



POLICIES FOR A FLOURISHING GEORGIA

Welfare Reform

Georgia Center for Opportunity (GCO) is an independent, non-partisan think tank dedicated to increasing opportunity and improving the quality of life for all Georgians. Our mission is to make Georgia the national leader in creating opportunities for a quality education, stable employment, and healthy family life. Our vision is for Georgia's communities to be the most vibrant in the country. We believe everyone should have the chance to succeed through talent and hard work, regardless of the circumstances of their birth. GCO researches and develops solutions that address barriers to opportunity, promotes solutions to policymakers and the public, and helps innovative social enterprises deliver results on the ground.

THE PROBLEM

The United States welfare system is a broken and uncoordinated web of programs. Dehumanizing the very people it claims to help, the system traps many recipients in poverty and is the leading driver of the ballooning U.S. national debt and annual budget deficits. In addition to the ethical importance of correcting the system, facts make clear the benefits of welfare reform:

- In Georgia alone, means-tested welfare spending is nearly \$23 billion annually (\$19.2 billion federal and \$3.5 billion state), with almost 2 million people or 20 percent of the state population receiving one or more benefits.
- AEI's Nicholas Eberstadt, in his work on prime-age men (those 25-54 years old) who are not in the workforce, cites welfare spending as one of the enablers that allows so many men to avoid work.¹
- In Georgia, there are nearly 250,000 prime-age men who are no longer counted in the labor force because they have simply dropped out. While the system creates other perverse incentives, this is by far one the worst in terms of its damaging impact to society.

Welfare Cliffs and Marriage Penalties

In addition to allowing many otherwise able-bodied men to avoid the workforce, the current system often traps single moms in poverty by penalizing productive work and family formation (known as "welfare cliffs"). These cliffs and penalties happen when a single mom on welfare is offered a promotion, a raise, or the prospects of marriage. In each case, she can face a loss of welfare benefits that often exceeds what the promotion, the raise, or the new spouse can bring to the family in new income. We catalogue the extent of the welfare cliff effects in our reports released in 2016 (*Disincentives to Work and Marriage in Georgia's*

¹ <http://www.aei.org/publication/men-without-work-2/>

Welfare System) and 2017 (*Deep Red Valleys: The Marriage Penalty in Georgia's Welfare System*).²

Confusing Complexity

The system is incredibly complex and poorly designed for its intended purpose, namely, to provide a safety net for those in desperate need and encourage self-sufficiency in every work-capable individual. The burdensome and uncoordinated programs lead to predictable problems including duplication of effort, confusion among recipients, gaming of the system, and treating members of recipient families in a piecemeal, fragmented fashion. Consider the following facts:

- At the federal level, the system consists of well over a dozen separate programs governed by five agencies and four sub-agencies.
- At the state level, these same programs are administered by an additional seven agencies.
- At the local level, nutrition programs are managed by local school systems (more than 180 in Georgia) and housing benefits are managed by local housing authorities.

Practically, there is no single intake system or eligibility engine driving decisions about whether someone qualifies for benefits and, if so, which ones and to what extent. The most common problems that emerge include the following:

- **Multiple programs often cover a common need in a single family.** This is many times the case with healthcare, when a parent and her children will be on separate systems for the same benefit or sometimes be without coverage at all.
- **Case management – where a case manager actively engages with the family and works with them to become self-sufficient – almost never happens.** We describe the incredible and unnecessary complexity in our report *Systemic Welfare Reform in Georgia: Part 1 - The Case for Reform*.

THE SOLUTION

GCO has proposed – in significant detail – a comprehensive program of state-level reforms to the welfare system, including the following broad outline:

1. Consolidate more than a dozen overlapping welfare programs into five modules (described in our report *Systemic Welfare Reform in Georgia: Part 3 – How the New System Will Work*)
2. Designate a single state agency to manage all welfare cases
3. Create a single intake system and eligibility engine that treats families holistically and uses common eligibility criteria across all modules
4. Apply Georgia's program integrity safeguards to all benefits to weed out fraud
5. Eliminate all welfare cliffs and marriage penalties across the system
6. Enforce work requirements and time limits for all work-capable recipients

² All of the reports mentioned in this brief may be accessed at the following URL:

<https://georgiaopportunity.org/employment/welfare-reform/>

If these reforms were adopted in the broad categories of food and cash assistance alone, we estimate significant tax dollar savings of more than \$3 billion annually.³

- This represents annual savings of 15 percent in food assistance spending in Georgia and 52 percent on annual cash assistance spending.
- This estimate does *not* include additional savings from reforms on the various programs related to housing, childcare, or medical assistance.

Implementation is Key

The Georgia Center for Opportunity urges the governor's office to establish management structures that will shepherd the implementation of these recommendations into actionable policy. Because it is critical to have an accountable body of leaders ensuring the success of these proposals, GCO has recommended the creation of a "reform team," along with the following guidelines to aid the measure's success.

Key roles within the governor's welfare reform team:

- Executive level management
- A steering committee
- Members skilled in program integrity strategies, intake and case management, special needs assessments
- A dedicated committee focused on creating an "eligibility engine" (See #3 in the above solutions list)

Responsibilities of the reform team:

- The established reform team must be empowered to implement and monitor the rollout of the new modules and systems
- Working in conjunction with state leadership, the reform team will design and implement reform in Georgia which, in some instances, will require new waivers from federal legislation or expanded waivers provided under current law. Our suggestions for implementing reform are detailed in our report *Systemic Welfare Reform in Georgia: Part 2 – Principles and Framework for Reform*.

While difficult, these reforms are possible to achieve and long overdue. With courageous leadership by a committed governor and legislative body, the "Georgia Model" will create a path for hope-filled and thriving families in our state and beyond.

³ These calculations are under peer review but are believed to be accurate with a high degree of certainty.