to ensure that those who are eligible and want help get it.

The group commented that caseworkers could do more if eligibility requirements were standardized. Participants thought that just one agency should determine eligibility. They also recommended a universal application and streamlining the verification process.
State and local governments have been reexamining how they deliver services to needy families and children for years. Words such as "comprehensive" and "collaborative" have appeared in legislation since the 1930s. Welfare reform legislation added the terms "holistic" and "one-stops" to program vocabularies. To bring these ideas closer to reality, various pieces of federal legislation were designed to complement welfare reform such as the Workforce Investment Act (U.S. Department of Labor) and Access to Jobs Program (U.S. Department of Transportation).

Even with this support, the real local challenge in welfare reform is connecting funding streams to provide the integrated services people need. Crafting coalitions, collaborations, or partnerships to try to accomplish this is a primary need. The terms "holistic" and "collaborative" have appeared in legislation since the 1990s. Vocabulary. To bring these ideas closer to reality, various pieces of federal legislation were designed to complement welfare reform such as the Workforce Investment Act (U.S. Department of Labor) and Access to Jobs Program (U.S. Department of Transportation).

The Georgia Work Connection sought to get existing departments and agencies to work in ways that emphasized coordination, integration, and collaboration, especially at the local level. The agencies agreed to:

- A common intake form
- A common assessment
- Coordinated case management
- Agreement on work readiness criteria
- Quality standards for education and training programs
- Coordinated job placement
- A concerted effort to gain employer input on their labor force needs
- Shared data through a common information system
- Steps towards integrating staff

Research revealed that, in the case of the Georgia Work Connection, the higher the level of collaboration, the greater the reduction in caseloads and the higher the proportion of employment among those leaving. State-level leaders thought the new collaborations were working well. But at the grassroots, there was more frustration than collaboration. This large-scale attempt foundered in part because of insufficient attention to leadership, resources, and the steps necessary to turn ideas about collaboration into reality.

Consideration of this Georgia experience led to discussion about Arizona and examples of collaboration efforts in the state. Participants viewed collaboration as a joint creation with shared space, risks, and accountability. They also identified some reasons why collaboration is tough to do in the state:

- Government agencies have been working alone long enough that in many fields there may be few players for a collaborative.
- Highly centralized state agencies have few incentives to collaborate.
- Units considering collaboration often do not share processes and values or know how to collaborate.
- Privatization is talked about more than collaboration in Arizona. Collaboration is viewed as too time consuming.
- Collaboration is given lip service. Money and technical assistance are hard to come by to support collaboration.
- Capacity for collaboration is often confused with resources for it.
- Contracting practices can make collaboration difficult.
- The mutual respect, tolerance, and trust necessary to successful collaborations are often missing.

Many factors influence the success or failure of interagency collaborations. The following guidelines for developing collaborations were brought up by participants:

- Be inclusive and respectful of all players, including those with the power to change and those affected.
- Choose a realistic strategy.
- Established a shared vision.
- Agree to disagree at times.
- Set attainable objectives to create momentum and a sense of accomplishment.
- Keep the focus on the prize.
- Build ownership at all levels.
- Institutionalize change.
- Publicize successes.

Nonprofit organizations may be the "spark-plugs" that will generate an entrepreneurial spirit that can create new relationships and rejuvenate existing ones. Participants agreed that nonprofits often are collaborative leaders, but may not be recognized as such. By working together, public and private organizations can provide integrated, multi-dimensional, and continuous services. But for agencies accustomed to competition, boundary protection, and categorical funding, recognizing the need to work together may be much easier than practicing it.
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