

Prepared Testimony of Adam M. Meier before the U.S. House Committee on Education and Workforce Subcommittee on Higher Education and Workforce Development

March 15, 2018

Chairman (Brett) Guthrie, Ranking Member (Susan) Davis, and Honorable Members of the Subcommittee, thank you for the opportunity to testify today.

Introduction

Kentucky was recently the first state approved to add a community engagement requirement to its state Medicaid program for non-exempt adults without primary caregiving responsibilities for a dependent. This community engagement requirement is similar to the work, volunteer and training requirements that exist today in other human service programs. To that end, Kentucky has closely aligned community engagement requirements and the accompanying Employment and Training (E&T) programs to what exists today in programs such as SNAP, TANF, as well as workforce programs such as WIOA—but that effort has not been without its challenges.

While the approval of Kentucky's 1115 Waiver Program is groundbreaking and transformational for the Medicaid program specifically, how Kentucky is choosing to operationalize the waiver as part of a comprehensive entitlement and workforce reform effort could help inform the members of this committee, as well as Congress in general, about future efforts to undertake similar reforms at the federal level.

There are several programs within the jurisdiction of this Committee that are federally funded, but state administered. These programs are intended to be a partnership between the states and the federal government, but often when states try to make programmatic changes to increase efficiencies and improve services, we run into non-value-added bureaucratic hurdles. The result is that states then have to go through complex and time consuming waiver processes to get permission for common-sense reforms—which frequently aim to address inconsistency among programs that thwarts the ability of states and state partners to streamline and normalize requirements. This not only decreases administrative efficiencies, but also is a disservice to those individuals we serve who are trying to meet differing requirements for multiple benefits programs.

I would like to offer the members of this committee a high level overview of some of the challenges we have encountered during our planning for our section 1115 Medicaid waiver, as well as offer some suggestions that could increase consistency across programs, offer flexibility to states, maximize the effectiveness of taxpayer dollars supporting these programs, and most importantly, streamline compliance requirements and improve outcomes for the individuals we serve.

Cross-Program Alignment of Policies

While there are certainly differences in the objectives and focus of the various programs that we are discussing today, the goals of the employment and training programs under the jurisdiction of this committee, for all intents and purposes, are the same—to provide program beneficiaries with the support and tools they need to be on a path to employment and self-sufficiency. There is significant overlap in the processes and components that are used by states to administer these programs. But where program and funding stream policies differ, program inefficiencies and confusion ensue. Some inconsistent policies are more related to eligibility status—such as which members are subject to community engagement and work requirements, and which members are not. Others are directly subject to the determination of this committee—such as what qualifies as “countable” components or activities that will satisfy the requirements of the program.

These programmatic differences are rarely critical to the success of the particular program—they are merely the result of being developed in operational silos without much consideration for program policies developed in other silos. The result is more difficult and expensive administration of services provided under these programs. This is especially true for states like Kentucky that are trying to break down operational silos and integrate services across programs, agencies, and cabinets.

In Kentucky, we have focused on breaking down these state level operational silos. However, this is challenging because most silos were created solely because of the federal funding streams and differing programmatic requirements in the programs being administered. We would ask that this committee look both within its jurisdiction, as well as commit to working with other related committees, to help address this. There are certainly several options available to resolve the issue. For example, one option is for Congress to take the lead in examining the multiple programs that contain an E&T component and decide on common policies (eligibility, exemptions, qualifying activities and components, etc.) across the all benefits programs. Another option is for Congress to set guardrails (floors and ceilings) for all of the programs and allow states to take the lead in deciding how to normalize the policies within the guardrails set by congress.

Congress and the Executive Branch would also be well-served to focus on working jointly across committees and agencies, prioritizing comprehensive and cohesive technical assistance, developing common metrics across E&T programs and paying states/grantees more for better outcomes within those metrics, with less emphasis on mere enrollment numbers or participation in certain activities. In the end, it is the better outcomes we are after—not the process used to get there. For example, the TANF work participation rate does not measure outcomes, but instead focuses only on engagement, and only in *narrowly* defined countable activities. This results in states only getting credit for a fraction of the participants who are engaged in work activities. Expanding the number of countable activities and changing from the existing TANF work participation rates to outcome measures similar to WIOA would make integration of TANF and WIOA much easier.

It is also worth noting that nearly all of these programs have separate “state plans” that must be submitted for federal review and approval—but often they have significantly different timelines, contents, requirements, etc. This is another operational process that could, if better aligned and integrated, help build an cohesive, strategic vision and drive system improvement. Imagine having one state plan required that reflects exactly how a state plans to collectively leverage all federal funding and supports to provide integrated services that meet the needs of individuals enrolled in any of the assistance programs!

Maximizing Flexibility to States

Many of the federal programs administered by states are state-federal partnerships. To states, however, they sometimes feel less like partnerships and more like a subservient relationship. States are left to navigate the administrative complexity of multiple programs. Admittedly, it is not easy to strike a balance between ensuring consistency across federal programs, while giving states the flexibility to be most effective. But when it comes to employment and training programs, a one-size-fits-all approach will not be the most successful. States, regions, and local areas all have unique challenges and advantages, and as such are in the best position to exercise judgment on the most effective way to prioritize finite financial and human capital resources.

Such flexibility could be achieved through several approaches. The easiest would be to increase the types and scopes of waivers for federal requirements. However, this solution would be the most cumbersome and the least effective. While not ideal, it would be better than the status quo where there is sometimes no authority for waivers.

A better option would be for the Federal government to set guardrails by program, but give states the flexibility to work within that framework. This would be similar to the block grant approach used with TANF or CHIP. Such flexibilities within each program would allow states to better align policies across programs, but funding and guardrails would still be program-specific.

An even more flexible option would be to allow funding for multiple E&T programs, as well as employment support programs such as housing, child care, transportation subsidies, etc., to all be included in one block grant. Again, Congress could set the parameters, floors, and ceilings for how much flexibility is granted, but states or grantees could determine the best way to allocate E&T resources, as well as resources for the supportive services that are critical to the success of individuals benefitting from these programs. This would allow states to develop holistic approaches to supporting beneficiaries in their unique circumstances. This would also reduce administrative burden and redundancy of tracking and reporting for each program. There could be one state plan submitted that demonstrates how the state would utilize funding for each program included in the block grant which could be approved by federal partners, and the state could be allowed to continue only as progress toward outcome targets are realized. This option could be made available to states who choose to pursue it through a waiver or

other authority.

To increase the success of cross-agency alignment and flexibility, it would be key to establish one coordinating office (i.e., OMB, White House, etc. – the “Lead Agency”) to ensure that the various Departments (DOL, DoEd, USDA, HHS, HUD) are all committed to the true integration of services, and willing to revise or “set aside” conflicting rules and regulations and promote consolidation of workforce efforts at the state level, regardless of Federal “grantor.” This is imperative to break through or referee any “turf battles” that are nearly always present in these types of scenarios.

Privatization of Services

Another area where greater flexibility is needed is the ability for state and local partners to leverage the private sector workforce. Many efforts have been undertaken to look at and address the complexity and maze of programs that serve lower-income Americans. These efforts have included attempts to simplify the management of programs and provide flexibility to the states. I commend the Committee for any and all efforts in this area.

Often these efforts look at funding, policy, or performance measures. However, it is important to also look at service delivery options. Today, states have very different levels of authority to use the people, processes, and technology of contractors to deliver services. In some programs, states have full discretion. In other programs, states’ hands are tied. There are differences within each program making the solution more complex than would be assumed in a program by program approach.

For example, states can generally contract out work and training activities in a variety of programs, but the ability to contract out eligibility and related services varies greatly in each, as evidenced in the chart I have provided.

The chart is laid out with common programs that families or individuals may access. In some cases, they may access two or more. For example, a family with a child on CHIP could be receiving SNAP.

Whereas states have full flexibility and authority to contract out for TANF and CHIP, other programs do not provide that, with SNAP being particularly limiting. If a state uses a contractor, as is done in many states to help the aforementioned family with a child in the CHIP program, and that same family wants to talk about their SNAP eligibility, the contractor must pass the family off to a state or local human services staff person. This is inefficient and poor customer service. It also does not allow for flexibility to meet workflow surges and contractions.

For that reason, I would ask that Congress provide states full flexibility and authority to contract out services for all of these programs. We are not suggesting this be mandated, but believe it should be an option. Governors and agencies should have the ability to determine the right mix

of state staff and contracted services to effectively and efficiently delivery services and drive performance-based results.

Some states may not use this authority at all; some may use it to address FTE or budget limitations, some may want to engage a contractor to address poor performance in a functional or geographic area through performance-based competition and contracts; and some may want to use it to drive program integrity improvements, ensuring the right benefits get to the right people.

While many of the tasks on the chart are administrative in nature, having an efficient and effective service delivery model will engage individuals more quickly and move them through the system, including, when appropriate, engaging them in employment and training programs more quickly. Some of these issues are in E&T programs within the purview of this committee. For example, under the longstanding practice of the Department of Labor, employment services not performed by state merit staff cannot be charged to the Wagner-Peyser Act grant. This restriction alone causes local workforce boards/career centers to differentiate services for individuals who come through their doors.

I understand some of these programs may be beyond the authority of this Committee, but I think it is important to share because of the interaction of these programs in our states and communities, especially as we move toward an integrated service model. We hope to see action on these issues, and we ask for your support and assistance to help us, the states, deliver better services to and achieve better results for to those we serve. Additionally, you may be able to identify others that we have not mentioned within your jurisdiction that could be an important consideration in providing holistic and outcome-focused services.

Elimination or Mitigation of Benefit Cliffs

Entitlement reform efforts should not focus only on incentives for getting people to work, but also for keeping them at work and promoting stability and upward mobility. We repeatedly hear from employers that their employees turn down promotions because they fear the loss of their benefits, or that the promotion will cost them more than benefit them. In some cases, this may be misinformation; in others, it may be the case that in the short-term, they have less benefits/income at certain income thresholds. These paradigms are often referred to as “benefit cliffs.” We must do more to ensure that as incomes rise in the workplace, policies are in place to make it feasible for our citizens to transition upward and with appropriate phasing out of benefits. Accepting a promotion should come with the confidence that one is moving to a better place financially, or at least has time to transition to new financial circumstances.

For example, Kansas has found that allowing individuals to continue receiving TANF benefits for six months after exceeding income limits increases the take-home earnings of the formerly low-income families. This is an example of how just a short amount of time on extended benefits can greatly improve outcomes for families transitioning off of benefits.

Relatedly, and when appropriate, we also must be willing to incentivize education that has the goal of employment. There are typically two roads out of poverty: education and employment. A number of our safety net programs incentivize work, but fail to support individuals' pursuit of an education—even though program beneficiaries often lack the basic education they need to be competitive in the workplace. If supports such as transportation and childcare assistance are made available while an individual is attending school or receiving training, it will allow that individual to be put on a path toward a career in a high-demand employment sector.

More Strategic use of Federal Funding for Information Technology Systems

There are currently a myriad of programs that are federally funded and state administered. Yet, when it comes to IT, the federal government often pays a large share, but the states all build their own systems, with little input or coordination with other states or the federal government. Since states are predominantly performing the same tasks to administer these federal programs, it could be more efficient for the federal government to take a more active role in assisting states in coordinating systems. An agency like GSA or OMB could help with the procurement of common systems, the certifying of modules built or used by other states, and the accessibility of technology for states as they consider upgrading or building new technology.

Conclusion

In conclusion, I would like to thank Chairman Guthrie, Ranking Member Davis, and Honorable Members of the Subcommittee, for the opportunity to testify today. Please know that the Commonwealth of Kentucky stands at the ready to be a resource to the members of this body on these critical issues.