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Focus on Welfare and Related Programs

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Committee on Ways and Means  
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Mr. Chairman, Members of the Committee, thank you for the opportunity to testify regarding how the Temporary Assistance for Needy Families (TANF) block grant fits into the range of federal programs that provide income support and workforce services. CLASP develops and advocates for policies at the federal, state and local levels that improve the lives of low income people. In particular, we focus on policies that strengthen families and create pathways to education and work.

We believe that income support programs should meet basic needs, reward work, and strengthen families. These programs should be coordinated into a system of benefits that is easy to access, unstigmatized, responsive to economic hardship, open to all, and fully funded. Education and training are drivers of economic mobility and opportunity, and low-wage workers and low-income individuals need access to them to enter and advance in the labor market.

In his testimony before the committee, Mr. Rector suggested that most poor families receive benefits from six or twelve different programs. This is simply not true. The most commonly received benefits for low-income families are the Earned Income Tax Credit (EITC), and public health insurance, particularly for children, through either Medicaid or the Children's Health Insurance Program (CHIP). An Urban Institute study using data from the 2002 National Survey of America's Families found that 73.5 percent of poor families with children received health insurance from one of these programs, and 71.6 percent of poor families with children received the Earned Income Tax Credit (EITC). Just under half of poor families with children received both, but about 20 percent received one but not the other.<sup>1</sup> This is not particularly surprising, given that one is administered through state health or social service agencies, using monthly income data, and the other is received through filing an income tax return, and is based on annual earned income.

Perhaps more surprising is that almost a quarter of poor children receive SNAP but not public health insurance, or vice versa. A recent Center on Budget and Policy Priorities analysis found that 58 percent of poor citizen children received both SNAP benefits and health insurance from Medicaid or CHIP. Just under one-fifth (19 percent) received health insurance but not food stamps; 9 percent received food stamps but not health insurance, and 14 percent received neither.<sup>2</sup> This means that a significant share of poor families who have interacted with the system enough to establish eligibility for one program were not simultaneously enrolled in the other, even though almost all of these children were likely eligible for both.<sup>3</sup>

That said, it is true that a small share of families do receive benefits from multiple programs. The Urban Institute found that 5.6 percent of poor families with children received EITC, Medicaid, food stamps, and assistance paying for child care. Strikingly, this was five times more

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<sup>1</sup> Calculated from Table 5 in S. Zedlewski, et al, *Is There a System Supporting Low-Income Families*, Urban Institute, February 2006, [http://www.urban.org/health\\_policy/url.cfm?ID=311282](http://www.urban.org/health_policy/url.cfm?ID=311282).

<sup>2</sup> D. Rosenbaum and S. Dean, *Improving the Delivery of Key Work Supports: Policy & Practice Opportunities at a Key Moment*, Center on Budget and Policy Priorities, February 2011, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3408>. Similar patterns of cross-program participation, although lower levels, were found in the earlier Urban Institute study.

<sup>3</sup> While eligibility for CHIP goes to much higher income levels than for SNAP, these figures only refer to poor families, whose income is under the SNAP limits. Some might have been ineligible either because the SNAP household is not the same as the family or due to asset limits.

common among families that had recently left cash assistance than among families that had never received welfare.<sup>4</sup> Only part of this difference is explained by states giving priority for limited child care funding to families transitioning from welfare. Another factor is that the TANF agency often acts as a guide to the range of benefit programs. Low-income families that do not enter through the cash assistance door often lack such a guide, and fail to receive programs for which they are eligible.

In the Government Accountability Office (GAO) testimony for this hearing, Ms. Brown describes the array of human services programs as “fragmented and overly complex.” This is certainly true. This complexity increases administrative costs, and makes it difficult for needy individuals and families to receive the benefits and services for which they are eligible. However, in many cases this complexity is the result of deliberate legislative choices and varying policy priorities.

For example, TANF cash assistance programs and Supplemental Security Income both provide cash assistance and are both means-tested, but they serve different populations, and have fundamentally different expectations for recipients: one serves low-income families with children on a time-limited basis, and has a strong expectation of work, while the other serves low-income seniors, blind individuals and individuals with disabilities so severe that they have been determined to be unable to support themselves through work. TANF benefits vary greatly from state to state, and are generally low, while SSI benefits are set at a national level and adjusted annually for inflation. To call these benefits “duplicative” is misleading at best.

In other cases, states have chosen to use funds that Congress intentionally designed to be flexible to meet varying needs. Often this is because critical programs are significantly underfunded and a state chooses to use the flexible funds to help make up the difference. Consider child welfare funding. While the primary dedicated funding sources are Title IV-B and Title IV-E of the Social Security Act, they make up just over half of federal child welfare expenditures. States supplement these funds with TANF, SSBG and Medicaid funds. It's ludicrous to consider such supplementation to be duplication when we currently provide absolutely no services (not foster care, counseling, or anything else) to 40 percent of children whom we have investigated and found to have been abused or neglected.<sup>5</sup> States are just trying to piece together the funding streams available to serve as many children and families as they can.

Likewise, the Child Care and Development Block Grant only provides funding to cover a small fraction of the families that need assistance in order to be able to afford quality child care, about one in six federally eligible children before the recession. Many states have chosen to use a portion of their TANF funding to supplement their allocations, either through transfers or direct TANF spending on child care. In nearly all states, these subsidies are provided through a single system regardless of source, and the origin of the funding is invisible to the families receiving subsidies. These funds do not provide duplicative services, but instead extend child care assistance to more eligible families to help them find a safe place for their children while they go to work.

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<sup>4</sup> Table 5 in Zedlewski et al.

<sup>5</sup> U.S. Department of Health and Human Services, *Child Maltreatment 2009*, <http://www.acf.hhs.gov/programs/cb/pubs/cm09/index.htm>.

While human service programs are far more complicated than a gallon of milk, the analogy to groceries may be useful in thinking about what sorts of “duplication” are and are not of concern. When two roommates combine funds to buy groceries, this is not duplication, although it may be a source of additional stress and paperwork if they each demand an accounting of how the money is spent, and the one who is vegetarian wants to make sure that none of her money is spent to buy hamburgers. It’s also a good thing, not a problem that people can pick up a gallon of milk at the drugstore if they’re already stopping there, rather than having to make a separate trip to the supermarket. It makes a lot of sense to provide services to people in the places where they are going already, and particularly with the growth of online applications and phone interviews, this can increasingly be done with minimal additional administrative costs.

However, if instead of buying milk from the same wholesale distributor, the drugstore and the supermarket each had their own cows and their own dairy, this would clearly be duplicative. In some cases, there really is this sort of duplication: different public benefit programs forcing clients to submit the identical documentation repeatedly, or job developers from welfare to work programs and Workforce Investment Act (WIA) one-stops contacting the same employers. In the remainder of this testimony, I turn to some of the reasons for this sort of duplication, and ways that this committee might reduce it.

### **Streamlining Eligibility Determination**

Streamlining eligibility determination and reducing the time spent collecting and verifying information that is already known by another government agency – or sometimes even by another program within the same agency – is a clear way to reduce administrative costs, lower error rates, and improve customer service. The degree to which this is happening already varies greatly among states, and also among programs – TANF and SNAP eligibility are closely integrated in most states, but eligibility determination for other programs, such as housing subsidies, Medicaid and WIC is typically far less coordinated.

We appreciate this committee’s interest in the use of data matching as one means to improve eligibility determination processes. We urge continued support for the work of the Partnership Fund for Program Integrity Innovation, operated by the Office of Management and Budget, which is designed to identify innovative approaches to reducing administrative costs and error rates without denying access to eligible participants. This project was funded at \$37.5 million in FY 2010, with funds permitted to be carried over in FY 2011. Importantly, the demonstration under this fund will include rigorous evaluations of the effects of these approaches. In a 2006 report on administrative costs under human services programs, GAO stated “we believe one challenge in particular – the lack of information on the effect streamlining efforts might have on program and administrative costs – is thwarting progress” in administrative simplification.<sup>6</sup> By closing this gap, these projects could move such efforts forward far beyond the individual projects that are supported.

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<sup>6</sup> U.S. Government Accountability Office, *Human Service Programs: Demonstration Projects Could Identify Ways to Simplify Policies and Facilitate Technology Enhancements to Reduce Administrative Costs*, GAO -06-942, September 2006, <http://www.gao.gov/new.items/d06942.pdf>.

This Committee should also consider expanding some of the innovative tools that are available under the CHIP to other means tested programs. For example, CHIP agencies may use a match with the Social Security Administration to verify citizenship for most applicants. This removes the need for applicants to provide their birth certificates, which can be challenging for some families, particularly if they have experienced periods of domestic violence or homelessness. States, cities and other providers that are required to verify citizenship should be allowed to use this mechanism as well. In addition, there should be a way for people who have provided documents to one agency to save them in a secure online database to which they could refer other agencies.

Similarly, under Express Lane Eligibility, agencies may accept a finding of eligibility from another means tested program such as SNAP, school lunch programs, Head Start, or tax return information to identify, enroll and recertify children for Medicaid or CHIP coverage, even if those programs use slightly different definitions for family composition or income. However, the converse is not true: states may not use CHIP or Medicaid coverage as the basis for enrolling children in other programs. This Committee should explore the circumstances under which such deeming would be appropriate and efficient.

In addition, over the next few years, the federal government will be making a substantial investment in state information systems as they prepare for implementation of the Affordable Care Act. To the maximum extent possible, these investments should be leveraged to improve operations of the full range of health and human service programs, not just health insurance. This may require tweaking federal rules that can discourage states from developing systems whose cost would have to be allocated across multiple state and federal programs.

### **Aligning Workforce Services**

According to the recent GAO report, the TANF block grant was the fourth largest source of federal funding for employment and training services in FY 2009, behind only Vocational Rehabilitation, and WIA dislocated worker and youth programs.<sup>7</sup> However, little is known about the types of services provided, or the populations served with these funds. While TANF data collection focuses on the work activities of adult recipients of cash assistance, TANF funds may be used to serve a broader universe of low-income families with children. Many states use income limits much higher for these services than they do for cash assistance.

States and localities vary greatly in how coordinated programs funded with TANF and WIA funds are. At one end of the continuum is Utah, where the programs are fully integrated into a seamless system that uses funding from WIA, from TANF and from the SNAP Employment and Training program to provide services. The same staff work with customers funded under all three programs, with their time allocated to the appropriate programs depending upon whom they

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<sup>7</sup> U.S. Government Accountability Office, *Multiple Employment and Training Programs: Providing Information on Colocating Services and Consolidating Administrative Structures Could Promote Efficiencies*, GAO-11-92, January 2011, <http://www.gao.gov/products/GAO-11-92>.

actually serve. This minimizes administrative and overhead costs and allows the state to serve more workers with employment and training services than they would with just WIA funds.<sup>8</sup>

In the middle of the continuum are the many areas where the TANF agency contracts with the workforce investment board to provide some or all workforce services to TANF cash assistance recipients, but they are served through specialized programs limited only to TANF recipients, rather than through the programs offered to other job seekers. For example, the state of Missouri requires that all employment-related services for TANF cash assistance recipients be housed within the Division of Workforce Development. However, in practice, most of the local workforce boards subcontract with community-based organizations, such as Goodwill, whom they believe to have more experience in serving low-income populations, to provide the services to TANF recipients. These contracts can also provide for more individualized and in-depth case management than the workforce agency can offer most clients.<sup>9</sup> And at the other end are areas where there is little or no coordination between TANF and WIA agencies.

Many TANF and WIA agencies collaborated in recent years to provide subsidized employment programs for low-income youth and parents using the additional funding provided under the American Recovery and Reinvestment Act. While this funding is now gone, many program administrators indicate that this experience has reinvigorated the relationships between the organizations and led to new interest in partnering.<sup>10</sup>

It is important to note that we do not have evidence about whether TANF recipients are connected to the workforce sooner, or obtain better jobs, through services provided through the WIA system than through stand-alone programs. During the early 2000s, both CLASP and the Department of Health and Human Services undertook studies of WIA-TANF integration, and both concluded that there was little basis on which to claim that one model was superior.<sup>11</sup>

In particular, there is reasonable basis to be concerned that individuals with significant or multiple barriers to employment may not be well served in a system that has a universal service mandate, and that is charged with providing employers with a ready-to-work workforce. For this reason, CLASP does not believe that TANF should be made a mandatory partner in the WIA one-stop system unless substantial changes are made to WIA as part of that program's reauthorization to ensure that TANF recipients are well served. While an integrated approach is

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<sup>8</sup> Utah Department of Workforce Services, *Utah's Job Connection*, WIA/Wagner Peysner State ARRA Plan, <http://jobs.utah.gov/edo/stateplans/wiawpstateplan.pdf>. See also A. Rowland, *Utah's Economy: The Future is Here*. Voices for Utah's Children, January 2009, [http://www.workingpoorfamilies.org/pdfs/Utah\\_Assessment\\_Report.pdf](http://www.workingpoorfamilies.org/pdfs/Utah_Assessment_Report.pdf).

<sup>9</sup> D. Wright and L. Montiel, *Workforce System One-Stop Services for Public Assistance and Other Low-Income Populations: Lessons Learned in Select States*, Rockefeller Institute, April 2010, prepared for the U.S. Department of Labor and released in 2011, [http://www.rockinst.org/pdf/workforce\\_welfare\\_and\\_social\\_services/2010-04-DOL\\_Workforce\\_System.pdf](http://www.rockinst.org/pdf/workforce_welfare_and_social_services/2010-04-DOL_Workforce_System.pdf).

<sup>10</sup> D. Pavetti, L. Schott, and E. Lower-Bash, *Creating Subsidized Employment Opportunities For Low-Income Parents: The Legacy of the TANF Emergency Fund*, CLASP and CBPP, February 2011, <http://www.clasp.org/admin/site/publications/files/Subsidized-Employment-Paper-Final.pdf>.

<sup>11</sup> N. Patel et al, *A Means to an End: Integration of Welfare and Workforce Development Systems*, CLASP, October 2003, <http://www.clasp.org/admin/site/publications/files/0155.pdf> and A. Werner and K. Lodewick, *Serving TANF and Low-Income Populations through WIA One-Stop Centers*, U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, January 2004, <http://aspe.hhs.gov/hsp/WIA-centers-site-visits04/>.

working well in some areas, we do not think that mandating partnership between unwilling agencies is likely to produce optimum results.<sup>12</sup>

However, we do believe that there are steps that the federal government could take to facilitate and encourage partnerships between TANF and WIA agencies. In addition to possible administrative efficiencies, such partnerships have the potential to leverage each agency's relative strengths, in particular, the WIA system's close connections to employers and the TANF system's experience in serving individuals with barriers to employment and providing supportive services.

One major obstacle to TANF-WIA integration is the fundamental differences in performance expectations and administrative requirements between the workforce and welfare systems. TANF's primary performance measure is the work participation rate, which is a process measure. Particularly in the wake of the changes made by the Deficit Reduction Act of 2005, states must track and verify every reported hour of participation. Workforce agencies consistently report that this is a significant barrier to serving TANF recipients in programs that are not dedicated to this population. By contrast, WIA's primary performance measures are outcome measures focusing on employment and earnings. These performance expectations can have the effect of discouraging programs from serving individuals who are perceived as having greater barriers to employment. It is worth noting that even states with highly integrated systems, such as Utah and Florida, rarely cross-enroll TANF recipients in WIA programs.

The federal government should ensure that the WIA performance measures make sufficient adjustment for individuals who are more difficult to place in higher paying jobs. In addition, in order to encourage coordination, states should be able to deem TANF cash assistance recipients who are participating in WIA intensive and training services as fully engaged for the purpose of the TANF work participation rates. States that are ready to adopt fully integrated models should be allowed to substitute the WIA outcome-based performance measures for the TANF work participation rate accountability measure.

TANF programs also sometimes partner with vocational rehabilitation agencies to provide services to recipients with disabilities. However, TANF recipients often fall into a grey area, with barriers to employment too severe for them to be well served through mainstream programs, but with disabilities insufficiently severe to qualify for vocational rehabilitation services given the limited funding available. Because the amount of funding falls far short of what would be needed to serve all workers in need of employment services and training, providers are forced to provide services based on the priorities and requirements of each funding stream, rather than what workers actually need to succeed in today's – and tomorrow's—economy.

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<sup>12</sup> *WIA Reauthorization: Recommendations for Reauthorization of the Workforce Investment Act Adult Program*, CLASP, July 2009, [http://www.clasp.org/admin/site/publications/files/WIA\\_Recs-for-Adult-Program-final.pdf](http://www.clasp.org/admin/site/publications/files/WIA_Recs-for-Adult-Program-final.pdf).