



# SYSTEMIC WELFARE REFORM IN GEORGIA

## Part 2: Principles and Framework for Reform

ERIK RANDOLPH | JANUARY 2018



**GEORGIA**  
CENTER for OPPORTUNITY

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# Systemic Welfare Reform in Georgia

## Part 2: Principles and Framework for Reform

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Erik Randolph Consulting



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## About Georgia Center for Opportunity

Georgia Center for Opportunity (GCO) is independent, non- partisan, and solutions-focused. Our team is dedicated to creating opportunities for a quality education, fulfilling work, and a healthy family life for all Georgians. To achieve our mission, we research ways to help remove barriers to opportunity in each of these pathways, promote our solutions to policymakers and the public, and help effective and innovative social enterprises deliver results in their communities. Our ultimate goal is to see every Georgian who is willing to seize the opportunities presented to them living a life that can be characterized as truly flourishing.

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## Table of Contents

Acronyms .....	1
Preface .....	4
Thirteen Principles for Systemic Reform .....	5
Unified and coordinated administration .....	5
Program integrity safeguards .....	5
Good case management .....	5
View persons and families holistically .....	6
Personal and parental responsibility .....	6
Work first policy .....	6
Excess resource tests .....	7
Preserve the natural financial advantage to earn more money .....	8
Preserve the natural financial advantage for marriage .....	8
Reinforce natural support systems .....	8
Benefits provided meet truly essential needs .....	9
Time limits .....	9
Link reform to economic and educational policies .....	9
Framework for New Administrative Structure .....	10
Lead agency .....	10
Advisory board .....	11
Program consolidation into modules .....	11
Five basic modules .....	11
Food assistance module .....	12
Shelter assistance module .....	13
Cash assistance module .....	13
Child care assistance module .....	13
Medical assistance module .....	13
Relationship among modules .....	14
Single intake system and immediate deferrals .....	14
Purposes, including facilitating program integrity .....	14
Single and thorough application process .....	15
Work first policy .....	15

Natural supports deferrals.....	15
Untapped resource evaluation, including all-important child support .....	16
Excess resource test.....	16
Unified eligibility engine and benefit determinations.....	19
The algorithm and working groups.....	19
Source of program cost savings .....	20
Simplifying the algorithm and periodic adjustments .....	21
Individual independence plans .....	21
Case management .....	22
Volunteer mentors and coaches.....	22
Managing the Operation for Success .....	23
Putting the Framework in Place .....	26
Gubernatorial initiative to begin the process.....	26
Executive level program management teams .....	26
Steering committee .....	26
Program integrity team .....	26
Processing procedure team .....	26
Special needs team .....	27
Case management and operations team .....	27
Eligibility engine team.....	27
Final implementation of framework.....	28
Conclusion.....	29

## Acronyms

ABAWD: Able-Bodied Adults Without Dependents, as pursuant to SNAP policies

ABD: Aged, Blind and Disabled

ACA: Patient Protection and Affordable Care Act of 2009, also known as ObamaCare.

ACF: Administration for Children and Families, HHS

ACS: American Community Survey of the U.S. Census Bureau

ACTC: Additional Child Tax Credit

AFDC: Aid to Families with Dependent Children program, the predecessor to TANF

APTC: Advance Premium Tax Credits pursuant to purchased HIX policies per the ACA

ARM: AFDC-Related Medicaid, where AFCD is Aid to Families with Dependent Children, the predecessor program to TANF.

CAPS: Child Care and Parent Services

CCDBG: Child Care and Development Block Grant

CCDF: Child Care and Development Fund

CCR&R: Child Care Resource and Referral System

CFR of C.F.R.: Code of Federal Regulations

CHIP: Children's Health Insurance Program

CMO: Care Management Organization

CMS: Center for Medicare and Medicaid Services, HHS

COMPASS: Common Point of Access to Social Services

COSTAR: County Statistical Reporting System of DFCS

DCA: Georgia Department of Community Affairs

DCH: Georgia Department of Community Health

DECAL: Georgia Department of Early Care and Learning

DFCS: Division of Family and Children Services, DHS

DHS: Georgia Department of Human Services

DOE: Georgia Department of Education

DPH: Georgia Department of Public Health

EBT: Electronic Benefits Transfer

EITC: Earned Income Tax Credit

FFY: Federal Fiscal Year

FMAP: Federal Medical Assistance Percentage (matching funds for Medicaid and SCHIP)

FNS: Food and Nutrition Service, U.S. Department of Agriculture

FPL: Federal Poverty Level

GAO: U.S. Government Accountability Office

Ga. R & R: Rules and Regulations of the State of Georgia

GCAA: Georgia Community Action Association

GCO: Georgia Center for Opportunity

HCV: Section 8 Housing Choice Vouchers

HHS: U.S. Department of Health and Human Services

HIX: Health Insurance Exchange pursuant to the Affordable Care Act

HUD: United States Department of Housing and Urban Development

IFIP: Individual financial independency plan; a plan drawn up by the coordinating agency that establishes goals to move from dependency on means-tested welfare programs to financial independence.

IRS: Internal Revenue Service

IT: Information Technology

LIHEAP: Low Income Home Energy Assistance Program

LIM: Low-Income Medicaid

LII: Legal Information Institute of the Cornell University Law School

MTW: Moving-to-Work (special designation of public housing authorities by HUD)

MFP: Money Follows the Person project

NSLP: National School Lunch Program

OCC: Office of Child Care, ACF

OCGA: Official Code of Georgia Annotated

OFA: Office of Family Assistance, ACF

OFI: Office of Family Independence, DFCS

PICS: PIH Information Center (PIC) System.

PIH: Office of Public and Indian Housing, HUD

PHA: Public housing authority

PRWORA: Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

PTC: Premium Tax Credit pursuant to purchased HIX policies per the ACA

RSM: Right from the Start Medicaid

RTC: Refundable tax credits

SBP: School Breakfast Program

SCHIP: Separate (or State) Children's Health Insurance Program



SFY: State Fiscal Year, which is July 1 through June 30<sup>th</sup> for most states, including Georgia

SOI: also known as SOI Tax Stats; Statistics of Income Division, IRS

SSA: Social Security Administration

SSI: Supplemental Security Income

SLCSP: Second Lowest Cost Silver Plan, pursuant to HIX

SNAP: Supplemental Nutrition Assistance Program, also known as food stamps.

TANF: Temporary Assistance for Needy Families

TTP: total tenant payment, as related to housing assistance

USDA: U.S. Department of Agriculture

USC or U.S.C.: United States Code

WIC: Women, Infants, and Children program

WIPA: Work Incentives Planning and Assistance of SSI

## Preface

This monograph presents a grand vision for modular systemic welfare-assistance reform for the state of Georgia. It is a grand vision because it addresses the entire welfare system that impacts families. It is systemic because it proposes a reconfiguration of the entire system to become one that provides an effective and cost-efficient safety net with no disincentives for work or penalties for marriage. It relies on encouraging activities and habits we know bring independence and financial stability.

The reform is modular because it recommends streamlining more than 15 major welfare programs administrated by a host of federal, state, and local agencies into five coordinated programs controlled by one lead agency. Each of these consolidated programs can be pursued as a separate reform. If all are pursued and accomplished, they will fit together to create the grand vision.

A functional welfare system relates directly to the mission of Georgia Center of Opportunity (GCO). It promotes GCO's goals of creating opportunities for fulfilling work and a healthy family life for those who struggle at or near the poverty line. Additionally, considerable interplay exists between a functional welfare system and GCO's other goal of promoting a quality education for all Georgians.

This monograph consists of several parts. This first part reviews the case for reform. The second part explains the new system, gives guiding principles, provides a general framework for how the reformed system will function, and establishes preliminary steps to implement the vision. The third part discusses each of the program modules—including their structure, design, and estimated effectiveness—and recommends a framework for accomplishing them. The fourth part outlines federal legislation.

## Thirteen Principles for Systemic Reform

The following principles describe a welfare system that is more rational, fiscally sound, and consistent in its treatment of people. While providing a safety net for those truly in need, this system would help recipients escape poverty and reduce dependency on governmental assistance.

The principles are as follows:

- Administration is unified and coordinated
- The system has program integrity safeguards
- Case management exists across all programs
- Individuals and families are treated holistically
- Personal and parental responsibilities are emphasized
- Employment is promoted whenever feasible
- Excess resource tests are implemented and enforced across programs
- The natural financial advantage to earn more money is preserved
- The natural financial advantage created by marriage is preserved
- Natural support systems are identified, encouraged, and utilized
- Benefits provided meet truly essential needs and no more
- For most cases, program participation is time-limited
- The system is linked to economic and educational policies

### Unified and coordinated administration

Foremost, a redesigned system must address the current fragmentation of programs. All program administration must be coordinated to avoid conflicting rules and inconsistent treatment of people from program to program. From the perspective of the recipients, these reforms will eliminate the need to go to multiple agencies to get help. By consolidating and combining systems, there will be the additional benefit of streamlining administrative costs. These reforms will also will facilitate case management to address recipient needs and prevent abuse of the system.

### Program integrity safeguards

Unification and program coordination is just the first step. Program administration must be empowered to ensure benefits go to those most in need while helping people achieve self-sufficiency. Therefore, it is necessary for program integrity measures to be fully incorporated to reduce incidences of fraud, waste, and abuse. Such measures include regular data exchanges with other governmental agencies to verify identities, catch double-dipping, and prevent other abusive practices. It also includes running risk analysis software on IT systems and verification checks by caseworkers.

### Good case management

Although IT systems are valuable, they cannot replace caseworkers. Effective management of welfare programs requires strong utilization and management of caseworkers. Computer-based systems cannot replace people who work directly with those in need. Casework is a discipline

that many studied in college, and their expertise, dedication, and compassion are essential to help individuals negotiate the welfare system. Caseworkers are also invaluable in encouraging positive behaviors, putting recipients on a path toward self-sufficiency, and enforcing program integrity to ensure benefits go to the neediest in society.

### View persons and families holistically

An ideal system evaluates the needs of the entire person and family as opposed to the current fragmented treatment where caseworkers may only address a subset of the welfare needs of each client. Streamlining the system improves case management so that clients' holistic needs are satisfied without sending them to multiple agencies.

### Personal and parental responsibility

The success of the 1996 reforms creating Temporary Assistance for Needy Families (TANF) were based on the concepts of personal responsibility, reflected in the name of the legislation: The Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

Personal responsibility involves many things. For welfare programs, recipients should be expected to step up and do their part to achieve success. This means accepting a job that is a reasonable fit for a recipient's skillset. Once the job is accepted, it means showing up on time every day for work professionally dressed, conducting oneself in a professional manner, and striving to succeed. It means looking for ways to improve oneself and to increase skills demanded by the labor market. It also means controlling alcohol consumption, avoiding illegal drugs, and not committing crimes.

Parental responsibility is equally important. Parents must raise their children to become successful adults who attach to self-sustaining work.

A crucial part of parental responsibility is financially supporting children. Noncustodial parents have equal responsibility for the children they helped bring into the world. Therefore, an effective child support system that enforces this good behavior is crucial. Welfare agencies need to collaborate with programs—such as the Georgia Fatherhood Program—that work with fathers to help them fulfill their parental responsibility. Objections to requiring recipients to seek child support can be handled by well-defined and limited exceptions, such as the current exceptions for the TANF program.

### Work first policy

A functional welfare system evaluates potential work opportunities and directs applicants to them when appropriate. Welfare benefits should never be a substitute for employment. The standard administrative protocol will be to expect that recipients secure employment, excepting a predefined list of circumstances where it would be infeasible or unreasonably burdensome. Even persons with disabilities have potential to participate in meaningful work, and the expectation for work will be proportional to their ability.

To be clear, a work-first policy does not mean that every recipient will be diverted into employment. What it means is that everyone will be evaluated for their work potential unless they meet the necessary criteria for an exception. It also means that individuals may be directed to an education or training program to prepare them for employment.

Everyone gains from a work first policy. The applicants themselves gain the most. They establish themselves in the labor force, gaining both soft and hard workforce skills. They gain a stream of income to live on. They begin paying into Social Security and Medicare funds to help secure their financial future. They may gain health insurance coverage, employer-based retirement funds, and other benefits. Finally, they gain a sense of self-esteem from earning a living that cannot be matched by a welfare check.

Taxpayers also gain. Many potential recipients of welfare programs may find themselves with enough income to no longer need assistance. Others may find themselves still qualifying for assistance with employment but at benefit amounts lower than if they were unemployed. In either case, programs costs are reduced, requiring less government expenditures.

The case of Maine provides a good illustration of the importance of the policy. A federal requirement restricts Supplemental Nutrition Assistance Program (SNAP) benefits for Able-Bodied Adults Without Dependents (ABAWD) ages 18 through 49 to three months in three years unless they meet work requirements.<sup>1</sup> Maine was one of the first states to reinstate the policy after the Great Recession of 2007 to 2009. Maine had industries—such as the blueberry industry—in need of workers, plus a large population of childless, nondisabled, non-working adults on food stamps. By reinstating the federal requirement, many childless adults found employment and improved their personal financial situations, enabling many of them to earn income and no longer need food assistance.

### Excess resource tests

In keeping with the theme of preserving welfare programs for those who need them most, the system must ensure that individuals without earnings but with *excess* resources cannot access the services. It is important to stress the key word *excess*.

Traditionally, welfare programs look not only at income but also at resources or assets an applicant owns. If an applicant has excess resources or assets, they may disqualify him or her from assistance. Typically, such items as a primary residence, personal belongings, and first automobile are not defined as excess resources. However, if an applicant has a vacation home or additional vehicles above a certain value, these assets may count as “excess” resources that must be liquidated before qualifying for welfare benefits.

States that eliminated excess resource tests for some welfare programs have run into problems. For example, states who have abandoned their excess resource tests for the food stamp program while simultaneously discounting interest income had individuals with large lottery winnings

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<sup>1</sup> FNS, SNAP Able-Bodied Adults Without Dependents (ABAWDs), online fact sheet, accessed January 6, 2017: <https://www.fns.usda.gov/snap/able-bodied-adults-without-dependents-abawds>.

continue to receive food stamp benefits.<sup>2</sup> To avoid these inevitable circumstances, excess resource tests must be part of an eligibility system.

### Preserve the natural financial advantage to earn more money

The system must eliminate welfare cliffs so that earning more money from working always results in more money for the family. If earning more from working results in a net financial loss to the family, obviously work is discouraged. In other words, whenever this principle is violated, individuals are faced with a potential loss and understandably will back off from earning more money due to the economic behavioral phenomenon known as loss aversion. When a person decides to keep his or her welfare benefits, it adds to program costs that must be supported by the taxpayer.

To eliminate welfare cliffs, the benefit determination system must incorporate into its algorithm a functionality that ensures the marginal benefit from earning income always increases. Graphically, it is easy to illustrate. The line representing both net income and benefits must always have an upward slope.

### Preserve the natural financial advantage for marriage

Likewise, the system must preserve the natural financial advantage for marriage. That is, marriage penalties must be eliminated.

Administratively, the solution lies in the benefit determination rules themselves. A redesigned system will have rules that eliminate the marriage penalties or make them negligible.

### Reinforce natural support systems

A well-functioning welfare system works with natural support systems and reinforces them. Governmental benefits can undermine support from families and the community, shifting the cost to taxpayer for support that might have been provided without government help. For those cases where governmental assistance is merited, it is important that the programs collaborate with, and not work against, the natural support system already in place.

Administratively, caseworkers must evaluate familial situations and supports available to the community in order to determine the proper level of support. The system further benefits because the administration builds positive relationships with community providers who then provide voluntary assistance, guidance, and mentoring.

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<sup>2</sup> Perhaps the most publicized cases occurred in Michigan when a 59-year-old man won a \$2 million lottery but legally continued on food stamps and a 24-year-old single mom won \$1 million and likewise continued to collect food stamps. The state Department of Human Services changed its rule while the state legislation moving to make the policy illegal. There are many articles on these cases, such as “\$2M Michigan lottery winner defends use of food stamps,” Lottery Post, May 18, 2011, accessed January 13, 2017 (<https://www.lotterypost.com/news/231681>) and “State cuts lottery winner’s benefits: Michigan woman who won \$1M continued to collect \$200 a month in food stamps,” Lottery Post, May 8, 2012, accessed January 13, 2017 (<https://www.lotterypost.com/news/243420>).

## Benefits provided meet truly essential needs

A functional welfare system keeps costs under control by providing benefits that are truly needed, and no more. As already demonstrated, this is necessary for the system to work fiscally. Additionally, taxpayers often object to welfare programs when they perceive that recipients are receiving excessive benefits and taking advantage of the system.

## Time limits

A well-designed welfare system selectively imposes time limits for benefits. These provide an extra incentive for recipients to seek self-sufficiency. Time limits are particularly important to help non-disabled adults seek and find employment.

There are exceptions, of course. Due to their condition, some recipients will never be able to reach self-sufficiency. Otherwise, a timeline is needed to help individuals see a pathway out of poverty.

There will be emergency situations—often personally catastrophic events like severe illness—when a person or family needs assistance that is more than what could be allowed to eliminate cliffs. The system will still provide assistance in those circumstances, but the assistance must be time-limited to encourage the natural tendency to earn more money and the long-term goal of self-sufficiency. In other words, if a recipient understands that the assistance is a one-time event, he or she will not develop dependency based on that event alone.

Some welfare programs currently impose time limits, although these limits are not always enforced. TANF, for example, limits enrollees to 60 months of benefits. The basis for the time limit is to encourage recipients to improve their lives, get off government assistance, and seek gainful employment. Although enforcement has been weak across the country and the requirement is frequently suspended, SNAP also imposes time limits on able-bodied adults without dependents. They are limited to three months of food stamps within a three-year period when they do not fulfill employment requirements.

## Link reform to economic and educational policies

Finally, a well-designed welfare program is linked to economic and educational policies. Encouraging economic growth to ensure a robust economy may do more than any other policy in reducing demand for welfare programs. The availability of jobs in the economy makes a “work-first” policy not only possible but desirable. Labor force skills and human capital are crucial components of a functioning economy. The absence of effective economic and educational policies stresses the welfare system and can cause a general economic decline.

## Framework for New Administrative Structure

### Lead agency

The first step in redesigning the welfare system is to assign a lead agency with the power to coordinate all welfare benefits<sup>3</sup> in the state. All eligibility and benefit determinations will be controlled by this lead agency. It is necessary, therefore, that all other agencies relinquish these powers to the lead agency.

The most likely candidate for the lead agency is the Office of Family Independence (OFI) within the Division of Family and Children Services (DFCS) of the Department of Human Services (DHS). DFCS currently handles eligibility for food stamps, TANF, CAPS,<sup>4</sup> Medicaid, and other important welfare programs.

Importantly, DFCS conveniently has offices in every county with caseworkers. This infrastructure provides Georgia with a good foundation to improve case management necessary for systemic reform.

DFCS' eligibility and benefit determination functions, along with its staffing, will expand under the redesign. These functions, however, will cease to exist for other agencies, thus streamlining administrative duties, reducing duplication of effort, and ultimately saving the government money.

Regardless of the program, all applications for assistance will be channeled through OFI. From the applicants' point of view, the programs will become seamless and user friendly. Behind the scenes, OFI will be managing the various programs to match the needs of the clients in a way that fulfills the principles of reform.

The other agencies may still need to exist to provide a supporting role and conduct other governmental functions. For example, the Department of Public Health will transfer the responsibility of determining eligibility and benefit amounts for the supplemental nutritional food packages of the WIC program. The department will likely still conduct clinics and provide other services pursuant to WIC in addition to its other responsibilities of preventing disease, promoting health, and facilitating health-related emergency preparedness.

As another example, the Georgia Department of Early Care and Learning may need to exist to regulate safety standards of child care providers, although its functions could be transferred to another agency. As a natural consequence of the redesign, there will be a realignment of government responsibilities to streamline the bureaucratic structure to enhance its effectiveness, efficiency, and make it as user-friendly as humanly possible.

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<sup>3</sup> The focus of the welfare reform is the non-elderly and non-military population. However, some programs for the elderly and veterans may be easily folded into the redesign.

<sup>4</sup> As of this writing, plans are in place to assign eligibility determination for the CAPS program to the Department of Early Care and Learning.



## Advisory board

The lead agency will need an advisory board. The mission of the board must be specifically spelled out so its members understand that they must play a constructive and positive role. All members need to become acquainted with the principles of systemic reform, be supportive of a unified and streamlined process, and buy into the concept of helping individuals become self-sufficient.

The exercise of providing regular reports to the board, if focused, will help keep the agency accountable for the overall mission, implementation, and outcomes. The agency will provide monthly reports giving quantitative metrics and qualitative assessments to monitor successes and opportunities for improvement. Advice from board members can help the agency improve its performance and find solutions to challenges.

## Program consolidation into modules

### Five basic modules

All welfare programs will be consolidated into modules, defined here as manageable program areas based on basic human needs. Each module can be pursued independently or simultaneously. When successfully attained, the modules will fit together logically into the larger design of the administrative structure.

The consolidation will enable the lead agency to effectively manage the complete welfare system. There are 34 major and minor federally-sponsored welfare programs that can be consolidated under the new system, out of which sixteen are the major programs that have been highlighted and modeled in these reports.<sup>5</sup>

The consolidation simplifies the process for recipients. They are not overwhelmed by numerous programs, and they only need to interact with one welfare agency.

Under the new system, the basic human needs grouped together as modules are as follows:

- Food
- Shelter
- Cash
- Child care
- Medical

It could be argued that two more modules should be added: transportation and education. While these are also basic needs linked to welfare, they are excluded for practical reasons.

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<sup>5</sup> The 34 programs were identified from those listed by the GAO in U.S. Government Accountability Office, Federal Low-Income Programs: Multiple Programs Target Diverse Populations and Needs (GAO-15-516), July 30, 2015, publicly released August 31, 2015 (<http://www.gao.gov/products/GAO-15-516>). These numbers will vary, depending on how the programs are counted. For example, the GAO lists Medicaid as one program but the state of Georgia commonly lists Medicaid for low income persons (LIM) and Medicaid for aged, blind and disabled (ABD) separately. Additionally, Medicaid supports long-term care and programs for the developmentally disabled that are administered separately from Medicaid-ABD and LIM.

Transportation is necessary and critical, especially getting individuals to places of employment or critical services. Mindful caseworkers certainly examine the transportation situation of their clients. However, transportation needs vary widely based on location. With federal and state subsidies exceeding \$179 million,<sup>6</sup> public transit may be a viable solution for individuals living in any of the 123 counties that have it.<sup>7</sup> Other solutions may include carpooling, relocation, or cash assistance earmarked for transportation needs.

Education is also critical, but Georgia already provides free public schooling for all children through high school, negating any need to make it a module. Even so, education and training are important means to achieve skills needed for meaningful employment and personal advancement. For many adults, further education and training can be accomplished simultaneously while working part time or even full time. The new system will continue the tradition established by TANF that links welfare policies to job-training programs.

Simplifying the system into the five modules—food, shelter, cash, child care, and medical—brings focus to the basic areas of human needs that are easy to understand. There will be one set of rules for each module that draw from the same application process. The rules will be coordinated and consistent across modules.

#### Food assistance module

Food needs to be a module to give the public confidence that assistance is available to fight hunger. The public also deserves to know that the administration will guide recipients to use the assistance for only nutritional needs. The following programs will be consolidated into the food module:

- Supplemental Nutrition Assistance Program
- National School Lunch Program
- Special Supplemental Nutrition Program for Women, Infants, and Children
- School Breakfast Program
- Child and Adult Care Food Program
- Nutrition Service for the Elderly
- Summer Food Service Program
- The Emergency Food Assistance Program
- Commodity Supplemental Food Program
- Fresh Fruits and Vegetables Program

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<sup>6</sup> American Association of State Highway and Transportation Officials, “Survey of State Funding for Public Transportation,” Final Report 2016—FY 2014 Data, 2016: <http://scopt.transportation.org/Documents/SSFP-10-UL.pdf>.

<sup>7</sup> John Orr and Jamie Cochran, “Update on Public Transit Planning Activities in Metro Atlanta and State of Georgia,” PowerPoint presentation to the Intermodal Committee of the State Transportation Board, February 15, 2017: <http://www.dot.ga.gov/AboutGeorgia/Board/Presentations/PublicTransitPlanningActivitiesinMetroAtlantaandStateofGeorgia-Feb2017.pdf#search=transit%20funding>.

### Shelter assistance module

Shelter is necessary because of its central role in stabilizing a person's situation and well-being. The following programs will be consolidated into the shelter module.

- Section 8 Housing Choice Vouchers
- Section 8 Project-Based Rental Assistance
- Public Housing
- Homeless Assistance Grants
- Rural Rental Assistance Payments
- Supportive Housing for the Elderly
- Housing Opportunities for Persons with AIDS
- Supportive Housing for Persons with Disabilities

### Cash assistance module

Cash is the category with the most flexibility. While the other modules will be determined independent of each other, cash assistance will vary based on other assistance the individual receives. This flexibility gives administrators the ability to adjust amounts for programmatic and fiscal needs. For example, the adjustments may be necessary to ensure the potential benefit stream to an individual will always have increasing marginal benefits before self-sufficiency is reached. Also, fiscal realities may force the administration to adjust benefit amounts. Furthermore, a component of the cash assistance will be set aside for emergency and catastrophic events, but these will be one-time awards.

The following programs will be consolidated into the cash module:

- Earned Income Tax Credit
- Supplemental Security Income
- Additional Child Tax Credit
- Temporary Assistance for Needy Families cash aid
- Exclusion of Cash Public Assistance Benefits
- Low Income Home Energy Assistance Program
- Weatherization Assistance

### Child care assistance module

Child care assistance is the only module that will have no consolidation of programs. The Child Care and Development Fund Block Grant is the only federal program, and it provides funding to Georgia's CAPS program. Because of the uniqueness of child care to help parents secure employment—and because of the normally high costs associated with child care services, especially difficult for low wage earners—the program deserves its own module.

### Medical assistance module

Medical, or helping individuals access health services, is the final module. The following programs will be consolidated:

- Medicaid (excluding long-term care)
- Medical Care for Low-Income Veterans Without Service Connected Disability
- State Children’s Health Insurance Program
- Affordable Care Act subsidies
- Consolidated Health Centers
- Maternal and Child Health Block Grant
- Family Planning
- National Breast and Cervical Cancer Early Detection Program
- Ryan White HIV/AIDS Program

### Relationship among modules

Benefits for each module will be determined independently of the others. For example, if an individual qualifies for food assistance alone and no other benefit, he or she will receive assistance only from the food assistance module. If the family also qualifies for child care assistance, then it will receive assistance for both food and child care and no other modules. Theoretically, a family could receive assistance from any combination of modules.

Each module will be subject to an evaluation of resources and natural supports available to the applicant. For example, if an applicant requires shelter but has access to safe accommodations from a relative, the applicant will be directed to use the available resource. As another example, if the applicant has an alternative way to receive child-care assistance—perhaps from a relative or from changing her schedule so that no child care is needed—the applicant will be directed to use those options.

Because there is a single agency controlling all modules, it can monitor the total package to make sure assistance is coordinated and fair without violating the principles of reform.

### Single intake system and immediate deferrals

#### Purposes, including facilitating program integrity

There are three purposes of the intake system:

- Gather information from an applicant
- Verify the information
- Make deferrals

The first purpose is almost self-explanatory. Consistent with current practice, applicants will apply for welfare benefits by completing questionnaires in front of a caseworker, mailing them in, or submitting them online.

The second purpose is a critical part of program integrity. It is necessary that the lead agency verifies the information provided on the applications. The obvious reason is to prevent fraud and abuse. The second reason is less obvious. Individuals may make honest mistakes when filling out applications, perhaps due to misunderstanding or misinterpreting the instructions.

Consequently, the intake system needs to check information supplied by applicants. The agency will use data exchanges and best practices to cross-reference information and double check those areas known for frequent errors. Applicants will also be required to document and verify their identities. These documents may include copies of pay stubs, birth certificates, etc.

The third purpose is to identify immediate deferrals that may alleviate an applicant's personal situation. There may be a natural support system available, an untapped resource, or a potential job. Making these deferrals early in the process will help an applicant receive needed help faster. In some cases, no government benefits will be required, thus helping the individual and saving taxpayers the expense of providing benefits. In other cases, an applicant may still receive government benefits even after the deferrals, but the cost to the taxpayers will be reduced.

The intake process will rely on both technology and caseworkers. Data exchanges and inquiries will expedite the process and catch errors that caseworkers may miss. But computer technology is limited. Caseworkers are essential to check applications and follow up on requested information using good caseworker techniques.

### Single and thorough application process

As applicants come into the system, the intake process will result in a thorough evaluation. The application will take more time than current applications, but applicants will likely save time because this will truly be a single application. That is, applicants will no longer need to apply to multiple programs, repeatedly providing the same information to different agencies. In addition, the eligibility requirements will be coherent and unified.

### Work first policy

An important part of the application process will be to evaluate the potential for employment, and some applicants may immediately be referred to a job or deferred until they demonstrate a good-faith effort to find employment. If justified, they may receive temporary assistance to tide them over, but the process must require proof that applicants are seeking work. If suitable employment is found, applicants would be required to take the job or benefits would be withdrawn.

There will be exceptions to the work requirement, but these will be limited. Examples of exceptions include those who are physically or mentally unable to work or in a familial situation obstructing their ability to work. For example, a permitted familial exception would be if an applicant is a caretaker for a disabled or extremely sick family member, his or her duties require an extensive duration of time, and no other caretaking option is available.

### Natural supports deferrals

The evaluation also will examine available natural support systems. In some cases, the applicant will be asked to rely on those natural supports that may mitigate or substitute for government assistance.

For example, if a single mom with children requires shelter, and she has a close relative who can safely provide that shelter, she will be asked to rely on that natural support system before she would be provided any governmental assistance.

The natural support system will extend beyond family members. It will also consider community-based organizations, including faith-based organizations. The more the lead agency works with these groups, the better the relationships will become, helping caseworkers to more effectively make deferrals, referrals, and connections.

### Untapped resource evaluation, including all-important child support

Crucial to the evaluation will be the search for potential untapped revenue sources.

Foremost among them is child support. Unless the family consists exclusively of both natural parents and their children, all applicants with children will be evaluated for potential child support. These applicants will be asked to *seek* child support for their children. The exceptions to this requirement will be limited to parents who are deceased, incapacitated, or institutionalized. When there is an abusive father, the child support enforcement system would intervene, protecting the location of the mother, but still requiring payments directly through the system.

In these cases, the lead agency will collaborate with the courts and fatherhood initiatives to help fathers released from prisons reenter the workforce. Although the cost to the taxpayer will be more to support the children through the welfare system, society will benefit more in the long run if these fathers are successfully reintegrated into the workforce and at least able to provide some level of support for their non-custodial children.

The search for other revenue sources will not be limited to child support. Alimony is another example of a potential untapped resource. As the lead agency gains experience, it will likely discover other potential sources that can be incorporated into the search protocol.

### Excess resource test

A final component of the intake assessment is gathering information on excess resources.

Although really part of untapped resources, excess resource tests are listed separately because of their historical role with welfare programs.

As already explained, the purpose of excess resource tests is to identify resources in excess of what is necessary for adequate living. It helps prevent individuals from hiding assets in order to qualify for assistance.

The lead agency will merge the excess resource tests from various programs, such as SNAP and Medicaid, into a single test. The agency will periodically review the test in order to update values and fine tune based on data and new learning.

Those assets necessary for earning potential will not be considered excess resources. Vehicles used to get to work, any employment-related equipment and articles, or productive land (such as orchards and farms) are all exempt from the excess resource definition. Primary residential

homes, personal belongings, savings designated for education, retirement funds, and funeral costs are also examples of exempted personal items.

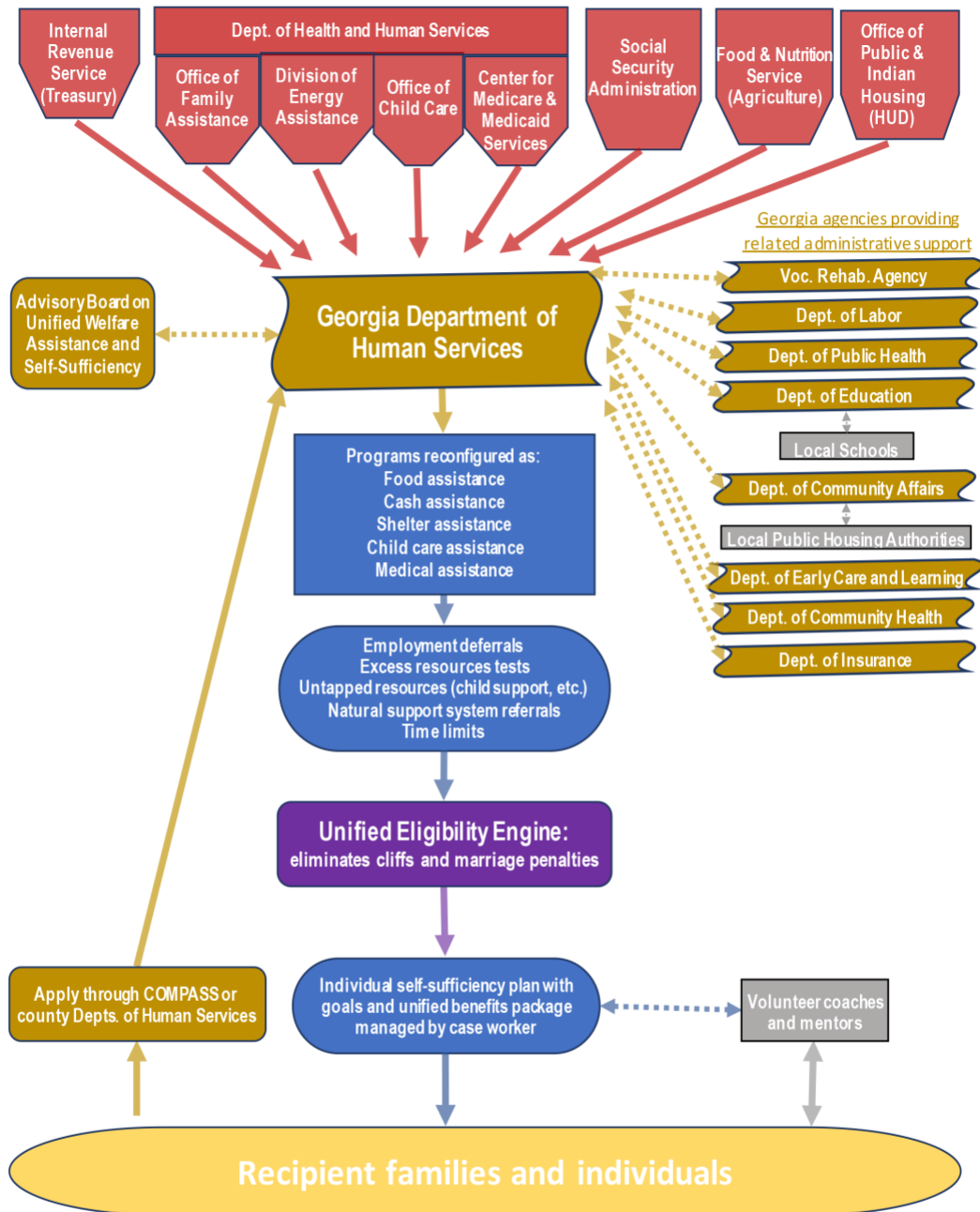
Items that qualify as excess resources are vacation homes, recreational vehicles, other vehicles not needed for transportation to employment or necessary errands above a certain value, and non-exempt financial investments above predetermined values.

Applicants may be required to draw down financial assets (i.e., liquid assets) before qualifying for assistance. Meanwhile, their benefits will be deferred.

Other assets normally take time to liquidate. In these cases, the circumstances will dictate the procedure. Suppose an applicant for food assistance has a vacation home that disqualifies him. He may be provided with temporary assistance until such time the asset is liquidated, with the understanding that he will reimburse the state from the proceeds of the sale of the home. Once the proceeds are expended, then the applicant can be eligible for assistance.

Diagram 2: Proposed realignment of welfare system of major means-tested programs

## Federal agencies





### Unified eligibility engine and benefit determinations

After intake and immediate deferrals are complete, an application for assistance will be run through an eligibility engine to determine benefit amounts. The engine is simply a set of sequenced algorithms through an IT system using data extracted from the application process as inputs.

### The algorithm and working groups

Accounting for an applicant's income from all sources, the algorithm will create a trajectory for net earnings and other non-assistance income over a sufficient range of income to satisfactorily evaluate the impact when welfare benefits are added. The total of net income and benefits will be subject to a cliff test to ensure that marginal benefits from earning extra income grows at a sufficient rate to preserve the incentives to earn more money. In other words, it will disallow any drop in total income, including benefits, whenever earnings increase.

The minimum marginal growth rate used by the algorithm will be determined by the lead agency based on experience and behavioral economic research. The agency will begin by using a rate based on research by an institution of higher learning that it may need to sponsor. Once the system is up and running, the agency will periodically review the data and may need to reset the growth rates based on outcome measures. Ideally, the rate should be as low as possible without interfering with the incentive to earn more money to help keep costs under control.

The other crucial factor is setting the maximum levels of assistance for each of the five assistance modules. The maximum amount assumes the applicant has no other income. In determining these levels, the lead agency will establish a minimum income necessary for a recipient to meet both his own needs and those of his family.

It is important that the lead agency set these maximum levels at the right point. They cannot be too high. As already demonstrated, if the amount is set too high, it is not possible to taper the net income and benefits line without cliffs or unrealistic fiscal requirements.

For the task of setting the levels, the lead agency will establish working groups, one for each module. Each working group will answer the critical question of the income needed for a prudent and frugal person to meet essential needs. Take food assistance, for example. The working group will answer this question: What is the minimum a frugal and prudent person needs to spend to meet the nutritional needs of her family? This amount will become the maximum benefit.

It is important to understand that the maximum benefit is not what most recipients will receive. The actual benefit amount will be tapered based on the algorithm. Welfare benefits are reduced as an individual earns more, but in a manner that does not create cliffs. The individual now has more total resources at her disposal to make ends meet. The reduction in food assistance, for example, will be more than offset by the increase in earnings. The recipient may decide whether to spend the additional income on more costly foods or direct the funds elsewhere.

In addition, each working group will publish guidelines on how individuals may maximize their benefits. For example, the food assistance working group will publish guidelines on how recipients can meet their nutritional needs given the maximum level of assistance. This

information will help educate recipients on how to properly shop for nutritious foods and how to budget their benefits to avoid running out of food before they receive the next allotment of assistance.

The algorithms will also be set to eliminate marriage penalties. Marriage penalties enter the picture when family size changes, especially by adding a second parent. The current system relies on federal poverty-level guidelines based simply on family size, without regard to the role of each additional family member. The new rules will account for two-parent families in relationship to single-parent families.

### Source of program cost savings

The total assistance received is simply the sum of the modular assistance amounts. Program costs will be controlled in several ways. First, costs will be controlled by setting maximum benefit levels for each module at the minimum required level, plus setting the lowest possible marginal growth. It brings the level of support down while assuring essential needs are met and eliminating welfare cliffs.

Cost savings from the deferrals will be significant. By routing applicants to employment where feasible, the demand for taxpayer-funded resources will be greatly diminished because some applicants will discover they need no assistance at all. Other applicants will receive assistance but at much lower amounts. Other deferrals—such as relying on natural support systems when available—will likewise reduce demand.

Second, costs will be controlled through the combination of the modular and deferral systems. Modular benefits will be determined independent of the other modules.<sup>8</sup> A recipient might receive assistance from just one module or any combination of modules. Assistance for the other modules may have been deferred for any of the deferral reasons already described.

Third, eliminating welfare cliffs also will help lower costs. It will no longer make sense for a recipient to remain on assistance when presented with an opportunity to earn more money. By allowing the natural incentive system to work, individuals and families will be motivated to earn more money.

The elimination of marriage penalties may do the most to save money because the financial advantage for marriage will be restored, leading to higher marriage rates among the poor. And, as already proven, marriage is strongly correlated with escaping poverty.

Fourthly and finally, the lead agency will have the ability to vary cash assistance based on balancing the need to eliminate cliffs and meeting fiscal targets. This flexibility will be necessary to help the agency negotiate the ups and downs of budgeting, and it gives the agency a flexible tool to make necessary adjustments.

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<sup>8</sup> The only exception is the cash assistance module, which can be adjusted to meet overall program and fiscal goals.

### Simplifying the algorithm and periodic adjustments

While establishing the benefits algorithm is complex, it can be reduced to critical decision points. Once a net earnings function is mapped, which will be based on standard rules, the starting levels and growth rates for each module are the only two required factors to run an analysis. From these two factors and net earnings function, the computer program can easily determine self-sufficiency point—defined here as the point when all benefits disappear. Further programming can be run using demographic data to estimate total program cost. After the system is implemented and Georgia has experience running it, these estimates can be refined over time, increasing accuracy.

The system will be programmed so that only identified needs will be funded. Therefore, it must have the ability to toggle off benefit programs if there are applicants who have no need for specific services.

Finally, the lead agency will periodically review and adjust the engine through protocol testing and sample recipient families to check performance.

### Individual independence plans

Many applicants and recipients will not understand how to move from governmental assistance to self-sufficiency. Through case management, the lead agency will help all recipients develop plans—called Individual Independence Plans (IIPs)—that map out how to achieve self-sufficiency.

The immediate advantage to recipients is clear. They can see a future for themselves, addressing the commonality among the impoverished that they are consumed with the present and rarely consider their own future.<sup>9</sup> This phenomenon makes the IIPs even more important, giving individuals direction and hope for a better future for themselves. For society, it establishes a policy that assistance is only temporary, giving taxpayers the comfort of knowing that the assistance is available but not permanent.

For academic purposes, self-sufficiency is defined as that point when an individual or family makes a net tax contribution. That is, an individual or family pays into the tax system, after subsidies are subtracted from gross taxes paid. As a practical matter, self-sufficiency will be defined by the lead agency as the point when the individual receives no welfare assistance from any of the modules.

The lead agency will develop the IIP guidelines. By convening panels of experts in the field of helping impoverished individuals achieve self-sufficiency, the lead agency will be able to craft guidelines for caseworkers. Necessary components of the plans will include employment goals along with the necessary training and education to achieve those goals.

Additionally, the lead agency will have the power to impose reasonable timelines to reinforce continual progress toward the goals in sync with the phasing out of certain services and benefits.

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<sup>9</sup> Based on testimony by numerous providers who work directly with these populations.

The lead agency will also adjust the timelines periodically based on measurable evidence and experience.

Every recipient's IIP will undergo mandatory periodic review, such as once every six months, to recalculate benefit levels and assess progress pursuant to the IIP's goals.

### Case management

Caseworkers will play a critical role in the new welfare system. These are typically motivated individuals who studied in college to become caseworkers, but sadly many get caught up in a dysfunctional welfare system. Reconfiguring the system so it becomes rational and functional will allow caseworkers to fulfill their aspirations of truly helping the poor.

It should be no surprise that the successful TANF program also has the greatest amount of case management. By consolidating welfare programs into a unified system and streamlining administration, the reform will enable greater case management across all modules.

The level of management needed varies by individual and family. There are divergent views of the stereotypical welfare family. One is the single mom who is doing everything right but just can't seem to make ends meet. The other is that of the welfare queen who abuses the system at every turn.

Both exist, but policy needs to strike a balance. The system needs to be designed to allow the single mom who is doing everything right succeed. At the same time, the system needs caseworkers trained to help individuals adopt good habits, behaviors, and ways of thinking that increase the likelihood of self-sufficiency.

Caseworkers will play a vital role in gathering input from clients, preparing realistic IIPs, and monitoring progress over time.

### Volunteer mentors and coaches

Caseworkers are limited in what they can accomplish. Some recipients simply need more help—such as a daily check in—than a lone caseworker can provide. One solution is to rely on a volunteer mentors and coaches.

Although there is a difference, the terms “mentor” and “coach” are almost interchangeable. Mentors are typically accomplished individuals with social standing who provide advice and guidance. A coach is more active in helping a person succeed in reaching self-sufficiency by giving advice on what steps should be taken. Both terms represent the range of volunteer activity. Some recipients may need only occasional mentoring, while others may need more coaching.

Society is blessed with individuals who find fulfillment by helping their fellow man. Many of these individuals belong to faith-based organizations whose mission is to help the poor. These volunteers can be dedicated to helping individuals succeed on a one-to-one basis.

Such volunteer organizations already exist and have been successful in helping these individuals climb out of poverty. Having someone available on a regular basis—as opposed to the occasional contact with a caseworker—provides continual encouragement that enhances the potential for success.

The lead agency must harness the advantages of these volunteer organizations. Where feasible, recipients should be required to adopt a mentor or coach of their choosing when the IIP is being drawn up. The recipient would choose an organization from a list of nearby options, and the caseworker would provide the name and contact information to the organization who then will reach out to the recipient.

Additionally, the caseworker can provide lists of nearby volunteer organizations to recipients, who may choose to contact them directly.

## Managing the Operation for Success

Administratively, the lead agency will handle the entire process. Operationally, this means managing the flow of new entrants into the system, renewing eligibility, and facilitating successful exits from the system (a facet not found with all welfare programs).

Viewed systematically, the process is a circular flow with an entrance and exit portal. Familiar to most welfare agencies, the lead agency will have responsibility to periodically review recipients to ensure they are still eligible for benefits. Those that maintain eligibility remain in the system and continue receiving benefits, although benefit levels may change.

There are several reasons why someone may lose eligibility and exit the system, including moving out of state, being institutionalized in the criminal justice system, receiving administrative sanctions for violations, children “aging out” for child care assistance, etc. The best reason is that the individual is now earning enough income that he or she no longer needs assistance. This reason needs to be clearly stated as the policy goal for all agency personnel and the recipients as well.

All recipients will sign a contract with the agency to acknowledge their personal responsibilities. Among them are the responsibilities to notify the agency of any changes in circumstances and submit complete information as requested by the agency semiannually to determine continued eligibility and adjustments in benefit amounts. Failure to meet these responsibilities can lead to a range of administrative actions, including removal of benefits.

Using data exchanges to lighten administrative duty, the lead agency will constantly perform new entrant and renewal reviews that are purposely spread evenly throughout the year. This will avoid creating crunch-time scenarios and backlogs.

The number of reviews an individual will receive depends on how quickly he or she exits the system. Some, especially those with severe disabilities, may be incapable of ever exiting the system. The agency may develop abbreviated reviews for these individuals to lighten its administrative load. For the remaining recipients, the goal is to facilitate a successful exit while minimizing the number of times the individual cycles around.

The flowchart diagrammed below shows these critical processes. Whether for renewals or new eligibility, all applicants provide information to the agency on forms from the agency. All information is subject to validation through program integrity bundles utilizing technology and verification processes by caseworkers.

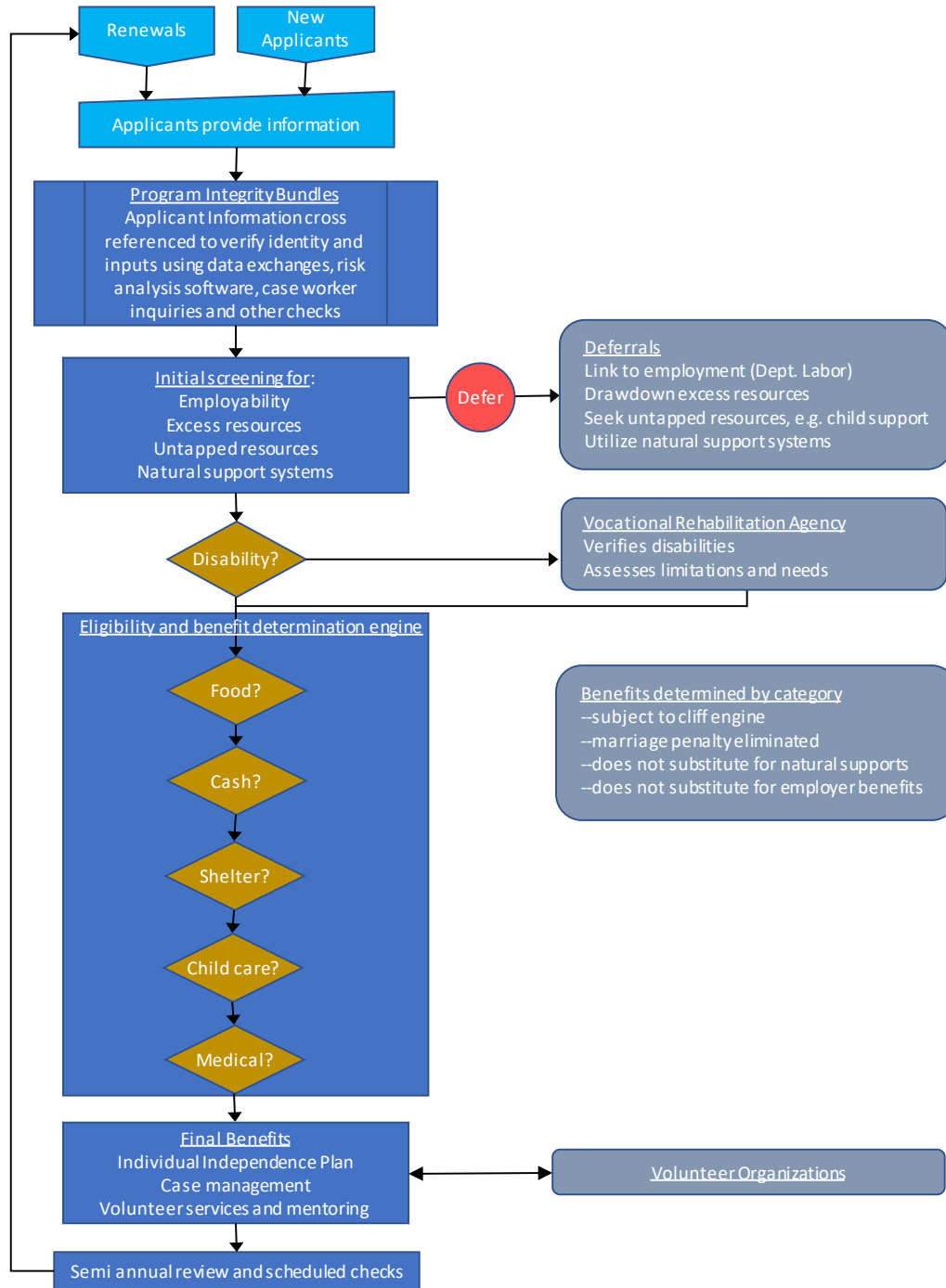
The applicants are screened for employability, excess resources, untapped resources, and natural support systems for deferrals. The factors for renewal applicants may be the same as before, but these need to be verified. Circumstances may have changed. For example, the individual may have completed her GED or training program, making her immediately employable.

The Vocational Rehabilitation Agency will professionally assess individuals who claim to have disabilities and will provide the lead agency with an assessment on limitations and special needs. The Vocational Rehabilitation Agency will also provide guidance on how frequently the individual needs to be reassessed. In many cases, semiannual assessments will be too many. However, caseworkers need to be notified of any improvements or worsening of a person's disability.

Next, the application will be run through the eligibility engine that determines eligibility and benefit amounts for each module. Newly approved applicants will receive individual independence plans that includes linking them to volunteer organizations to help them on their path to independence. For renewals, individual independence plans will be checked for progress and updated as needed.

This cycle will continue with semiannual review and other scheduled checks throughout the year.

**Diagram 3: High Level Operational Flowchart**



## Putting the Framework in Place

### Gubernatorial initiative to begin the process

The process must start with either an executive order or management directive from the governor.

Because multiple agency resources are required to transition to the grand vision of a modular welfare system, it is necessary to put together the framework to allow easy incorporation of the modular assistance programs when they are ready for inclusion. Georgia can begin immediately because no federal approval is necessary or even warranted.

### Executive level program management teams

#### Steering committee

The effort requires executive-level program management consisting of a steering committee and program management teams to flesh out details, procedures, and timelines for the transition. The governor must appoint members to a steering committee to oversee the process. It will be their job to guide the individual program management teams and monitor their progress. The steering committee will have the power to create, merge, bifurcate, or abolish program management teams as they deem necessary.

The membership of the steering committee will be entrusted to individuals at the highest levels of government or to outside advisers, all appointed by the governor. These appointees should be able to dedicate the time necessary to make the effort a success. The committee should have five or seven members with a chair selected by the governor.

The first order of business will be the selection of a full-time overall project leader to see the effort through. His or her job will be to coordinate the overall process, report back to the steering committee, and work with the project management teams. He or she may be a current state employee or advisor hired exclusively for the task.

The second order of business will be the selection of the program management teams based on recommendations of the project leader and advice from professional project managers. The following suggestions are potential teams. Each team will have the human resources necessary to accomplish their tasks, including members with IT experience.

#### Program integrity team

This team will determine the array of program-integrity bundles and processes that will be used in the new system: data exchanges, scheduled checks, routine data mining, and procedures for caseworkers to check information. This team will also establish verification procedures for identification, income, resources, etc.

#### Processing procedure team

This team will be responsible for assembling the elements necessary to process new and renewal applicants. Its tasks include developing the following: single application for all programs, single



excess resource test, employment deferral procedure, natural support assessment and procedure, and child support and other untapped resource procedures.

### Special needs team

This team will be responsible for determining the disability assessment and reassessment procedures, including a notification procedure to alert caseworkers of changes in the disability status or limitations of recipients. The procedure shall include identifying the special needs and work limitations for the array of disabilities.

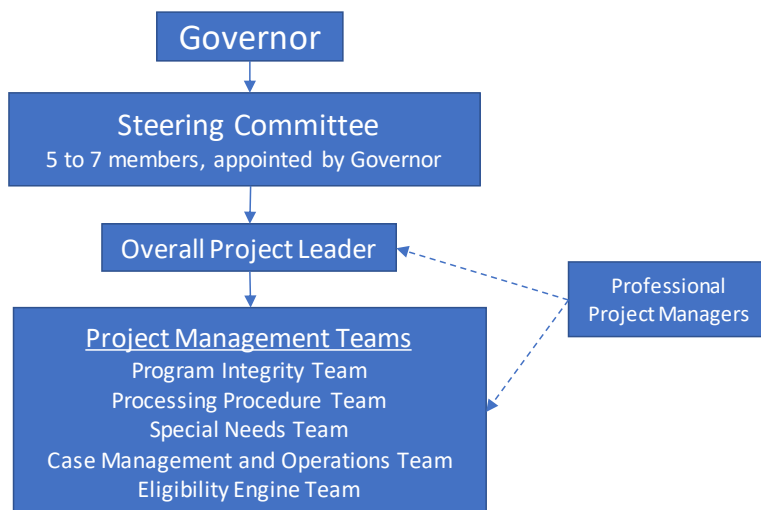
### Case management and operations team

This team will develop templates and guidance for Individual Independence Plans, compiling a list of volunteer organizations, procedures for working with these volunteer organizations, and a plan for managing caseworkers, including staffing levels, procedures, and training.

### Eligibility engine team

This team will develop a plan for making adaptations to the IT system to accommodate the modules when they are ready for adoption. The plan will include resources needed to run the engine when operational and develop trajectories for net income for family compositions. Additionally, the team will find or sponsor research to determine the minimum growth rate in combined earnings and benefits that will be necessary to not interfere with the natural incentive for earning.

**Diagram 4: Recommended Project Management Structure**



## Final implementation of framework

The project management teams, guided by the steering committee, will determine the timeline for completion. One year may be adequate, but feedback from the teams will be crucial to determine a feasible timeline.

After the results are in from the teams, and the plans are in place to transition to the framework, the governor can create the pieces of the new framework by executive order or work with the legislature for statutory authorization. The order or authorization will contain all the necessary elements for the new system to become functional.

## Conclusion

The solution to the fragmented welfare system is to consolidate programs, streamline administration, and adhere to principles of systemic reform. Welfare assistance programs will be consolidated into five modules addressing the basic needs of individuals and families: nutrition, shelter, cash flow, child care, and health care. One agency will be designated as the lead agency, controlling eligibility for every module and ensuring benefit awards are adequate but modest.

This agency will utilize evidence-based practice in welfare administration, relying on technology, caseworkers, program integrity, and volunteer organizations for mentoring. The system will have a work first policy, encourage earning more from work, eliminate marriage penalties, encourage personal and parental responsibility, reinforce good behavior, rely on natural supports, provide excess resource tests, and treat individuals and families holistically. Recipients will benefit immensely because they will no longer be routed through multiple agencies to receive assistance. A single agency will handle their needs. They will adopt plans for gaining self-sufficiency, have a caseworker assigned to them, and connect with volunteer mentors and coaches. Work will be encouraged, helping individuals build a future.

Taxpayers will benefit because the system will lower costs and provide better care. Administrative duplication will be eliminated, and welfare assistance will be better managed. The governor will need to kick-start the process by directing agencies to put in place the various components necessary to transition to the new system. Georgia can begin the process given current flexibility in federal law, including applying for federal waivers. However, Congress will need to grant further flexibility and transfer responsibilities for the vision to be fully realized.





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