BETTER COORDINATING WELFARE PROGRAMS TO SERVE FAMILIES IN NEED

HEARING

BEFORE THE

SUBCOMMITTEE ON HUMAN RESOURCES

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

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BETTER COORDINATING WELFARE PROGRAMS TO SERVE FAMILIES IN NEED

TUESDAY, NOVEMBER 3, 2015

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON HUMAN RESOURCES,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:06 a.m., in Room 1100, Longworth House Office Building, the Honorable Charles W. Boustany, Jr., [chairman of the subcommittee] presiding.

[The advisory announcing the hearing follows:]

* * COMMITTEE ON * *
WAYS AND MEANS
CHAIRMAN PAUL RYAN

Chairman Boustany Announces Hearing on Better Coordinating Welfare Programs to Serve Families in Need

Today, Ways and Means Human Resources Subcommittee Chairman Charles Boustany (R-LA) announced that the subcommittee will hold a hearing titled "*Better Coordinating Welfare Programs to Serve Families in Need.*" **The hearing will take place at 10:00 a.m. on Tuesday, November 3, in room 1100 of the Longworth House Office Building.**

In view of the limited time available, oral testimony at this hearing will be from invited witnesses only. Witnesses will include experts on the operation of means-tested benefit programs funded at the federal and state levels. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the committee for inclusion in the printed record of the hearing.

In announcing the hearing, Chairman Boustany stated, **"The U.S. welfare system is composed of 80-plus programs that are poorly coordinated and growing in cost. Yet despite rising spending, today there are 9.4 million more Americans living below the poverty line than there were in 2007, before the last recession. So we are spending more and getting fewer results we want. We need to review this whole system and determine how we can consolidate or, at the very least, better coordinate these programs to achieve better results – more work, reduced administrative cost and complexity, and ultimately more people achieving self-sufficiency and upward mobility."**

BACKGROUND:

According to the nonpartisan Congressional Research Service, the federal government funds more than 80 programs that provide food, housing, healthcare, job training, education, energy assistance, and cash assistance targeted to low-income Americans. The federal government alone spends roughly $750 billion annually on these programs, with state taxpayers contributing an additional $283 billion to them in 2011, the most recent year of data. Nearly one third of the U.S. population receives benefits from at least one of these welfare programs. According to Senate Budget Committee, federal spending on these programs is expected to grow 80 percent in the next decade. Furthermore, the Government Accountability Office has reported, "Overlap and fragmentation among government programs or activities can be harbingers of unnecessary duplication. Reducing or eliminating duplication, overlap, or fragmentation could potentially save billions of tax dollars annually and help agencies provide more efficient and effective services."

FOCUS OF THE HEARING:

This hearing will review the dozens of programs that comprise the federal welfare system, as well as ways they can be consolidated or better coordinated so they better serve those most in need.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, http://waysandmeans.house.gov, select "Hearings." Select the hearing for which you would like to submit, and click on the link entitled, "Please click here to submit a statement or letter for the record." Once you have followed the online instructions, submit all requested information. Attach your submission as a Word document, in compliance with the formatting requirements listed below, **by November 17, 2015.** Finally, please note that due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-package deliveries to all House Office Buildings. For questions, or if you encounter technical problems, please call (202) 225-1721 or (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but we reserve the right to format it according to our guidelines. Any submission provided to the Committee by a witness, any supplementary materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission or supplementary item not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All submissions and supplementary materials must be provided in Word format and MUST NOT exceed a total of 10 pages, including attachments. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. All submissions must include a list of all clients, persons, and/or organizations on whose behalf the witness appears. A supplemental sheet must accompany each submission listing the name, company, address, telephone, and fax numbers of each witness.

The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-225-1721 or 202-226-3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available online at
http://www.waysandmeans.house.gov/

Chairman BOUSTANY. The subcommittee will come to order.

Good morning to everyone. This hearing is the latest in our series on moving America's low income individuals and families forward. In prior hearings we reviewed how families are faring, what actually works to help them, some ways to address fraud and abuse, how current programs discourage work and higher earnings, and more.

We have drafted possible reforms to the TANF program and are reviewing how best to move those forward, and all along the way we have actually listened to real people, trying to navigate these programs and find the work and earnings they need to escape poverty for good.

Today's hearing takes a step back and reviews the dizzying array of programs designed to help low income families and how that patchwork of programs complicates the challenges for those most in need.

This Federal welfare system is large, fragmented, and growing in cost. The nonpartisan Congressional Research Service estimates that we currently operate over 80 programs that provide food, housing, health care, job training, education, energy assistance, and cash to low income Americans.

I have a chart I want to show here, if we could put the chart up on the screen. Here you see a graphic depiction of that array of benefit programs designed to help low income individuals and families. This chart was an adaptation from a nonpartisan CRS report, and in short, it shows a mess.

This system may have started out with very good intentions, but it has become over the years a confusing maze of programs that are overlapping, duplicative, poorly coordinated, and difficult to administer.

I defy anyone to say that this is the best way to address the human tragedy so many of our fellow citizens experience. We spend roughly $750 billion at the Federal level on these programs and hundreds of billions more at the State level. All told, taxpayers provide $1 trillion per year in help for low income American. Yet today there are 9.4 million more Americans living below the poverty line than there were in 2007, before the last recession.

In sum, we are spending more and getting worse results when it comes to promoting the work and earnings that keep families out of poverty.

A number of these programs like TANF, SSI and Child Welfare are under the jurisdiction of this Subcommittee. Others come under the jurisdiction of the full committee, such as various low income tax credits, and many others involve other committees, complicating our efforts at better coordination.

But we have to start somewhere. This hearing will give us a chance to review this array of programs, understand the challenges created by their sheer number, and review some of the State efforts to rationalize the services they provide and to navigate this complexity. That understanding will lay the groundwork for future efforts to modernize and streamline or, at the very least, better coordinate these programs to help more Americans achieve opportunity and upward mobility.

So we certainly welcome our guests today and look forward to their testimony.

I now am pleased to yield to my friend and the ranking member of the subcommittee, Mr. Doggett, for the purposes of making an opening statement.

Mr. DOGGETT. Thank you, Mr. Chairman.

And welcome to all of our witnesses. Especially welcome the former chair of the committee, Mr. Davis with whom I worked on the data issues in a bipartisan way, and I think those issues are important, as well as coordination.

I was encouraged to hear Speaker Ryan reiterate this weekend his interest in seeing reform in all of our programs that relate to poverty. I hope that can be a bipartisan effort. I have certainly attempted to make it such an effort, but it is far from certain that it can be.

Making a bipartisan effort begins with recognizing what the history is on the programs within the jurisdiction of our committee, and it involves avoiding some of the old canards that reflected in the notice for this hearing that there are 80 welfare programs gobbling up at a greater and greater pace over a trillion dollars of our taxpayer resources.

The 80 programs referred to include things like the breast and cervical cancer early detection program, and Federal work-study. The analysis of those programs by the Congressional Research Service indicates that the vast majority of them are directed toward helping the elderly and disabled, and that of all of the 80 programs that are referenced there, Temporary Assistance for Needy Families, which is the principal program that this Subcommittee and committee are concerned about, takes up a whole one percent of the amount devoted to what has been mislabeled as "welfare."

I voted for the Welfare-to-Work Program in 1996, and if we are to evaluate it based on how many people it has gotten thrown off the welfare rolls, it is a tremendous success. If we are to evaluate it by the words that were spoken at the time by the Republican members of this Committee who considered its approval and signature by President Clinton to be a great victory, if we are to evaluate it by their words as to what the objectives were for this program, it has been a failure. It has not gotten people out of poverty at the rate it should have and into sustainable living wage jobs, and there is a good reason why that has not happened.

It is not because of the laziness of poor people, but because we have not focused the resources necessary to accomplish the objectives of that Act, of the dollars that were being allocated in 1996 in real dollars for the purpose of Temporary Assistance for Needy Families or Aid to Families with Dependent Children, whatever at that time. The purchasing power of those dollars today is about a third less. We have not added more. We have reduced as our population has grown the amount of resources that are there.

But an even more important factor than the total amount of resources, is how those resources have been used by the States. The suggestion that Speaker Ryan, in the days I served with him on the Budget Committee and in this Committee, is that if we block grant more monies to the States we will get better results, and we will end that confusing polka dot graphic that we just saw, and the States can figure it all out, and everything will be better.

Well, the Temporary Assistant for Needy Families Program does not offer hopeful evidence that that will be the case. In 2014, the States were using eight percent of their Temporary Assistance for Needy family funds on work related activities. The purpose of the legislation, according to the legislation itself, was to end the dependence on government benefits by promoting job preparation and work.

Our colleagues here emphasized the goal was to train people, to provide them child care, to get them into the workforce. That has not been what has occurred here. In fact, we have had a great welfare program that the Temporary Assistance for Needy families has promoted, but it has been welfare for States that did not want to use this money for the core purposes for which this Congress intended on a bipartisan basis to do, but to use it for other purposes, mainly to fill State budget gaps for anything that pertained to social services.

Some of those dollars may have been spent on appropriate and worthy programs, but they do not relate to the core purposes of TANF, which is to get people from poverty into the workforce. When you look at the dollars allocated for child care by the States, when you look at the limitations that are in the Act but what the States have done as far as education, it is just not satisfactory.

Nearly half of the States have no work participation standard because of the case load reduction credit. I hope when we look at this Act we consider that and that we cannot solve the problems particularly of child poverty in this country by simply throwing words at it. We do not want to throw dollars at it. We want to see them better coordinated, but we have to have State partners that are focused on the core purposes of this Act, which is to get people out of poverty into the workforce, setting an example for their children and providing a better future.

And I yield back.

Chairman BOUSTANY. I thank the gentleman for his statement.

Without objection, each member will have the opportunity to submit a written statement and have it included in the record at this point.

I want to remind our witnesses who are here today to limit their oral testimony to five minutes. We have your written testimony and without objection your full witness testimony will be made part of the permanent record.

This morning our panel is a very distinguished panel. We will be hearing from:

Geoff Davis, former Member of Congress, a colleague of ours and now with Republic consulting, LLC.

Maura Corrigan, Visiting Fellow, American Enterprise Institute.

Nick Lyon, Director, Michigan Department of Health and Human Services.

Robert Greenstein, President, Center on Budget and Policy Priorities.

And Scott Sanders, Executive Director, National Association of State Workforce Agencies.

So at this time, it is my pleasure to welcome back our former colleague, the distinguished former chairman of this Subcommittee, Geoff Davis, my friend.

Geoff, we really appreciate you being here to offer your unique perspective on these issues, and you may proceed with your testimony.

STATEMENT OF GEOFF DAVIS, A MEMBER OF CONGRESS (RETIRED), REPUBLIC CONSULTING, LLC

Mr. DAVIS. Thank you, Mr. Chairman.

Chairman Boustany, Ranking Member Doggett, and all my friends on both sides of the dais, thank you for the invitation to join you today to discuss ways in which we can better coordinate the current web of the more than 80 welfare programs.

As someone who grew up in a challenging environment and managed to climb out of it by the grace of God, I commend your ongoing efforts to improve the quality and processes in these programs because, done correctly, they can have a great, positive influence on the lives of those in need.

I was first introduced to improving complex processes and systems of systems during my time in the Army. After my active service, I worked in business operations and eventually led professional services teams that focused on process improvement and implementing large enterprise resource planning and customer relationship management systems, as well as their associated analytics and performance monitoring tools.

While we worked for companies ranging from the Fortune 500 down to small, single site facilities, the way to improve an operation was always the same: minimize complexity to maximize effectiveness.

Process improvement is a continual effort, indeed, a way of thinking. Each small step, each constraint removed allows better use of time and resources. The outcomes are always increased capacity to deliver products and service, greater customer satisfaction, earlier detection of problems, and money saved.

When I became chairman of the subcommittee in 2011, I endeavored to apply my real world experience in processes and systems to the programs within the subcommittee's jurisdiction, and I am happy to see that current members are continuing these efforts.

Today all major companies across all industries use integrated, real time data and analytics to provide better customer service, save money, and improve their products. Large companies typically use what is called a data warehouse, which can be physical or cloud-based. Well run systems maintain only one record on a person or a product throughout that system. All users of that record draw from and update that single source to avoid errors and duplication.

This standardized record system is called a logical data model and forms the foundation for accurate and precise decision information. Admittedly, the private sector companies often are not faced with some of the constraints that we find when we are viewing the 80-plus welfare programs that are in existence today, but I believe there are many lessons that we can learn from private sector efficiencies.

When I had the honor of being part of this Human Resources team, I was proud of our achievements in the space of data standardization for some of these programs. Ranking Member Doggett and I made a conscious effort to review and improve H.R. programs from a process perspective, not from an ideological perspective.

Everyone on the subcommittee genuinely wanted to make these programs work better for those in need. There were many places where we could have started, but getting better and more streamlined data seemed to be the biggest need and the best first step.

After multiple hearings and meetings with input from all sides, Ranking Member Doggett and I introduced the Standard DATA Act, a bill to require the development of common standards for data and information sharing program by program. Together we incorporated this concept into the Child and Family Services Improvement and Innovation Act, which was signed by President Obama in September of 2011. The idea was also later applied to the unemployment insurance program, TANF, and SNAP, among others.

I always refer to the Standard DATA Act as the most important law you have never heard of. After those achievements in 2011 and 2012, another bill known as the DATA Act was signed into law in 2014. This moved the ball even further toward an open or shared data environment for the whole of government.

Before I close, I want to commend the Departments of Health and Human Services and Labor for their ongoing efforts to implement these statutes. Their success in this area will lead to more transparent and effective processes, which will serve more clients, reduce response times, increase agency capacity, and ultimately assist those in need on their climb out of poverty.

Thank you for the privilege of joining you this morning. I yield back.

[The prepared statement of Mr. Davis follows:]

Written testimony of Geoff Davis
Former U.S. Representative for Kentucky's Fourth District
Former Chairman of the Subcommittee on Human Resources

Before the Committee on Ways and Means
Subcommittee on Human Resources
Hearing on Better Coordinating Welfare Programs to Serve Families in Need
November 3, 2015 at 10:00 am
1100 Longworth House Office Building

Chairman Boustany, Ranking Member Doggett, and all my friends on both sides of the dais, thank you for the invitation to join you today to discuss ways in which we can better coordinate the current web of more than 80 welfare programs.

As someone who grew up in a challenging environment and managed to climb out of it by the grace of God, I commend your ongoing efforts to improve the quality and processes in these programs because, done correctly, they can have a great positive influence on the lives of those in need.

Many of you know my story of growing up in an abusive home and later as the latch key kid of a hard working single mom. I found a path to success through hard work, kind teachers, the encouragement of others, and the assistance of the government at times we had need.

This morning, I want to discuss part of my journey that is germane to the Subcommittee's efforts on program improvement.

I was first introduced to improving complex processes and "systems of systems" during my time in the Army. After my active service, I worked in business operations and eventually led professional services teams that focused on process improvement and implementing large Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) systems, and their associated performance monitoring tools. While we worked for companies ranging from Fortune 500 companies down to small, single site facilities, the way to improve an operation was always the same: **Minimize Complexity to Maximize Effectiveness.**

Our successes were sometimes considered a "miracle," yet the truth lay in how we approached the business or organization. We saw a small factory increase productivity by 250% by simply guiding the team to look at their operation from some different assumptions. We ran a Fortune 500 company's quality improvement pilot that improved quality to nearly 99% of standard. In another facility for an electronics firm, we worked to reduce their Customer Order Cycle time from 36 days to 3 days, while reducing the physical footprint by 60%.

The original systems used to measure performance for these companies simply did not reflect what was actually happening in the operation because their assumptions about the process did not reflect reality. Thus, managers made the "right" decision on bad information, and a poor outcome was assured. We threw out the measuring systems, and had to begin by getting to reality.

People
Our efforts always started with a foundation of respect for the employees. People operate or manage processes to get a value added outcome. Whether it is a machine tool factory, an oil refinery, a large bakery, a customer service center, a hospital, or even a classroom or sports team. People use systems or metrics to measure performance and whether the output of the process is within the desired standards.

We facilitated the changes, but the support of the employees was critical. While we were asking them to challenge all their assumptions about how they worked, we never questioned their dedication to duty or their work ethics.

Processes
Most of us react to symptoms and want to address those first. How many times does a person get sick and rush to treat the bad feeling before determining what is actually wrong with them? With patients, as with organizations, that is an approach that will often lead long-term ramifications and time and money lost.

Any organization that performs a function is made up of multiple processes. Together, these processes form a system that can be measured against a desired outcome. In Congress, we try to measure outcomes with things like passing appropriations and authorization bills through regular order. Federal agencies should be measured based on their effective use of taxpayer funds to achieve a particular outcome.

In business, just like government, there is often a push to spend more money in hopes that it will solve the problem when outcomes are not meeting expectations. When I would ask customers "What is your biggest area of pain?" the answers would usually fall into one of three categories: We need more people, we need more space or we need to spend more money. Resource needs were, more often than not, just a symptom pointing to constraints that limited a team's ability to serve their customers or clients. To determine the constraints and make the process leaner and more efficient, we had to delve into the process itself:

What I think it is.

What it is.

What it ought to be.

What I think it is…
Most people think they understand their daily processes and work routines. Sometimes they are right. However, if they don't measure their performance at all or use the wrong measurements, they will find themselves frustrated, overworked, and falling short of goals.

I always began by asking a person to draw a map of their job and daily routine, step by step. Then I would ask how they measured success or what they were measured on in their day to day performance. Next, I asked if there were any frustrations or issues that seemed to recur. That answer was always yes.

After we had them lay out what they thought their work process looked like, it was time for a reality check.

What it is…

After the team mapped what they thought their work was, we took a walk and followed orders or customer requests through the entire process and its related measurement and planning systems.

The results were usually eye popping. People often found that they spent inordinate amounts of time trying to find records, tools, supplies, or information. In other situations, the material needed was located far from where they actually did work…"because that was the way it has always been."

What it ought to be…

To get to "What the process ought to be" requires data that is correct as a foundation for making decisions and measuring success. Most of the time, these measurements do not require excessive reports, but can be captured easily via visual, manual, or automated tools.

This is how American companies have transformed the way they work, just like we have seen our military transform radically since the post-Vietnam era. Now we live in an era of unprecedented technology with data analytics and the ability to identify opportunities and problems in real time to better serve people.

In the end, process improvement is a continual effort, indeed a way of thinking. Each small step, each constraint removed, allows better use of time and resources. The outcomes are always increased capacity to deliver products and service, improved quality, greater customer satisfaction, earlier detection of problems, lower cost, and money saved that can be used for other priorities or returned to the customers or investors.

When I became chairman of this Subcommittee in 2011, I endeavored to apply my real world experience in processes and systems to the programs within this Subcommittee's jurisdiction and I'm happy to see that current members are continuing to strive towards improving the programs that help so many in need.

Thousands of poor are trapped in program processes that were well intended, but either inefficient or now outdated.

Today, all major companies across the spectrum of industries use integrated, real-time data and analytics to provide better customer service, save money, and improve their products.

Large companies typically use what is called a data warehouse, which can be physical or cloud-based. Well-run systems maintain only one record on a person or product throughout and all users of that record draw from and update a single source to avoid errors and duplication. This standardized record system is called a logical data model and forms the foundation for superb organizational information.

Admittedly, private sector companies often are not faced with some of the constraints that we find when reviewing the 80+ welfare programs in existence today, but I believe there are many lessons that we can learn from private sector efficiencies.

When I has the honor of being part of the Human Resources team, I was proud of our achievements in the space of data standardization for some of these programs. To put it mildly, Ranking Member Doggett and I had often been on opposite sides of policy issues in the past. However, we made a conscious effort to review and improve HR programs from a process perspective, not an ideological perspective. Everyone on the Subcommittee genuinely wanted to make these programs work better for those in need.

There are many places you could start, but getting better and more streamlined data seemed to be the biggest need and best first step. After multiple hearings and meetings with input from all sides, Ranking Member Doggett and I introduced the Standard DATA Act, a bill to require the development of common standards for data and information sharing program-by-program. The goal was to ensure that taxpayer dollars were being well spent, but more so that the programs were doing their job of serving those in need.

Together, we incorporated this concept into the Child and Family Services Improvement and Innovation Act (P.L. 112-34), which was signed by the President in September 2011. The idea was also later applied to the unemployment insurance program, TANF, and SNAP, among others.

I always refer to the Standard DATA Act as the most important law you've never heard of. That was because we were able to remove partisan rancor and emotion from the debate, so we could focus on the facts and achieve results.

After those achievements in 2011 and 2012, another bill, known as the DATA Act, was signed into law in 2014. This moved the ball even further toward an open or shared data environment for the whole of government.

Before I close, I want to commend the Departments of Health and Human Services and Labor for their ongoing efforts to implement these statutes. Their success in this area will lead to more transparent and effective processes which will serve more clients, reduce response times, increase agency capacity, and ultimately assist those in need on their climb out of poverty.

Thank you for the privilege to join you this morning.

Chairman BOUSTANY. Thank you, Geoff, and thank you for your profound contribution on this Subcommittee and the work you did working with Ranking Member Doggett. It really advanced things, and we are deeply appreciative, and we hope to build on what you have accomplished.

Next we are happy to have Ms. Corrigan here.

You may proceed with your testimony. Please turn on your mike.

STATEMENT OF MAURA CORRIGAN, VISITING FELLOW, AMERICAN ENTERPRISE INSTITUTION

Ms. CORRIGAN. Good morning, and thanks so much for the chance to testify before you this morning.

I am Maura Corrigan, a Visiting Fellow at AEI in Poverty Studies, formerly head of Human Services in Michigan under Governor Rick Snyder, and prior to that 19 years as an appellate judge in the State of Michigan. I left the Supreme Court in order to run Human Services.

My message this morning is simple, two things that need to happen in this Congress: one, simplify the maze of programs. I once told my children that I want on my tombstone "Tear down this silo." The programs that we have are too siloed. We are stuck in the prescriptions of those programs instead of getting at the bottom line. Your welfare state chart shows this.

We need to consolidate and coordinate these programs in service of one goal: that every American has a chance at the American dream, that everyone can move out of poverty. The current maze of programs we have poses barriers to this for all.

The second thing I think is crucial is that we coordinate the messaging in all of these programs. First of all, the people must believe they can move up, that they have hope. The second is a three-word mantra that I have stolen from Great Britain when they reformed their disability system, three little words: "better off working." That ought to be at the heart of every safety net program.

All of the committee, I believe, thinks this, but in the programs I administered only two out of nearly 80 had any sort of a work expectation written into the law.

People conform their expectations to the law, and this was not present in the law I administered. Clients want to work and things get in the way of them being able to do that.

The second thing we need to tell the truth about is family formation. We should not impose our values on others. That is so, but on the left and on the right, we understand that children do best when they're raised by two married, involved parents. That is true in all the studies, and I am not aware of any social safety net program that conveys this message, despite our knowledge of these statistics.

These are central or root causes underlying intergeneration poverty, we need to get at these: better off working; two is better than one; and, yes, you can move up.

The complexity of the program I outline in my testimony, you know about benefit cliffs. You know about tax consequences that affect people that are attempting to work. I wanted to lay out for you my job at AEI entails being a liaison with State secretaries, and several of them have said to me that we need to change the nature of our workforces in human services because of the significant mental health issues that are affecting the clients that we see who are in poverty. There is depression; there is despair, and social workers are not adequately trained to deal with what they are seeing and the problems of intergenerational poverty.

It is not the clients who are to blame. It is the policies themselves that need to be reformed. In my testimony I gave you examples of three Michigan programs that I think were important in effecting change in our State. I wanted to move social workers out of offices and to go where the problems were, and we took social workers mobile. We moved them into schools so schools could be the community hubs. We sent social workers to workplaces, to support poor people who were going to work every day, and these are laid out in my testimony, and I invite any comments on those.

I firmly believe in the Opportunity Grant proposal conveyed by then Chair Ryan last year because what it would do would collapse 11 programs into one, integrate programs together, and permit States the opportunity to have holistic solutions, local solutions.

Our States in this great American dream are a laboratory for experimentation. We understand that. We have the ability to innovate. States can do it.

I believe the war on poverty is capable of being won, and that if we simplify what we are doing in these programs, like I learned about public speaking, K.I.S.S.: keep it simple, stupid. If we can simplify what we are doing with the maze of programs and if we coordinate the message, better off working, two is better than one, then we have hope.

Thank you very much for your attention this morning.

[The prepared statement of Ms. Corrigan follows:]

American Enterprise Institute
for Public Policy Research

Statement before the House Committee on Ways and Means

Better Coordinating Welfare Programs to Serve Families in Need

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The views expressed in this testimony are those of the author alone and do not necessarily represent those of the American Enterprise Institute.

Chairman Boustany, Ranking Member Doggett, and other distinguished Members of the Committee, thank you for the opportunity to testify today on how to better coordinate welfare programs to serve families in need.

Prior to joining AEI, I served as Director of the Michigan Department of Human Services from 2011-2014 under Governor Rick Snyder. I left the Michigan Supreme Court to accept the governor's invitation to direct human services after 19 years as a judge. Although I had served as Chief Justice of our Supreme Court and Chief Judge of the Court of Appeals, being Director of Human Services was my toughest job—by far. As my successor Nick Lyon once said to me: "This job is 24/7 in a firehose."

I speak as a former state-level administrator of many of our nation's safety net programs, and as a former attorney and judge, where much of my work touched on issues related to the safety net and those affected by it. I am not an economist, nor am I an academic. Instead, I speak from the perspective of someone who has run these programs and who has seen their problems and friction points up close, every day.

Our department served 2 million of Michigan's 10 million residents. In 2011, our $7 billion budget consisted of $6 billion in federal funds. Due to reductions in the caseload, that budget has since fallen to approximately $5.7 billion. We had a staff of 12,000 employees. The 70+ welfare programs that I oversaw were frustratingly siloed, so much so that I once told my children that I want my tombstone to say, "Tear down this silo." I am convinced that our programs could more effectively help more Americans move up were they coordinated more rationally. We continually fought against this problem in Michigan.

Up front, I wish to underscore one element of these discussions that is too often missing. Any effort to better coordinate programs must focus on coordinating the *messages* that these programs send to low-income Americans. In my experience, these myriad programs often become myopic—focusing on and only on their specific benefit that meets a specific need. Too often they lose sight of the bigger picture —helping a low-income Americans move up—and the two elements most critical to that effort: employment and family.

Our programs that touch working-age adults must be coordinated and consistent in the broad message they send: 1) You are capable of moving up; 2) You are better off working, we expect you to do so if you are not in some way incapacitated, and we will support you in that effort; and 3), Children are best prepared for life when raised by two married, committed, and involved parents. We will not impose our values on you, but we will be honest about the very real implications that decisions regarding parenting and childbearing have for children. These messages are too often lost in the benefit program world where the language of victimhood and entitlement prevails.

With that said: In this testimony, I will give a brief overview of where we are and how we got here; provide my perspective on key issues that our safety net programs face with respect to coordination; and offer a few ideas based on my experience in Michigan and my conversations with other practitioners.

I. What we want, and how we got here

Here I quote my former boss, Governor Rick Snyder, who stated it more eloquently than I can. In his 2015 State of the State address, Gov. Snyder stated:

> "This is about revolutionizing how government operates. This is time for the big vision....Before our country was even founded, why did people come to America? And, after it was founded, why did people come and why do they come today? We are the land of opportunity. That's what makes us who we are. Now the issue is to have a fair chance to have that opportunity in our country."

The governor continued:

> "If you go back to the 1930s, we built a system that was about adding programs and these are good well-intentioned people, but if you look back over the last 80 years, what have we done? We have added prescriptive program after prescriptive program. Where do we stand today? We've counted 145 plus programs and still counting: 35 in health care, 40 in work force, and 70 in child services. The system is failing folks—that's not how you solve the problem of helping people have opportunities. What we have done is sliced and diced people into programs. We have moved away from treating them as real people. In fact, in some cases we have taken some of their dignity away as a person, by putting them through so many programs."[1]

When I arrived at Michigan's human services agency in 2011, the organizational culture tilted toward signing eligible people up for programs as quickly as possible. We too seldom thought through what our clients needed to move up, or how various forms of assistance could work together to help them get into the labor force and increase their earnings, or to achieve some other positive life outcome that moved toward independence.

We also suffered from a lack of real outcome measures. Reporting on program administration, with different timelines and narrow metrics of success, too often took the place of the questions we needed to be asking and the outcomes we should have been measuring: whether these programs and our efforts actually worked at helping people succeed in becoming independent, or in achieving other positive life outcomes—and how we could do better.

The same thing has happened at the federal level. As this committee is aware, a 2012 Congressional Research Service memo identified over 80 federal programs targeted toward low-income Americans.[2] These programs have been created and expanded over the years to address a number of important issues. However, this has created complexity for those who administer the programs and for those who use them, and the missions of many of these programs overlap in significant ways.

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1 http://www.michigan.gov/documents/snyder/2015_Michigan_SOTS_Transcript_479562_7.pdf
2http://www.budget.senate.gov/republican/public/index.cfm/files/serve/?File_id=0f87b42d-f182-4b3d-8ae2-fa8ac8a8edad

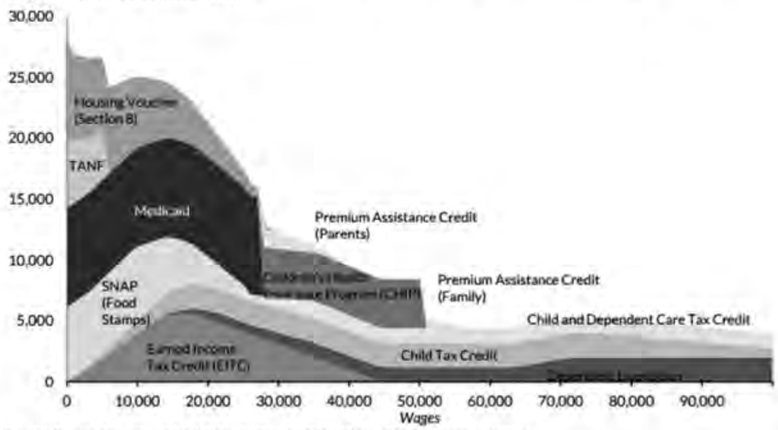
II. Coordination in benefit programs

Our nation's welfare programs are poorly coordinated on several fronts. In my experience, this lack of coordination can at times discourage work among those participating in the programs, often results in additional administrative work and inefficiency for the agencies administering the programs and, most importantly, can distract from the overarching goal that these programs share: helping struggling Americans move toward and into independence. I see four key areas that suffer from coordination issues.

A. Coordination of benefits

As various programs have been created and layered atop each other over decades—many with different eligibility thresholds, benefit levels and structures, and phase-outs—the benefit structure overall for many recipients has made additional work and earnings less appealing than it should be. In many cases, recipients see very little gain in overall household resources as they move up the income scale because losses in benefits offset a substantial portion of their new income. In other cases, participants experience the sudden loss of benefits when they earn one dollar more in income—a "benefit cliff." Many social services programs, including Michigan's, are fighting against the tide of federal benefit structures that mute the financial appeal of increased work and earnings.

Tax and Transfer Benefits for Universally Available and Additional Programs
Single adult with two children, 2015

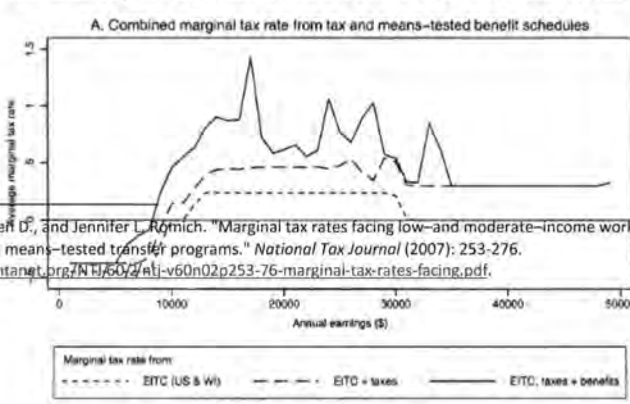


Source: Eugene Steuerle and Caleb Quakenbush, 2014. Washington, DC: Urban Institute.
Notes: Estimated value of tax and transfer benefits for a single parent with two children living in Colorado. Premium assistance credit excludes the value of penalties paid by employers on the beneficiaries' behalf and the value of additional cost-sharing subsidies. Health coverage and quality of services provided varies by source: Medicaid and CHIP benefits are more comprehensive and have less cost-sharing than those in the exchange. Medicaid and CHIP also pay providers for services at lower rates than private insurers.

This chart from the Urban Institute's Eugene Steurle shows some, though not all, of these programs, and how they layer atop one another for a single-parent family with two children. This chart does not include child care subsidies, which drop off steeply at certain levels of income, and which were particularly problematic for single mothers we served in Michigan.

These cliffs are not just charts—they affect many people. A 2007 study from Holt and Romich of single parents with two or more dependents in Wisconsin found that nearly a quarter faced marginal tax rates of 50 percent or greater.[3] The below chart from that study displays how these

Figure 2. Combined Marginal Rates and Disposable Income, Assuming Full Participation in Means–Tested Programs (Single Heads of Household with Two Dependents, Wisconsin TY2000)



[3] Holt, Stephen D., and Jennifer L. Romich. "Marginal tax rates facing low–and moderate–income workers who participate in means–tested transfer programs." *National Tax Journal* (2007): 253-276. http://www.ntanet.org/NTJ/60/2/ntj-v60n02p253-76-marginal-tax-rates-facing.pdf.

marginal tax rates fluctuated wildly as individuals increased their earnings.

Had all of these programs had been created at the same time, policymakers would certainly have dedicated more attention to ensuring that programs complemented each other well. Currently, they don't. Congress must make efforts to address this problem.

B: Administrative coordination between programs

On a practical level, the administrative siloing of many programs for low-income Americans results in increased administrative cost and more frustration on the part of clients.

Many programs demand regular meetings and check-ins with a caseworker. Because programs do not talk with one another, clients are occasionally scheduled for overlapping visits, and both are mandatory. The client must skip one, which can result in the termination of benefits for that program. The client and caseworker must then re-complete the application process from the beginning. This results in significant administrative cost and disruption of benefits for the client.

I saw this play out most often in SNAP and child welfare cases, both of which contain significant case management components. But I am sure there are other instances.

Application processes can also be problematic in this regard. Different programs require different forms and different processes, though most are asking for very similar information. I am not in favor of making application for public benefits so simple as entering information online with no personal interaction. But I am very aware of the administrative waste taking place when three different caseworkers from three different programs process the same application information for the same person in slightly different ways.

To be clear: I am in favor of case management with a live person in most welfare programs. Computers are good at determining benefits and issuing checks. They are less good at encouraging people to find work, and how to best do that. But better coordination of these programs would allow caseworkers to use their time more efficiently.

C. Coordination of messaging

One of the least-discussed but most concerning side-effects of the current milieu of programs is the inconsistency of core messages and expectations that programs send to clients.

The core messages that should be sent to working-age adults seeking public assistance at every step of the process and in every program—that 1) You are capable of moving up; 2) You are better off working, and we will help you make that happen; and 3) Children are best prepared for life when raise by two married, committed, and involved parents—and we will be honest about the implications for children of parenting and family formation decisions—are too often not discussed.

Instead, programs tend to focus myopically on the particular type of assistance being delivered, and only the questions directly related to that assistance. In Michigan, Medicaid did not discuss work. When I started in Michigan, SNAP did not broach the subject. Housing was the same. Family formation as described above is rarely discussed in any context.

This is problematic because messages matter. If a network of programs as a whole is focused on helping people move toward self-sufficiency, it must reinforce a message of the most reliable long-term path to get there.

D. Coordination with programs outside of social services

One of the most frustrating elements of my job in Michigan was the lack of coordination between social services programs and other government entities outside of the social services world that should have been working in concert to support the efforts of clients in achieving their goals, particularly with respect to work.

Transportation was continually an issue. Many low-income Michiganders lacked a reliable vehicle, and public transportation was either unreliable or non-existent. Though the Department of Transportation provided some assistance to some impoverished and vulnerable Michiganders, this assistance rarely touched clients who were trying their best to work or meet their obligations.

I mention this because too often, coordination is thought of only within a group of social services programs. In fact, issues of coordination are much larger. They involve schools, transportation, and many other entities that are critical parts of low-income Americans' efforts to move up.

III. Better Off Working

In Michigan, we made several efforts to work within the existing, but problematic, federal structure to improve coordination.

Central to that effort was sending a strong and unified message about work. Though only two of the programs which I administered had any expectation of work or work training, we made efforts across all programs administered by the agency, and using Governor Snyder's bully pulpit, to get the message out to clients and our workers: you are better off working. This is the same message that Great Britain used to win public acceptance for reforming its disability system. I believe "Better Off Working" should be at the core of all social safety net programs in our country, no matter what Congressional committee has jurisdiction of the program. Accordingly, housing, disability, medical care, cash assistance, SNAP—all our programs should encourage and expect work—and the dignity and responsibility that accompany it—from those able to do so.

What I saw in Michigan during my tenure was discouraging, and based on my discussions with other state secretaries, is a problem nationwide. We were warehousing generations of the poor and sending them assistance with little expectation of self-sufficiency or preparation for it. That has knock-on effects. Several social services leaders I have spoken with suggest that we should change our human services workforce to substitute mental health workers for caseworkers. Why? So many clients now suffer from significant mental health problems like depression. To me, this is a byproduct of the lack of opportunity accompanying these well-intentioned but too often ineffective programs that allow people to stagnate.

The truth is that the present incentives in our siloed programs often prolong dependency, not end it. The clients learn the programs; they know their prescriptive demands better than the line workers, better than the managers and better than the leaders and policymakers. The learned helplessness engendered by a myriad of programs that merely warehouse people leads many clients to despair. For too many, our programs kill hope and the prospects of escape from poverty.

We tried to end that in Michigan. Alongside sending strong public messages about work through government officials and leaders in the community, Michigan also made programmatic efforts to work around or ameliorate the coordination issues that plague these programs and stand in the way of people earning their own success. My successor at the newly-merged Michigan Department of Health and Human Services, Nick Lyon, may describe them in his testimony, but I will touch on three such programs very briefly.

1) Pathways to Potential

We recognized that one government entity with which parents already engaged was the local public school. We also were very aware that Michigan suffered from distressingly low high school graduation rates, much of which was due to chronic absenteeism, and that the families of students who were struggling the most also tended to be involved with our public assistance programs.

To address these issues, we started Pathways to Potential. This program placed social workers, who we titled "success coaches," at work in high poverty schools. We made their offices mobile and put them where they would be closest to this critical population. By working with school principals and teachers, these workers were able to identify and help address the barriers that were preventing low-income children from attending school regularly. Some were often as simple as parents not being able to afford required school uniforms, and not sending their kids to school because of it.

The presence of success coaches also opened new doors for important discussions with parents about both their child's well-being and their own efforts to move up. As a result of this effort, which began in 2012 with a 21 school pilot and has since expanded to over 200 schools, Michigan saw chronic absenteeism fall by a third in Pathways schools. We also focused on making schools a hub for connections to nonprofits and other organizations to assist parents and students in moving forward despite issues related to poverty. One remarkable example focused on building connections between children and incarcerated parents by raising money from prisoners for school uniforms. The effort yielded over $50,000 in donations, which was used to purchase 6,000 school uniforms, and a letter-writing campaign from prisoners to students that focused on encouraging students to complete their education.

This effort demonstrated the value of moving outside of traditional social services silos to focus on the needs of vulnerable kids and their parents, addressing immediate issues related to poverty, and also those that hold kids back from rising out of difficult circumstances through success in education.

2) Community Ventures

This program is aimed at promoting employment in Michigan's most distressed urban areas. It is targeted toward structurally unemployed individuals (a significant problem, particularly in Rust Belt states), to help them build skills and succeed again in employment.

Financed with state general fund dollars, the program assists employers in deferring training and hiring costs for these workers. Perhaps more importantly, it directly addresses the barriers to successful employment that many of these workers face—child care and transportation chief among them. In Saginaw, MI, for example, the program provided van service to a factory outside the city that was participating in the program. In its first two years, Community Ventures placed more than 2,600 structurally unemployed workers into jobs, and 70 percent have stayed on the job for at least a year. That is an exceptional rate of success.

In their recent book, "$2.00 a day: Living on almost nothing in America," Johns Hopkins Professor Kathryn Edin and University of Michigan Professor Luke Shaefer suggest that programs like Community Ventures could be particularly effective in helping two parents described in the book, Jennifer and Rae. On their telling, Community Ventures:

> "not only helps place individuals in jobs but also goes further by providing services that make it easier for workers to stay in those jobs, such as assistance in arranging transportation or child care in a pinch....Such work support services could even be paired with mental health services . With the routine and structure that a job provides, and

> with access to mental health services, it seems possible that Jennifer and Rae might be able to really get a handle on their mental health challenges."[4]

3) Employer Resource Networks

A third effort Michigan has undertaken, and which is similar conceptually to placing "success coaches" in schools, instead focuses on the workplace—another institution with which many low-income Michiganders interact.

This program also made caseworkers mobile, placing them in the workplace to assist struggling Michiganders in their efforts to work. Common issues associated with worker absenteeism again included transportation obstacles and coordination of child care, and the cost to firms of worker absenteeism and worker turnover is high. ERNs, which are funded largely by employers, bring together employer, human services, and nonprofit stakeholders to assist workers as immediately as possible in resolving these issues by having a presence in the workplace.

Contributing employers have realized a 175 percent ROI on their contribution dollars through increased worker retention and increased worker productivity, while workers are reaping the benefits of increased employment, earnings, and stability.

IV. Concluding Remarks

These efforts provide a taste of what can be done when social services program begin to shift their thinking toward the person and what will help them succeed in the workplace or in school, and away from specific programs and their restrictions. Yet these efforts are limited, and in many cases are responses to problems created in the first instance by myriad programs that do not work well together. Often these connective efforts must be funded by a state, locality, or even business—too few federal programs allow states the flexibility to devote existing funding to coordinating efforts that will improve outcomes, or to restructure programs in such a way that connective efforts are less necessary.

This is why I believe that Speaker Paul Ryan's "Opportunity Grant" proposal holds great promise. It would collapse 11 existing programs into one, would permit local services to clients with a choice of providers, and would provide states far greater flexibility to pursue a holistic approach. The goal is to transform lives, not to "manage" poverty. Let our solutions in fact be local. Further, Congress should incentivize states to experiment with new approaches.

On a more technical level, greater efforts must be made to rationalize data systems in social services. This is made more difficult by the fact that each state is different with respect to administration and reporting. And a host of confidentiality agreements at all levels of government make this a slow process. But if we expect our programs to focus on a person holistically, so do our data systems that track the assistance they are receiving.

Finally, we need better measures of success—measures that track the life outcomes to which we aspire. What is the effect of these programs and approaches on helping people get and stay

[4] Edin, Kathryn J. and H. Luke Shaefer. *$2.00 a day: Living on almost nothing in America*. Houghton Mifflin Harcourt, 2015.

employed? What is the effect of our efforts on increased earnings? What efforts are helping vulnerable children stay in and succeed in education? Notre Dame Professor James Sullivan and the Laboratory for Economic Opportunity are doing terrific work in this regard. We have made progress in some areas, but too many federal and state programs are still operating with little evidence base. Effective coordination, and perhaps consolidation, of programs are both made more difficult without a strong evidence base.

Our social programs help reduce material hardship for millions of Americans. The evidence on that front is even stronger than many common measures of poverty suggest, according to new research from economists Bruce Meyer and Nikolas Mittag.[5] But they are not as effective as they could be in helping impoverished clients find sustained employment and transform their lives. Efforts must focus on empowering and healing the whole person.

[5] Meyer, Bruce and Nikolas Mittag. "Using linked survey and administrative data to better measure income: Implications for poverty, program effectiveness and holes in the safety net." 26 October 2015. AEI Economic Policy Working Paper Series, 2015-10. http://www.aei.org/publication/using-linked-survey-and-administrative-data-to-better-measure-income-implications-for-poverty-program-effectiveness-and-holes-in-the-safety-net/.

Chairman BOUSTANY. We thank you for your testimony.

Mr. Lyon, you may proceed.

STATEMENT OF NICK LYON, DIRECTOR, MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES

Mr. LYON. Thank you, Chairman Boustany, Ranking Member Doggett, and other Members of the Committee. I appreciate the opportunity to testify in front of you here today, and I appreciate your interest in this issue.

I come to share with you the success of what we are trying to do under Governor Snyder in Michigan. On January 1st, 2015, he addressed this problem by creating the concept of the "River of Opportunity." The goal in this was to address multiple programs, cross-purpose, terribly complex, difficult to navigate, and certainly at times hindered the success of those we were trying to serve.

What we found is that when people suffer a temporary setback, they would fall off the River of Opportunity, and the purpose of our programs is to bring them back onto the river so that they could be successful.

Our reorganization focused on several key issues. It focused first on people, not program; root causes, not symptoms; results, not process; community. Government cannot do this alone. It has to be local solutions and local effort, and outcomes.

The governor operationalized this by consolidating the Departments of Human Services, former Director Corrigan's department and my department, the Department of Community Health, so that we have several Federal programs around Health and Human Services. It is a $25 billion budget, 14,000 employees with a presence in every county.

We built much of what we have done on the successes of what you will see both in Director Corrigan's testimony and my testimony, the Pathways to Potential Employer Resource Networks. It was really about serving the people directly.

Our vision is improved health, safety, and self-sufficiency, and we focus this on people in three different groups: first, children. Obviously children need to be in the situation where they can best learn, and to do that they have to be safe and they have to be healthy.

Individuals with intellectual or developmental disabilities, we want them to be able to live and work in their most independent setting possible as they so choose, and adults. We want to lead them back toward the path to self-sufficiency and increase their employment options moving forward.

Obviously within my testimony we have a list of the federally funded programs. The United States Department of Health and Human Services has 150 distinct funding sources that come through our department; the United States Department of Agriculture, 14; Housing and Urban Development, 13; those are just to name a few State departments.

There are 223 distinct Federal funding sources, all with their different program requirements, all with their different stakeholders, all with potentially different definitions of income. This makes it difficult for us to navigate as leaders, as managers of these programs. It makes it difficult for our case workers to navigate. Think about how difficult it is for that person who walks in the door for the first time potentially in their greatest time of need and how difficult it is for them to navigate.

So our solution is moving towards an integrated service delivery system. It is going to be person centered, goal based. We are going to move case workers from the concept of checking off boxes and working all day in the IT system to really go out and be social workers again and really be success coaches. We want them working with people directly and working with families directly rather than checking a box.

That is a first real significant opportunity. The second piece I see in this, and this is probably because I come from the health side, is I really believe in the concept of preventive services. We need to do what we can to move ahead of these situations that happen.

Our system is reactive in a way. We react once something bad happens, many times in the most expensive and intrusive fashion possible, and we really need to start moving towards a way that is preventive in nature. This applies in health, but also applies with families. Think about how much better off we could be if we identified a potential family at risk of abuse and neglect and help that parent or parents succeed with their children rather than reacting to a situation that might have occurred to avoid potentially foster care involvement, court involvement, prosecutors, et cetera, and not only is the family better off; the child is better off as well.

So as you are thinking through this, and we have done a lot of the thinking here on anything that we can do to be helpful, the things that really come into play is increased Federal flexibility. We have to reduce the complexity. It is just too complex for our system to navigate as a whole.

Outcome based payment models that include incentives for States to reach outcomes. Ranking Member Doggett certainly mentioned that sometimes we focus on process rather than metrics, and I believe that we have to fund preventive services and focus on goals.

Thank you.

[The prepared statement of Mr. Lyon follows:]

Testimony before the House Committee on Ways and Means, Human Resources Subcommittee:
Nick Lyon, Director
Michigan Department of Health and Human Services
November 3, 2015

Thank you Chairman Boustany, Ranking Member Doggett, and members of the subcommittee. I appreciate the opportunity to speak with you today about how we can better coordinate our assistance programs to serve families in need. I am Nick Lyon, the director of the Michigan Department of Health and Human Services. I am excited to share with you our direction in Michigan under Governor Snyder's leadership, and am optimistic that if we can work together at every level in government, we can simplify our system so that it better helps people in need, at less expense to our taxpayers.

The problem that we have identified dates back several generations, is that we have attempted to solve problems both at the state and federal level through the creation of new programs, each addressing an important issue, but each with their own set of stakeholders, program requirements, and eligibility standards. Each program looks only at a finite circumstance and does not consider the whole person and what is preventing that person's success. Instead of working with the individual and determining that person's goals, we often are more concerned with programmatic requirements, leading to an overly complex system that is difficult for all of us, state government, policy makers, and our caseworkers to navigate. If it is difficult for us, imagine how it must seem to an individual or family seeking services.

Over time, we have continued to layer program onto program addressing a symptom or a need, but without addressing root causes. This only leads to more bureaucracy, waste, inefficiency, and frustration. Meaningful results can only be achieved when we consider the totality of the person's situation.

Governor Snyder introduced the "River of Opportunity" in his second inaugural address on January 1, 2015. His vision was to reorganize state government to focus on the person, and to design our programs that help address their problems. When an individual or family suffers a setback, we must focus on their needs to get them back onto the River of Opportunity so that they can achieve their potential. Our goal is to move our focus to the root causes. We must also engage the community, since often times the best solutions are not generated by government, but rather by entities located in the community.

This is a paradigm shift. We must move from administering programs to serving people. And we must base our success on measurable outcomes that define success, such as employment training and retention, family permanency, and improved health: reductions in infant mortality, obesity, and chronic diseases.

The Merger: A Starting Point for Transformation

MDCH + MDHS = MDHHS

- Separately, the Departments managed hundreds of unique programs that customers interacted with in a multitude of ways
- Through the merger, we're looking at every program we offer to see how we can achieve more person-centric flexibility
- The combined MDHHS is charged with reforming how we interface with our customers through technology and making the service delivery system more focused on the customer's needs

Governor Snyder operationalized this by consolidating the former Departments of Community Health and Human Services into the Michigan Department of Health and Human Services. The department's annual budget is $25.1 Billion and employs 14,000 people, with employees in every county of the state. Close to 13,000 employees work in local offices or in our psychiatric hospitals, providing frontline services to our most vulnerable citizens.

The purpose of the consolidation is to transform our health and human services program to better assist people to lead healthier and more productive lives. Our vision is to develop and encourage measurable health, safety and self-sufficiency outcomes that reduce and prevent risks, promote equity, foster healthy habits, and transform the health and human services system to improve the lives of Michigan families. As self-sufficiency takes hold, we will be able to better address the issue of generational poverty, with the goal that children will learn to be successful.

The consolidation is built on the concept that increased collaboration will lead to better outcomes for children and families. I'd like to highlight two programs that demonstrate this and recognize former Michigan Department of Human Services Director Maura Corrigan for her leadership. The first is Pathways to Potential. We pulled caseworkers out of their offices and placed them in schools so they could help identify and address the needs of students and families and help them in a more comprehensive way. We know that children cannot be successful if they are not going to school, and Pathways decreased the truancy rate, on average by 33%.

The second is our work with Employer Resource Networks (ERN'S). These groups of small to mid-sized employers, often in a similar business sector and region, work together on areas such as employee retention and training. They address issues associated with worker absenteeism including transportation obstacles and coordination of child care. The cost to firms of worker absenteeism and worker turnover is high. These ERNs are funded generally by employers, coordinate employer, human services, and stakeholders to assist workers as quickly as possible in resolving issues by having a presence in the workplace.

Contributing employers have realized a 175% return on investment with their contribution dollars through increased worker retention and increased worker productivity. The employees benefit with increased employment, earnings, and stability.

The creation of the Michigan Department of Health and Human Services established a collaborative model for over 300 programs from each of the former departments, most significantly:

- Childrens Services
    - ✓ Foster Care and Adoption
    - ✓ Juvenile Justice
- Physical Health Services including Medicaid
- Behavioral Health and Substance Use Services
- Public Health
- Aging and Adult Services
    - ✓ Home and Community Based Services
    - ✓ Adult Protective Services
    - ✓ Meals on Wheels
- Food Assistance Program (SNAP)
- Family Independence Program (TANF)
- Employment Support
- Rehabilitation Services
- State Emergency Relief

MDHHS Federally Funded Programs

FEDERAL DEPARTMENT	AGENCIES/OFFICES
Health & Human Services	150
(Includes: CMS, CDC, SAMSHA, ACF, SSA, HRSA)	
U.S. Department of Agriculture	14
Housing and Urban Development	13
Department of Justice	10
Department of Education	18
Department of Labor	1
Department of the Interior	1
Department of Homeland Security	1
Environmental Protection Agency	3
Administration for Families and Children	1
Corporation for National & Community Service	3

Like other states, many of these programs are funded in their entirety or in part by our federal partners. The department receives funding from 223 distinct federal sources, most significantly from the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, and the U.S. Housing and Urban Development. This leads to huge complexity and significant program overlap. Often the requirements of each of these programs hinders success on multiple fronts. Policy differences can lead to significant inconsistencies between programs. Information technology systems present similar challenges with complex and competing requirements. The difference in processes can cause confusion and frustration. Navigating these multiple federal programs, each with their distinct set of rules, definitions, and eligibility requirements is difficult for state agencies, caseworkers, and most importantly, the individuals who are seeking services. It also hinders our ability to create a common set of information on individuals and families that could help assess need and ensure program integrity through data analytics. Most importantly, it hinders the family's ability to be successful.

INTEGRATED SERVICE DELIVERY

Services are fragmented for people in need. The River of Opportunity **transforms** service delivery.

Solution
- Convert Caseworkers to Success Coaches
- Modernize IT systems

Outcomes
- Increase number of people meeting success plan objectives
- Increased employment due to coordination of work training

MiDHHS

The department is moving forward on an integrated services delivery model. Parceling people into programs with multiple caseworkers confuses our clients and inhibits our ability to move them towards self-sufficiency.

We are implementing our new model in areas of greatest impact in terms of population served. Not surprisingly, and not unique to Michigan we have siloed our programs based upon the federal statutes and fund sources that define them.

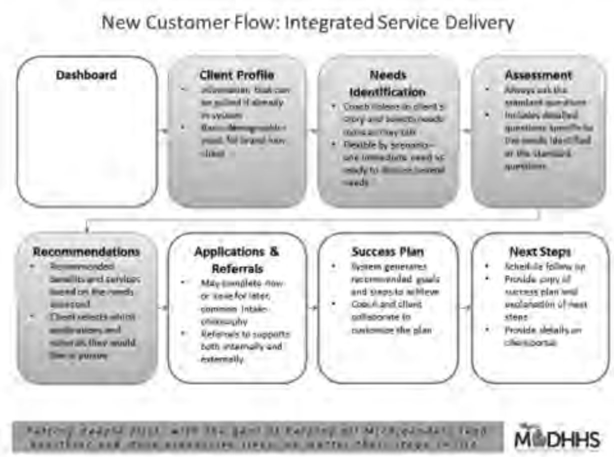
Integrated Services Delivery: Where We're Starting

First Areas for Integration
(Largest Customer Populations Served)
- Food Assistance Program (SNAP)
- Family Independence Program (TANF)
- Medicaid/MI Child (Medicaid/CHIP)
- Healthy Michigan Plan (Medicaid Expansion)
- State Emergency Relief (Energy, Heat, Utilities, Home Repair, Home Ownership, Relocation, Burial)
- Child Development and Care
- Women, Infants and Children (WIC)

Coming Soon Internally
(High Priority Supports)
- Supports for the Aging Population Supports for the Developmentally Disabled Population
- Behavioral Health and Substance Use Programs
- Employment Support Programs

MiDHHS

With an integrated services delivery model, a success coach can help navigate clients to their goals. Our vision is an integrated service delivery model where individuals can establish their own goals for success, led by caseworkers serving as success coaches to assess family needs, assist clients in accomplishing their goals through progressive checkpoints, and provide ongoing support to help a family achieve self-sufficiency. Success coaches will have access to client information, and meaningful social work will be enabled through the implementation of caseworker relief, universal caseload management, tiered call centers, and integrated systems with a common portal. Our goal of coordinated access will drive our policy and waiver requests to the federal government for improving services.



Process orientation leads to prescriptive and conflicted/competing rules. To address this we are asking our federal agency partners to consider flexibility that helps us meet our goals of improving client outcomes, specifically addressing the need to allocate funding tied not to process but outcomes. Incentivizing positive outcomes by allocating funds in such a way to permit front loading of services and encourage reinvestment when outcomes are achieved.

We have discussed the Governor's vision of the River of Opportunity and our intent to operationalize it through integrated services delivery with several federal agencies and they have been quite supportive of Michigan's approach to transforming our health and human services and have worked with us to identify rules or regulations as potential barriers. It is possible that we could seek support for legislative changes to help reduce the fragmentation of programs, so that we can truly achieve the benefits of an integrated system.

Much of our service delivery system is focused on programs that are reactive. Most often, these services are provided only after a significant disruption in lives has occurred and an individual or family is in crisis. We are focusing our efforts on evidence based programs that are preventive in nature and focus on early interventions that work.

Preventive Services can be valuable in reducing the incidence of chronic disease, behavioral health crises, and placement of children in foster care or adoption. In each of these settings reactive care or interventions are more costly and less effective than prevention.

For example, a family who is identified as "at risk" for abuse and neglect may be eligible for mentoring or training. A community driven program that focuses on parental resilience may give the parents the tools necessary to cope with stressful situations and make the right parental decisions. If that training did not occur, and a parent abused or neglected a child, a costly set of interventions is initiated to ensure that the child is in a safe and secure environment. This involves Children's Protective Services staff, case investigators, behavioral health providers, judges, and potentially law enforcement. The child might be placed in foster care and could eventually be adopted. By preventing abuse or neglect, we have stopped a traumatic situation for the parents and, most importantly, for the child. While ensuring the safety and security of the child is our utmost responsibility, as a result there is the potential cost savings to the system by preventing the incident in the first place. And while the return on investment is important, these services are valuable in a more significant way.

Our goal is to build a system that is inherently preventive in nature. This includes examining payment models that incentivize success rather than reimburse for services provided. As we develop the metrics for success, we hope to work with our federal partners to ensure that they also see the value in investing a greater share of available resources to preventive interventions.

In order to measure our success, we are working to develop indicators that provide insight into when and how to provide interventions. Many of these are based on the concept of the social determinants of health. We have had discussions with other states that are also exploring implementing these types of metrics.

It is time for us to work in a coordinated manner to place people over programs and incentivize successful outcomes by addressing root causes rather than symptoms. This will require programmatic flexibility from the Federal Government. To achieve our goal of helping our citizens reach their full potential, we need your help in ensuring program efficiencies through support of tiered call centers, integrated service delivery, and real caseworker relief that permits our caseworkers to do what they do best: helping people. We look forward to partnering with you in our shared objective of serving our citizens effectively with compassion and fiscal integrity.

Thank you for this opportunity to share with your our transformative activities. We are all very enthusiastic and optimistic about what we will be able to accomplish with your help for the citizens of Michigan.

Chairman BOUSTANY. We thank you for your testimony.

Mr. Greenstein, you may proceed with your testimony.

STATEMENT OF ROBERT GREENSTEIN, PRESIDENT, CENTER ON BUDGET AND POLICY PRIORITIES

Mr. GREENSTEIN. Thank you very much.

My testimony today basically makes three points. The first, safety net programs that assist people with low or moderate incomes can and should be improved, but they are far more effective than is often understood. If we use the data that measure poverty in the way most analysts believe we should, that is, counting assistance like SNAP and the earned income credit rather than ignoring them, the census data show that the safety net—could I have my first slide please—that the safety net cuts poverty nearly in half, the census data showing that it lifted 38 million Americans out of poverty last year.

And these figures which you see in the slide from the Census Bureau's supplemental poverty measure actually understate the safety net's effectiveness because they rely on census data that substantially undercount the number of households getting benefits like SNAP.

The Urban Institute has developed a highly regarded, widely used model to adjust for the underreporting of benefits and—second slide please—once the corrections are done, we see that the safety net cuts poverty a little more than in half.

Of particular note, in recent years advances in poverty research have enabled researchers to track children over several decades as they grow into adulthood, and what we have learned is that basic income support for poor families, including things like income credit, rental vouchers, things of the sort, can have significant long-term, positive effects on children. The research has now linked more adequate income support for poor children in early childhood to increased test scores and educational attainment in school, and then in turn to increased employment and earnings in adulthood.

My second point involves cost. The costs of these programs have grown, but it is overwhelmingly due to the Great Recession and the sluggish recovery, and the rise of health care costs throughout the U.S. health care system, also pushed up by the aging of the population, and of course efforts to cover more of the uninsured.

So sometimes people assume that the universe of low income programs, low income programs in general are exploding in cost. The hard budget data show that is not the case.

Next slide, please.

Once we look at the cost of this universe of programs outside health care, we see that while the cost went up in the recession, it is now declining. Within a few years, in will be below its average cost as a share of GDP over the 40 years from 1975 through 2014, and by early in the next decade, we will be below the prior 40-year average.

The same is true if you look at spending on low income programs as a share of the Federal budget, up in the recession, now dropping. Projection: within a few years it will be below its average over the previous four decades.

Final point on coordination, which should certainly be improved. Various States have been making important improvements in this area in recent years, including through the work support strategies demonstration that is using innovative ways to make programs like SNAP, Medicaid, and child care more integrated and easier to navigate.

And Congress took an important step last year when it passed the Workforce Innovation and Opportunity Act, which has promise of increasing coordination between job training and TANF. Certain reforms in TANF could further that coordination.

But there is an obstacle here, and part of the obstacle is that the ability to have closer coordination is constrained by the limited TANF resources that are used for work activities. The latest data for 2014 show that States, in general, were spending only eight percent of TANF and State maintenance of effort funds on work activities in 2014, 16 percent in child care, and 26 percent on basic assistance, but half of the funds were not going for any of those purposes.

Now, in the coordination area, the one thing I would recommend against is eliminating key safety net programs like SNAP or rental vouchers and merging their funding into mega block grants. That would likely result in increased poverty and hardship over time for three reasons.

First, it would entail converting programs like SNAP that respond automatically in recessions when need increases into fixed amounts that do not respond to the changes in the economy and poverty.

Secondly, history shows that when policy makers consolidate programs into very broad block grants with very broad purposes, States substitute some of the Federal block grant dollars for State dollars previously being spent on that purpose. The GAO has documented that that occurred to some degree under TANF.

Finally, when funds are merged into very broad block grants with very diffuse purposes, the outcomes get hard to measure, and this may contribute to funding decreases over time, the proof being in the pudding.

We just completed an analysis of the 13 major health, human services and social services block grants created in recent decades. We found that in 11 of the 13 funding has been reduced, often a lot, since their creation, and if you just take 2000 to 2015, overall funding for the 13 block grants is down 28 percent in real terms, and these are for health and human and social services.

Thank you.

[The prepared statement of Mr. Greenstein follows:]

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TESTIMONY OF ROBERT GREENSTEIN

President, Center on Budget and Policy Priorities,
Before the Human Resources Subcommittee
of the House Committee on Ways and Means

November 3, 2015

Thank you for the invitation to testify today. I am Robert Greenstein, President of the Center on Budget and Policy Priorities, a policy institute that focuses on fiscal policy and policies and programs to assist people with low or moderate incomes. I also served many years ago as Administrator of the Food and Nutrition Service at the U.S. Department of Agriculture, the agency that operates the Supplemental Nutrition Assistance Program (SNAP) and other domestic food assistance programs. In the mid-1990s, I served as a commissioner on the Bipartisan Commission on Entitlement and Tax Reform, chaired by then-Senators John Danforth and Bob Kerrey.

Overview of Testimony

My testimony today makes the following three points.

1. Safety net programs that assist people with low or moderate incomes can and should be improved. But they are far more effective than is often understood.

   Data that measure poverty in the way that most analysts across the political spectrum favor — by *counting* assistance like SNAP (food stamps), the Earned Income Tax Credit (EITC), and rental subsidies rather than ignoring them as though they didn't exist or had no impact on the resources a low-income family has to live on — show that the safety net cuts poverty *roughly in half*. The data also show that, as a result of safety net programs, poverty barely increased in the Great Recession despite the worst economic downturn in decades. Further, the data show that poverty is substantially lower today than it was a half century ago, largely as a result of safety net programs.

   In addition, recent advances in poverty research have enabled researchers to track children over several decades as they grow into adulthood. These studies have found striking evidence that providing income-related benefits like SNAP, the EITC, and other income assistance to poor families with children results in increased test scores and educational attainment for poor children — and subsequently in increased employment and earnings in adulthood. In other words, various programs that help poor families with children meet basic necessities also improve children's longer-term outcomes.

2. The cost of the universe of means-tested programs has grown over the past decade. But this growth has been due overwhelmingly to two factors: the Great Recession and the ensuing sluggish recovery; and a substantial growth in the cost of health care programs. The latter reflects the rise in costs throughout the U.S. health care system (including private-sector health care), the aging of the population (since older people have far higher average health care costs than younger people), and the expansion of Medicaid and premium tax credits to cover more of the uninsured.

   Some policymakers, pundits, and others assume that means-tested programs in general are expanding rapidly and exploding in cost. Budget data from the Congressional Budget Office (CBO) show that this is *not* the case; a very different picture emerges once one looks at means-tested programs *outside* health care. Total federal spending for programs outside health care that are focused on people with low or modest incomes (hereafter referred to as "low-income programs") peaked at 2.9 percent of gross domestic product (GDP) in 2010 but has declined as a share of GDP since then and continues to do so. It stood at 2.3 percent of GDP in 2015.

And, of particular note, it is projected to decline to 1.9 percent of GDP in 2020 and 1.7 percent of GDP in 2025 — *levels that are significantly below the average for the past 40 years.* From 1975 to 2014, federal spending on low-income programs outside health averaged 2.1 percent of GDP, which was higher than spending on these programs is expected to be in all years after 2017.

Similarly, if we look at spending on low-income programs as a share of the budget, federal expenditures for low-income programs outside health care averaged 11.2 percent of federal non-interest spending over the four decades from 1975-2014, and climbed to 13 percent of spending in 2010. But these costs are slated to fall to 10.4 percent of the budget in 2020 and 9.0 percent in 2025 — well below their average share over the past 40 years, and in fact, the lowest share since 1970.

3. Coordination across various low-income programs should be strengthened. Various states have made important improvements in this area in recent years (including through the Work Support Strategies demonstration, which uses innovative ways to better integrate procedures across programs such as SNAP, Medicaid, and child care assistance), but more can be done.

   There is a difference, however, between better coordinating and integrating various procedures and other program elements across these programs and effectively *ending* key programs and merging their funding into large block grants. The former approach (strengthening coordination) can boost program effectiveness and efficiency. The latter approach, by contrast, is likely to result in a marked reduction in program effectiveness in reducing poverty and in increases in poverty and hardship, as I explain below.

I also would note that over the past two decades, the nation has moved to much more of what analysts call a "work-based safety net." The degree to which government programs provide benefits to people without earnings has declined substantially, contributing to an increase in "deep poverty" (income below *half* of the poverty line). In 1996, for every 100 families with children in poverty, 68 received cash assistance through Aid to Families with Dependent Children; today, only 23 of every 100 poor families with children receive cash assistance through Temporary Assistance for Needy Families (TANF). Meanwhile, we have expanded the EITC and the low-income component of the Child Tax Credit, both of which go only to families that work. For these and other reasons, it's best not to use the term "welfare" to characterize the universe of means-tested programs, since welfare conveys or implies benefits for people who aren't working, while our country's safety net increasingly has become one that supports families that work but have low incomes and that supplements their low wages or purchasing power.

I turn now to a more detailed examination of the three main points.

I. The Safety Net's Impact on Poverty

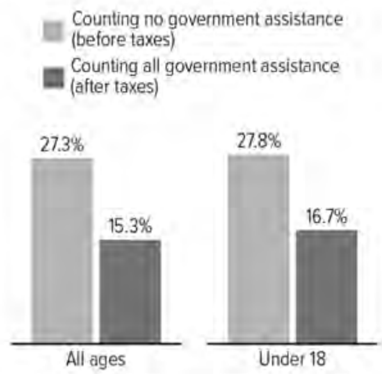
The U.S. safety net cuts poverty roughly in half. Highly regarded research by a team of Columbia University researchers, using a broad measure of poverty that most analysts favor over the official poverty measure because it counts rather than ignores non-cash benefits and tax credits, shows that safety net programs reduced the number of otherwise-poor people by 44 percent in 2012. Without the income from these programs, the poverty rate in 2012 would have been 29 percent; instead, it was 16 percent.

The figures for 2014 are similar. Before government benefits and taxes, the poverty rate stood at 27.3 percent. After benefits and taxes, the poverty rate was 15.3 percent, according to the Census Bureau. (See Figure 1.) The safety net lifted 38 million people out of poverty last year.

Moreover, these figures — from the Supplemental Poverty Measure (or SPM)[1] — *understate* the safety net's effectiveness, because they rely on Census data that *substantially undercount* the number of households that receive certain benefits like SNAP. Census and other surveys rely on participants' recollections months later and typically fail to capture some income and benefits.

FIGURE 1

Safety Net Cut Poverty Rate Nearly in Half in 2014



Note: Figures use the federal government's Supplemental Poverty Measure (SPM).

Source: CBPP analysis of Census Bureau data from the March 2015 Current Population Survey and 2014 SPM public use file.

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The Urban Institute has developed a highly regarded model that analysts across the political spectrum use to correct for the underreporting of government benefits. In 2012, the most recent year for which these corrections are available, the safety net lowered the SPM poverty rate by an additional two percentage points once the missing SNAP and other benefits are accounted for; the SPM poverty rate for that year was 29.1 percent before government benefits and taxes are taken into account, but 13.8 percent when benefits and taxes are *fully* accounted for. (See Figure 2. For data showing the impact of benefits and taxes on poverty in each state, see the Appendix.) This suggests that the safety net actually lowers poverty by slightly more than half. New research led by Bruce Meyer of the University of Chicago that adjusts for the undercounting of benefits in the Census data produces similar results.

A comparison with the 1960s is also telling. In 1967, the safety net lifted only *4 percent* of otherwise poor people out of poverty, as compared with nearly half today. This is the main reason that the Columbia researchers found that the poverty rate fell from about 26 percent in the late 1960s to about 16 percent in 2012, using the "anchored" SPM. (These figures do not adjust for underreporting of benefits.[2]) The researchers noted that if the poverty rate is measured by counting

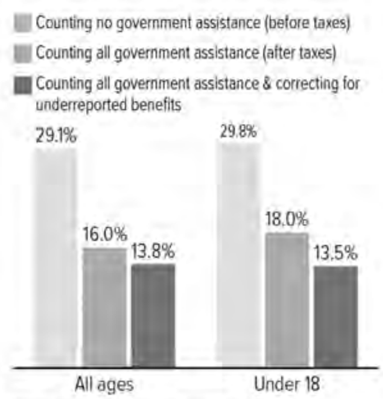
[1] Unlike the official poverty measure, which measures only a family's cash income before taxes, the SPM counts after-tax income plus non-cash benefits less various medical and work expenses. It thus better captures the large and growing portion of government support that is not in the form of cash and thus is missed by the official poverty measure.

[2] The "anchored" SPM is a variation of the SPM that compares poverty rates in different years using a 2012 SPM poverty threshold adjusted only for inflation. Christopher Wimer *et al.*, "Trends in Poverty with a Supplemental Poverty Measure," http://cupop.columbia.edu/publications/2013.

only market-based income (i.e., income before government benefits and taxes), it would have been about the same in 2012 as in 1967 — 27 percent in 1967 and 29 percent in 2012. The fact that the poverty rate *before* benefits and taxes was no lower in 2012 than in 1967, but the poverty rate *after* benefits and taxes was sharply lower in 2012 than in 1967, indicates that virtually all of the progress in reducing poverty since the late 1960s has been due to the development of a broader safety net.

FIGURE

Safety Net Cut Poverty Rate More Than in Half in 2012, After Correction for Underreported Benefits



Note: Figures show poverty rates using the federal government's Supplemental Poverty Measure (SPM). Program participants sometimes underreport their benefits because they forget, are embarrassed to receive benefits, or other reasons. We correct for this for six government programs.

Source: CBPP analysis of 2012 Census Bureau data from the March Current Population Survey, SPM public use file and published Census figures; corrections for underreported benefits from HHS/Urban Institute TRIM model.

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(Note: Even with these impacts, the U.S. safety net does significantly less to reduce poverty than the tax and transfer policies of most other developed countries. A recent comparison shows that, in 2011, the U.S. poverty rate before counting benefits and taxes was about at the average pre-tax, pre-transfer poverty rate for the 33 OECD countries. But when poverty is measured *after* counting benefits and taxes, the U.S. poverty rate ranked seventh highest among these nations.[3])

Of course, these figures do not reflect the likelihood that employment would have been somewhat higher, and market-income poverty somewhat lower, in the absence of the safety net. The effect of the safety net on work has been well studied, however, and the leading academic research on this matter finds that the safety net's overall effects in reducing employment and thereby keeping poverty higher are very small,[4] especially since some safety net programs significantly *increase* work effort.

Research shows, for example, that the EITC and the low-income component of the Child Tax Credit draw people into the labor market and increase work. Research has found the EITC to be particularly effective at increasing work effort among single mothers;[5] it is widely considered to be one of the most effective policies for increasing work and earnings among female-headed families and has been a key factor behind the substantial increases in work among single mothers since in the early 1990s. (In fact, University of Chicago economist Jeffrey Grogger found that the EITC expansions of the 1990s "appear to be the most important single factor in explaining

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[3] CBPP analysis of OECD data at www.oecd.org/social/income-distribution-database.htm.

[4] Yonatan Ben-Shalom, Robert Moffitt, and John Karl Scholz, "An Assessment of the Effectiveness of Anti-Poverty Programs in the United States," National Bureau of Economic Research, 2011, www.nber.org/papers/w17042.pdf (also available in the *Oxford Handbook on the Economics of Poverty*, Oxford University Press, 2012); see also Robert Moffitt, "The Deserving Poor, the Family, and the U.S. Welfare System," presidential address to the Population Association of America, May 4, 2014; and Robert Moffitt, "The U.S. Safety Net and Work Incentives: The Great Recession and Beyond," in *Journal of Policy Analysis and Management*, Spring 2015, vol. 34, no. 2.

[5] Chris M. Herbst, "The labor supply effects of child care costs and wages in the presence of subsidies and the earned income tax credit," 2009, www.chrisherbst.net/files/Download/C_Herbst_Labor_Supply_Effects.pdf.

why female family heads increased their employment over 1993-1999," with an even larger impact on employment than changes in welfare policies.[6])

The Impact of the Safety Net in the Recent Recession

Poverty trends during the recent recession underscore the safety net's importance. Various safety net programs expanded automatically (on a temporary basis) in the recession, as they are designed to do when the economy turns down and joblessness rises. In addition, policymakers enacted temporary expansions of some safety net programs in the 2008 stimulus bill and the 2009 Recovery Act. The combination of the ongoing counter-cyclical features of key safety net programs and these temporary measures averted a steep increase in poverty despite the severe economic downturn. Counting only market income, the poverty rate climbed from 23.6 percent in 2007 to 28.1 percent in 2010, according to the Columbia research team. But counting both market income *and* government income-support programs and taxes, the anchored SPM rose by less than one percentage point, from 14.7 percent to 15.3 percent — a very modest increase given the depth of the downturn.

Some have noted, referring to the *official* poverty rate (which doesn't count SNAP, the EITC, rental vouchers or the like), that the number of people in poverty was considerably higher in 2014 than in 2007 — and have concluded that this means the safety net hasn't been working effectively. Such a conclusion is unwarranted. It is not appropriate to use the official poverty rate to assess the safety net's performance over this period since virtually all of the expansions in safety net programs after 2007 occurred in programs whose benefits *aren't counted* in the official poverty rate. When the SPM is used, the increase in the poverty rate between 2007 and 2014 is only about one percentage point.

And such an increase in the poverty rate as compared to 2007 would be expected, because the economy remained much weaker in 2014 than in 2007, the year in which the prior economic recovery reached its peak. For example, median family income was *$1,100 lower* in 2014 than in 2007, hardly a factor attributable to the safety net. Similarly, median hourly wages were lower in 2014 than in 2007, and the unemployment rate was higher. In fact, the number of long-term unemployed workers was nearly double in 2014 what it was in 2007.

Research on the Impact of Income Support on Poor Children

Traditionally, safety net programs have been regarded largely as measures to alleviate current poverty and hardship. Over the past few years, however, evidence has mounted from an array of important academic studies showing that basic income support for families with children — including tax credits and vouchers to help purchase food or pay rental costs — has significant *long-term* positive effects on poor children in areas such as school performance, high school completion, and labor-market outcomes in adulthood.

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[6] Jeffrey Grogger, "The Effects of Time Limits, the EITC, and Other Policy Changes on Welfare Use, Work, and Income among Female-Head Families," *Review of Economics and Statistics*, May 2003. Using different data, in another study, Grogger reaches similar conclusions. Jeffrey Grogger, "Welfare Transitions in the 1990s: the Economy, Welfare Policy, and the EITC," NBER Working Paper No. 9472, 2003, www.nber.org/papers/w9472.pdf.

To note just a few such studies, economists Gordon Dahl and Lance Lochner have found that children affected by a major EITC expansion in the 1990s exhibited improved math and reading test scores.[7] Harvard economist Raj Chetty and his colleagues similarly found that additional EITC and Child Tax Credit income is linked to increases in students' test scores; they concluded, based on those data and the strong links between educational attainment and future earnings, that EITC receipt in childhood leads to significantly higher earnings and employment rates when the children become adults.[8] They estimated that each dollar of income provided through these credits increases a child's future earnings by more than one dollar.

Gordon Berlin, the president of MDRC, one of the nation's premier evaluation and research organizations, has noted that based on a review of rigorous random-assignment evaluations and other research, "We have reliable evidence involving thousands of families in multiple studies demonstrating that 'making work pay' [through cash supplements to low earners] causes improvements in young children's school performance."[9]

A landmark study of the impact of food stamp benefits on children provides further evidence of the long-term impacts of income support and similar assistance. The researchers, led by economist Hilary Hoynes of the University of California at Berkeley, were able to use the uneven roll-out of the Food Stamp Program in the early 1970s to compare poor children who had access to food stamps in the early 1970s with comparable poor children from counties that hadn't yet instituted the program. They examined records of these children as the children grew up and into adulthood, and found that access to food stamps in early childhood (and the prenatal year) was associated with an 18 percentage-point increase in high school completion rates, lower rates of metabolic syndrome (obesity, high blood pressure, heart disease, and diabetes) in adulthood, and among girls, increases in "self-sufficiency" (using an index of education, earnings, income, and decreases in welfare receipt in adulthood).[10]

Consistent with these and other studies, economists Greg Duncan and Katherine Magnuson have estimated that a sustained $3,000 increase in the income of low-income families with young children results in an average of 17 percent higher earnings and 135 more hours of work per year when the children become adults.[11] An additional 135 hours of work represents nearly a third of the gap in

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[7] Gordon Dahl and Lance Lochner, "The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit," *American Economic Review* 102, no. 5 (2012): 1927–1956.

[8] Raj Chetty, John N. Friedman, and Jonah Rockoff, "New Evidence on the Long-Term Impacts of Tax Credits," Statistics of Income Paper Series, Internal Revenue Service, November 2011. For additional studies finding that the EITC increases college attendance, see Dayanand S. Manoli and Nicholas Turner, "Cash-on-Hand & College Enrollment: Evidence from Population Tax Data and Policy Nonlinearities," NBER Working Paper No. 19836, 2014, www.nber.org/papers/w19836.pdf; and Michelle Maxfield, "The Effects of the Earned Income Tax Credit on Child Achievement and Long-Term Educational Attainment." Michigan State University Job Market Paper, November 14, 2013, www.msu.edu/~maxfiel7/20131114%20 Maxfield %20EITC%20Child%20Education.pdf.

[9] Gordon L. Berlin, "Remarks at National Summit on America's Children," MDRC, May 22, 2007.

[10] Hilary W. Hoynes, Diane Whitmore Schanzenbach, and Douglas Almond, "Long Run Impacts of Childhood Access to the Safety Net," NBER Working Paper 18535, 2012, www.nber.org/papers/w18535.

[11] Greg Duncan and Katherine Magnuson, "The Long Reach of Early Childhood Poverty," *Pathways*, Winter 2011, https://web.stanford.edu/group/scspi/_media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf.

adult work hours between children raised in poor families and children raised in families whose incomes exceeded twice the poverty line.

Exactly why income-support and related programs yield these benefits is not yet clear. Duncan, Magnuson, and others are launching a demonstration project to examine these issues. A number of researchers believe,

FIGURE 3

however, that part of the answer may lie in another important set of research findings that have emerged in recent years — those relating to "toxic stress" in poor families and brain development in children.

A growing body of evidence indicates that children living in unusually stressful situations may experience chronic stress levels severe enough to damage the developing neural connections in their brains and to impede their ability to succeed in school and develop the social and emotional skills needed to function well as adults. These stressful situations include living in dangerous neighborhoods, in families with difficulty putting food on the table or paying the rent, or with parents who cannot cope with their daily lives. One study documented that a 17-year-old's working memory "deteriorated in direct relation to the number of years the children lived in poverty (from birth through age 13)."[12] Another study found slower brain growth in MRI scans among poor children between the ages of five months and four years.[13] Still another study found that temporary spells of low income during pregnancy tend to come with a rise in the mother's stress hormone cortisol to levels associated with negative child outcomes, including "a year less schooling, a verbal IQ score that is five points lower and a 48 percent increase in the number of chronic conditions" for the exposed children, as compared to siblings born at times when the family had lower stress and, usually, higher income.

Other researchers have concluded that early-onset arthritis, hypertension, and other conditions previously linked with early childhood stressors may explain a not-insignificant fraction of the lower work hours and earnings of adults who were raised in poverty.[14]

In short, programs that help families with children afford basic necessities appear to improve children's longer-term outcomes, in part by reducing the added stress that parents or children may experience if they can't pay their bills or put food on the table — and thereby easing the negative effects that poverty-related stress can have on children's brain development. More research in this area is vital and may provide important policy-relevant findings.

II. Low-Income Programs and the Nation's Fiscal Challenges

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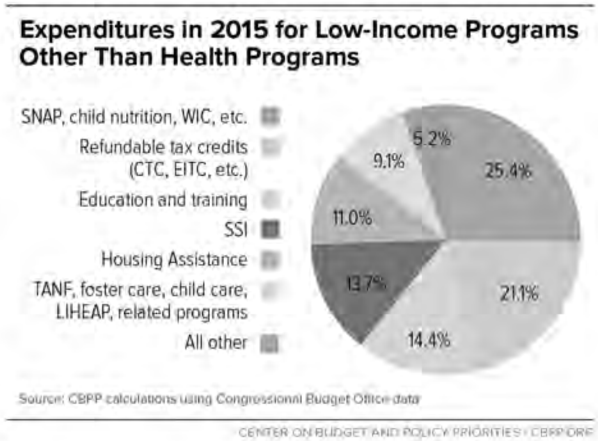
[12] Gary W. Evans, Jeanne Brooks-Gunn, and Pamela K. Klebanov, "Stressing Out the Poor: Chronic Physiological Stress and the Income-Achievement Gap," *Pathways*, Winter 2011, www.stanford.edu/group/scspi/_media/pdf/pathways/winter_2011/PathwaysWinter11.pdf.

[13] Jamie Hanson *et al.*, "Child Poverty Affects the Rate of Human Infant Brain Growth," *PLoS One* (2013), http://dx.doi.org/10.1371%2Fjournal.pone.0080954.

[14] Anna Aizer, Laura Stroud, Stephen Buka, "Maternal Stress and Child Outcomes: Evidence from Siblings," National Bureau of Economic Research Working Paper 18422, 2012, www.nber.org/papers/w18422.pdf.



As we all know, the nation faces long-term fiscal challenges. These challenges stem primarily from projected increases in the cost of health and retirement programs, an insufficient revenue base, and the effect of this mismatch on interest costs in future decades. Yet low-income programs outside of health care are not driving or contributing to the nation's long-term fiscal problems, as a review of the budget data shows.

To be sure, low-income program spending grew substantially between 2007 and 2010 in response to the severe economic downturn, helping to mitigate its worst effects. But since peaking in 2010 and 2011, federal spending on low-income programs outside health care has fallen considerably as a share of GDP and is projected to continue falling as the economy recovers more fully. Based largely on CBO estimates, by 2018 it will fall *below* its average over the past 40 years (from 1975 to 2014) and continue declining as a share of GDP after that.

Specifically, federal spending for low-income programs outside health care (including expenditures for refundable tax credits such as the EITC) climbed from 1.9 percent of GDP in 2007 to a peak of 2.9 percent of GDP in fiscal years 2010 and 2011. But since then, such spending has dropped to an estimated 2.3 percent of GDP in 2015 and is projected to drop back to its prior 40-year average of 2.1 percent by 2017 — and then to fall further to 1.7 percent of GDP by 2025. (See Figure 4.)

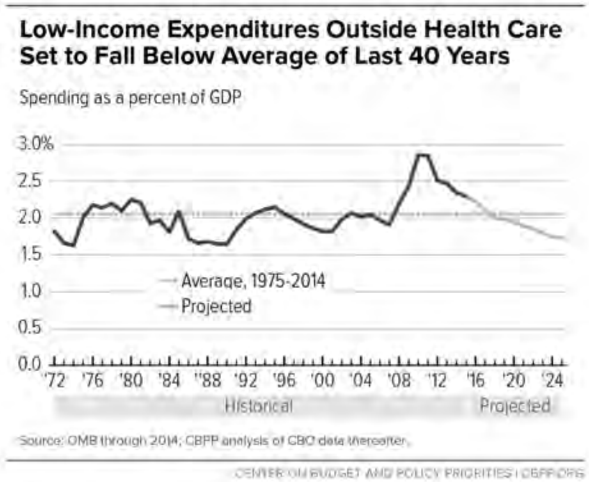
Low-income outlays outside health: percent of GDP

	Avg, 1975-2014	In 2010	In 2015	In 2020 (baseline)	In 2025 (baseline)
Discretionary	0.8%	0.9%	0.7%	0.6%	0.5%
Mandatory	1.3%	1.9%	1.6%	1.4%	1.2%
TOTAL	2.1%	2.9%	2.3%	1.9%	1.7%

May not add due to rounding

Groups of programs that are declining rather than rising as a share of GDP — and are falling below their average costs as a share of GDP in prior decades — are not contributing to the nation's long-term fiscal challenges.

FIGURE 4



We can also analyze trends in spending for these programs other than by measuring their costs as a share of GDP, such as by looking at spending on means-tested programs outside health care as a share of total federal non-interest spending (i.e., spending for everything except interest payments on the debt). The same pattern shows up here: outlays for these programs peaked at 13 percent of federal non-interest spending in 2010 and 2011, but have since declined. They are projected to fall to their prior 40-year average of 11.2 percent by 2017, and then fall below the 40-year average. By 2025, these expenditures are projected to drop to 9 percent of the budget — one-fifth lower than their average over the four decades from 1975 to 2014, and their lowest share since 1970.

Low-income outlays outside health: percent of total program outlays

	Avg, 1975-2014	In 2010	In 2015	In 2020 (baseline)	In 2025 (baseline)
Discretionary	4.3%	4.3%	3.4%	3.0%	2.7%
Mandatory	6.9%	8.7%	8.5%	7.4%	6.4%
TOTAL	11.2%	13.0%	11.9%	10.4%	9.0%

May not add due to rounding

Still another way to measure expenditure trends for these programs is to look at their cost over time in dollars, adjusted for inflation and U.S. population growth. In 2005, expenditures for means-tested programs outside health care stood at $365 billion (measured in 2016 dollars and adjusted for the size of the U.S. population). In 2025, these expenditures, measured the same way, are projected to be $354 billion, about 3 percent less than in 2005.

What About Health Programs?

Health care programs constitute a very large share of overall low-income spending. As a result, increases in health care spending as a share of GDP (and as a share of the budget) can mask declines in the rest of the means-tested program universe. This is one reason that health care should be considered as its own category. There are other reasons as well.

First, a very large share of means-tested health spending is for seniors and people with disabilities, not children and non-elderly adults. Although seniors and people with disabilities made up only 22 percent of Medicaid beneficiaries in 2014, 56 percent of Medicaid spending went for care for these groups, a share that will rise as the U.S. population ages. Providing care to a frail elderly person or a person with a disability generally costs much more than the typical cost of care for a child or a working-age parent.

Moreover, long-term care alone constitutes 25 percent of all Medicaid costs and a larger share of Medicaid costs for seniors and people with disabilities. Yet a substantial share of Medicaid spending on long-term care is for seniors who had middle-class incomes for much of their working lives but whose long-term care needs now exceed their ability to pay for that care. In 2015, private nursing home care is projected to average $91,250 per year, assisted living facility costs to average $43,200 per year, and home health aide services to average $20 per hour. In 2009, the average long-term care cost for a Medicaid beneficiary receiving such care was $34,579, a figure certain to be higher today.

It should be recognized that high and rising health care costs are not caused by Medicaid's means-tested nature. To the contrary, health care costs are rising throughout the U.S. health care system, and *costs per beneficiary are substantially lower in Medicaid than in Medicare or private-sector health care* (largely because Medicaid pays health providers lower rates).

Still another factor that plays a large role in raising costs throughout the health care system is medical advances that prolong life — especially in old age — and improve health, but add considerably to costs. In addition, since older people incur about five times higher average health care costs than younger people do, the aging of the U.S. population is pushing up costs for federal health care programs such as Medicaid.

The nation will have to do more in the years and decades ahead to slow rising health care costs. These are fundamentally issues related to health care and health care delivery, however, rather than issues related to the nature of low-income assistance.

One last point on this matter. As noted, spending on low-income health care programs is projected to rise as a share of GDP. Yet spending on low-income programs *other than* health programs is actually expected to *decline* somewhat faster. As a result, spending on low-income programs as a whole — including health — is projected to decline somewhat as a share of the economy by 2025, relative to its current level. After peaking at 4.9 percent of GDP in 2010, total spending on all low-income programs (including health) receded to about 4.5 percent of GDP in 2015 and is projected to equal 4.2 percent of GDP in 2025. (Note: These figures include the costs of tax-credit subsidies under the Affordable Care Act to make health care affordable to people with incomes up to 400 percent of the poverty line.)

TABLE 1

Spending on Low-Income Programs (percent of GDP)

	1975-2014 average	2010	2015	2025
Low-income programs, excluding health	2.1%	2.9%	2.3%	1.7%
Low-income health programs	1.1%	2.0%	2.2%	2.5%
Total, all low-income programs	3.2%	4.9%	4.5%	4.2%

Source: CBPP calculations of Congressional Budget Office and Office of Management and Budget data

III. Improving Coordination Across Programs

Coordination across various means-tested programs can — and should — be strengthened. Lack of adequate coordination can have deleterious effects. It can make it harder for poor families to access benefits or services that they qualify for and could be helped by. It can be especially hard on working-poor parents if they have to take time off from work to make repeated visits to program offices to provide the same income and other information over and over again for different programs. And it can reduce efficiency and increase administrative costs for state and local governments.

Fortunately, a number of states have made significant progress in improving program coordination in recent years. And promising developments — especially advances in information technology — offer the potential for significant further progress.

In particular, a number of states — including the six states that participate in the Work Support Strategies demonstration project (which include a mix of "red" and "blue" states) — have been taking important strides to better integrate various procedures related to major safety net programs such as Medicaid, SNAP, and child care subsidies. These states are improving coordination related to intake, verification, periodic redetermination of eligibility, and other matters in order to create a more coherent and easy to navigate package of work supports. The states believe a more integrated safety net will strengthen families' financial stability, better support work, improve efficiency and program integrity, and reduce administrative costs. These states are working to take more of a family-centered approach to service delivery rather than a program-by-program approach, and their efforts have resulted in important progress.

One factor that has helped make progress possible is that states turn out to have more flexibility to better align and coordinate various programs than most state or federal officials had realized until recently. Some years ago, a group of state officials working with a National Governors Association project began to compile lists of various things they would like to do to better coordinate programs but that federal rules prohibited. To the surprise of most state officials involved, it turned out that states *could* do a large share of the things that states thought federal rules barred them from doing. But hardly anyone — including federal officials — was aware of that, because securing the needed flexibility for a state required extensive technical expertise in an array of federal rules and guidance governing disparate programs like SNAP and Medicaid, as well as knowledge of how to assemble a coordinated package of state options and waivers covering the different programs. Not only did few state officials have the necessary expertise, but few *federal* officials did either, because they tended to know the rules for their own agency's programs but not the details of various rules for other means-tested programs.

Fortunately, this is now changing. The Work Support Strategies states, the efforts of a number of other states, and the growing conversation among states on these matters are showing how greater coordination efforts can be undertaken. In addition, federal officials have become somewhat more knowledgeable about coordination strategies. To facilitate further progress, a task force of state health and human services officials recently developed a series of proposals for administrative actions that federal agencies can take to eliminate various barriers to increased coordination. The task force's recommendations are now under consideration by federal agencies.

Of particular importance are data sharing and other advances that developments in information technology make possible. In the old paper-bound systems, it was often difficult or administratively burdensome for state agencies to share household information across programs. Now, many states are able to do so. For example, most states now use document imaging systems to save and file household verifications. Many states also now provide call centers that clients can contact by phone to report a change in their circumstances and need for benefits. These and other technological improvements can make it easier for participants and state caseworkers to use a *single* process to update information on a household's income and circumstances that is used to determine the household's eligibility or benefit levels across various programs.[15]

When state agencies can spend less staff time processing eligibility as a result of better data-sharing across programs, they can redeploy the saved resources to important tasks like connecting families to work and supporting families who need more intensive supports. Similarly, many states believe families can better spend time looking for work (or remaining at the job) when they don't need to spend hours every few months (or more often than that) at local human services offices standing in line or filling out forms with the same information as they recently suppled to another program.

Another promising development is Congress' reauthorization last year of the Workforce Innovation and Opportunity Act (WIOA). In doing so, Congress sent a strong signal that people in the greatest need should be served under WIOA to a much greater degree than previously, and that this should be accomplished in ways that are well coordinated with TANF. For example, WIOA includes new "priority of service" provisions requiring that when state or local agencies use WIOA Title I Adult funds to provide career and training services, they should give priority to serving "public benefits recipients, other low-income individuals, and individuals who are basic skills deficient." Prior to enactment of this legislation, the workforce training infrastructure largely bypassed TANF recipients; in 2013, fewer than 4 percent of WIA participants were people receiving TANF cash assistance. That now should change.

Certain reforms in TANF could facilitate further progress in WIOA/TANF coordination. TANF work requirements often aren't well aligned with WIOA programs, and this can discourage the collaboration and priority of service that Congress intended in passing WIOA. In particular, states

[15] For more information on how states are leveraging new technology with respect to health and human services programs, including SNAP, see "GAINING GROUND: A Guide to Facilitating Technology Innovation in Human Services," Freedman Consulting, http://tfreedmanconsulting.com/documents/GainingGround_FINAL.pdf.

can be discouraged from allowing TANF recipients to participate in WIOA programs because such participation won't necessarily "count" for TANF Work Participation Rate purposes. For example, the TANF Work Participation Rate doesn't recognize participation in many basic education and skills programs as a stand-alone activity (since these aren't considered "core" activities under TANF). And the exact hours of the WIOA program may not match the TANF hourly requirements. We recommend that Congress deem participation in WIOA programs as counting toward the TANF Work Participation Rate, which would facilitate better integration of TANF and WIOA and allow TANF recipients fuller access to WIOA programs and services.

In short, federal policymakers and program managers can do more to promote coordination. The federal-state partnership will be further strengthened if more federal agency staff develop more in-depth expertise in *other* federal assistance programs. State and local governments ought not be left on their own to disentangle the differing federal rules across programs and figure out how to navigate them to strengthen coordination. I should note that FNS, CMS, and ACF have recently taken steps in this area, but more can be done.

What Not to Do

What would not be sound is to take a more radical course by eliminating key safety net programs and merging their funding into mega-block grants. Such a course would likely prove counter-productive. It likely would result in increased poverty and hardship over time, for several reasons.

First, it would entail converting programs like SNAP that respond automatically and immediately to changes in need, such as during economic downturns, into fixed grants to states that do *not* rise when the economy falters and poverty increases (and, similarly, do not decline automatically when the economy experiences robust growth and poverty recedes).

Second, overall resources for low-income assistance would likely decline. History shows that when policymakers consolidate various federal programs into a block grant whose funds can be used for a broad array of purposes, states often *substitute* some of the federal block-grant dollars for state dollars that they previously were spending on those purposes, thereby shrinking the total pool of federal and state resources devoted to those purpose (and freeing up money for state officials to plug state budget holes). Although maintenance-of-effort requirements can reduce the scope of this problem, they cannot eliminate it, as such requirements are notoriously difficult to enforce. This is evidenced by state substitution of federal TANF funding for state funding despite the 1996 welfare law's maintenance-of-effort requirement, as the Government Accountability Office has documented.[16] (Georgia is a case in point. Under the welfare law, it has a $173 million maintenance-of-effort obligation, but it has used maneuvers that aren't prohibited to count non-government spending toward this obligation — and to withdraw $99 million a year in state funding and shift it to other areas of the state budget not related to helping low-income families become self-sufficient or meet basic needs.)

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[16] U.S. General Accounting Office, "Welfare Reform: Challenges to Maintaining a Federal-State Fiscal Partnership," August 2001, http://www.gao.gov/assets/240/232403.pdf.

Third, in part because funds from broad federal block grants tend to be used in diffuse ways, the effect of such funds is hard to document, and federal funding for such block grants tends to erode markedly over time. A forthcoming Center on Budget and Policy Priorities analysis examines the 13 major health, housing, and social services block grants created in recent decades. Funding for the vast majority of these block grants — 11 of the 13 — has shrunk in inflation-adjusted terms since the block grants' inception, in some cases dramatically. Funding for the median block grant has declined by 25 percent since its inception, after adjusting for inflation. Funding for four of the block grants has dropped by more than 60 percent.

The forthcoming analysis also examines changes in funding for these block grants from 2000 to 2015. Here, as well, 11 of the 13 block grants suffered funding reductions. Moreover, combined funding for the 13 block grants plunged 28 percent over the 2000 to 2015 period, after adjusting for inflation.

These funding declines occurred even as need increased. The U.S. population has grown by 14 percent since 2000, and the number of people living in poverty has increased as well, as the economy hit headwinds and wages stagnated.

Program	Year of inception	Obligations in 2015 (millions)	% real cut since 2000*	% real cut since inception*
HOME Investment Partnership Program	1992	935	-59%	-61%
Community Development Block Grant	1982	2,942	-57%	-63%
Job Training Formula Grants to States (Youth, Adult, and Dislocated Workers)	1982	2,624	-46%	-70%
Social Services Block Grant	1982	1,576	-38%	-73%
Maternal and Child Health Services	1982	637	-36%	-29%
Temporary Assistance to Needy Families (TANF) block grant	1996	16,486	-28%	-32%
Native American Housing Block Grant	1996	659	-24%	-24%
Substance Abuse Prevention and Treatment Block Grant	1994	1,741	-22%	-7%
Preventive Health and Health Services Block Grant	1982	160	-15%	-19%
Community Mental Health Services Block Grant	1994	462	-7%	-1%
Community Services Block Grant	1982	674	-7%	-18%
Child Care and Development Block Grant (discretionary and mandatory components)	1991	5,277	8%	319%
Low-Income Home Energy Assistance Block Grant	1982	3,391	32%	-25%
total		37,564	-28%	

* adjusted for inflation
Job training formula grants to states figures are for budget authority.
TANF figure reflects State Family Assistance Grants only.
Source: CBPP analysis of Office and Management and Budget Data

* * * * *

This concludes my testimony. Thank you again for the opportunity to testify here today and to provide my thoughts on these issues.

Appendix

These state-by-state figures average data for four years (2009-2012) for increased reliability. They are SPM figures that correct for the underreporting of income. The data combine the effects of federal and state policies, but the vast majority of the reduction in poverty is due to the effect of federal programs, including refundable tax credits.

Effects of the Tax and Benefit System on Poverty By State

Using the Supplemental Poverty Measure after corrections for underreported income; average of 2009-2012

	All Ages			Under 18		
		Percent in Poverty			Percent in Poverty	
State	Number Lifted Above SPM Poverty Line	Before Counting Taxes and Benefits	After Counting Taxes and Benefits	Number Lifted Above SPM Poverty Line	Before Counting Taxes and Benefits	After Counting Taxes and Benefits
U.S. TOTAL	**46,364,000**	**28.9**	**13.8**	**11,924,000**	**29.8**	**13.8**
Alabama	935,000	31.2	11.5	222,000	31.2	11.7
Alaska	79,000	21.1	9.8	25,000	22.9	9.7
Arizona	998,000	32.4	17.3	290,000	36.0	18.8
Arkansas	601,000	34.8	14.0	138,000	33.0	13.6
California	4,851,000	33.6	20.7	1,443,000	37.3	22.0
Colorado	568,000	23.6	12.3	157,000	24.2	11.7
Connecticut	415,000	22.7	10.9	84,000	20.7	10.3
Delaware	145,000	28.0	11.8	38,000	29.1	11.1
Dist of Columbia	82,000	32.8	19.3	32,000	47.0	18.8
Florida	2,892,000	33.2	17.8	582,000	32.9	18.5
Georgia	1,401,000	30.6	16.2	414,000	32.4	16.3
Hawaii	224,000	30.3	13.1	72,000	33.9	10.3
Idaho	283,000	27.9	9.6	81,000	28.0	9.0
Illinois	1,745,000	27.1	13.5	474,000	29.2	13.9
Indiana	1,060,000	29.0	12.3	260,000	29.5	13.4
Iowa	413,000	20.8	7.0	93,000	18.1	5.2
Kansas	435,000	25.2	9.6	116,000	26.4	10.2
Kentucky	809,000	30.0	11.2	199,000	29.9	10.2
Louisiana	792,000	32.2	14.4	221,000	33.0	13.8
Maine	236,000	26.5	8.6	42,000	23.0	7.3
Maryland	535,000	21.5	12.3	137,000	21.5	11.4
Massachusetts	918,000	26.3	12.3	199,000	25.3	11.4

Michigan	1,756,000	29.2	11.2	371,000	27.4	11.3
Minnesota	670,000	21.5	8.7	160,000	20.4	7.8
Mississippi	593,000	35.2	14.7	163,000	35.0	13.8
Missouri	1,054,000	28.4	10.7	245,000	27.5	10.2
Montana	172,000	27.7	10.2	36,000	25.3	8.8
Nebraska	227,000	20.9	8.4	57,000	19.9	7.5
Nevada	345,000	30.3	17.4	92,000	32.9	19.1
New Hampshire	137,000	19.7	9.3	22,000	15.5	7.5
New Jersey	1,036,000	25.0	13.1	244,000	25.0	13.0
New Mexico	377,000	31.9	13.2	112,000	33.5	11.9
New York	3,062,000	31.0	15.1	839,000	34.4	15.1
North Carolina	1,676,000	30.4	12.6	427,000	30.8	12.5
North Dakota	73,000	18.7	7.7	15,000	15.9	5.8
Ohio	1,969,000	27.9	10.6	461,000	26.6	9.4
Oklahoma	620,000	27.3	10.5	172,000	28.5	10.2
Oregon	641,000	29.2	12.5	156,000	29.1	10.9
Pennsylvania	2,012,000	26.7	10.7	375,000	23.1	9.4
Rhode Island	176,000	28.4	11.5	43,000	30.3	11.1
South Carolina	854,000	31.3	12.7	204,000	30.3	11.5
South Dakota	122,000	23.8	8.7	30,000	22.1	6.9
Tennessee	1,176,000	31.6	13.1	293,000	30.9	11.1
Texas	3,691,000	28.9	14.3	1,246,000	33.0	15.2
Utah	314,000	20.6	9.5	94,000	19.8	9.2
Vermont	96,000	23.7	8.2	18,000	21.6	7.2
Virginia	781,000	21.4	11.5	190,000	21.2	11.2
Washington	1,038,000	25.4	10.1	280,000	26.4	8.9
West Virginia	383,000	31.1	10.0	70,000	26.9	9.1
Wisconsin	833,000	24.0	9.2	180,000	22.4	8.7
Wyoming	61,000	19.3	8.2	13,000	14.9	5.5

Government benefits are Social Security, unemployment insurance benefits, workers compensation, veterans' benefits, TANF, SSI, SNAP, school lunch, WIC, rent subsidies, higher education grants, general assistance, and home energy assistance. The tax system is federal and state income and payroll tax owed, net of federal or state tax credits received such as the Earned Income Tax Credit (EITC) or Child Tax Credit.

Chairman BOUSTANY. We thank you for your testimony.

Mr. Sanders, you may now proceed.

STATEMENT OF SCOTT SANDERS, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF STATE WORKFORCE AGENCIES

Mr. SANDERS. Thank you.

Good morning, Chairman Boustany, Ranking Member Doggett, and Members of the Subcommittee. My name is Scott Sanders, and I have served as the Executive Director of the National Association of State Workforce Agencies, otherwise known as NASWA, for the past year.

NASWA members are the publicly funded workforce agencies from 50 States, Washington, D.C., and two territories, and one of NASWA's strategic goals is to drive the national workforce agenda. NASWA members administer various combinations of critical programs, including the Workforce Innovation and Opportunity Act, or WIOA, employment services, training programs, unemployment insurance, vocational rehabilitation, local market data, and social service programs.

Before joining the association, I served as Commissioner of the Indiana Department of Workforce Development, or DWD, which operated the workforce training programs under WIOA, UI, labor market data, and adult education programs. I greatly appreciate the opportunity to share some approaches States have initiated to better integrate programs that serve those in need and the challenges facing the States and the public workforce system.

The enactment of WIOA presents a unique opportunity for the workforce system to partner with adult education and vocational rehabilitation, as well as many of the human service programs, such as SNAP and TANF. Hopefully this coordination and alignment of workforce programs yields better outcomes.

I commend this Subcommittee in the draft TANF legislation for continuing the spirit, but do not underestimate the heavy lift this entails.

Could I have my first slide, please?

Over the past year NASWA has compiled information on the programs administered by each of our State members. As shown on the map here in kind of a teal-bluish green or the California color, 23 of the NASWA members administer programs funded by WIOA, UI, Wagner-Peyser, Trade Adjustment Act, labor market data, and reemployment of veterans. There are 14 agencies managing voc. rehabilitation, eight agencies coordinating adult education, and six workforce agencies having some role administering TANF.

While Commissioner, I learned firsthand of the challenges at State level to coordinate our services. We constantly sought to improve our agency's relationship with economic development groups and educational providers. We were continually working within groups that had different geographic boundaries.

If I could have my next slide, please.

On this chart, although busy, the monitor reflects the State boundaries for eight different entities in Indiana and underscores the challenge that Indiana and many States face in trying to coordinate programs. The map in the upper left reflects the boundaries of the workforce system, which uses economic growth regions, but the boundaries for the social service agency that administers SNAP and TANF just below use different boundaries.

In addition to the multiple jurisdictional boundaries, other issues, such as siloed legislative sources, regulatory guidelines, and funding streams further complicate the seamless delivery and coordination of services. Indiana has worked to overcome some of these boundaries and in 2011 moved adult education into DWD and recently began coordinating services with the social services agency.

Other States have been moving in this direction. Louisiana combined rehabilitation services into their Workforce Commission and is preparing to launch a software platform that will handle multiple programs through one integrated system.

Texas operates the TANF Program and will soon also administer the State's Vocational Rehabilitation Program.

Ohio has one agency that administers its TANF and workforce programs, and Utah has created a plan to align and coordinate services to address intergenerational poverty. Some suggestions to take into consideration are increasing the flexibility in a TANF grant to include reemployment services; review Federal jurisdictions to determine whether that structure and oversight arrangement makes the most sense; align Federal reporting metrics for social service and workforce programs; and help States integrated disparate computer systems to provide accurate data; allow States to tailor programs and services to specific needs; create common data definitions; and reduce the funding uncertainty of programs which creates havoc for States trying to serve those in need.

I also encourage the Federal departments that administer programs like SNAP and TANF to work in coordination with the Department of Labor and not to create separate training programs. For example, the Department of Agriculture announced last week a Center of Excellence for SNAP recipients to obtain employment and training skills. This is an important initiative that needs to be coordinated with the existing infrastructure of the workforce system so there is not just another siloed effort.

In summary, we owe it to take steps towards a more coordinated workforce system. While there will be challenges in implementing, we always envisioned, this Committee has the opportunity in TANF and other reauthorizations to greatly increase the alignment of workforce programs under its jurisdiction to improve services for both job seekers and employers.

Thank you for the opportunity to be with you today and for your interest in initiatives that help employ American workers, improve coordination amongst various programs, and help Americans achieve financial independence.

[The prepared statement of Mr. Sanders follows:]

NATIONAL ASSOCIATION OF STATE WORKFORCE AGENCIES

"Better Coordinated Programs Serve Workers in Need"

SUBMITTED BY SCOTT B. SANDERS
EXECUTIVE DIRECTOR,
NATIONAL ASSOCIATION OF STATE WORKFORCE AGENCIES
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ON NOVEMBER 3, 2015

TO THE HOUSE COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
U.S. HOUSE OF REPRESENTATIVES

I. Introduction

Chairman Boustany, Ranking Member Doggett, members of the Subcommittee: Thank you for the opportunity and honor to share with you some of the efforts states have made to better integrate programs to serve those in need and the challenges facing the states and the public workforce system.

My name is Scott B. Sanders, and I serve as Executive Director of the National Association of State Workforce Agencies (NASWA). NASWA is an organization of state administrators from all 50 states, Washington DC and 3 territories, of the publicly-funded state workforce system. Our members administer various combinations of critical programs including: the Workforce Innovation and Opportunity Act (WIOA), employment services, training programs, unemployment insurance, vocational rehabilitation, employment statistics and labor market information, and social service programs. One of NASWA's strategic goals is to drive the national workforce agenda.

Before joining NASWA, I served as Commissioner of the Indiana Department of Workforce Development (DWD). The Indiana DWD operates the state's workforce training programs under WIOA, unemployment insurance, labor market statistics, and adult basic education programs.

II. Overview of the Nation's Workforce Development System

The nation's economy is slowly recovering from the recent recession; however, our jobless rate remains relatively high in some parts of the country. With the national unemployment rate in September at 5.1%, there were still 26 states at or above the national average, which ranged from a high of 7.3% in West Virginia to a low of 2.8% in South Dakota. Many states are now feeling the budgetary impact from the drop in crude oil prices that have fallen by almost $40 per barrel over the past year, as well as the impact of switching away from coal to cleaner burning fuel sources. In addition, according to the US Census Bureau, over the past four years, the number of people in poverty at the national level has not statistically changed from the previous years and totals approximately 47 million individuals. Some of these individuals are also served by the public workforce system.

On July 22, 2014, the Workforce Innovation and Opportunity Act (WIOA) was signed into law and was designed to assist job seekers access employment, education, training, and support services to succeed in the labor market, and to match employers with the skilled workers they need to compete in the global economy. Congress passed the Act by a wide bipartisan majority. It was the first legislative reform of the public workforce system in 15 years. WIOA superseded the Workforce Investment Act of 1998 (WIA) and amended the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1973. In general, the Act took effect on July 1, 2015, the first full program year after enactment.

The States are excited about the potential of WIOA, the ability to coordinate the delivery of services, creating regional workforce planning and sector based strategies, spurring economic growth, growing family incomes and getting people to work.

Over the past year, NASWA compiled information on each state workforce agency to view the programs they administer. (*A map of the various state structures is included on page 9.)* There are currently 13 different types of agency structures, based on programs, being utilized across the states. The most common structure is a state agency that handles programs funded by WIOA, unemployment insurance (UI), Wagner Peyser, Trade Adjustment Act, labor market data and reemployment of veterans. There are 23 states that currently have this structure.

There are currently 14 state workforce agencies that also operate vocational rehabilitation programs, eight agencies that coordinate adult education programs, and six workforce agencies that have some role in administering Temporary Assistance for Needy Families (TANF).

III. Implementation of WIOA

With the implementation of WIOA beginning in earnest, states and their general assemblies are beginning to examine the transfer of adult education, vocational rehabilitation or TANF potentially into the workforce agency, or just improving coordination among all programs. At a minimum, when constructing a state WIOA unified and combined plan, workforce agencies are exploring ways to partner with other state agencies that handle these programs.

Many states view the WIOA combined planning process as a platform for better coordinating programs to serve workers and families in need. Over the past year, they have begun the preparation of their formal state WIOA implementation plans. The state planning process provides an opportunity for state, regional and local policymakers to commit to a common vision. In these plans, states should articulate how different programs, agencies, and stakeholders will work together to execute key strategies that will include sector partnerships, career pathways, cross-program data and measurement, and job-driven investments. On paper, state entities plan to work together, or potentially plan to merge to gain efficiencies. That may seem simple, but the challenges of intertwining staff, braiding dedicated funding steams, integrating disparate computer systems, creating common data definitions and reporting results on a limited budget will continue to be a serious challenge.

Specific to the task facing this subcommittee is the importance of mentioning WIOA is driving better coordination of services and creating more flexibility in the workforce system to serve low-income and undereducated populations. Below are specific examples from WIOA. This list is not exhaustive, but serves as a reference point. WIOA has:

1. Created common performance metrics, definitions and reporting requirements within the workforce system.
2. Created flexibility in training options, including allowing pay for performance contracts.
3. Loosened restrictions on training funds so they could be used by individuals who cannot obtain Pell Grants or who need additional assistance beyond Pell Grants.
4. Eliminated the requirement that individuals pass through multiple layers of services before starting training.
5. Increased flexibility for adult basic education, literacy and English language services to include integrated education and (workforce) training.

6. Expanded eligibility for workforce services to people receiving or who are eligible for free or reduced-price lunch and to those who are homeless.
7. Restoring the governors' 15% set-aside.

Looking toward further coordination within the social services spectrum, the same principle applies: more flexibility for states. This is what will help WIOA be successful and what can aid in reaching the individuals within the social services spectrum, whether they be receiving benefits under TANF, Supplemental Nutrition Assistance Program (SNAP), unemployment insurance or are underemployed.

IV. Indiana: Challenges Working within Different Geographic Boundaries

In my role as Commissioner of Indiana DWD, we constantly worked to improve our agency's relationship with various economic development groups and educational providers but were continually challenged by other agencies working within different geographic boundaries. (*The Indiana chart is included on page 10.*)

The chart shows the Indiana geographic boundaries for the following economic development groups and educational entities: Indiana DWD Workforce Service Areas, Indiana Economic Development Corporation Business Development areas, Small Business Development Center and areas, Ivy Tech Community College Campuses and Regions, Family Social Services Administration's Division of Family Resources Regions (administers TANF), Department of Education Service Areas, Indiana Association of Career and Technical Education Districts, and Indiana Economic Development Corporation Regional Economic Development Organizations.

The different jurisdictional boundaries for these eight delivery models in Indiana serves as an example of the internal challenges many states face when trying to coordinate programs even within its own borders and dealing with the existing delivery system of various programs. In addition to the challenge of multiple jurisdictional boundaries, siloed funding and regulatory sources further complicate the seamless coordination of services.

In an effort to realign some adult services across the state, in 2011, the administration of Indiana's adult basic education programs were moved from the Department of Education to the Indiana DWD statutorily. This transfer integrated adult basic education and (workforce) training within one agency, but as a result placed the Indiana DWD under the auspices of the US Department of Education ED along with the US Department of Labor (USDOL). Indiana DWD soon discovered that basic education funds were not able to be cross-utilized for entry level workforce training certifications. This initially posed difficulties for the state in trying to best serve undereducated Hoosiers with siloed funding sources. With the passage of WIOA, these restrictions have been lessened as more flexibility between the programs has been introduced, but the job of navigating between two federal agencies and their rules and requirements continues to exist.

During the past year, there has been improved coordination between the adult basic education program at Indiana DWD and the Family Social Services Administration's Division of Family Resources. This coordination has resulted in helping to educate those disadvantaged Hoosiers who lack the high school equivalency certificates they need to find gainful employment and to assist them in moving off of poverty programs. This type of effort to coordinate services is being repeated across multiple programs in every state.

V. Louisiana: Example of Integrating and Innovative Programs

Another example of an agency integrating programs is the Louisiana Workforce Commission (LWC) which absorbed the Louisiana Rehabilitation Services (LRS) into their agency in 2010. The results have been very positive. The combination of LWC and LRS has resulted in LRS meeting its federal measures for the past two consecutive years and shows integration can work.

Additionally, LWC is about to go "live" with the country's first fully integrated UI/workforce development information technology platform. LWC staff will be able to manage all aspects of a client's case file, from UI eligibility to training and placement, in the same software program. Clients will have vastly improved self-service capability, whether it is job seekers managing training and job search, UI claimants looking for claim status, or employers needing to manage their accounts or job postings. This powerful tool is going to be an essential part of WIOA implementation.

Louisiana has also cultivated an effective coalition with business and industry and higher education. A strong example of this is the Workforce Investment for a Stronger Economy (WISE) Fund. The WISE Fund has generated more than $70 million of public and private funds for universities and technical colleges around the state to prepare students for high-wage, high-demand jobs as indicated by business and industry and the LWC's industry and occupation forecasts. Colleges competed with each other based on the degrees and certificates they could commit to producing in fields like computer science, engineering and the building trades. To qualify for funding, the schools had to raise at least a 20 percent private match from a business partner. Approximately 20 percent of the state funding was distributed based on federally funded research the universities perform.

These actions and relationships in Louisiana are helping in their implementation of WIOA as there already exists a high degree of coordination of services among workforce, education and economic development.

VI. Examples of State Workforce Agencies handling Social Service Programs

In 2012, the Utah Legislature adopted the Intergenerational Poverty Mitigation Act requiring the Department of Workforce Services, to study and evaluate administrative data to determine whether the anecdotal evidence aligned with the reality for families utilizing public assistance. It required Executive Director Pierpont's Department to release the data in an annual report, with a focus on understanding the challenges and barriers children in poverty face.

Jon S. Pierpont, Executive Director of the Utah Department of Workforce Services testified last Thursday, October 29, 2015, before the Senate Finance Committee on a hearing titled, "Welfare and Poverty in America". In his testimony, Executive Director Pierpont described how Utah has focused on the families struggling to break free from the cycle of poverty, passed from one generation to the next, and known as "intergenerational poverty."

As stated in Utah Department of Workforce Services' Fourth Annual Report on Intergenerational Poverty, Welfare Dependency and the Use of Public Assistance, "In the past year, Utah has made progress in removing barriers that impede the stability and self-reliance of families experiencing intergenerational poverty. The Intergenerational Welfare Reform Commission released Utah's Plan for a Stronger Future: Five- and Ten-Year Plan to Address Intergenerational Poverty. This ambitious plan is a roadmap to address intergenerational poverty through the establishment of five- and ten-year goals. The primary five-year goal emphasizes the importance of alignment and coordination across agencies serving families." Between 2013 and 2014, the share of both the adult and child intergenerational poverty cohorts decreased slightly.

In Texas, the TANF work program is operated by the Texas Workforce Commission (TWC) which is also responsible for US Department of Labor programs, such as WIOA Title I, Wagner-Peyser Employment Services and Trade Adjustment Assistance. They also administer employment programs under the jurisdiction of the US Department of Education–Adult Education and Literacy, and will administer Vocational Rehabilitation which transfers to TWC in September 2016. TWC, in coordination with SNAP Employment & Training, also operates subsidized child care to provide low-income families with one of the most critical supports they need to work or attend education/training.

This integration allows for a strong labor market connections for TANF recipients. They have the benefit of receiving services in America's Job Centers, and can take advantage of resources that are available to all job seeker, like resume writing workshops, job search resource rooms, and access to job openings and leads cultivated by job development staff. Additionally, the integrated model promotes coordinated administrative and management functions, coordinated intake and tracking systems, and ensures the goal of becoming employed is shared, regardless of what funding source is being used to assist a job seeker.

Ohio, in 1999, created the Department of Job and Family Services in order to consolidate administration of both the TANF and the WIA workforce development system programs. The state moved quickly toward structural integration and focused on a "no wrong door" policy to improve access to employment services.

In this integrated arena, TANF currently provides a major portion of the workforce system's infrastructure operating costs. However, despite the close structural integration of the programs, full programmatic integration has been complicated because the federal reporting metrics for the two programs are not aligned. TANF measures are based on a state's ability to successfully meet the required work participation rate, which is largely a process measure based on individual attendance in countable activities. Alternately, workforce measures have historically been based on long-term client outcomes that are dependent on a state's ability to facilitate job entry, better-than-average median earnings and credential attainment for customers.

WIOA expands the overlap between targeted populations in TANF and WIOA (formerly WIA) and provides new opportunities for developing innovative, job-driven programs that align services across systems. This year, Ohio passed a new law, which fully integrates funding from TANF and WIOA to create a new program for low-income youth ages 16-24. The program, called the Comprehensive Case Management and Employment Program (CCMEP), mandates a single client-centered case management approach and refocuses the efforts of all system partners. CCMEP requires local service providers to achieve specific employment, retention, earnings and educational outcome metrics in order to continue receiving funding. There are future plans to expand the program to additional populations.

VII. Challenges in Improving Coordination of Integrated Programs

We applaud Congress passing WIOA, but the sheer passage of the bill does not mean the coordination and integration of the various programs is immediate. Pushing integration through the states is challenging and could be enhanced if federal agencies are united and better coordinated. As a part of WIOA, agencies such as Indiana DWD and others mentioned previously, will have to create strategies to work across internal state boundaries to effectively execute and deliver services while aligning performance and reporting. In states that are still siloed by multiple agencies delivering similar programs, the challenges to implement will be even greater.

While most of WIOA became effective this past July, the final regulations implementing WIOA will not be released until this spring. As a result, states are in the difficult situation of moving ahead with WIOA implementation, but with the understanding that what states put in place now, may change once the final regulations are released. And while the USDOL has been very helpful in providing operational guidance; the ED and the Department of Health and Human Services, have been limited in their guidance. As states are working with their new partner agencies to integrate and collaborate on the programs, the federal framework is creating a hurdle for many states, especially those that have not worked with Vocational Rehabilitation, Adult Education, TANF or other programs. Some of the other challenges states encounter in coordinating WIOA related programs are insufficient integration at the federal level and lack of coordination in creating unified or combined plans.

Some of the state issues that need to be resolved are: one-stop funding and procurement; the creation and reporting from the eligible training provider lists; building information technology platforms to share and match data, including wage records, among agencies and states; meaningful performance accountability standards; integration of the unemployment insurance system as "reemployment"; indicators for employer services and satisfaction; and tight budgetary constraints in states.

VIII. Opportunity for Improved Coordination with Social Service Programs

Thanks to this Committee's leadership with the enactment of The Middle Class Tax Relief and Job Creation Act of 2012, temporary funding was provided to states for Reemployment and Eligibility Assessments (REA) activities and Reemployment Services (RES) to workers who were receiving federal Emergency Unemployment Compensation.

Prior to passage of this law, many UI claimants had little in-person interaction with employment and job search assistance services. While UI claimants usually are required to register and search for work, they might not know or avail themselves of the services in local one-stop career centers.

When implementing this law in Indiana, we found that it assisted jobless workers return to work faster and addressed UI overpayments. The program, created by this subcommittee, worked so well, that Indiana now requires all UI claimants to visit the one-stop center four weeks after their initial filing. Other states, including Louisiana, Minnesota and Nevada, have also adopted the "in-person" requirement.

As states work through the implementation of WIOA, this should create more flexibility for state workforce agencies to create, coordinate and implement education and training programs associated with social service and ex-felon programs. Anything further that can be done at the federal level to assist states in providing increased flexibility to administratively coordinate these programs is key to successful outcomes.

For example, increasing flexibility in the TANF grant to include reemployment services would be helpful. This would allow workforce agencies to assist the underemployed and unemployed find and retain gainful employment. Ultimately, those receiving UI, TANF, and other social services are facing similar circumstances and backgrounds.

Another opportunity to increase coordination would be to review federal agency jurisdictions (framework) – which agencies oversee which programs – and determine whether that structure and oversight arrangement makes the most sense in terms of how those programs are grouped and operated at the state and customer levels. That type of review at the federal level could result in greatly increased ease of implementation and operation at the state level, and lower costs are every level.

Lastly, a better alignment of federal reporting metrics for social service programs and workforce programs, and creating flexibility for states to tailor programs and services to specific individual needs will help increase outcomes for those most in need.

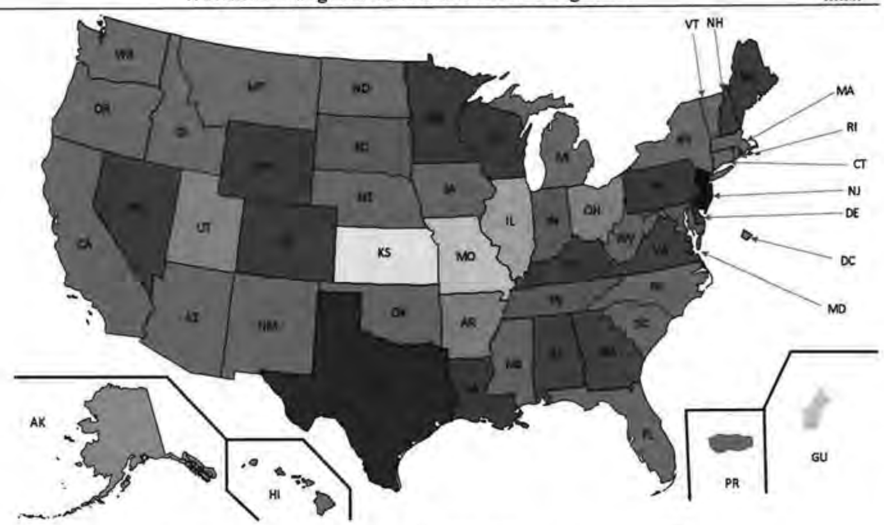
IX. Conclusion

In summary, the States are excited about the possibilities that have been created by WIOA and realize the challenges they face in implementing this historic bill. Every state believes that educating and employing our underemployed workforce will yield economic benefits for years to come, grow the tax base and increase income levels while reducing reliance on social service programs. I hope the specific state examples given will provide you with resources on successful practices to utilize as you explore ways to better coordinate services for families in need.

Thank you for the opportunity to be with you today and for your interest in initiatives that help employ American workers, improve coordination among the various programs and help Americans achieve financial independence.

National Map of State Workforce Agency Structures

Workforce Programs In State Workforce Agencies

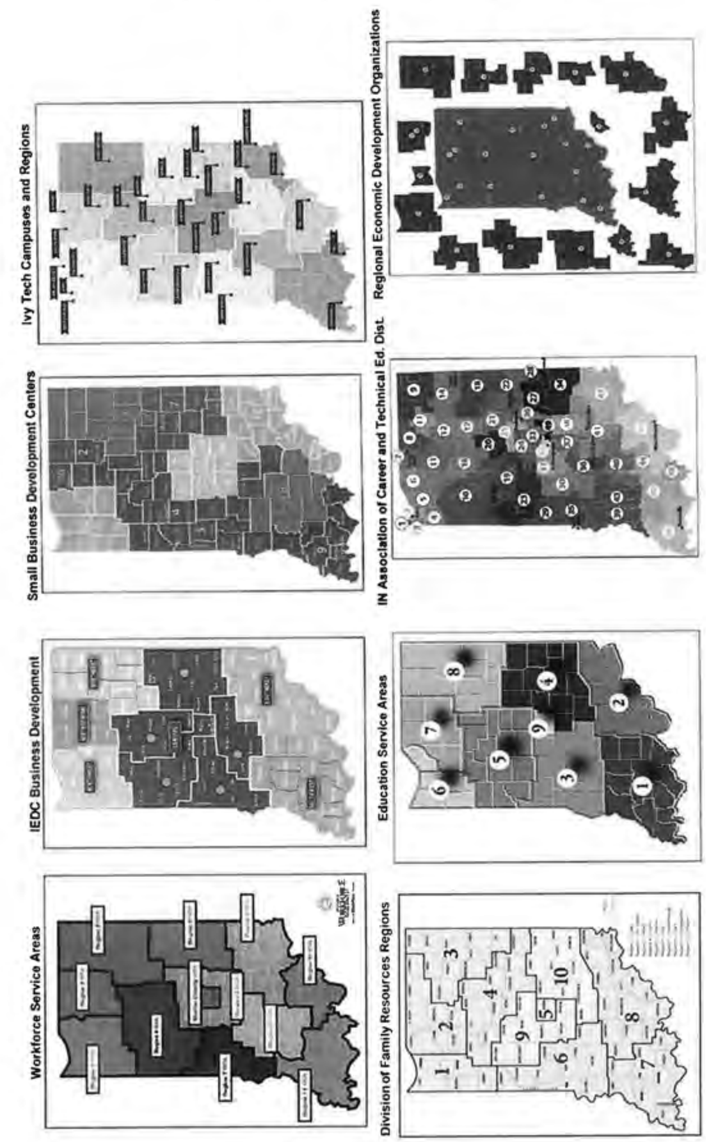


	# of Programs	WIOA	UI	Wagner Peyser	Adult Education	TAA	Voc Rehab	TANF	LMI	VETS
	4		X	X					X	X
	4	X		X		X				X
	5	X		X		X			X	X
	5	X		X	X	X				X
	5		X	X		X			X	X
	6	X	X	X		X			X	X
	7	X	X	X		X	X	X		X
	7	X	X	X		X		X	X	X
	7	X	X	X	X	X			X	X
	7	X	X	X		X	X		X	X
	8	X	X	X	X	X	X		X	X
	8	X	X	X	X	X	X	X	X	
	9	X	X	X	X	X	X	X	X	X

	States
	1
	1
	2
	1
	4
	23
	1
	3
	4
	10
	1
	1
	1

Results from NASWA State Organizational Structure Survey–March 2015 (revised October 2015)
Research by Hilary Hew ko, Staff Assistant, and Kevin Naud, Staff Assistant

Indiana Map of Various Agency Geographic Boundaries



NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Alabama											X					X				
Department of Economic and Community Affairs	X																			
Department of Labor		X	X		X			X	X											
Department of Commerce																				
Department of Postsecondary Education/State Board of Education				X																
Department of Rehabilitation Services						X														
Department of Human Resources							X													
Alaska										X				X		X	X	X	X	
Department of Labor and Workforce Development	X	X	X	X	X	X		X	X											
Department of Commerce, Community, and Economic Development																				
Department of Health and Social Services							X													
Arizona										X						X		X	X	X
Department of Economic Security	X	X	X		X	X	X		X											
Arizona Commerce Authority																				
Department of Education				X																
Department of Administration								X												
Industrial Commission of Arizona																				

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Arkansas										X						X		X		X
Department of Workforce Services	X	X	X		X		X	X	X											
Arkansas Economic Development Commission																				
Department of Career Education				X		X														
Arkansas Department of Labor																				
Arkansas Worker's Compensation Commission																				
California										X						X		X		
Employment Development Department	X	X	X		X			X	X											
Governor's Office of Business and Economic Development																				
Department of Education				X																
Department of Rehabilitation						X														
Department of Industrial Relations																				
Department of Social Services							X													
Colorado										X				X		X		X	X	
Department of Labor and Employment	X	X	X		X	X		X	X											
Office of Economic Development and International Trade																				
Department of Education				X																
Department of Human Services							X													

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Connecticut										X						X		X		
Department of Labor	X	X	X		X			X	X											
Department of Economic and Community Development																				
Department of Education				X																
Department of Rehabilitation Services						X														
Workers' Compensation Commission																				
Department of Social Services							X													
Delaware										X				X		X		X	X	
Department of Labor	X	X	X		X	X		X	X											
Delaware Economic Development Office																				
Department of Education				X																
Department of Health and Social Services							X													
District of Columbia										X				X		X		X		
Department of Economic Services	X	X	X		X			X	X											
Department of Disability Services						X														
Department of Human Services							X													
Office of the Deputy Mayor for Planning and Economic Development																				
Office of the State Superintendent of Education				X		X														
Florida										X						X		X		
Department of Economic Opportunity	X	X	X		X			X	X											
Enterprise Florida																				
Department of Education				X		X														

Under the umbrella of DOL, Connecticut also has the Office of Workforce Competetiveness (OWC) that serves as the Governor's principal workforce development policy advisor. While DSS is the lead TANF agency and is responsible for administering the cash assistance segment of the Jobs First Program, the employment services piece is administered by CT DOL.

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Department of Financial Services																				
Department of Children and Families							x													

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Georgia											X					X				
Governor's Office of Workforce Development																				
Department of Labor		X	X		X			X	X											
Technical College System of Georgia				X																
Department of Human Services							X													
State Board of Workers' Compensation																				
Georgia Vocational Rehabilitation Agency						X														
Department of Economic Development/Workforce Division	X																			
Hawaii										X				X		X		X		
Department of Labor and Industrial Relations	X	X	X		X			X	X											
Department of Business, Economic Development, and Tourism																				
Department of Education				X																
Department of Human Services						X	X													
Idaho										X						X		X		
Department of Labor	X	X	X		X			X	X											
Department of Commerce																				
State Board of Education				X		X														
Department of Health and Welfare							X													
Idaho Industrial Commission																				

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Illinois											X				X					
Department of Commerce and Economic Opportunity	X				X															
Department of Employment Security		X	X					X	X											
Illinois Community College Board				X																
Illinois Workers' Compensation Commission																				
Department of Human Services						X	X													
Indiana										X						X	X	X		
Department of Workforce Development	X	X	X	X	X			X	X											
Indiana Economic Development Corporation																				
Family and Social Services Administration						X	X													
Indiana Department of Labor																				
Iowa										X				X		X		X		
Iowa Workforce Development	X	X	X		X			X	X											
Iowa Economic Development Authority										IWD contracts with DHS for the provision of TANF employment and training services. TANF receives funds from HHS, but IWD operates the self-sufficiency program.										
Department of Education				X		X														
Department of Human Services							X													

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Kansas												X			X			X		
Department of Commerce	X		X		X				X											
Department of Labor		X						X												
Kansas Board of Regents				X																
Department for Children and Families						X	X													
Kentucky										X						X		X	X	
Department of Workforce Investment	X	X	X		X	X		X	X											
Cabinet for Economic Development																				
Council on Postsecondary Education				X																
Department of Workers' Claims																				
Cabinet for Health and Family Services							X													
Louisiana										X				X		X		X	X	
Louisiana Workforce Commission	X	X	X		X	X		X	X											
Louisiana Economic Development																				
Community and Technical College System				X																
Department of Children and Family Services							X													

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Maine										X						X		X	X	
Department of Labor	X	X	X		X	X		X	X											
Department of Economic and Community Development																				
Department of Education				X						The Additional Support for People in Retraining and Employment (ASPIRE) program is under TANF and operates through MOU between DOL and DHHS										
Workers' Compensation Board																				
Department of Health and Human Services							X													
Maryland										X						X	X	X		
Department of Labor, Licensing, and Regulation	X	X	X	X	X			X	X											
Department of Business and Economic Development																				
Department of Education						X														
Workers' Compensation Commission																				
Department of Human Resources							X													
Massachusetts										X				X		X		X		
Executive Office of Labor and Workforce Development	X	X	X		X			X	X											
Executive Office of Housing and Economic Development																				
Executive Office of Heath and Human Services						X	X													
Department of Elementary and Secondary Education				X																

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Michigan																X	X	X		
Workforce Development Agency	X		X	X	X				X											
Unemployment Insurance Agency		X																		
Michigan Economic Development Corporation																				
Department of Human Services						X	X													
Department of Licensing and Regulatory Affairs																				
Department of Technology, Management, and Budget								X												
Minnesota										X			X		X			X	X	
Department of Employment and Economic Development	X	X	X		X	X		X	X											
Department of Education				X																
Department of Labor and Industry																				
Department of Human Services							X													
Mississippi										X						X		X		
Department of Employment Security	X	X	X		X			X	X											
Mississippi Development Authority																				
Community College Board				X																
Workers' Compensation Commission																				
Department of Rehabilitation Services						X														
Department of Human Services							X													

DHS awarded TANF funding, but WDA operates TANF program through One-Stop system.

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Missouri												X			X			X		
Department of Economic Development	X		X		X			X	X											
Department of Labor and Industrial Relations		X																		
Department of Elementary and Secondary Education				X		X														
Department of Social Services							X													
Montana										X				X		X		X		
Department of Labor and Industry	X	X	X		X			X	X											
Governor's Office of Economic Development																				
Office of Public Instruction				X																
Department of Public Health and Human Services						X	X													
Nebraska										X						X		X		
Department of Labor	X	X	X		X			X	X											
Department of Economic Development																				
Department of Education				X		X														
Nevada Workers' Compensation Court																				
Department of Health and Human Services							X													

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Nevada										X						X		X	X	
Department of Employment, Training, and Rehabilitation	X	X	X		X	X		X	X											
Department of Business and Industry																				
Governor's Office of Economic Development																				
Department of Education				X																
Department of Health and Human Services							X													
New Hampshire											X					X				
Department of Resources and Economic Development	X																			
New Hampshire Employment Security		X	X		X			X	X											
Department of Labor																				
Department of Education				X		X														
Department of Health and Human Services							X													
New Jersey										X				X		X	X	X	X	X
Department of Labor and Workforce Development	X	X	X	X	X	X	X	X	X											
New Jersey Economic Development Authority																				
Department of Human Services																				

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
New Mexico										X						X		X		
Department of Workforce Solutions	X	X	X		X			X	X											
Economic Development Department																				
Department of Education						X														
Higher Education Department				X																
Workers' Compensation Administration																				
Human Services Department							X													
New York										X						X		X		
Department of Labor	X	X	X		X			X	X											
Empire State Development																				
Department of Education				X		X														
Office of Temporary & Disability Insurance							X													
NYS Workers' Compensation Board																				
North Carolina										X			X		X			X		
Department of Commerce	X	X	X		X			X	X											
Industrial Commission																				
State Board of Community Colleges				X																
Department of Health and Human Services						X	X													

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
North Dakota										X						X		X		
Job Service North Dakota	X	X	X		X			X	X											
Department of Commerce																				
Workforce Safety and Insurance																				
Department of Public Instruction				X																
Department of Human Services						X	X													
Ohio										X						X		X		X
Department of Job and Family Services	X	X	X		X		X	X	X											
JobsOhio/Ohio Development Services Agency																				
Ohio Board of Regents				X																
Opportunities for Ohioans with Disabilities						X														
Department of Commerce																				
Bureau of Workers Compensation																				
Oklahoma										X						X		X		
Employment Security Commission	X	X	X		X			X	X											
Department of Commerce																				
Department of Education				X																
Workers' Compensation Court																				
Department of Rehabilitation Services						X														
Department of Human Services							X													

TANF is State-supervised and County-administered. Jobs Ohio is a private non-profit corporation with primary responsibility for ED. Development Services preforms the required governmental ED funding.

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Oregon										X						X		X		
Department of Community Colleges and Workforce Development	X*			X						Oregon is in a transitional phase while CCWD workforce operations are integrating with OED. Currently, CCWD workforce staff are physically located at OED and have integrated functional supervision. It is anticipated that eventually CCWD and OED will merge into one agency, but that will require action by the Oregon State Legislature.										
Oregon Employment Department	X	X	X		X			X	X											
Business Oregon/Oregon Business Development Commision																				
Department of Consumer and Business Services																				
Department of Human Services						X	X													
Pennsylvania										X				X		X		X	X	
Department of Labor and Industry	X	X	X		X	X		X	X											
Department of Community and Economic Development																				
Department of Education				X																
Department of Public Welfare							X													
Rhode Island										X				X		X		X		
Department of Labor and Training	X	X	X		X			X	X											
Rhode Island Economic Development Corporation																				
Department of Elementary and Secondary Education				X																
Department of Rehabilitation Services						X														
Department of Human Services							X													

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
South Carolina										X						X		X		
Department of Employment and Workforce	X	X	X		X			X	X											
Department of Commerce																				
Department of Education				X																
Vocational Rehabilitation Department						X														
Department of Labor, Licensing, and Regulation																				
Worker's Compensation Commission																				
Department of Social Services							X													
South Dakota										X				X		X	X	X		
Department of Labor and Regulation	X	X	X	X	X			X	X											
Governor's Office of Economic Development																				
Department of Human Services						X														
Department of Social Services							X													
Tennessee										X				X		X	X	X		
Department of Labor and Workforce Development	X	X	X	X	X			X	X											
Department of Economic and Community Development																				
Department of Human Services						X	X													

DLR delivers TANF program in the majority of South Dakota counties under contract with DSS, and provides TANF services at 54 non-reservation counties. DSS provides services on reservations.

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Texas										X						X	X	X	X	X
Texas Workforce Commission	X	X	X	X	X	X	X	X												
Texas Economic Development Division/Office of Governor																				
Texas Education Agency																				
Department of Insurance																				
Department of Assistive and Rehabilitative Services																				
Texas Veterans Commission									X											
Health and Human Services Commission							X													
Utah										X						X		X		X
Department of Workforce Services	X	X	X		X		X	X	X											
Labor Commission																				
Governor's Office of Economic Development																				
Office of Education				X																
Office of Rehabilitation						X														
Vermont										X				X		X		X		
Department of Labor	X	X	X		X			X	X											
Department of Economic, Housing, and Community Development																				
Agency of Education				X																
Agency of Human Services						X	X													

NASWA State Workforce Organizational Structure

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
Virginia											X					X				
Virginia Community College System	X																			
Virginia Employment Commission		X	X		X			X	X											
Virginia Economic Development Partnership																				
Department of Education				X																
Workers' Compensation Commission																				
Department of Rehabilitation Services						X														
Department of Social Services							X													
Washington										X						X		X		
State Employment Security Department	X	X	X		X			X	X											
Department of Commerce																				
Department of Labor and Industries																				
State Board for Community and Technical Colleges				X																
Department of Social and Health Services						X	X													

	WIOA	UI	Wagner-Peyser	Adult Education	TAA	Voc Rehab (VR)	TANF	LMI	VETS	WIOA, WP, and UI, but not EconDev	WP and UI, but not WIOA or EconDev	WIOA, WP, and EconDev, but not UI	WIOA, WP, UI, and EconDev	Worker's Comp and WIOA	WIOA and EconDev	EconDev Separate from WIOA	WIOA and WP and AE	WIOA, WP, TAA	WIOA and WP and VR	WIOA and WP and TANF
West Virginia										X						X		X		
Workforce West Virginia	x	x	x		x			x	x											
Department of Commerce																				
Department of Education				x		x														
Department of Health and Human Resources							x													
Wisconsin										X				X		X		X	X	
Department of Workforce Development	x	x	x		x	x		x	x											
Wisconsin Economic Development Corporation																				
Technical College System Board				x																
Department of Children and Families							x													
Wyoming										X				X		X		X	X	
Department of Workforce Services	x	x	x		x	x		x	x											
Wyoming Business Council																				
Wyoming Community College Commission				x																
Department of Family Services							x													
									# of States	43	5	2	2	17	5	46	8	46	14	6

The Worker's Compensation Division refers disabled claimants to the Wisconsin Division of Vocational Rehabilitation Division. If the state vocational rehabilitation program cannot serve the claimant in a timely manner due to DVR's "order of selection" criteria, then the Worker's Compensation Division refers the claimant to a private rehabilitation provider.

Chairman BOUSTANY. We thank you for your testimony.

I want to thank all of our witnesses for their testimony. This has been very helpful and very enlightening.

We now enter a period of questions and answers. Each member has five minutes, and I will begin with mine.

Geoff, again, welcome. It is good to see you. And before you came to Congress, you were engaged in work where you were helping businesses improve efficiency so that they provided goods and services to their customers in a more efficient, cost effective manner.

If we could put the chart back up there that I mentioned earlier, so if a customer came to you with this kind of organizational chart, I know it is kind of putting you on the spot here because we are now revealing this really for the first time, but I think it achieves a purpose of demonstrating the complexity of this.

How would you approach reforms? How would you tell that customer, "All right. Look. We have got to organize this thing better, coordinate these programs better because there are inherent ways"?

The individual who is trying to, you know, benefit from this is getting lost in the shuffle.

Mr. DAVIS. Probably the first thing I would do is say remain calm looking at this.

[Laughter.]

Mr. DAVIS. But I can say candidly, having worked with some larger organizations, that chart is not that uncommon from the beginning place of some major American corporations in the late 1980s and early 1990s.

Moreover, our military after Goldwater-Nichols began a massive integration process improvement that ironically looked much like that.

I think the first question is, and I put this in my written testimony, when you look at a process is not to react to symptoms, and many of the programs that are well intended by their sponsors, in fact, are reacting to symptoms without necessarily getting down to the root cause.

So there are three things to do. First is as planning out what I think the process is, which is where oftentimes legislation goes. More importantly is to map a process so that you can find out what it actually is, and once you know what it is, then you can organize your effort to change it.

I think in general, following the mantra I shared earlier about to maximize effectiveness you have to minimize complexity, usually the first way to address this in a large organization in a way we would approach it is getting into common groupings, and especially if they were like the regional problem that we have shown in Indiana, is put all organizations under one region (a), but the second piece would be to have groupings based on families of common activities or common customers.

For example, you could look at children, parents, unemployment, education. Again, I am just shooting from the hip having just seen this for the first time.

But the other thing that I would say is that you want to move towards an idea of integrating the processes that are, in fact, helping oftentimes the same customer on multiple programs to make sure nobody falls through the cracks, and what I would do in this case is start everybody off on a common single data model with the idea that eventually these families can be merged into one what is called a logical data model or a single customer record.

And for cutting edge businesses that have gone through this transition, that is the common model where now with 99.99 percent accuracy they can manage and also provide predictive analytics in modeling on billions of stock keeping units and hundreds of millions of customers, as well as their employees, and that would be the beginning point to take it step by step through a pilot process.

Chairman BOUSTANY. I really appreciate that.

Mr. Lyon, you were nodding your head earlier affirmatively, and I think in your testimony you mentioned moving certain services in house into the public school system, for instance, to try to streamline and better serve those who these programs are intended to benefit.

Do you want to comment further on this and the complexity of this chart?

Mr. LYON. I think the complexity of the chart, even when we look at subcomponents of what we do at the department, we will find charts that are similar to this, and my comment would be much of what we do is based upon the Federal guidelines and Federal requirements. So it will be difficult for us to simplify until we simplify at the Federal level.

I was nodding quite a bit in agreement because his focus went right back to people. You focus on children. You focus on, you know, common needs, and that is exactly what we looked at when we did our reorganization. I think that is really what we need to look at going forward.

And it is complex, but we have a great opportunity, and if we take a step back, we certainly have a chance to do this.

On the data, the one thing I would add is information technology is extremely complex, and we have a data warehouse for health systems. We have a data warehouse for our human services, and we are bringing those together, and we are at the forefront of really being able to do something cool with data analytics, to really start assessing and seeing what needs are and doing some predictive analysis that would help us implement much better systems.

But until we have a commonality that defines the backbone of all of these programs, it is going to be very difficult for States to get there.

Chairman BOUSTANY. I thank you.

In comparing both Ms. Corrigan and your testimony and some brief aphorisms or statements you made, you know, better off working, two better than one, people, not programs, local solutions, I was struck by the juxtaposition of this chart, and then at the point of implementation in States, you know, these types of goals.

So what are we losing by operating this type of Federal system and, of course, the interaction with States? Could the two of you comment on that?

What are we losing in all of this?

Ms. CORRIGAN. I believe that what we are losing on this is human potential, that we waste human potential of our impoverished clients when we do not ask the bottom line questions. Are you getting to self-sufficiency? Is this program really working? What are the metrics?

If you take the questions that TANF asks, for example, I know when I was State director, my boss, Governor Snyder, was asking, "Well, how many people are really getting a job? And how many people are holding down that job?" and that was not a question that we were being asked in the questions that we answered for TANF.

We need to figure out what the bottom line questions are that will take advantage of the wonderful gifts of every precious person in our country.

Chairman BOUSTANY. That takes it right back to people.

And, Geoff, do you want to comment?

Mr. DAVIS. Just to put this at a practical level, I think if we step back from the numbers for a moment and look at what the recipient has to do to go through compliance with the various programs and the importance of this integration, if I go back to the model, I grew up in with a single mom who has to work or is trying to get an education in order to work, oftentimes coordinating something as simple as a medical appointment for a child if they do not have a car involves a great deal of complexity, where you have agencies that are not necessarily communicating with each other, and a ping pong effect can take place.

I saw this just last week with a friend from church that my wife was helping, and if there had not been an outside person to assist with this person going through her needs, in fact, she would have had significant problems and would not have been able to get what she wanted to achieve done.

In this case by integrating the records, the different service providers would have a common set of information and could simply be triggered to be alerted of a need with an individual to respond more promptly. It makes it more efficient in the long run in meeting those needs.

Chairman BOUSTANY. Thank you, Geoff.

Mr. Lyon, did you want to make a brief comment?

Mr. LYON. Yes. I think the one thing we really lose, I think there are two things: connectivity with the individuals and the families. With the complex system, we are not spending the amount of time we should with families. We are worried more about process.

And then the overarching goals, as Director Corrigan said, what are we measuring? What are we really shooting for? What is the end game? How are we really defining success?

And if it is a check box on a screen and not employment, the check box on a screen and not a child who can truly learn in school, we are really foregoing a great opportunity.

Chairman BOUSTANY. Thank you.

I now yield to the ranking member, Mr. Doggett.

Mr. DOGGETT. Thank you very much, Mr. Chairman, and to each of our witnesses for your testimony.

I find the polka dot chart to be very interesting. I think it includes many programs which have little to do with one another, from the lower right-hand corner on Pell Grants, a key to educational opportunity in this country, to one near the middle, the

Ryan-White Act and the opportunities in housing for people with AIDS, which addresses another really serious problem in the country, to the breast and cervical cancer program.

Until you get to the one dot and only one dot out of the entire chart that deals with the program that is within the jurisdiction of this Subcommittee, which will expire again, having gone from one little stop to the next, next month. And it seems to me that that one percent is where we need to be focusing because I am not in favor, as the Republican budget did, of cutting back Pell Grant opportunities and educational opportunities in this country, nor in some of these other vital health programs, which would not be on the chart but for the failure of the States to address these very dire needs on their own part. And it has been that failure that produced these programs.

Having said that, I agree there needs to be better coordination, and when I hear Ms. Corrigan talk about two siloed programs, I agree. When I hear about coordination and the need for better coordination that Mr. Lyon voices, I agree.

What I do not agree with is the suggestion that the solution is to collapse programs into one, either to collapse all of this chart into one or, as Ms. Corrigan suggested, let us collapse 11 into one.

The use of the term "collapse" is exactly what I am concerned about, that it will collapse opportunity for those people who depend on the program.

And I think actually, and Texas may be an even better example of this, but Michigan provides an example of what I am concerned about as it relates to the one dot up there that we are concerned with most immediately, and that is TANF. Because in 2007, according to the data I have seen, in Michigan, a third of the Federal dollars that flowed to Michigan under the Temporary Assistance for Needy Families Program were being used by the State for the core purposes of TANF to get people to work.

By the time that we got to 2011, Ms. Corrigan, in your service there it was down to ten percent, and now under Mr. Lyon, it is down to 6.7 percent.

You may have used that money with flexibility for other purposes that are very worthwhile, but my concern is that the Federal dollars we allocated for getting people from poverty to work are not being used for that purpose, whether it is through a workforce commission or something else. Then we are not fulfilling the goals of this program, particularly when the overall dollars fall in real purchasing power.

Let me ask you, Mr. Greenstein: is the reason that we continue to have so many poor people in this country with children who are not into gainful, long-term employment related to the fact that we have got 80 dots up there, 80 different uncoordinated programs?

Is it lack of coordination that is causing this problem?

Mr. GREENSTEIN. Well, I think we can do better with better coordination, and we really should move in that direction, but I do not think that is the sole problem or probably even the main problem.

We have this growing research showing how important adequate support for poor young children is; that when families are in deep poverty, there tends to be a higher rate of toxic stress, which research is now suggesting affects brain development, and we see differences in brain development even by age two and more by age five, and we find that when the support is more adequate, and we are talking about basic support, cash assistance, SNAP, food stamps, purchasing power, rental assistance so the family is not on the verge of homelessness; that these really produce surprisingly large results.

So I think we have to do more adequately on that front. On the coordination front, I just think it is important to think about the fact that coordination can be significantly improved without collapsing all of the programs, without losing the mechanism of SNAP that responds to need.

This is what this work support strategies demonstration has done. It is a mix of red and blue States. They found they had more flexibility to integrate programs than they thought because the Federal rules are complicated. You have to have cross-program expertise.

They have come up with recommendations for further flexibility the Federal agencies should provide, and they should, but we can make progress there without in a sense throwing the baby out with the bath water and losing some of the fundamental parts of the safety net that are most important for poor children's development.

Mr. DOGGETT. Thank you.

Chairman BOUSTANY. The gentleman's time has expired.

I just want to make clear that nobody is suggesting we just collapse all of this. This is just depicting the complexity, and I think everybody would agree that this complexity does not help the situation going forward. We need to clean it up and coordinate these programs better in order to serve the individuals most in need.

With that I now yield to Mr. Meehan.

Mr. MEEHAN. Thank you, Mr. Chairman.

I thank this distinguished panel for all of your efforts. Congressman, great to see you back here.

I am struck in a positive way because I think you are all talking as if you see something here, and we are closer to making progress. If we start with the very premise Mr. Greenstein discussed that there is a definable benefit in the safety net program, so we know we are at a place.

What seems to be is that from this point forward we have some disconnects for a variety of reasons, not the least of which are for various reasons this bureaucracy fails to reach out and work effectively.

Ms. Corrigan and Mr. Lyon, how have your efforts to work with the individual actually produced successes that have made a difference, that cut across this territorial maze, the silos, so to speak, that seem to be an impediment?

And, frankly, we have resources out there. A lot of it suggests we are not trying to consolidate. We are trying to align them in a more effective fashion.

This following the individual, how do you do it? How do you take those resources and make it work, Ms. Corrigan and Mr. Lyon?

Mr. LYON. Okay. So I think collaboration and alignment are very important. I am not going to sit and suggest what the final solution would be or what sort of collapsing should or should not occur.

I think a couple of things we could point to, and I am going to defer one to Director Corrigan because it actually happened under her watch is Pathways to Potential. So I will let her talk about that.

But one great example that we have is children who come into our foster care system. Generally, if you think about that situation, something traumatic has occurred. It is potentially the abuse and neglect situation, potentially moving out of the household, and what can we do to work with them through our behavioral health system, which is funded under Health and Human Services under SAMHSA? And what can we do under those qualifications?

And then we work on our managed care organizations, and they are under CMS for managed care, and by being aligned and by focusing on what the person is, we start looking at outcomes. You know, how are they responding to care, not how quickly are we just seeing them, for example. And I think that is a huge success.

Ms. CORRIGAN. The Pathways to Potential Program that Michigan started in its public schools began in 2012 in 21 pilot schools. The problem that we had was school attendance for children. We had a huge issue across the State of chronic absenteeism.

In the Pathway to schools, when we sent social workers from the Department of Human Services into the schools, they worked on barrier reduction to get children to school, to try to figure out why is this child not coming to school, not to create a child protection case, but to figure out how to solve the problem.

And in the three years the program has been in operation now in more than 200 impoverished areas, there has been a 33 percent reduction in chronic absenteeism in the Pathways schools.

Part of the issues is that the system is so complicated that the school's bureaucracy does not understand the Human Services bureaucracy. So a school principal or a teacher does not understand what needs to happen.

Having the social worker on site can translate what needs to occur and help the problem to get solved. The same thing is true in the employer setting. In the Employer Resource Networks, a huge number of people in poverty are working, attempting to work, but employers lose a lot of single moms because they have various issues affecting them, like transportation or child care.

So you send the social worker into the employer and help to solve the problems, again, translating for the employer. The HR community does not understand how social services works either. They do not know transportation resources. They do not know child care resources. You send that social worker from employer to employer to employer, and there is a huge benefit to employers in worker retention. They do not have staff turnover because they can stabilize the individual, frequently a single mother with issues. They can stabilize so that that person can get to work.

And, again, in my testimony it shows huge effects, so much so that now in Michigan, employers are paying for social workers for this function out of private money.

Mr. MEEHAN. Can you address just one other issue in my remaining time? You discussed something about people who are coming suffering from depression and other kinds of issues. How do we catch those people on the cusp who have the potential?

This is a prevention model, I suspect, Mr. Lyon, that you have been discussing. How do we effectively make sure we do not lose them in that context, to get them back into a place where they can contribute?

Ms. CORRIGAN. I believe that the law has to have expectations in it of performance on the part of the individuals; that when you give an individual merely a check and that is all that is expected of them in various programs, that that gives them a certain self-image, the client a certain self-image that I have small dreams. I have puny dreams, and I settle for this, and this is all, and that crosses generations.

And to me if we change the expectations in our laws, we would see a change in behavior, but right now we have generational poverty and generational despair and depression, which is what my colleagues are seeing.

Mr. LYON. And the one thing I would say from a system standpoint is, you know, the colocation, the ability of the CMH, community mental health system or behavioral health system or substitute system to be able to interact more effectively with our case workers and our social workers, absolutely integral in catching people before they go off any sort of personal cliff, whether it is substance use or behavioral.

Mr. MEEHAN. Thank you, Mr. Chairman. I yield back. Thank you.

Chairman BOUSTANY. Mr. Holding, you are recognized.

Mr. HOLDING. Congressman Davis, it is always a pleasure to see you. I wanted to follow up on one thing that you said in your testimony. You stated that the Child and Family Services Improvement and Innovation Act and the DATA Act were signed into law, ensured taxpayer dollars being well spent, and welfare programs are actually serving those in need, and I wanted to get your input as to whether these laws are actually achieving the goal that we intended.

Mr. DAVIS. I think any implementation in a large Federal organization is a time consuming process. I would defer to current data. I understand there are some technical fixes, in particular, in the Department of Health and Human Services, that probably need to be done to expedite this further.

On a wider standpoint, the reason that I think that it is a good first step and certainly needs to be carried on, going back to the other commentary, is that you have false jurisdictions, if you will, among different agencies, and I think that thus led to the complexity of the map, where, in fact, an individual is dealing with oftentimes a housing issue, secondary effects with an education issue for themselves or a child, health, job or UI, you know, children support issues, maybe even finding a deadbeat dad, for that matter, and in this cash my wish is that two things could happen.

One, we could move to a more expedited implementation of this, but second of all, ultimately get to a single record and maybe even a single payment for the individual akin to what is being done in the private sector right now in very large organizations to improve the ability to serve and really to customize the need to that individual client because every family is different.

The best thing that I found in my mind is where you can empower local control of that front line service provider with that client and you have a system that's clearly accountable back to that record from Federal oversight would be very efficient.

Mr. HOLDING. Right. If we could put this chart back up, which is just phenomenal, Ms. Corrigan, I think you've got the quote of the day, that "tear down this silo," but you know, as Mr. Gorbachev, "tear down this wall," who do we address the "tear down this silo" to?

When you look at this myriad of programs, you recognize what the issues are and you can come up with kind of a generality of tear down this silo or go to a single record system, but where do you start?

I mean, this looks like that game—what is the game with all the sticks where you put the sticks up? Jenga, something like that. So which one do you pull out or where do you start? Where do you inject the antidote here which will start to change the whole system?

I will let Ms. Corrigan address that first.

Ms. CORRIGAN. I do not begin to know the answer to that question in terms of simplifying the maze, but I would suggest that perhaps it is possible to do something akin to what happened pre-TANF, in other words, to give States the authority to experiment, to figure out how do we do it.

As in the Farm Bill pilots on work that went through the Department of Agriculture last year, could we not ask States how would you simplify and see what is the most effective program in getting at these issues?

Mr. HOLDING. Mr. Davis, do you want to take a stab at this?

Mr. DAVIS. I think you start and you identify what the symptoms are and move from there. I think from an information perspective, you have common factors that are affecting every individual, and front line pilots become very important in this.

And as long as we are capturing, and the reason I mentioned the logical data model versus the conventional systems, you know, in many cases what is governing our programs right now was developed in the 1960s on technology that is, frankly, in the Stone Age compared to today.

And where I would take this is into a model where you could merge these records, but base it on empowering people on the front line to gather that information because the slightest amount of integration, particularly on a local level, could create a tremendous amount of improvement and change.

For example, I got with a group of social workers that became the impetus to when Ranking Member Doggett and I introduced the Standard DATA Act and asked them this question in a kind of brainstorming session: how would it improve your client's life if we could look at an integrated system and find out that the deadbeat dad has signed up for a hunting license a la what Michigan has done or was registering a new BMW car in Ohio but neglecting to pay their financial obligation to their family?

And their response was it would be revolutionary because it would do two things. It would reduce the pressure on the individual by more immediately getting the cash, but more importantly for the social worker, it would take steps out of that process.

Imagine if you had to do your job and, well, look at it this way. You have to walk a quarter of a mile every time you go to vote. How efficient would your day be if you could vote at your desk?

And I am not suggesting amending the Constitution, but removing those steps from the process buys more time for capacity to perform, and I think looking at these integrations the right way helps these folks on the front line do their job and, in fact, improves the lives of the person they are trying to help.

Mr. HOLDING. Thank you.

Thank you, Mr. Chairman.

Chairman BOUSTANY. I thank the gentlemen.

Mr. Davis, you are recognized for five minutes.

Mr. DAVIS of Illinois. Thank you, Mr. Chairman. I want to thank you for calling this hearing, and I certainly want to appreciate all of our witnesses, and it is, indeed, good to see the former chairman of this Committee, my namesake. It was a pleasure working with you then and it is good to see you now.

Mr. Chairman, I must confess that what we are calling "welfare programs" gives me a bit of consternation, and I want to appreciate Mr. Greenstein during his opening where he used the terminology "safety net" and "low income." I appreciate that kind of terminology.

It is my feeling that being prepared and having the opportunity to work, to get a job with adequate wages, that these are excellent approaches to moving people out of poverty.

I also agree that family structure where there are two certainly has more impact and more positive impact than oftentimes where there is one.

Mr. Greenstein, let me ask you. Is TANF providing more or less Federal help to prepare people for work and support working parents than it was when we first seriously began to deal with the concept of implementing welfare reform?

And in 2014, the States spent eight percent of their Federal and State TANF funds to work activities. Could States do a better job of coordinating work promotion and work supports for working, struggling families if they invested more of their TANF funds to this core purpose?

And I noted that in his opening, Chairman Boustany mentioned the fact that there were 9.4 million more people in poverty in 2014 than in 2007. Could I get your reaction to that?

Mr. GREENSTEIN. Certainly. Let me do the last one first. So if you look at the official poverty measure, there are 9.4 million more people counted as being below the poverty line in 2014 than in 2007, but most analysts across the political spectrum do not favor using the official poverty measure to compare different years because it does not count the earned income credit or SNAP or anything.

And when you look at the programs that have expanded since 2007, it is primarily things that do not count, like the earned income credit and the child credit. So when you use the broader census measure that analysts favor that count those things, you find that the increase in poverty from 2007 to 2014 is only one percentage point and is pretty much entirely explained by the economy. 2007 was the peak year of the prior recovery. In 2014 median income was $1,100 lower in real terms than it was in 2007. Long-term employment was twice as high.

So when we compare apples to apples with the broader measure of poverty, we do find higher poverty in 2014, but entirely, I think, as a result of the economy.

On the TANF question, I think what is unfortunate is if you track the period since TANF's creation, the share of TANF dollars, TANF and State Maintenance of Effort dollars, going into work related activities has fallen significantly over the period. State spending on work from both TANF and State MOE funds on work related activities adjusted for inflation is lower now than it was when TANF was first implemented. It has fallen in most years, and it is actually lower even in nominal dollars when you do not adjust for inflation.

So I think if we had more adequate State investment in those activities coupled with some changes in the TANF rules to deal with, for example, some of the differences in how we have measures, the kind of outcome measures it uses versus the process participation measures TANF uses, we could get better coordination with both more resources and a closer alignment in which activities count and how we measure them.

Mr. DAVIS of Illinois. Thank you very much. My time has expired so I will yield back, Mr. Chairman.

Chairman BOUSTANY. I thank the gentleman.

Just a quick comment. I mean, I think we all agree the goal here is to get people back to work, and we can quibble about definitions of poverty and play with statistics, but I think there is broad agreement that the focus is to get people back to work, and that is meaningful work.

We will now go to Mr. Dold next.

Mr. DOLD. Thank you, Mr. Chairman.

Congressman, always great to see you, and I want to thank you all for taking your time to come and join us, and frankly, I want to build off of, Mr. Greenstein, your initial comments, in which you said that the social safety net can and must be improved.

And if we can just pull up that chart one more time, I mean, I think when I go back and talk to constituents, and certainly I know many of them are sitting around their kitchen tables and they are aware they are falling behind. We know poverty rates are up, but when we look at this chart, I mean, Mr. Holding talked about it being a Jenga game. I look at it like a game of Twister, and you are going to get tied up into a ball pretty quickly trying to deal with what we have got here.

I think really what we are all looking to try to do is how do we improve this system, right? We want a social safety net, and it can and must be improved. So I guess my first question, Mr. Greenstein, is: how do we improve this system so that it does not look like a chart like this, so that it actually is trying to focus more resources to actually helping people get out of the social safety net because nobody wants to be there?

We need to have it. It needs to be strong, but we need to get them, you know, back to work.

Mr. GREENSTEIN. A great question. So on the one hand, a number of the individual programs have particular merit, and there are reasons for some of the eligibility criteria or other aspects they have, but then the tension is, as the whole panel has been talking about, when it makes coordination really difficult.

I think that we have really important opportunities. I think Mr. Davis has been referring to this, really important opportunities through advances in information technology, with better data sharing.

So only a few years ago most of these programs had paper bound systems. Someone would go to an office. They would provide documents for SNAP. They would go to another office a month later for Medicaid. Things were not coordinated. People fell on and off of programs.

With advances in information technology, a number of States are making really major progress in integrating the data system so you can collect, for example, the income and verification and household circumstance data once periodically and use it for the multiple programs. You can adjust for the differences in the rules, and then that frees up more case worker time, instead of, you know, being the bean counter clerks, to be able to help people get jobs and give them counseling and things like this.

I would really urge the subcommittee to look at what is called the Work Support Strategies Demonstration that has made major strides on this. It is a mix of red and blue States. There is no ideology or politics there, and with further advances in information technology and some further flexibility from Federal agencies, I think a lot more can be done on that front.

But I think we really have the potential with advances in information technology to make major advances here to reduce administrative cost, to make the system easier to navigate, and to do better coordination.

We also have to look at differing rules across programs, as I mentioned earlier. When a family is enrolled in a workforce program but then it does not count towards the TANF work participation requirement, that discourages agencies to work together and to put the family into a service that might be useful for them.

I think some of the changes the committee had in the discussion draft earlier this year would really make progress in some of those areas.

Mr. DOLD. Thank you.

Ms. Corrigan, there are a couple of things I wanted to go over with you. In page 2 of your testimony you highlight that when you arrived in Michigan at the Human Services Agency in 2011, you felt that the organizational culture was off, was too focused on signing eligible people up for programs quickly, and you think it suffered from a lack of real outcome measures.

So I guess my question is: what would you consider to be the real outcome measures? What are the success points going forward that we should be looking at?

And then I do want to talk to you real quickly also about Community Ventures Program and how it is helping employers.

Ms. CORRIGAN. Very well. We were attempting to sign people up as quickly as possible. I think an example of that would be

SNAP, the pressure to have people receive food assistance as quickly as possible without asking is this individual getting a job. You know, has the need for the social services safety net programs ended? Are they working? Have they found work?

So that to me is a critical question that ought to be asked across our programs. That is the outcome metric. Are people getting to self-sufficiency? So that is one thing I would counsel.

The second thing I want to mention is on the family formation issue because we know the data on single parenthood versus married parents, and I think that Ron Haskins and Isabel Sawhill from Brookings have done valuable work in talking about the success sequence and getting that word out.

That is not happening, but we know that if you finish high school, if you get a job, get married, and then have children, in that order, your odds of being in poverty are reduced so much, but I am not aware that that family formation program has been publicized adequately, and I urge the success of that. We know what works, but it needs to be implemented across our Nation. So I think that would be critical.

I am not sure if I answered your question yet.

Mr. DOLD. I appreciate it, Ms. Corrigan. Thank you so much.

Mr. Chairman, my time has expired.

Chairman BOUSTANY. I thank the gentleman.

Mr. Smith, you are recognized.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Chairman, I am pleased to be part of the subcommittee's work of examining the welfare system. The current maze of Federal programs creates far too many opportunities for taxpayer dollars to be wasted due to fraud and abuse.

Some people need help. Others do not. I am extremely concerned that without changing our approach to lifting people out of poverty, some people who need help will not be able to navigate the maze of all the Federal programs to get the services they qualify for.

It is a major problem when these programs offer benefits to people who do not need any because those benefits should go on to those who need it.

A number of welfare programs automatically pay benefits for a full year before reviewing whether the recipients' needs have changed.

Mr. Chairman, without objection I would like to submit a news article titled "Michigan Woman Who Won $1 Million Lottery Ticket But Kept Using Food Stamps Loses Benefits" from 2012 into the record.

Chairman BOUSTANY. Without objection.

Mr. SMITH. Thank you.

The report states that a Michigan woman won $1 million in the lottery, continued to receive $200 a month in State food assistance for six months. That is wasteful and ridiculous. She may have needed benefits before winning the lottery, but single people who earn a million dollars in any calendar year should not get food stamps.

Cases like this take away limited resources from people who really need a hand up. When our programs lack proper eligibility reviews, we waste precious taxpayer dollars.

It is this simple. If you are not eligible for benefits, you should not get benefits. There are more reports that detail how prisoners and even dead people collect millions of dollars in welfare benefits.

Mr. Chairman, I would also like to introduce into the record a news article that says "Massachusetts Audit Finds Dead Welfare Recipients Collecting Millions of Dollars."

Chairman BOUSTANY. Without objection.

Mr. SMITH. Thank you, Mr. Chairman.

Here I have a 2013 news article that detailed a State audit from Massachusetts where 18 million was distributed in questionable public assistance benefits. To quote this article, quote, "in 1,164 cases, deceased recipients continued to receive a total of 2.39 million in benefits up to 27 months after they had been reported dead," not a month but 27 months.

Dead people should not get benefits, especially more than two years after they have been dead. When they do, taxpayers are defrauded, and the people who need it most suffer.

Mr. Chairman, without objection, I would like to submit one more article into the record. It is titled "New Jersey Sent Welfare Checks to Prisoners."

Chairman BOUSTANY. Without objection it will be included.

[The information follows: The Honorable Jason Smith Submission]

Michigan woman who won $1M lottery but kept using food stamps loses benefits

Published March 08, 2012

http://www.foxnews.com/us/2012/03/08/michigan-woman-who-won-1m-lottery-but-kept-using-food-stamps-loses-benefits-141935620.html

LINCOLN PARK, Mich. – A Michigan woman won a $1 million lottery and continued to collect $200 a month in food stamps -- until she boasted about her situation to a local TV station and officials swooped in.

Amanda Clayton hit the jackpot in the "Make Me Rich!" lottery game show in October and, after electing to take a lump sum of $700,000 and allowing for taxes, was left with about $500,000, she told WDIV-TV.

The 24-year-old, who is unemployed, said she continued to receive public assistance.

"I thought that they would cut me off, but since they didn't, I thought, maybe, it was OK because I'm not working," Clayton said. "It's hard. I am struggling."

She added, "I feel that it's okay because I mean, I have no income and I have bills to pay. I have two houses."

But the Michigan Department of Human Services (DHS) said Wednesday that the woman was no longer receiving benefits and warned that people who continued to receive handouts in such circumstances may face criminal investigation and be required to pay back those benefits.

"Under DHS policy, a recipient of food assistance benefits must notify the state within 10 days of any asset or income change. DHS relies on clients being forthcoming about their actual financial status," DHS director Maura Corrigan said.

"Michigan DHS does not currently have the ability to verify a person's lottery winnings in determining benefit eligibility, but bills pending in the state legislature would require the Michigan Lottery to notify DHS of lottery winners.

"We fully support this proposed change. Our Office of Inspector General will continue to vigorously pursue any and all abuse and fraud in the welfare system."

A bill to stop lottery winners from continuing to cash in on food assistance has passed the state House and lawmakers are pushing for the Senate to approve it as well

Audit: 1,164 cases where dead people received welfare

Updated: May 28, 2013 - 1:37 PM

http://www.fox25boston.com/news/audit-1164-cases-where-dead-people-received-welfare-3/140336504

BOSTON (MyFoxBoston.com) — The state auditor says the Department of Transitional Assistance needs to strengthen its efforts to protect and maximize resources after an audit revealed the state has handed out welfare benefits to 1,164 people who were either dead or using a deceased person's Social Security number.

Suzanne Bump issued an audit Tuesday covering cash, food stamps, and other benefits to low-income families. The audit detailed millions of dollars in questionable benefits, inadequate security over blank EBT cards, and a need for improved fraud detection.

The audit identified 1,164 cases where recipients continued to receive a total of $2.39 million in benefits from six to 27 months after they were reported to be deceased. According to the audit, the DTA paid at least $368,000 benefits to 178 guardians who were claiming deceased persons as dependents and $164,000 to 40 individuals being claimed by more than one guardian.

The audit also said the DTA did not verify self-reported Social Security numbers resulting in $662,000 being paid to people with more than one Social Security number. Another $359,000 was paid to individuals using the same Social Security number.

EBT cards were also a part of the audit. Bump said five regional offices could not provide documentation for more than 30,000 cards. In addition, auditors found $15 million in potentially fraudulent transactions that should have been investigated.

Bump said $4.58 million had been reported in out-of-state transactions, signaling the potential that some beneficiaries had been living out-of-state while receiving benefits.

The audit showed $1.5 million in even-dollar transactions which, according to the auditor, could have been evidence that retailers might have been exchanging benefits for cash. Another $5 million had been reported in full monthly balance withdrawals.

Another part of the audit was excessive card reissuance. The state auditor found that 9,800 people had requested and received more than 10 replacement cards since 2006. One individual had 127 cards issued in that same time period.

DTA Interim Commissioner Stacey Monahan says the audit recommendations align with the DTA's recently released action plan designed to enhance its program integrity and restore public confidence. DTA's action plan was announced in March of 2013.

"This audit demonstrates that DTA can do more to ensure that only eligible people are receiving benefits and that those benefits are not being abused, Bump said. "I am encouraged that DTA has implemented a 100-day plan and is working to address each of these issues and improve its operations."

Statement from DTA Interim Commissioner Stacey Monahan:

"We appreciate the recommendations put forth by the auditor. DTA is committed to continually strengthening program integrity and ensuring that only those who are eligible for benefits receive them. The audit report's recommendations align with DTA's recently released 100-Day Action Plan, which takes proactive steps to prevent fraud and abuse, block EBT card usage at prohibited establishments and increase monitoring of card usage. DTA recently announced a new partnership with statewide law enforcement associations to increase data sharing, while giving local police the tools they need to ensure that clients and retailers are abiding by the law."

New Jersey Sent Welfare Checks to Prisoners

By KATE ZERNIKEMAY 29, 2013

http://www.nytimes.com/2013/05/30/nyregion/welfare-payments-went-to-prisoners-in-new-jersey-report-shows.html?_r=0

Reining in welfare, unemployment benefits and state pension costs have become standard rallying cries for Republican politicians — particularly those with an eye on the White House. But Gov. Chris Christie of New Jersey, who has often talked about his own cost-cutting credentials, was told on Wednesday that the state had been a bit too generous under his watch.

Over a 22-month period, New Jersey paid nearly $24 million in unemployment, welfare, pension and other benefits to 20,000 people who did not qualify for them because they were in prison, according to a report from the state comptroller released on Wednesday.

In one case, a former state employee collected more than $37,000 in pension benefits while in prison for the sexual assault of a minor. In another, a man began receiving unemployment benefits three months after he was imprisoned for illegal gun possession — despite a state law that requires people who receive benefits to be "available for work."

The report blames "a lack of adequate internal controls" at state agencies. In most cases, the agencies that administer the benefits did not check the list of beneficiaries against available databases of county or state prisoners. Instead, the division of pensions and benefits said it relied on tipsters and newspapers to determine whether people receiving benefits had been sentenced to prison.

"Suffice it to say that when thousands of inmates are collecting unemployment checks from behind bars, there is a serious gap in program oversight," said Comptroller A. Matthew Boxer.

Mr. Christie's office referred requests for comment to the New Jersey Department of Labor, which noted in a letter responding to the audit that the administration had begun "an unprecedented antifraud campaign" the first year the governor came into office. The department also noted that the period the audit examined, from July 2009 through April 2011, began a half-year before the Christie administration took over.

Nearly half of the payments — $10.6 million — were unemployment benefits paid out to about 7,600 people behind bars. More than $7 million was in Medicaid payments that went to managed care organizations, pharmacies, or hospitals and clinics on behalf of people who were not eligible — and not available — to receive the benefits. The Department of Human Services paid $4.2 million in food stamp benefits and $1.2 million in temporary cash benefits to people who were imprisoned. About $354,000 in pension benefits was paid out to people imprisoned for crimes including robbery, official misconduct and kidnapping.

Some of the people in prison — those whose Medicaid benefits were paid out to managed care organizations, for instance — may not have been aware they were defrauding the state. In other cases, the fraud seemed deliberate; in addition to the $24 million in benefits improperly paid out, the audit found that 13 state employees had used sick leave to cover their time in prison. (The report said this resulted in "relatively immaterial amounts of improper payments.")

Mr. SMITH. Thank you, Mr. Chairman.

In May of 2013, the New York Times reported in this article that $24 million in benefits had been paid to ineligible prisoners. New Jersey has State laws requiring unemployment, welfare, and pension benefits only go to people available for work. If you are not available to work and ineligible for benefits, you should not get benefits.

Again, I am concerned that we are not using our limited resources efficiently and upset that our programs are not making it to the people who need it the most.

I could continue to list several examples of waste, fraud and abuse. It goes on and on. That is why we are here.

Ms. Corrigan, I have a couple questions. In 2011, a GAO testified that simpler policies, better technology, and more innovation in evaluation could reduce inefficiencies. Has this happened?

Ms. CORRIGAN. I do not think it has to the extent that it should, Congressman. In our State of Michigan, I think we made great improvements.

I wanted to point out State law was amended around lottery winnings after the million dollar lottery winner, and last year's farm bill included provisions on lottery winnings as well. We worked to get that in.

I totally agree with your point, and we took action to change it.

Mr. SMITH. Good. So we often also discuss, Ms. Corrigan, that we need to cut down on bureaucracy and tear down silos at the State and local levels when it comes to administrating programs, but what can and should happen at the Federal level?

Ms. CORRIGAN. I believe the same proposition applies here as well and that across committees there needs to be a look-see at safety net programs across committees that would tear down silos.

For example, in Michigan, the biggest barrier our workers found was transportation. Getting people in rural States to the worksite is really difficult, and yet that is something that is not touched on well enough.

So could it be that you would reach out across the committee silos to look at safety net programs across committees to see how would it affect a client, you know, what these various needs are, and how could they be solved?

Mr. SMITH. I agree. On quick question. Do you know of any States that have model legislation where they are proactively identifying people who abuse the system?

Ms. CORRIGAN. The State of Maine, Mary Mayhew, the Commissioner in Maine. I would invite her to be a witness. They are doing tremendous work on waste, fraud and abuse in Maine.

Mr. SMITH. Thank you so much.

I yield back.

Chairman BOUSTANY. I thank the gentleman.

Mr. Crowley, you are recognized.

Mr. CROWLEY. Thank you, Mr. Chairman.

My colleagues on the other side of the aisle must have misread their calendar because Halloween, I believe, was on Saturday. It has come and gone. So if they were trying to scare people into thinking that there is some epidemic of spending too much in helping people, I think they missed their mark.

What is really scary is what my colleagues plan to do going forward, what they propose to do in their budget, and every time we have had this discussion. Let us start with the premise of this hearing: that there are supposedly, and I quote, 80-plus programs to help Americans. They say that as if helping Americans is something bad.

I am looking at some of the data on the programs that they are calling into question, and the top ten programs that help low income Americans: Medicaid, Supplemental Nutrition Assistance Program, Supplemental Security Income, the earned income tax credit, Pell Grants—I am surprised that is on a welfare list—assistance to seniors on the Medicare Part D Prescription Drug Program, the additional child tax credit—that is another one that kind of strikes me as interesting being considered a welfare program—Section 8 Housing Choice Vouchers, the Temporary Assistance for Needy Families Program, and grants to support education for the disadvantaged.

Far from being duplicative as we have been hearing, I would say that those seem to cover a pretty wide range of critical needs, everything from health care to hunger to education and to housing. It seems my colleagues are not just comparing apples to oranges. They are comparing apples to the entire produce department.

But that is a page out of their favorite play book: toss around scary numbers that are based on misleading data and then claim we need to cut those programs down. Criticize, consolidate, and cut, that is what they want to do. We have seen it time and again.

Words get tossed around like "coordination," "flexibility," "consolidation." It all sounds great, but the effect is always the same. Let us have less of everything, funding, services, and people served.

I would suggest that this does look complex. It looks complicated. Life is complicated, quite frankly, but having said that, this is an over exaggeration. I have circled about a dozen things that are not even duplicative, some of which are not even considered welfare by any reasonable standard.

Mr. Greenstein, what have we seen historically when my colleagues on the other side of the aisle propose consolidating programs into block grants?

Mr. GREENSTEIN. Well, I mentioned this earlier and talked about it in my testimony. I would make a distinction between situations where maybe one or two very similar programs are put together and it is called a block grant, like low income energy assistance, and areas where we have very broad block grants.

So there have been 13 broad health-human services or social services block grants created over recent decades. In 11 of the 13 the funding levels have fallen, in four cases by more than 60 percent. We have actually just completed a new analysis. It will be out soon where we looked at the funding levels for all of these broad block grants since their inception, and basically as I said, 11 of the 13 fell, and if you take all 13 as a group, the funding level in 2015 for the combined funding level is 28 percent below the 2000 level after adjusting for——

Mr. CROWLEY. That is striking, and I am struck in particular by the example of social service block grant. That was a bipartisan program that both side of the aisle agree with to give flexibility to the States to make sure that that money is being spent properly.

Funding was sharply cut over the years, and in 2012, Republicans on this Committee tried to eliminate the entire program saying it was too flexible. It seems step one is blocking grants. Step two is eliminating them altogether. So I guess step three will be throwing up our hands and wondering why States have so much trouble providing necessary social services to their constituency.

Mr. Greenstein, in your experience is that attack on the social services block grant typical of block grant programs?

Mr. GREENSTEIN. Well, the social services block grant, in one sense it is a little bit different in that it is actually a mandatory funding stream rather than a discretionary appropriation, but nevertheless, the funding experience has pretty much been the same. It has gone down very substantially in real terms.

One of the issues with the very broad block grants is that the uses of them are so diffuse that it is often unclear what exactly the crystallized purpose is. How do you measure impact and how do you document it because it is so diffuse over so many areas?

And that is probably one of the factors that has contributed to the funding erosion.

Mr. CROWLEY. Mr. Greenstein, I thank you.

Mr. Chairman, I just note my colleague had mentioned checks going to prisoners in the State of New Jersey. I just wanted to point out I believe the study was of 2009 to 2011. I believe that Governor Christie, Republican governor, is the governor of the State of New Jersey.

And I yield back the balance of my time.

Chairman BOUSTANY. I thank the gentleman.

Just to clarify, this chart that we have is actually a graphic depiction based on a CRS article. We just put it in graphic form to demonstrate the complexity because I do not think anybody can deny the level of complexity creates problems and some waste in the system, and I think there is a way that this Committee can work to try to take the programs under its jurisdiction to make them more effective to help the people who are truly in need.

Mr. CROWLEY. Mr. Chairman, would you yield for one moment?

Chairman BOUSTANY. I will yield.

Mr. CROWLEY. Would you consider Pell Grants welfare?

Chairman BOUSTANY. I consider Pell Grants to be a program to help low income individuals. This is based on the CRS article.

Mr. CROWLEY. Do you believe that middle class families actually receive Pell Grants?

Chairman BOUSTANY. Middle class families do, but again, you have got to look at the circumstances.

With that we are going to move on. I now go to Mrs. Noem.

Mrs. NOEM. Thank you, Mr. Chairman.

I represent the State of South Dakota. So I appreciate all of you being here. Out of the top 11 counties in the Nation that are struck with poverty, I have five of them in my State. Many of them are on tribal lands and hit my Native American tribes and it is generational poverty.

I believe that a lot of the people in South Dakota face and utilize programs, but yet it is not necessarily lifting them out of the programs and getting the results that we truly do need.

We have a very low unemployment rate in our State, but in some areas we have 80, 85 percent unemployment just because of where they are located, lack of economic development, but also because we have not had the ability to have programs that truly gave the work force training that we needed and the infrastructure that we needed to really change their lives.

So I am very interested in reforming these programs so that we see more results, and I guess, Mr. Davis, I would like to ask you in particular because of your experience on this Committee in the past: how many of these program that we see displayed throughout the committee hearing on the chart have been evaluated for their effectiveness that you are aware of?

Mr. DAVIS. Well, I think the question is there are evaluations that take place internally and reports that are submitted by agencies, but the one problem that I found early on where Ranking Member Doggett and I chose to take the issue of data standardization is there were no common systems of measurement.

And I think one of the areas where the parties can talk past each other is to say any time the issue of cost control is raised that we are advocating cutting or elimination of the programs. When we look at populations in need, there are processes or gaps that are created that create excessive cost because of excessive time or the problems that a person has simply to access those benefits, and this can be heightened in rural areas simply because of the distance and lack of proximity to any type of primary care services.

What we found, I think, conclusively, and it really follows a pattern of any organization that begins to move in this direction to optimize performance, yes, technically the commercial term might be "cutting cost," but I think realistically you are creating capacity and opportunity for those additional dollars that may be spent for overhead that can be redirected into other areas.

Mrs. NOEM. I think we all certainly want to make sure that the taxpayers' dollars are being well spent and that they are actually beneficial and not being wasted or abused in some manner like we heard discussed earlier. But I am more interested in making sure that they actually work, that we do not continue to spend money that does not work.

So there is not a standardized evaluation system at all that we see rise to the top in most of these programs. Is there one that you would recommend or at least three or four different triggers we should be watching in these programs that would show this program is effective?

Mr. DAVIS. I would say that each customer area, if you will, is different and different types of businesses, for example, that use data warehousing as we discussed earlier and build these logical data models, they will take, say, each individual customer who will have 15 to 17,000 attributes in one file about them, and it is in order to serve them better.

A retail outlet might have a completely different objective in selling a person clothes than, say, a bank. In a banking system or in detecting credit card fraud or ways to serve or sell more services to that customer, data scientists working with business operations professionals simply develop algorithms or analytic tools to identify what those needs are and every time that there is an input in the system, it updates that central data record.

So I might be an educator and Ms. Corrigan might be a housing person and an unrelated TANF or SNAP situation happens. Something is input in that system, and I suddenly realize my person has lost their job, and I have a child now possibly moving out of a school district. Is there a way to preempt that?

She might have there is an issue with housing that has to be addressed immediately, and rather than, say, making your person on the tribal land have to drive 50 miles if they have a car or find that, the time can be overwhelming, and it can create a situation that causes hopelessness where folks just give up.

Mrs. NOEM. Yes.

Mr. DAVIS. And I think if we look in our own lives at that, we have all felt those kinds of pressures in different areas, and what we are talking about is simply simplifying that process so that we can serve more effectively.

And I think the rhetoric of eliminate a cut or somehow the motive is someone on benefits is bad or, you know, the desire of one side is simply to pour more money is not really the case. I think we are looking at a very clinical process problem that once fixed can model much of the best of the commercial sector.

Mrs. NOEM. So perhaps that first step would be making sure that we have an area where data can be collected, that all programs can utilize and look at the same family entity that is accessing these programs so that we are starting with the same data point. Is that what you are suggesting?

Mr. DAVIS. Exactly, and then from that place, each agency could draw the data or the analytics that they needed to serve more effectively, but it is all populated in one area.

And what would come with that, frankly, is predictive modeling where you would, in effect, be able to begin to see trends in advance of the likelihood of, say, a child going into crisis, potential domestic abusive situations that are going on, you know, addressing what is done, for example, from a jail database management process that can not only effect in real time a do not pay stop on benefits, but if there is a child involved, it could trigger someone else to make sure that that child's needs are met effective so that they do not fall through the system.

And I think creating additional work-arounds is not the answer. The idea is simplifying this data to get a realistic picture of what is happening so that the front line workers can help in real time.

Mrs. NOEM. Well, Mr. Chairman, I know I am out of time, but I do want to talk about the importance of having a sense of urgency on these programs. Some of my tribes right now are dealing with a suicide epidemic of their youth because they feel hopeless, and they have seen these programs continue to be utilized among their people and not get them out of poverty and not give them a hope for a future, and that is why I think it is critical that we do not just have this hearing and talk about this. It is critical that we take the ideas and suggestions that we have heard today from our witnesses and utilize them to reform these programs so that they work and get people off programs and providing for their families.

With that I yield back.

Chairman BOUSTANY. I can assure my colleague that is the intent, and that is to move forward with policy that will help Americans in need.

With that, I will now yield to Mr. Young.

Mr. YOUNG. Thank you, Mr. Chairman.

I want to thank all of our panelists for being here today. A special shout-out to Scott Sanders. I really appreciate your service as Indiana's State Commissioner for the Department of Workforce Development. You are now doing us proud nationally, learning best practices and promulgating those.

You know, our Federal welfare system illustrated by this chart of various benefits and services to low income individuals, clearly too convoluted. We need to tear down the walls. We need to connect the dots and focus more on outcomes as opposed to inputs. I think that is a bipartisan sentiment.

There are implications not just on our Federal FISC, and those are very important, but real human impacts that having suboptimal constellation of programs results in.

So on the fiscal end I will not belabor this point too much because I am, frankly, more focused on improving people's lives beyond just the fiscal implications, but I think it is important to note that our Federal Government devotes roughly one-sixth of its spending to ten major means tested programs and tax credits.

And in the four decades since I have been on this earth, spending on those ten programs has risen tenfold. I do not think any of us would say that lives have improved tenfold. We know that spending is expected to continue to grow another 80 percent in the next decade.

So before we spend all of this money and as we continue to try and improve lives through our Federal social safety net program, we of course need to improve the whole constellation of various programs here.

Since 1990, as I understand it, there have only been ten entire Federal social programs that have been tested using the so-called gold standard for testing such programs, randomized controlled trial, multi-site evaluations, and out of those ten programs, I have been briefed that only one has really had any sort of even modest effects, positive effects. Nine have shown weak or no effects.

So this results in capability deprivation, as a Nobel Prize winning economist once characterized poverty. We need to harness everyone's capabilities throughout our economy. It will benefit all of us. It is the right thing to do.

So as we focus on measuring outcomes, not inputs, I am very interested in the comments of Mr. Lyon and also Judge Corrigan. It is something both of you in your written testimony made note of.

How do we incentivize States to experiment with new approaches, Mr. Lyon, so that we can arrive at better outcomes?

You cited the Michigan example. I wonder whether there might be some financial incentives that we offer States so that they can experiment more and we can figure out exactly what does work, perhaps social impact bonds or performance based contracting prizes. What are your thoughts on that?

Mr. LYON. I think definitely anything you can do to incentivize programs that work is integral in this. There are different funding streams that could do that, you know, a higher Federal match, for example, for a program that works, that is preventive, that is evidence based. That is definitely the way to go, especially if it improves people's lives and saves money long term.

And when I say "improved people's lives" I also mean works from generation to generation so that we begin to end the cycle of hopelessness that so negatively impacts our culture. That is very important.

The first and most important part though is we really have to agree on what the metrics are. What is the outcome that we are looking for? Is it employment? Is it health? Is it self-sufficiency? Is it a customer satisfaction survey? I would comment it should not be. There should be more solid outcomes, and that is very important.

Ms. CORRIGAN. I wanted to commend to you, Congressman Young, a program at the University of Notre Dame conducted by Professor James Sullivan, the Laboratory for Economic Opportunity.

Part of the problem that States have in testing to find out what really works is the expense, and I believe that Professor Sullivan's program at Notre Dame is creating a model for the country, in effect, because what they are doing is attempting to marry up less expensive testing with programs so that we can find out, yes, you know, with the best means that exist out there, does this really work or not, and I know you are familiar with Professor Sullivan.

Mr. YOUNG. I am.

Ms. CORRIGAN. But I want to commend that as a model that would be helpful to incentivize States to find out what is working in this area.

Mr. YOUNG. So if the chairman will indulge me, I am familiar with LEO up at the University of Notre Dame and Professor Sullivan's good work, and perhaps he would be a witness in the future that we might bring before this Subcommittee for testimony.

Thank you, and I yield back.

Chairman BOUSTANY. I thank the gentleman. We will certainly take that under consideration.

In closing, a lot has been said about this chart depicting the complexity of our safety net programs. I just want to emphasize again that this is simply a graphic that was taken from a very extensive CRS report entitled "Federal Benefits and Services for People with Low Income Programs and Spending."

And the intent was to look at the size and composition of Federal spending directed toward low income people as a focus of public policy, and my friend from New York raised a question about the Federal Pell Grant Program. Well, in this report it simply says, "The Federal Pell Grant Program is the largest education program for people with limited incomes accounting for 58 percent of targeted Federal education spending in fiscal year 2013 and ranking as the fifth largest program in this report."

And so it is for needy students. I mean, these are people who have need, and the point of all of this is we have to understand the complexity of this. We have to understand the inherent problems of coordinating these programs if we are going to create a safety net system that works for all Americans because we have far too many Americans in need today.

That is the intent of this hearing. That is the intent of this Subcommittee in moving forward.

So with that, in closing I want to thank our witnesses for their tremendous testimony. This has been terrific and has been very, very helpful to all of us as we try to understand these important issues. You have shed light on some very important and complicated issues.

If members have additional questions for the witnesses, they will submit them to you in writing, and we would appreciate receiving your responses for the record within two weeks so we can complete the record.

And with that the subcommittee stands adjourned.

[Whereupon, at 11:44 a.m., the subcommittee was adjourned.]

[Submissions for the record follows:]

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Massachusetts audit finds dead welfare recipients collecting millions of dollars

Published May 29, 2013 | FoxNews.com

A state audit has revealed that Massachusetts has given out $18 million in "questionable public assistance benefits" in recent years, in cases that included the distribution of benefits to more than 1,160 people who were either dead or using the Social Security number of a deceased person.

In some cases, recipients began receiving benefits for the first time after their deaths.

The audit, issued Tuesday, covered cash, food stamps, and other benefits intended for low-income families, and found millions of dollars in irregular benefits and an urgent need for improved anti-fraud security.

In 1,164 cases, deceased recipients continued to receive a total of $2.39 million in benefits up to 27 months after they had been reported dead. The state Department of Transitional Assistance also paid out at least $368,000 benefits to 178 guardians who claimed deceased persons as dependents, and $164,000 to 40 individuals being claimed by more than one guardian.

Additionally, State Auditor Suzanne Bump found suspicious transitions on electronic benefit cards amounting to $15 million, including almost $5 million in which all food benefits had been withdrawn at once. Meanwhile, five regional offices could not provide documentation for more than 30,000 EBT cards.

As reported by the Boston Globe, the DTA claimed that it was already addressing the issues raised a year ago, including comparing its list of welfare recipients to the Social Security Administration's master list of deceased in order to weed out those who had died and were still receiving benefits.

But a month later, the auditor discovered a majority of dead welfare recipients that were checked were still receiving benefits, including some who had started receiving handouts for the first time after their deaths.

The damning audit comes on the back of the resignation in February of the then director of the DTA, Daniel J. Curley, after it was reported that the agency failed to verify eligibility of recipients, which could have cost the state $25 million a year in unwarranted payments.

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