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RESTORING THE TRUST FOR AMERICA'S MOST VULNERABLE

THE NEED FOR A NEW APPROACH TO PUBLIC ASSISTANCE

THE CHALLENGES FACING AMERICA'S SAFETY NET

With the passage of the Great Society reforms, President Johnson launched America's War on Poverty and greatly expanded the Nation's safety net. Yet after half a century and trillions of Federal dollars spent, America is still losing the battle: The rate of poverty has remained essentially unchanged. The safety net programs were intended to assist individuals and families who had fallen on hard times, and help them move back into self-sufficiency. Regrettably, ineffectiveness, fragmentation, duplication, lack of coordination, and other shortcomings plague the Federal Government's more than 90 assistance programs, which are failing the very people they are intended to serve.[1] In many cases, their benefit structures create disincentives for work and marriage, and government health programs for the poor often provide little or no access to physicians or quality care.

Though it remains a critical component of the social contract among Americans, the current web of public assistance is more likely to entangle individuals in poverty rather than empowering them and their families to build lives of self-sufficiency. "[O]ur current system is broken," contends Larry C. Woods, Chief Executive Officer for the Winston-Salem Housing Authority, who has spent a career trying to assist America's most vulnerable. "Our approach is flawed. Our safety net is no longer a net, but a steel trap fostering dependency and cultivating generational poverty. It must change; and we must change it – and sooner rather than later."[2]

SUMMARY

- Though it remains a critical component of America's social contract, the government's public assistance too often entangles beneficiaries in dependency rather than lifting them toward self-sufficiency.
- While the many income-tested programs have relieved material hardship for millions, they have failed to reduce the number of people living in poverty. The problem is worse for children, for whom poverty rates have ranged as high as 23 percent over the past four decades.
- Many means-tested programs create disincentives to work, penalize marriage, strain under Washington's rigid centralization, and suffer waste and fraud. They often do little to relieve the causes of poverty, and may even worsen them.
- Policymakers must rethink the government-sponsored safety net. They should replicate practices shown to lift people out of poverty. Above all, the Federal Government should cease measuring the success of antipoverty programs by enrollment levels, and instead by how many move up the economic ladder, freeing themselves of the need for public assistance.

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[1] Committee on the Budget, U.S. House of Representatives, *The War on Poverty: 50 Years Later*, 3 March 2014: http://budget.house.gov/uploadedfiles/war_on_poverty.pdf.
[2] Testimony of Larry C. Woods, Chief Executive Office of the Winston-Salem Housing Authority, to the Committee on the Budget, U.S. House of Representatives, 28 October 2015.

Restoring the Trust for All Generations is a project of the Committee on the Budget, U.S. House of Representatives, aimed at promoting innovative solutions for keeping the promises of the Federal Government's health, retirement, and income security programs. This discussion, prepared by the committee's majority staff, is one of a series of white papers examining specific aspects of the fiscal and policy challenge.

A safety net's effectiveness should be measured by outcomes rather than inputs. "We do not need to measure a program by the number of people who walk into its doors," Woods states, "but by the number walking out."[3] Focusing on outputs requires going beyond the rigid, conventional government strategies, and instead looking for solutions that provide a creative and positive alternative to the status quo. Policymakers should pursue solutions that will expand choices for individuals and families, restore market forces, foster competition, provide flexibility, promote innovation, encourage self-sufficiency, and engage the spirit of federalism.

THE HISTORY AND DEVELOPMENT OF FEDERAL ANTI-POVERTY PROGRAMS

Before the New Deal, poverty relief was seen primarily as a responsibility of States, localities, and civil society. The Great Depression hit State budgets hard, while also increasing the demand for aid. The country experienced joblessness, homelessness, and deflation to previously unknown degrees. This combination resulted in direct intervention from Washington that forever redefined the relationship between the American people and their Federal Government.

In his 1935 State of the Union Address, President Roosevelt laid the foundation of the modern welfare state, declaring the Federal Government had a moral obligation to ensure a basic level of security for individuals. He warned, however, that Federal assistance ought to be focused and provide a pathway to self-sufficiency and independence.

"The lessons of history," he noted, "confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual disintegration fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is inimical to the dictates of a sound policy. It is in violation of the traditions of America. Work must be found for able-bodied but destitute workers. The Federal Government must and shall quit this business of relief. . . . We must preserve not only the bodies of the unemployed from destitution but also their self-respect, their self-reliance, and courage and determination." [4]

In 1964, President Johnson launched an expansion of Federal social welfare programs with the War on Poverty, and effectively decoupled work from assistance. "[O]ur aim is not only to relieve the symptoms of poverty," Johnson argued, "but to cure it and, above all, to prevent it."[5] By many important measures, however, progress has been disappointing. In particular, the rising Federal spending commitment has not been matched with a falling poverty rate, increased self-reliance, or an improvement in other notable social indicators such as the health of the family.

In his 1988 State of the Union Address, President Reagan surveyed these events and noted: "[T]he Federal Government declared war on poverty, and poverty won. . . . With the best of intentions, government created a poverty trap that wreaks havoc on the very support system the poor need most to lift themselves out of poverty: the family. Dependency has become the one enduring heirloom, passed from one generation to the next, of too many fragmented families."[6] This remains true today for many of the safety-net programs.

Many consequential means-tested, or income tested, programs have been created since the onset of the Great Depression. They include the following:

- In 1935, the Social Security Act created, among other things, Aid to Dependent Children, (which was later renamed Aid to Families with Dependent Children [AFDC]).
- In 1946, the National School Lunch Program [NSLP] was enacted.
- In 1964, the Food Stamp Act converted the temporary pilot program into a permanent program.
- In 1965, Congress and President Johnson launched the Medicaid Program as part of the Social Security Amendments enacted that year.
- In 1974, the Supplemental Security Income Program [SSI] began operations.

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[3] Ibid.
[4] The American Presidency Project, President Franklin D. Roosevelt, *Annual Message to Congress*, 4 January 1935: http://www.presidency.ucsb.edu/ws/index.php?pid=14890.
[5] The American Presidency Project, President Lyndon B. Johnson, *Annual Message to the Congress on the State of the Union*, 8 January 1964: http://www.presidency.ucsb.edu/ws/index.php?pid=26787.
[6] The American Presidency Project, President Ronald Reagan, *Address Before a Joint Session of Congress on the State of the Union*, 25 January 1988: http://www.presidency.ucsb.edu/ws/?pid=36035.

- In 1975, Congress created the Earned Income Tax Credit [EITC].
- In 1997, the Taxpayer Relief Act included a child tax credit that is refundable under certain circumstances.
- In 1997, Congress and President Clinton established the State Children's Health Insurance Program [SCHIP] as part of the Balanced Budget Act.
- In 2010, President Obama signed the Affordable Care Act, which included an expansion of Medicaid and income-related subsidies for the purchase of health coverage.[7]

While relieving the material hardship of millions of Americans, these programs have largely failed to reduce the number of people living in poverty. In 2014, the poverty rate was 14.8 percent, essentially unchanged since just after the start of the Great Society.[8] The results have been worse, and more persistent, for America's children. According to research by the Urban Institute: "Child poverty rates have ranged between 15 percent and 23 percent over the past four decades." Thirty-two percent of children who spend their early years in poverty go on to spend some of their adulthood in poverty.[9] Clearly, the policies of the past decade are flawed and are not working.

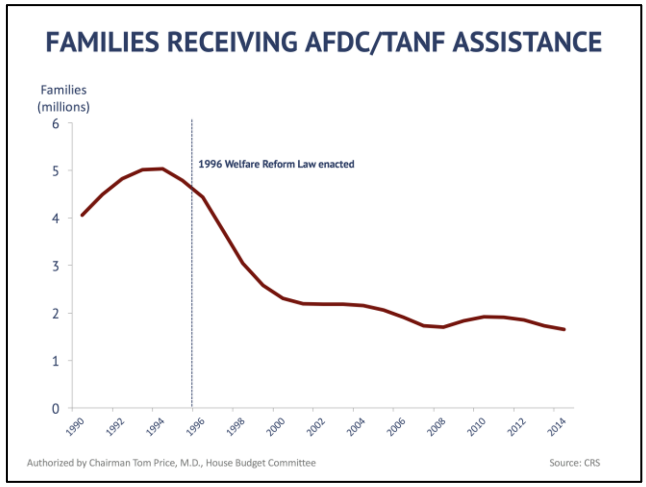
Welfare Reform

During the 1980s and 1990s, leaders began to recognize the shortcomings of many safety net programs, especially AFDC, and began to build reforms that focused on improving the lives of recipients. During the 1992 presidential race, Bill Clinton promised to "end welfare as we know it." Two years later, congressional Republicans' Contract with America included welfare reform as one of its 10 policy initiatives.[10]

These proposals were much needed. The number of families on AFDC peaked at 5.1 million in March 1994.[11] The subsequent 1996 welfare reform law replaced the AFDC program with the reformed Temporary Assistance for Needy Families [TANF]. Its key revisions to welfare policy included a capped allotment to States, work requirements, time limits on benefits, and State flexibility in the use of funds.

These reforms led to the single largest sustained reduction in child poverty since the onset of the Great Society. The number of recipients on TANF plunged to 1.7 million families at the end of 2014, a two-thirds decline from the peak AFDC level, and the number of people engaged in work increased from 22.4 percent in 1996 to 41.3 percent in 2001.[12]

Figure 1



The Current State of Poverty Programs

While the TANF program funding level has been capped and essentially unchanged since 1996, for many other programs the number of beneficiaries and total spending have grown rapidly. Overall means-tested program spending grew from $369 billion in 2006 to a projected $744 billion in 2016, according to the Congressional Budget Office [CBO]. This translates to 7.3 percent annual growth over the period. Not surprisingly, policymakers' focus has turned from TANF to the dozens of other anti-poverty programs.

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7 The Affordable Care Act comprises the Patient Protection and Affordable Care Act (H.R. 3590, Public Law 111-148), and the Reconciliation Act of 2010 (H.R. 4872, Public Law 111-152).

8 Carmen DeNavas-Walt and Bernadette D. Proctor, United States Census Bureau, *Income and Poverty in the United States: 2014*, issued September 2015: https://www.census.gov/content/dam/Census/library/publications/2015/demo/p60-252.pdf.

9 Caroline Ratcliffe and Signe-Mary McKernan, Urban Institute, *Childhood Poverty Persistence: Facts and Consequences*, June 2010.

10 Representative Newt Gingrich, "The Capitol Steps Contract and Cynicism in Washington, DC," the *Congressional Record*, 22 September 1994, vol. 140 (Washington: Government Printing Office, 1994), pp. H9526–H9527.

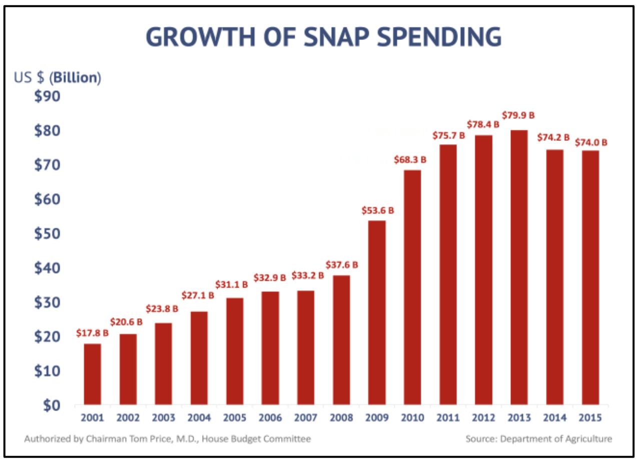
11 Gene Falk, Congressional Research Service, *Temporary Assistance for Needy Families [TANF]: Size and Characteristics of the Cash Assistance Caseload*, 5 August 2014.

12 Jeounghee Kim and Myungkook Joo, "Work-related activities of single mothers before and after welfare reform," *Monthly Labor Review*, December 2009: http://www.bls.gov/opub/mlr/2009/12/art1full.pdf.

The Supplemental Nutrition Assistance Program [SNAP] (formerly called the Food Stamp Program) has more than quadrupled, from $18 billion in 2001 to $74 billion in 2015 (see Figure 2). The population of SNAP beneficiaries has risen from 17.3 million in 2001 to 45.8 million in 2015.[13]

More than 6 years after the end of the Great Recession, other programs continue to have high enrollment. For example, in 2014 a total of 21.7 million students received free or reduced price lunches. Public housing and section 8 programs served 2.75 million children. This is perhaps most notable with programs that serve children, as the child poverty rate has gone from 18 percent in 2007 to 21.1 percent in 2014.

Figure 2



Last year, more than 63 million individuals relied on Medicaid or the State Children's Health Insurance Program [SCHIP] for their health care. Medicaid spending has increased from $130 billion in 2001 to $350 billion in 2015, and spending is expected to increase another 83 percent to $642 billion by 2026. Under current law, CBO projects the automatic spending portions of all means-tested programs will increase to $1.072 trillion by 2025. Yet these figures understate anti-poverty spending. First, many assistance programs are discretionary, funded through the annual congressional appropriations process. Second, State and local governments spend hundreds of billions of dollars on means-tested programs in addition to Federal funding.

In short, more than five decades since its launch, the War on Poverty has produced mixed results. By some accounting, material deprivation lessened both as a result of decades of economic growth leading to improved living standards and government aid. On the other hand, the official poverty rate – one measurement of self-sufficiency – has remained stubbornly high. It was 14.8 percent in 2014, up from 12.5 percent in 2007.[14] By the goals of those who launched the effort, the War on Poverty has not worked as planned.

"The answer does not lie in additional funding," Woods concludes. "The answer lies in the implementation of policies that provide strategies for getting people out of the net. Right now there is no exit strategy. We have spent so much time trying to make sure that the net is there, that we have lost focus on what happens next. We are simply warehousing people in our programs. There is no focus on getting people, in, up, and out. The focus is almost exclusively on the in. We must hold policymakers accountable for the program's output – its effectiveness; but we must also hold individual beneficiaries accountable as well."[15]

FAILURES OF THE CURRENT SAFETY NET

Instead of promoting self-sufficiency, Federal assistance programs too often discourage work. The intended beneficiaries become trapped in the system with little opportunity to build a prosperous life on their own. These are the principal failings of the government's safety net.

Benefit Cliffs and Disincentives to Work

The Federal income tax system is set up so that, loss of benefits aside, a new dollar of income never leads to new taxes that exceed new income – but not necessarily for a lower-income earner, as a government program or benefit phase out for that individual. The combination of higher taxes and lost benefits can exceed the value of a dollar earned. Gary D. Alexander, former Secretary of Public Welfare for Pennsylvania, notes how various cliffs in anti-poverty programs can cause total household income to decline as wages increase (see Figure 3).[16] A department examination of poverty programs concluded that the cliff effect can cause individuals earning $29,000 and

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[13] U.S. Department of Agriculture, Food and Nutrition Service, *Supplemental Nutrition Assistance Program Participation and Costs*, (data as of 8 April 2015): http://www.fns.usda.gov/sites/default/files/pd/SNAPsummary.pdf.
[14] DeNavas-Walt and Proctor, op. cit.
[15] Woods, op. cit.
[16] Gary D. Alexander, the American Enterprise Institute, *Welfare's Failure and the Solution*, July 2012: http://www.aei.org/wp-content/uploads/2012/07/-alexander-presentation_10063532278.pdf.

$69,000 to have almost identical household incomes once taxes and benefit phase-outs are taken into account.

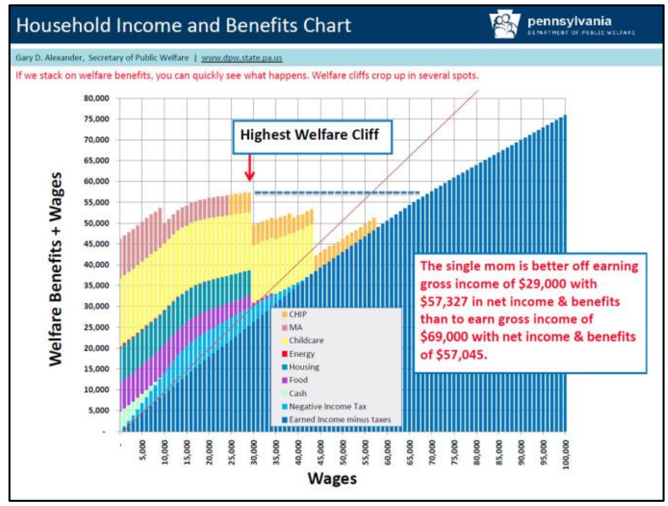
"Penalties to increased work effort, such as 'benefit cliffs' and high implicit marginal tax rates, are not just hypothetical," says Robert L. Doar, former commissioner of New York City's Human Resources Administration and current fellow at the American Enterprise Institute [AEI]. "A 2007 study by Steve Holt and Jennifer Romich that used actual tax and administrative data in Wisconsin found that more than a quarter of single-parent families between 100% of the poverty line and 250% of the poverty line faced an implicit marginal tax rate of over 50%. In my experience, child care subsidies are especially disjointed and prone to large benefit cliffs that need to be mitigated. Policymakers must find ways to better coordinate programs so that these drop-offs in benefits are more rational and don't interfere with low-income Americans accepting a raise or working more hours."[17]

For many beneficiaries, the cliff effect, resulting in the loss of benefits due to increased income, compounds with the lack of work expectations in many programs, further reducing incentives to seek employment. The Obama administration has even claimed authority to waive the works requirements in TANF. Additionally, SNAP's role as a work support program has declined. Doar notes: "An analysis by Dottie Rosenbaum of the Center on Budget and Policy Priorities shared with AEI showed that the number of nonelderly, nondisabled adult recipients who report no earnings has risen from 3.1 million in 2000 to 11.3 million in 2013 – a more than tripling of the total."[18]

Where Federal policy has failed, non-government policy innovators are attempting to fill the void. For example, Woods is pursuing strategies to increase self-reliance in Winston-Salem housing programs: "In the City of Winston Salem, there are a growing number of agencies (public and private) that are discussing coordination of services, resource leveraging, collaborative partnerships, and data sharing all related to performance-based outcomes. . . . Our approach is designed to provide a positive and hopefully permanent exit strategy so families remain self-reliant.

"We call this approach 'Growing Families out of Poverty.' Unfortunately, under the current regulatory and statutory structure, we cannot fully implement our program. We have faced roadblock after roadblock restricting our ability to require or incentivize participation."[19]

Figure 3



Under Doar's management, New York City's anti-poverty programs made work expectations a major focus. "In New York, we were most successful at fighting poverty when we maintained the proper balance of strong work requirements and government assistance that supported – but did not replace – work."[20]

Civic organizations are also solving problems where Federal programs have disappointed. William C. McGahan, Founder of Georgia Works!, has developed a program in the heart of downtown Atlanta to help chronically homeless men overcome obstacles – criminal records, substance abuse, overdue child support, lack of proper identification, and so on – and assist them toward a path to becoming self-sufficient individuals reintegrated with their families, into the work place, and into society. "Unlike other programs that focus on singular issues faced by homeless individuals, the Georgia Works! methodology is comprehensive. The idea is to not only help eliminate the barriers to 'escaping' homelessness, but also to change the person so that homelessness does not re-occur. How we do all this is through two methods: intensive case management and by emphasizing the importance of work."[21] The success of the Georgia Works! program is tangible for these men and their families. Since its start in

[17] Testimony of Robert L. Doar, Morgridge Fellow in Poverty Studies at the American Enterprise Institute, to the Committee on the Budget, U.S. House of Representatives, 28 October 2015.
[18] Ibid.
[19] Woods, op. cit.
[20] Doar, op. cit.
[21] Testimony of William C. McGahan, Founder of Georgia Works!, to the Committee on the Budget, U.S. House of Representatives, 28 October 2015.

2013, the program has graduated 150 men. Of those, 92 remain in their original jobs and apartment homes, and 90 percent are in contact with their children and families. Each month, six to eight more men graduate to self-sufficiency.

Work not only provides a source of income and self-sufficiency, but also has been a demonstrated source of self-worth, pride, and dignity for individuals. In fact, employment and self-esteem are tied so tightly together that a Gallup-Healthways Well-Being Index found: "Unemployed adults and those not working as much as they would like are about twice as likely as Americans who are employed full time to be depressed."[22] Protecting programs with existing work requirements from efforts to weaken them, and expanding them to other programs, will allow more people to escape poverty and to preserve their self-respect and self-reliance.

Marriage Penalties

The structure of income support programs creates marriage penalties that cause individuals to have to choose between getting married or keeping benefits. C. Eugene Steuerle of the Urban Institute summarizes the problem as follows: "For several decades now, policymakers have created public tax and transfer programs with little if any attention to the sometimes-severe marriage penalties that they inadvertently impose. The expanded public subsidies thus put in place by lawmakers came at the expense of higher effective marginal tax rates, as program benefits often had to be phased out beginning at fairly low incomes to keep overall program costs in check. The combined effective marginal tax rates from these phase-outs and from regular taxes are very high – sometimes causing households to lose a dollar or more for every dollar earned and severely penalizing marriage. In aggregate, couples today face hundreds of billions of dollars in increased taxes or reduced benefits if they marry. Cohabitating or not getting married has become the tax shelter of the poor."[23]

Social scientists across the political spectrum agree that children are better off with married parents.[24] In 2014, the poverty rate for single mother-led families was almost five times the poverty rate for married-couple families, 30.6 percent and 6.2 percent, respectively.[25] Yet today, more than 40 percent of children are born to unwed mothers,[26] and the structure of anti-poverty programs places harsh marriage penalties on those who currently depend on these programs even though it is clear that "the married, two-parent family is one of the best weapons we have in the fight against poverty."[27]

Furthermore, a recent AEI study found the far-reaching benefits of marriage to include greater economic growth, economic mobility, less crime, and less child poverty. The very first recommendation to "strengthen the economic and cultural foundations of marriage and family life" is an end to the marriage penalties in means-tested programs.[28] Reducing these penalties should be a major focus of improving poverty policy.

Rigid Centralization

The one-size fits all administration of means-tested programs from Washington limits State innovation and experimentation that might improve the programs to truly meet the needs of their residents. States lack the flexibility to improve the efficiency of their programs, though many governors have asked for a new approach. Federal mandates prevent States from finding new ways to make the programs more effective for beneficiaries while also deriving efficiencies and reducing costs.

SNAP has grown fourfold since 2001 to become the Federal Government's largest non-health means-tested program. A recent CBO report that included a discussion of greater State control over SNAP noted: "Given such authority, States might be able to define eligibility and administer benefits in ways that better serve their populations. Moreover, allowing States more flexibility in operating SNAP would result in more experimentation, and

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[22] Alyssa Brown and Kyley McGeeney, Gallup, *In U.S., Employment Most Linked to Being Depression-Free*, 23 August 2013: http://www.gallup.com/poll/164090/employment-linked-depression-free.aspx.
[23] C. Eugene Steuerle, *The Widespread Prevalence of Marriage Penalties*, testimony before the District of Columbia Subcommittee on Appropriations, U.S. Senate, 3 May 2006: http://www.taxpolicycenter.org/UploadedPDF_Steuerle_050306.pdf.
[24] Ruth Graham, "They Do: The scholarly about-face on marriage," *The Boston Globe*, 26 April 2015: http://www.bostonglobe.com/ideas/2015/04/25/scholarly-kiss-for-wedded-bliss/INyenlyr0FIuWzaJDuFWGK/story.html.
[25] DeNavas-Walt and Proctor, op. cit.
[26] Centers for Disease Control and Prevention, *Births: Final Data for 2013*, National Vital Statistic Report Volume 64, Number 1, 15 January 2015: http://www.cdc.gov/nchs/data/nvsr/nvsr64/nvsr64_01.pdf.
[27] Doar, op. cit.
[28] W. Bradford Wilcox, Joseph Price, Robert I. Lerman, American Enterprise Institute and Institute for Family Studies, *Strong Families, Prosperous States: Do Healthy Families Affect the Wealth of States?*, 2015: https://www.aei.org/wp-content/uploads/2015/10/IFS-HomeEconReport-2015-FinalWeb.pdf.

approaches that were successful in some States could be adopted by others."[29]

For Medicaid, the Federal Government provides an open-ended match to what the States spend on the program. Washington pays an average of 57 cents of every dollar spent on Medicaid, and a much higher match rate for those newly eligible under Obamacare.[30] Expanding Medicaid coverage during boom years can be tempting for State governments because they pay less than half the cost. Conversely, to restrain Medicaid's growth, States that rescind a dollar's worth of coverage save only 43 cents. Too often, the only way States can save money is to cut payments to medical providers. Many doctors are refusing to treat Medicaid patients because States have reduced their reimbursements below what it costs to treat them.[31] With more flexibility, States would be better able to manage their Medicaid programs and find innovative ways to cut costs and furnish priority care for low-income seniors, disabled and blind individuals, children and their parents, and pregnant women.

Woods notes that "there is insufficient flexibility to allow agencies to tailor localized, common-sense approaches to problem solving. For example, laws prohibit residents' required participation in self-sufficiency programs."[32] If the State had the flexibility to require participation on a trial basis, such a program could test the improvements of the safety net in Winston-Salem. Greater flexibility for States would enable State and local governments to find innovative solutions for work disincentives, marriage penalties, and other flaws in current federal policy.

Poor Targeting of Resources

Today, the Federal Government runs more than 90 welfare programs that lack coordination in their efforts to help people escape poverty (see Figure 4). Multiple programs across various departments, overlapping services, and differing benefit structures create significant penalties on work and marriage, keeping many trapped in a cycle of poverty for years. Duplication and fragmentation of programs make them difficult and time-consuming to navigate. Additionally, the incentives and disincentives are mismatched, often preventing resources from going to those most in need.

Figure 4

DUPLICATIVE ANTI-POVERTY PROGRAMS

Program Area	Number of Programs	Cost in FY 2015
Cash Aid	5	$164 billion
Education and job training	25	$69 billion
Energy	2	$4 billion
Food aid	17	$106 billion
Health care	13	$430 billion
Housing	21	$41 billion
Social Services	7	$8 billion
Veterans	2	$26 billion
TOTALS	92	$848 billion

Authorized by Chairman Tom Price, M.D., House Budget Committee Source: House Budget Committee

Poor program management means enrollment in Medicaid and SCHIP, for example, no longer guarantees access to the doctor or the necessary treatment a patient may need – and Obamacare has added to the problems. Americans were told the Affordable Care Act's Medicaid expansions would reduce the number of emergency room visits. Instead, the number is going up. A recent study from the American College of Emergency Physicians, published in May of this year and highlighted in *The Wall Street Journal*, shows about three-quarters of emergency-room doctors reporting that visits among Medicaid patients had risen since 2014.[33] Prolonged wait times for primary and specialty care by participating doctors appear to be leaving some Medicaid patients with only the

[29] Congressional Budget Office, *The Effects of Potential Cuts in SNAP Funding on Households with Different Amounts of Income*, March 2015: http://www.cbo.gov/sites/default/files/cbofiles/attachments/49978-SNAP.pdf.
[30] The Henry J. Kaiser Family Foundation, *Financing Medicaid Coverage Under Health Reform: What is in the Law and the New FMAP Rules*, May 2013. https://kaiserfamilyfoundation.files.wordpress.com/2013/05/8072-02-financing-medicaid-coverage-under-health-reform.pdf.
[31] "In 2011 Nearly One-Third Of Physicians Said They Would Not Accept New Medicaid Patients, But Rising Fees May Help" *Health Affairs*, August 2012. According to this study, 31 percent of physicians were unwilling to accept any new Medicaid patients. See also "Physicians May Need More than Higher Reimbursements to Expand Medicaid Participation: Findings from Washington State," *Health Affairs*, September 2013, vol. 32 no.9 1560-1567; and *Practice Patterns & Perspectives*, The Physicians Foundation 2014 Survey of America's Physicians, September 2014: http://www.physiciansfoundation.org/uploads/default/2014_Physicians_Foundation_Biennial_Physician_Survey_Report.pdf. According to the report:"38 percent of physicians either do not see Medicaid patients or limit the number they see."
[32] Woods, op. cit.
[33] "U.S. Emergency-Room Visits Keep Climbing: People on Medicaid turn to hospital care when doctor access is limited, new survey suggests," *The Wall Street Journal*, 4 May 2015: http://www.wsj.com/articles/u-s-emergency-room-visits-keep-climbing-1430712061.

option of going to the emergency room. Putting more money into the Medicaid Program does not mean that more doctors will take Medicaid patients or that new appointment slots will open up for Medicaid patients.

In housing programs, resources are not targeted where they can do the most good. "In subsidized housing programs today, there is a stagnation of movement through the system," says Woods. "Non-elderly, able-bodied families are living in subsidized housing for unnecessarily lengthy periods, resulting in generational poverty and cumbersome waiting lists. These waiting lists prevent our agency from responding to individuals who face unexpected, temporary, situational poverty."[34]

Waste and Fraud

Safety net programs are not immune to waste and fraudulent activity by bad actors. The aforementioned challenges contribute to this, but the Federal Government and States have also loosened eligibility and oversight. As a result, a portion of what resources are available is siphoned from those individuals who truly need them. This is neither fair to individuals truly in need nor to hardworking taxpayers supporting the programs.

Figure 5

SAFETY NET PROGRAMS DESIGNATED AS HIGH-ERROR PROGRAMS (2014)

Program	Total Payments	Improper Payments	Improper Payment Rates
Earned Income Tax Credit (EITC)	$65.2 Billion	$17.7 Billion	27.1%
Medicaid	$261.6 Billion	$17.5 Billion	6.7%
Supplemental Security Income (SSI)	$55.4 Billion	$5.1 Billion	9.2%
Supplemental Nutrition Assistance Program (SNAP)	$76.1 Billion	$2.4 Billion	3.2%
National School Lunch Program (NSLP)	$11.5 Billion	$1.7 Billion	15.2%
Rental Housing Assistance Programs	$31.7 Billion	$1.0 Billion	3.2%
School Breakfast	$3.6 Billion	$0.9 Billion	25.6%
State Children's Health Insurance Program (SCHIP)	$9.5 Billion	$0.6 Billion	6.5%

Authorized by Chairman Tom Price, M.D., House Budget Committee Source: OMB

Research by the Foundation for Government Accountability estimates that between 5 percent and 25 percent of spending on welfare programs has been wasted or spent on fraudulent activities.[35] Further, of the 13 programs identified by the Office of Management and Budget [OMB] with substantial improper payments or a history of improper payments, more than two-thirds are safety net programs (see Figure 5).[36] In the SNAP program, benefits reportedly have been exchanged for cash and other non-food goods and services, including illegal drugs.[37]

States and the Federal Government are both responsible for the current rates of waste and fraud. More than half of States have made use of waivers to roll back work requirements for able-bodied adults without dependents on the SNAP program. More than half of States have increased income limits and weakened, or altogether eliminated, asset tests, absurdly enabling millionaires to qualify for SNAP benefits.[38]

Further, States are not necessarily required or motivated to eliminate waste and fraud. In fact, the open-ended reimbursement structure of the Medicaid program creates incentives for more spending. Rampant fraud and waste in the New York Medicaid program was the feature of a 2005 investigation in *The New York Times*, drawing attention to billions of dollars in misspent funds, only a portion of which was recovered. In the State of Texas, the Medicaid Program spent more on dental braces in 2010 than all of the other States combined and more on orthodontics than all of the other States combined. Neither the State nor the Federal Government uncovered this anomaly; an investigative journalist in Dallas called attention to the overbilling.[39]

The integrity of the safety net rests with the Federal Government and the States. It is a disservice to America's most vulnerable individuals to allow waste and fraud to continue unchecked. While wasteful spending and fraudulent activity are not limited to safety net programs in the overall Federal budget, the harm and damage are felt more acutely by those Americans who would otherwise rely on these programs when they fall on hard times.

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[34] Woods, op. cit.
[35] Josh Archambault, *Stop the Scam: Voters Know Welfare Fraud is a BIG Problem*, The Foundation for Government Accountability: http://solutions.thefga.org/solutions/stop-the-scam/.
[36] Office of Management and Budget. *High-Error Programs*: https://paymentaccuracy.gov/high-priority-programs.
[37] Government Accountability Office, *Supplemental Nutrition Assistance Program: Enhanced Detection Tools and Reporting Could Improve Efforts to Combat Recipient Fraud,* August 2014. http://www.gao.gov/assets/670/665383.pdf.
[38] The Foundation for Government Accountability. *The Food Stamp Crisis*: http://thefga.org/download/solutions/food-stamps/Food%20Stamp%20Emergency.pdf.
[39] Committee on Oversight and Government Reform. *Uncovering Waste, Fraud, and Abuse in the Medicaid Program*, 25 April 2012. Accessed 14 December 2015: https://oversight.house.gov/wp-content/uploads/2012/04/Uncovering-Waste-Fraud-and-Abuse-in-the-Medicaid-Program-Final-3.pdf.

SEEKING SOLUTIONS THAT WORK

People do not want to live paycheck-to-paycheck or on the subsistence of government benefits alone. People want to work, to provide for their children, and to pursue for themselves and their loved ones all possible opportunities to prosper.[40] To help people achieve these goals, the States and the Federal Government must rethink the outcomes and objectives of the safety net. Federal poverty programs should empower States to establish flexible, innovative, and targeted anti-poverty solutions. The best strategies and practices that have been proven to lift people out of poverty should be replicated and the Federal Government should get out of the way so that can happen. The Federal Government should no longer measure the success of a poverty program by the number of people enrolled at any one time, but rather by how many people have successfully moved up the economic ladder and no longer need that assistance.

All Americans, even those facing the most difficult hurdles, can build successful lives for themselves and their families when provided the right resources and given the best opportunities. That is why no one should lose faith in anyone. Consider, as just one example, Adolphus Chandler, a repeat felon with multiple addictions who, searching for personal restoration, found Georgia Works! and submerged himself in the program's individualized approach and its focus on work. Today, as a graduate of Georgia Works!, Chandler has reacquired his driver's license and moved into a new apartment. He is also the first Georgia Works! participant hired directly by the program to be a site supervisor, where he has helped many homeless men reclaim their own lives.

There is a role for a strong, secure safety net that is responsive to the needs of Americans when they fall on hard times. Positive stories abound of people who are climbing out of poverty and into lives of self-sufficiency. For every success, there are countless others who have been lost in a maze of government bureaucracy or fallen through the cracks.

The good news is that it is not too late to right the failings of the Great Society, and reduce the poverty rate in America by truly addressing the root causes of poverty itself.

[40] Arthur C. Brooks, the American Enterprise Institute, *I Love My Work*, 17 September 2007: https://www.aei.org/publication/i-love-my-work/.