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PREPARED TESTIMONY FOR THE RECORD of the:
U.S. HOUSE COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON HUMAN
RESOURCES

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Thank you, Chairman Reichert, Ranking Member Doggett and Members of the Committee. I appreciate the opportunity to appear before you today to share my observations relative to the effectiveness of public assistance programs. I am Kristen Cox, Utah's Executive Director of the Governor's Office of Management and Budget.

In Utah, the Governor's Office of Management and Budget (GOMB) oversees the initiatives of the Governor regarding budgeting and planning across all state agencies. GOMB has recently been tasked by Governor Gary R. Herbert to improve state government operations and services by 25 percent by December 2016.

The Governor was clear in his directive that the 25 percent target is not an exercise in simply reducing budgets; rather the focus is on improving all aspects of operational performance.

In support of this goal, GOMB has developed a comprehensive set of operational excellence tools and principles—called the SUCCESS Framework. The SUCCESS Framework is grounded in seven fundamentals of high performing organizations:

- Set measurable goals and targets
- Use thinking tools
- Create your strategy
- Create your organization
- Engage staff at all levels
- Synchronize policy and projects
- Stay focused

Additionally, GOMB has developed a performance measurement system to track overall progress and recognize results—results that can be used for making better management decisions. Ultimately, the SUCCESS strategy will keep Utah on top as the best managed state in the nation, continually delivering value to customers and taxpayers.

In government, we know that evidence-based practices can be a solid foundation upon which to design and target resources. However, programs or services built upon evidence-based logic models do pose challenges. In many of these programs, the stated target is a longitudinal goal and it is not uncommon for many of them to lack sufficient control over the ultimate ends of their effort. They also tend to be measured at insufficient intermediate milestones, leaving proximate gaps of evaluation. These gaps make it difficult to manage the program, understand the core value of the investment or determine what adjustments (if any) are required. A few years ago,

when I served as the Executive Director of the Department of Workforce Services, we designed our Workforce Research and Analysis division to be the evidenced-based arm of our agency, supporting key decisions with real-time, measurable data.

In Utah, we are working on solutions to identify and close these proximate gaps in performance measurement. Some of our targets of consideration:

- Understanding that not all systems or programs are the same. If an effort has been proven by evidence-based research on a large scale then a similar pattern of milestones could, but not always will, be replicated in a smaller pool for implementation. These milestones would need to be developed generally and modified specifically.
- Developing measurement strategies that focus resources only on components of a service or program that actually achieve the end goal.
- Redefining the measurement of value delivery for some services that is sensible to stakeholders and to the taxpayer.
- Measuring Quality Throughput (accurate, timely, effective service) over Operating Expense, or QT/OE

Utah believes that measures should be simple and take into account quality, throughput/volume, and costs. We can't look at any one of these elements in isolation from the others. Improvements to quality and volume are relative to the cost of such improvements. Likewise, reducing costs may or may not be a good thing depending on the impact to quality and volume. In Utah, our performance management system is based on this very simple model that ensures we are looking at the elements in relationship to one another.

Using our management system, each cabinet agency is on target to achieve Governor Herbert's 25 percent improvement goal.

As we look across the federal programs that are managed by the State of Utah, it is clear that not all of them are planned or measured consistently. One of the largest agencies in Utah is the Department of Workforce Services, which manages over 90 federal programs designed to provide public assistance. If proper execution of these programs is truly to be defined by quality throughput (job attainment) then localized, evidence-based practices and strategies should drive federal policy.

Utah believes that all government programs should be structured in a manner that maximizes resources for participants and that requirements should be minimized and focused on developing a consistent and structured performance accountability system which measures evidence at designated milestones.

During my term as Executive Director at Workforce Services, I commissioned studies aimed at better understanding the outcomes associated with the Temporary Assistance for Needy Families

(TANF) work participation requirements, job training programs and intergenerational poverty in Utah. We have invested resources to quantify and evaluate programs designed to help parents and children to escape poverty. These studies assist lawmakers, executives and program managers to identify and implement effective strategies to serve these families. Utah understands that policy concentration must be centered on the attainment of economic self-sufficiency with results focused on employment outcomes. Notable studies in this regard include:

- TANF – *Meeting Welfare’s Work Participation Requirements and Transitioning into the Labor Market*, (Krantz and Torosyan, DWS, September 2012): The longitudinal effects of activities associated with TANF work participation are estimated using ordinary least squares regression and include socioeconomic characteristics along with employment patterns. The paper explores services that correlate with successful participation in the TANF program and how services link with post-TANF earnings. The study shows that individuals with participation in employment related services are most likely to meet participation requirements and that those who meet participation most often have the greatest attachment to the labor market after TANF. The paper is available at: <http://jobs.utah.gov/wi/pubs/specialreports/tanfreport092012.pdf>
- Work Success – *Family Employment Program (FEP) Redesign Study of Utah 2012: Wave I* (Vogel-Ferguson, Social Research Institute, College of Social Work, University of Utah, December 2012): This study examines outcomes of the Utah Work Success program using customer interviews and administrative data. “The Work Success Program was designed in response to customer requests for more help in finding and retaining employment. By far, most customers are very pleased with Work Success and have found it to be an effective program for filling this need. Most customers who are referred to Work Success are ready and available for work and are able to engage in and benefit from the services... Most participants have adequate skills for the level of computer skills needed, most are able to secure childcare and transportation, and ... nearly half are employed when they leave the program.” The paper is available at: http://www.socwk.utah.edu/sri/pdf/DWS_2012_FEPRedesignReport.pdf
- Job Training Programs – *Is Job Training Justified: An Analysis of Job Training Services as Administered by Utah’s Department of Workforce Services*, (Krantz and Mayne, DWS, August 2011): This experimental study uses propensity score matching to analyze the treatment effects of job training services in Utah. Examining these issues helps guide DWS policy-makers to more effective budget and public service decision-making. Findings help identify specific job training services that with the most employment and the highest earnings. The paper is available at: <http://jobs.utah.gov/wi/trainingstudy/trainingstudy.pdf>
- Intergenerational Poverty – *Intergenerational Poverty in Utah 2012*, (Little, DWS, September 2012): This report uses administrative data to provide descriptive statistics of adults in Utah with public assistance (TANF, Food Stamps, and Medicaid) who also received public assistance as children. The report describes the demographic and

socioeconomic characteristics of these individuals including education and employment history. The paper includes demographic information for the children of these adults. The paper is available at: http://jobs.utah.gov/wi/pubs/Poverty_Report_web.pdf

In Utah, more than 70 percent of all people living in poverty receive some form of public assistance including financial aid, child care subsidies, SNAP, and/or Medicaid. One-third of adults in poverty in Utah have less than a high school diploma or GED. Most of the remaining population has no post-secondary education and limited work history. Our studies do show that recipients of job training programs are exponentially more successful when they successfully complete the training; yet less than 50% of all recipients of training actually complete the training. Programs such as completion incentives and intensive counseling and monitoring could prove to be worthwhile expenditures, but states must have the flexibility to execute strategies that work, rather than spend significant resources on administrative bureaucracy.

The current design of the public workforce investment system is a maze of individual programs and funding streams with various mandates attached to each program. It is the expectation of the states to manage through these mandates and bureaucracy and provide the employment and job training services needed by the workforce. This has proven to be a climate that is not always conducive to a customer's success in achieving self-sustainability. For example, translating evidenced-based practices into the day-to-day work of an employee takes considerable effort and focus. It starts with trying to eliminate the things that prohibit or distract the employee from spending time on the things that count the most. With only eight hours in a day, it is important for federal policy makers to be mindful of everything they are asking people to spend their scarce time and energy on. Our biggest constraint on the ground is time. Aligning our policies and laws around the reality of time and how we want people to use it is a much more realistic way to bring evidenced based practices into reality.

In addition, policy objectives of various federal programs are different and can be challenging to know which evidenced-based practice to apply when serving an individual who is receiving multiple services. Likewise, the customer receives mixed messages and finds navigating multiple programs difficult. For example, food and health care are both critical needs. However, the SNAP program requires, in certain cases, that people engage in work activities while Medicaid does not. Clarifying the policy objectives and rules across the spectrum of programs intended to serve a specific population would translate into a more focused use of resources and effort on the ground.

When properly aligned, program integrity efforts, re-employment initiatives, operational efficiencies, and trust fund management should ensure that limited resources are maximized and directed to those who are eligible for assistance and re-employment activities. Utah has an integrated model that captures over 90 different federal programs, giving us a unique and comprehensive perspective on employing individuals. In fact, a Government Accounting Office (GAO) report recently singled out Utah for our consolidation efforts and noted that "the consolidation allowed job seekers to apply for assistance they had not considered in the past."

In Utah, we are committed to assessing the quality of programs administered and are proactively reviewing services in order to ensure maximum value is provided to the public.

As this committee continues its important work, Utah respectfully suggests that the following core principles guide reform efforts focused on public assistance programs that lead to employment:

1. Programs should be structured in a manner that maximizes resources for participants;
2. Requirements should be minimized and focused on developing a consistent and structured performance accountability system;
3. States should be provided maximum flexibility to design the programs and initiatives best suited to its citizens, businesses, and workforce development partners;
4. Budget streamlining should not just penalize the states—federal agencies should be examined and unnecessary bureaucracy and processes should be eliminated;
5. Innovation and risk-taking in the design and delivery of employment and job training services should be encouraged rather than penalized;
6. Programming should be data-driven and evidence-based with tangible accountability measures; and
7. Congress must refrain from establishing parallel job training programs and/or discretionary grants that duplicate the existing workforce system.

A specific area where Congress can help promote efficiency, better serve job seekers, workers, youth and employers, and maintain a level of services with fewer financial resources is to provide states with a new Workforce Investment Fund which would be an integrated grant to states that combines the following current individual formulaic grants:

- Workforce Investment Act Adult
- Workforce Investment Act Dislocated Worker
- Workforce Investment Act Youth
- Wagner-Peyser Employment Service

These four funding streams provide the foundation for the Workforce Investment Fund because they provide the same or similar services which could be enhanced to populations needing employment and training assistance.

In addition and at the request of the Governor, the following programs could be delivered through a new Innovation Waiver process through the Workforce Investment Fund:

- Adult Education
- Vocational Rehabilitation
- Trade Adjustment Assistance (training)
- Veterans Employment and Training
- Food Stamp Employment and Training
- Temporary Assistance for Needy Families (employment/training)

The Innovation Waiver process would involve the appropriate Cabinet Secretary in charge of the program and would provide a state with an opportunity to demonstrate how delivery of the program would promote efficiency and improved services for customers and set a common standard for participation. Waiver requests would need to be responded to within 30 days or the waiver request would be automatically approved. In addition, the waiver process should also allow states to include strategies that would better integrate and align Unemployment Insurance (UI) customers into the broader workforce system. Traditionally, UI re-employment efforts are isolated from the broader system and are often nonexistent in many states.

Utah also believes that Congress should decrease the number and amount of discretionary grants overseen by DOL and opt for funds with clear accountability standards. State and local governments spend too much time and resources on “chasing” money in the form of grants that may not best be suited for their unique needs. With diminishing resources, it's unfortunate that state and local governments are increasingly faced with the dilemma of hiring full-time grant writers or bringing consultants on board who are well-versed in how to navigate the grant process. Consequently, grant awards can be made on how well the application is written rather than on the actual merits of the proposal. Grant writing has become its own cottage industry.

In addition, grants require separate budgeting, monitoring, and reporting—all of which take away money from customers and expand administrative overhead. Grants can take too much time to approve and often end up being one-time programs with no prospects of sustainability. States need resources they can count on to develop meaningful programs that can measurably move the needle over time and quickly respond to structural changes.

Discretionary grant programs such as the Workforce Innovation Fund would be eliminated in order to maximize funding to the states. Utah feels that directing any portion of federal funding currently set-aside as statewide activity funds for state-led innovations to a new federally dictated, controlled and prescribed program (such as the Innovation Fund) adds bureaucracy and defeats its intended purpose. I maintain that governors, not the federal government, are uniquely positioned to innovate and advance systemic workforce development initiatives. Washington, D.C. should not be determining what is or is not innovative in Utah – the decision should be made by Utah's Governor.

As our nation struggles with reducing its debt while providing critical services, we must ask ourselves how the taxpayer would define “value” and if they would be willing to pay for it. I suggest that many of the procedural aspects of federal policy could not pass this test. However, at its core, public assistance and employment strategies offer significant value to the customer and to our nation as it elevates the competitiveness and economic prosperity of our workforce.

The State of Utah stands ready to assist the Committee in its efforts to bring innovative policy answers that aggressively address the re-employment strategies. We believe that states are the appropriate starting point for these conversations and encourage you to maximize flexibility and allow states to focus on helping people find employment and then hold them accountable for doing so. Thank you for the opportunity to address the Committee and I look forward to answering any questions you may have.