CHAIRMAN DAVID ARGALL: Welcome, members of the committee, today's testifier, members of the public, to our briefing on welfare reform efforts both past and present. Today's briefing is the first of two that we hope to hold on this pertinent topic with the possibility that we may add to that list. I'd like to thank Senator Lisa Baker, the chairman of the Senate Health and Human Service Committee, for encouraging us to conduct these briefings and our invitation to prospective guests was pretty simple. I've asked experts in this field to comment on the history of welfare reform efforts in the United States over the last three decades. We'd like to know what reforms have succeeded, which have failed, and we'd like to review possible solutions for the future. We'd be interested knowing if the reform did fail, why, was it the fault of the legislation itself was at the fault of the bureaucracy, which was asked to carry out the reforms, did the courts halt the efforts, did the federal government change direction? And so with all that being said, I'd like to welcome Sam Adolphsen, who's here from the great state of Maine. Mr. Adolphson is a senior fellow at the Foundation for Government Accountability, Vice President of Rockwood solutions. He also served as the Chief Operating Officer at the Maine Department of Health and Human Services. His responsibility there included the oversight of welfare eligibility, fraud detection programs and the state's Medicaid budget. Each of those as you might imagine, are very, very important issues here in the state of Pennsylvania. And so Sam, before you begin I'd like my colleagues here to to introduce themselves and then then you may begin. Let's begin to my right.

ARGALL: We're also joined by John Hopcraft, the executive director of the committee. And so Mr. Adolphsen, welcome to today's a Majority Policy Committee briefing. When you're ready, please make sure your green light on the microphone is on.

SAM ADOLPHSEN: Good morning, Chairman Argall, members of the Senate Majority policy committee. My name is Sam Adolphsen, I serve as a senior fellow at the Foundation for Government Accountability. FGA is a free market think tank, and we focus on health care and welfare policy issues. I appreciate the invitation, the opportunity to speak to you today about welfare reform. I really appreciate that you're taking the time to dig into this critical issue. There are millions of open jobs around the country, but record numbers of able bodied adults on welfare programs. So there has never been a better time to tackle this issue. Before I joined FGA last year, I had the privilege to serve as the Chief Operating Officer for the Department of Health and Human Services in Maine for several years, working for governor Paul LePage, and I want to take just a few minutes today to tell you more about what happened in Maine. What's happening with the movement for welfare reform nationally, and how Pennsylvania can move forward to decrease government dependency and promote work.

The key reforms that are trending around the country and that are important for Pennsylvania to consider are powerful because they promote work, improve program integrity and protect the truly needy. So before we jump into the details in each of those areas, I want to tell you just a little bit about the Maine turnaround story. So the reform in Maine started with a simple understanding that there is no substitute for work, for a job, and for self sufficiency. Government issued plastic cards don't lift people out of poverty. We know that for someone in need, that first paycheck is so much better than that first EBT card. And it's not right to allow able bodied adults to stay stuck in the rut of government dependency. It's better for them and their families to move off welfare and into work.

This approach is how Gov. LePage and our team in Maine turned Maine around from being a leading welfare state into one that promoted work. When Governor LePage took office, one out of three Mainers were on some form of welfare. We were at the tops in the nation and food stamps Medicaid and TANF cash assistance welfare enrollment. We had individuals getting cash welfare for more than 10 years at a time, we waived all work requirements for even able bodied adults. And we expanded welfare wherever possible. The results. We had a poor economy. We had annual state budget shortfalls in excess of $100 million and massive debt to our hospitals. Funding for things like schools and roads was regularly cut to pave the way for more welfare expansions.

Even worse, our traditionally strong work ethic was being eroded. Governor LePage dug into this problem and applied solutions centered around work, individual responsibility and fighting welfare fraud. The results were great. We transitioned 80,000 people off Medicaid at a time when other states were adding people to Medicaid. We led the nation in food stamp enrollment reduction in one year, and we moved 10s of thousands off TANF cash welfare and into work. Today. Maine has its lowest unemployment rate in 50 years, the state budget is balanced, and there's a billion dollars in the rainy day fund.

A clear set of principles guided this transformation in Maine. First, welfare for able bodied adults should be temporary. Those who can work, should work. Individuals who have the means to support themselves should not rely on taxpayers, and welfare fraud must be stopped to protect the truly needy.

When Maine required able bodied adults on food stamps to work, train or volunteer, we tracked those individuals the year after they left the program. They ended up earning more than double what they had earned before in one year, and the average person moved out of poverty. Work is what worked to move them out of poverty. FGA also partnered with Kansas to complete the same study when they implemented a work requirement for food stamps. And the results were the same. People were better off, they went back to work in over 600 different industries and what they earned more than made up for the benefit they left behind.

We're seeing a movement towards these work requirements around the country. In food stamps able bodied adults with no kids are required to work 20 hours a week, be in training or volunteer statewide in many states, in big states like Florida, Texas, Indiana, and Wisconsin. And in Wisconsin, this requirement has even been expanded to parents on food stamps who have school aged children.

In Pennsylvania, this same opportunity to promote work is available to you. Today Pennsylvania has more than 700,000 able bodied adults on food stamps. These are non elderly, non disabled, and not children. 700,00. 62 percent of these adults do not work at all. 278,000 of these adults, more than a quarter million are able bodied adults with no kids, no dependents in the household. There is a federal law requiring it will body and adults with no kids to work 20 hours a week, train or volunteer, but Pennsylvania continues to waive this work requirement for 59 of the state's 67 counties, and as a result three out of four able bodied adults with no kids on food stamps have no work requirement whatsoever.

The counties here that are shaded in have waived the work requirement for able bodied adults. So although federal law says that only areas of 10% unemployment or higher should get this waiver, zero Pennsylvania counties where work is being waived have unemployment above 10%. Zero. And 28 of the 59, nearly half, have unemployment rates below 5%. Some counties where work is being waved have unemployment as low as 3%. For context the all time low unemployment, all time low unemployment in Pennsylvania is about 4%. And today your statewide unemployment rate is around 4.4%.

Ignoring these work requirements is a big problem not only for the people trapped in dependency but for your economy. It means that more than 200,000 able bodied adults are sitting on the sidelines while employers struggle to fill open jobs. Right now, according to the database Help Wanted Online, there are 210,000 open jobs in Pennsylvania and that only takes into account job openings posted on the internet. So Pennsylvania has a great opportunity to promote work by ending these waivers of the work requirement for able bodied adults without children. It's proven policy that moves people from welfare into work, increases their incomes immediately and helps employers fill open positions.

States around the country are also applying this same proven policy to their Medicaid programs by adding work requirements for able bodied adults. Medicaid traditionally has been a health program reserved for the disabled, elderly and poor children and families. However, states that have expanded Medicaid under Obamacare, like Pennsylvania has, have seen the number of able bodied adults on the program skyrocket. Nationally the number of able bodied adults on Medicaid has quadrupled from 7 million in 2000 to 28 million in 2018. And 52 percent, more than half of these 28 million able bodied adults, do not work at all.

Pennsylvania has added more than 700,000 able bodied adults to Medicaid as a result of the expansion. And this has a major impact not only on your budget, but it has real world consequences for the truly needy. The expansion costs 92% more than it was originally projected to, and today, there are more than 9,000 disabled individuals in Pennsylvania who are on waitlist for medical care.

Many states that are experiencing the same impact of Medicaid expansion are implementing work requirements in Medicaid for able bodied adults. Kentucky, Arkansas and Indiana have all had work requirements approved already by the Trump administration, and at least seven other states have made similar requests, including Wisconsin, New Hampshire, Utah and Arizona. Other states have also voted in their legislators to pause their Medicaid expansion and freeze new enrollment into the program.

It's great see that the Pennsylvania legislature has considered and advanced work requirements in Medicaid, because it has proven to be effective in moving people from dependency to self sufficiency by doubling incomes and cutting their time on welfare in half. So it isn't surprising that when the public is asked, 75 percent of voters support this policy,

Another reform that promotes independence is requiring cooperation with child support efforts. So when kids and families get the child support they're supposed to receive, it reduces poverty dramatically. In fact, child support is one of the best anti poverty programs that we have. When families receive the child support they are owed, it increases those families incomes by 54 percent. Unfortunately, many times kids go without this financial support from their parents. As a state, you have tools available to you to make sure kids are being supported. But one of those valuable tools has gone unused by many states, including Pennsylvania. The federal government allows states to require cooperation with child support payments in order to receive food stamps, but Pennsylvania has declined this option.

Pennsylvania has 202,000 single parent families on food stamps, and only 29 percent of those are receiving child support. In states where cooperation is required, child support collections have increased by 40 percent. So we estimate that if Pennsylvania required cooperation in child support for food stamps for the non custodial parents, it would mean an estimated $10 million in additional support provided to those single parent households. So this is an opportunity for your state to boost incomes for poor families with children.

To support these same low income families and to protect taxpayers and the programs, it is also critical that welfare programs like Medicaid, cash assistance and food stamps are free from fraud. Michigan, for example, found 7,200 lottery winners on welfare, including one person who had won more than $4 million. And in Maine we had 3,700 major lottery winners that we found still collecting food stamps, Medicaid benefits and TANF cash assistance. They had won more than 24 million combined dollars while on welfare programs and remained on those programs.

And I know that Pennsylvania has had this issue as well, according to some previous reports in your state. I think we can all agree that millionaires and lottery winners don't belong on welfare. So to combat this, states are cross-checking all their lottery winnings with their current welfare rolls, and it can be done very easily with basic data matches. If people don't report their winnings, they should be referred for fraud investigation.

There are deceased people on welfare too. This is something you've experienced here in Pennsylvania. Other states have had the same challenge. Maine, we found thousands of dead people still open on cases, and in many cases, the EBT cards that little plastic card that food stamps and TANF cash goes on, those cards were still being used. In Illinois, they were paying more than $12 million at one time for dead people on Medicaid half funded by the state.

So about a year ago, an audit and Pennsylvania showed thousands of deceased people receiving benefits on these EBT cards. But it's important that that type of review is not just a one time audit, but an ongoing regular review that is happening. These same types of scams are happening across the country. In Oregon, they just found that 32,000 people may be on Medicaid inappropriately at a cost of $167 million a year, and a recent Minnesota audit found that 38% of the people sampled in their Medicaid program should have been in eligible.

This happened because they aren't checking people's information regularly enough, and they aren't checking and verifying enough data. This problem is especially acute in states like Pennsylvania that have rapidly expanded their Medicaid programs. So to make sure this isn't happening right now in Pennsylvania, a welfare audit should be conducted to stop the scam. The state can use third party data to check things like income assets and residency to ensure that only those who are truly eligible remain on the program.

More regular checks should be done as well. Many states, including Pennsylvania, have used federal loopholes to let people report changes to their income and situation less frequently. So for example, in the food stamp program, Pennsylvania takes a state option called simplified reporting, which lets people go for many months or even years without reporting changes in their income or their situation. This is an easy loophole to close, all you have to do is require that people report changes within 10 days of when they happen.

There is no doubt the best way to prevent welfare fraud is to move people off welfare and back to work, but for those who remain on the program there are still fraud challenges. Unfortunately, there is a dark side to EBT cards. Once upon a time when a drug raid occurred, law enforcement might find drugs Guns and Cash. Now those agents fine drugs guns and EBT cards.

Trading EBT cards for drugs is so prevalent that one Maine drug enforcement agent testified that it is common practice for drug dealers to take custody of a drug users EBT card either as direct payment or in lieu of immediate payment. And this is a huge issue with our opioid epidemic that we face in almost every state. In Maine, we also saw our EBT cards being used out of state on a large scale. It was $15 million each year being spent in places like Brooklyn, the Bronx, Worcester, Mass., and even Philadelphia. And our local drug agents that identified those areas as places where illegal drugs were coming from in to Maine. In Ohio, the state auditor reported $29 million was being spent outside of Ohio in one year in Massachusetts, TANF cash welfare was spent in places like Orlando, Fla., and Las Vegas. Nev.

This is a map of actual Maine EBT card transactions, and if you'll take a look you can see that that is the Orlando Florida area, of course home to Disney and this is a small sample of the out of state transactions in Maine, but they seem to center around this particular area.

So when we dug into this information in Maine, we found many people that were not living in the state anymore, and we were able to remove them from welfare programs. It isn't necessarily illegal to use your card outside of the state, but that information can be used to find those folks that no longer actually reside in your state.

In Maine, more than 75 percent of people who are closed off of food stamps because of this work also then closed off of Medicaid. Stayed closed. The state saved approximately $49 million a year from this effort. And in Maine. Our regular review of this EBT data also led to the indictment of a store owner who was exchanging EBT cards for cash and filing fake tax returns totaling more than $3 million in fraud. This is the Aram market and Portland Maine the owner was accepting clients abt cards for 50 cents on the dollar. He would pay them in cash. He and his brother were found guilty recently. In federal prison and his brother is being deported back to Iraq.

So to combat this type of fraud Pennsylvania can take a hard look at their EBT card transactions just like if you have a app on your phone to look at your own bank transactions when you swipe your debit card, the state has access to this data. Unfortunately, many states are not using it effectively.

Regular review of this data where and when the cards are being used, helps to fight fraud and protect taxpayer resources. It's also very helpful in the state to require this data be reported publicly each year, so that taxpayers know where their money is going.

Other states are also moving towards reinstating asset tests for welfare. Those are requirements that Pennsylvania has waived, to make sure that people on welfare really need the programs, that they don't have means to support themselves before asking taxpayers to do so.

And Pennsylvania also allows people to receive cash welfare in the TANF Temporary Assistance for Needy Families program for a full five years, while other states have put stricter time limits in place. For example, in Kansas, they have a 24 month limit, and studies in Kansas have shown when families leave that program, their incomes increase immediately. So these are helpful steps as well.

So here's the bottom line: welfare reform works. Getting people back to work is what works to move people off welfare and onto a better life. And states don't have to, and cannot afford to wait for the federal government or someone else to solve this crisis. You have the proven tools to take action right now and help people in your state by protecting the truly needy and taxpayers and lifting people out of dependency.

Thank you very much and I'd be happy to answer any questions.

ARGALL: Questions from the members

SENATOR ELDER VOGEL: Good morning sir. When you say that people double their income, did it go from 20,000 to 40,000 or 10,000 to 20,000 or what what was the percentage is a day doubled it again, ADOLPHSEN: Sure. So most people in that category moved out of poverty, which, technically speaking is above the federal poverty line. So, depending on the size of your household, that will vary. So a family of four, the federal poverty line is in the $40,000 range. So depending on the size of your family, may have been doubling from seven or 8000 to 18,000 or you may have gone from 20,000 to 40,000. Depends on the situation. We tracked every single person by person. So it wasn't like an extrapolation. And we've we have a long list of specific individuals who went from making nothing, zero dollars to making 60,000.

VOGEL: And another question, I guess is when you catch some of these people, what kind of hammer do you have, I guess for a better word to use to bring the justice or what kind of consequences are there for getting caught illegally using ETB cards or whatever you want to what are kind of consequences are that is a jail time or is there just other things?

ADOLPHSEN: Sure. It's a good question. There are penalties built into all of these welfare programs that obviously are all have a federal component to them. And then in some cases, there's a state option on how severe you want to be with those penalties. Those are on the administrative side. So it's a usually the penalty results in someone being removed from the program for certain period of time and having potentially to pay back the amount of misused funds. However, cases that rise to a higher level certainly can and should be prosecuted criminally. Some of that will depend on your state laws. So for example, in Maine, every case of fraud that was over $5,000, we would try to move to the criminal prosecution side through the attorney general's office, and we have a good statute on the books, which is the public misuse of benefits statute that allows for that type of prosecution. However, I have run into many states that don't have good laws in that space, and you also run into situations where DAs or Attorneys General may not want to take those cases. So it's it's kind of a two fold thing. And I think what we have seen is in states that prosecute these criminally, has a good deterrent effect, where a lot of states just go administrative route and aren’t able to levy as meaningful a penalty.

ARGALL: Thank you very much. Senator Martin.

SENATOR SCOTT MARTIN: Thank you, Mr. Chairman. Thank you very much for the presentation too. Obviously it's very timely given the fact that this is one of the number one things that impacts our budget. And as you referenced in terms of its impact on other services, it keeps continually going to squeeze out our ability to do other things. I wanted to add a little bit one little side component because you laid it out very well, is the fact that one of the gimmicks that used that we we do put plenty of extra money in this program every year because of its growth, is the the whole thing of negotiated rates and what its impact even on those who truly need the program and the fact of doctors who are now rejecting taking folks with Medicaid. In instances where you have cost shifting, you have facilities are able to make up the difference on people with private insurance by charging them much more than what the true cost of service is. So that's a growing problem as well, and I think what's frustrating probably for everyone up here that's sitting here is that, you know, the elected people's representatives have actually put through a bill last year and put it on the administration's desk, which was known as HB59 that would implemented a lot of the things that you're talking about right now. And the grand irony in what occurred is the fact that it was rejected with the commentary of how cruel it was. And meanwhile, not too far, a few months later, it's announced they have to put 8.2 percent more into the Medicaid budget, which I think equated to about $300 million. It's frustrating from the standpoint I think there's some that may measure the success of these programs just based on the number of people that are enrolled. And if we can somehow change that to the number of people we actually help reach, this to be self sustaining, we'll better off and this is a huge way to achieve that. I appreciated what you talked about, we do see reports I believe, from the inspector general's office. I'm always amazed just in my county when it's published, the number of cases of fraud and abuse that occur, and I think they do it on a quarterly basis they make their announcements, and I can't even imagine what the total number would be for the Commonwealth of Pennsylvania. The one thing I want to ask you, though, because ironically, in our appropriations hearings this year, the administration Secretary Miller cited the cost to actually implement the system to put in place as some obscene number. I don't know, Mr. Chairman, if you recall, was it $800 million? It was such a large number that that's what would prevent us from actually implementing an effective program. I mean, what do you say to that given your experience and the fact that we already have work requirements on other programs. We found that to be a little absurd but when you hear comments like work requirements are cruel, or you hear the kind of numbers are thrown around I'm not surprised to hear that. Can you comment on that a little bit.

ADOLPHSEN: Sure, no, it's good question it's something that comes up often in work requirement debate. So work requirements are already a part of state's systems. These have been in law since 1996 in the food stamp program. What happened was that in the early 2000s, they started being waved as we discussed and continue to be in Pennsylvania largely. So most systems are already prepared for the requirement. The cost they're coming up with, let's say, is based on the idea that you need to give each and every person a specialized suite of supports around the requirement. And that's just not true. You don't have to do that. Now there are ample opportunities now that exist for someone who wants to get training and education. You have robust community college networks, you have career centers, ... there's there's a laundry list of places that folks can go to be supported in their effort to get back to work. If there are gaps in that, and under a new work requirement, the state felt they needed to support those people additionally, you can use TANF funding for that, and most states have TANF funding available for that exact purpose. There are federal food stamp funds available for that that can be used as well. So I think what we've seen with those kind of fiscal notes is that they're derived from the highest possible conceivable cost to give every single person the Platinum package on on helping them get back to work. Now, I would say we have real experience with that, because I was in Maine when we implemented those, and it it didn't cost any money. We're in the same type of situation, smaller state, but all we did was turn back on the work requirements selection in the computer system, and then make sure that folks were getting access to available trainings. It was really that simple. And I just in a little bit of commentary on your other point, I think what we all want to see is people do really well. We want to see people in our states, our communities thriving. I think what we've found both empirically and just from a common sense standpoint, is that there's a lot more dignity in work and getting a paycheck, than in staying on welfare for years and years. We just know that, and people, even if their first job is not a salary, even if it's an hourly wage, you start moving up, you get more hours you get a second shift, you get a raise. And there's a lot of dignity that comes with that. And so this isn't cruel, it's caring. It's caring to put someone back on that path to work, and it's much more powerful than giving them a plastic card with 180 bucks a month.

MARTIN: Well now correct, number was actually a number directly from her quote $867,069,000 in order to implement the program. And when asked if can you give me examples of other states that have implemented work requirements her answer was, there is none. So I think obviously your testimony today obviously disproves that and really showed what common sense there is right now. And I'll just close with saying this 100 percent agree with you on the fact that I've never seen seen more help wanted signs as I drive through my county I haven't seen as many in over 20 years. And the fact that we could implement these requirements and people can get their foot in the door, some good family sustaining jobs, I think we'll all be better off, including our taxpayers. So thank you for your time today.

SENATOR PAT STEFANO: Thank you, Mr. Chairman. I love some of the points you've talked about today. One of the problems I've always seen that our poverty programs that we've created were meant to get people out of poverty, but actually they're not working because people are not getting out of poverty. They're staying in poverty, but one of my colleagues in the House has introduced his bill for work requirements. It’s House Bill 2138, and of course, he's asked me for my support, so I've gone to several agencies in my counties that I represent and I'm getting nothing but push back. That it's, you know, in his belt, he has nine different exemptions that can exempt people for certain situations, which I understand. But what they kept saying was, well, it's unfair to ask for these people, they're in a bad situation. Now, why, they don't have transportation, there's a roadblock after roadblock. I'm sure in Maine, you had the same push back and what was what did you answer to that? And how did they react when that actually went into place and found that that wasn't the case?

ADOLPHSEN: Sure. That's a good question. You mentioned the exemptions. Excuse me. So first of all, if someone truly has barriers that are not able to be overcome, it's not going to count against them. The clock, or the requirement won't kick in until they're in such a places as it's reasonable for them to meet the requirement. And so there's, I guess, a second safety net so to speak in that under all of these requirements, if you truly have an issue, your your job then is going to be to try to work through those issues and remove those barriers, but you won't be held to the requirement. And that's fine, I mean, that makes sense. So I think right off the top that kind of removes the argument that there's all these people that can't do it. If they truly can't, then they won't be held to it until they're ready to meet it. But I think there's a bigger picture thing and this is what we dealt with in Maine. Starting from the position of “can't” is just a horrible place to start for somebody who is down and trying to move up, and so the way these requirements are set up as being a part time work or training or volunteer, it flipps that around and says, Okay, what can you do to start moving from this program into an area where you can support yourself? Can you, you can't work because you don't have a car. Okay. Can you? You know, is there public transportation that we can help you out with? Can you get to a training center? Can you volunteer one hour a day somewhere that you can get to? Can you volunteer in your local community somewhere close by? So it changes from all the things people can't do, which is a really poor view of folks that are, happen to be on welfare, to “we see a lot of potential in you and there's human worth and everybody what can you do to contribute to your own individual path of moving into self sufficiency.” And when we in Maine when we switched that thinking all the sudden there were a lot of people who others were saying they can't do anything, it's not fair for you to ask them to, to, hey, this guy who used to go to the soup kitchen is now volunteering in the soup kitchen. And he's moving on, contributing and moving on a path forward. So I think the important thing is, if you truly can't, okay, well, we won't put in the requirement for you individually, and we'll start getting rid of those barriers. But let's find out what you can do and hold you to it.

STEFANO: Thank you. I think he could you stated it very accurately. That also brings up another problem we're dealing with is a lot of behavioral health problems, I think, and you mentioned it coming in with their own self worth. So being able to change that position is excellent. The word you said was “can't.” Word I'm hearing is won't. So that's something we'll have to get around. But thank you for your testimony today. And it gives us a lot of food for thought. Thank you.

ARGALL: Senator Hutchinson.

SENATOR SCOTT HUTCHINSON: Thank you first, thank you for your work on this and your willingness to come here. I'm sorry, I missed the beginning parts of your your testimony. But a thing that came up at the end, I was just curious, and it is a specific question and maybe you can't answer but you said that Kansas has a 24-month time limit. How long have they had that? You know, has it been 10 years, has it been two years. I'm curious, it seems like when you do have time limits, which I 1,000 percent support that the longer you have time limits, the less … They become disfavorable among the powers that be running the program they it's this is too hard. We don't want to do this anymore. The easier people to move out are in the workforce already, so let's just quit doing this. So I guess curious if Kansas has had this for a longer time or not

ADOLPHSEN: Kansas, tightened that up in 2014. So I think they were at 36 months. And then before that they were at the five year high level and they and they brought it down. In my experience in the agency side of things, a lot of times when folks are saying on the government side, this is too hard, they mean too hard for them, not too not too hard for the person and unfortunately, that dictates too many decisions. So TANF is a great example right? The time limit is a lifetime time limit. So the five year is a federal minimum. So instead of five year, think of it as 60 months. So you have in your lifetime, 60 months of TANF cash assistance available to you as a person. The way that's designed is you're you're working, something happens, you know, the the safety net kicks in and you go on TANF for a month or three months or a few months to help you as you get back into the workforce. So you use three months, well, then it happens again, two years later, use another two months. Takes a long time to get to 60 months or even 24 months if you do it that way. The problem is, states have moved to this dynamic where they view it as one big period. So it's like, oh, you're on TANF now you've got 60 months before you have to get off. Well, that's obviously a disservice to the person in the program. So by shortening the time limit, what you're doing is creating the proper urgency around each individual episode of being on the program of you can't stay here like we need to get you back into work. And it's partly to preserve that safety net for yourself. And I think, you know, my wife's a social worker, and I think most case managers or social workers you talk to you will tell you, it's helpful to have a deadline, it's helpful to motivate the person, it's helpful for the administrators in having that deadline out there. And so I think what you've seen, you've touched on it really well, senator is that this happens in every program, it's viewed from the agency side as a pain if someone comes on the program comes off program, comes on the program. Well, yeah, it may be a little more paperwork for people who are being paid to do paperwork, but the way it's designed is for it to be there when you need it, not for you to come on it and stay on it forever.

ARGALL: Mr. Adolphsen, this is a fascinating for me, I think any classroom that I have ever visited, whether it was as a very part time instructor at a couple of different colleges or universities, or just when I go into meet a senior government class at a local high school I end up talking a little bit about Justice Brandeis's famous quote about the laboratories of democracy and the fact that we have 50 different states that can try out different experiments, and sometimes they work and sometimes they don't. And so the advantage, of course of federalism is that if if Maine or Kansas or Montana does something intriguing that really really works, then Pennsylvania can say that's a good idea. And of course, if it fails, then Pennsylvania can say "no, we're not going in that direction." So I'm I'm really curious about your experiences in Maine. The welfare reform initiatives were they primarily the result of a legislative action where the law was changed? Or were they instead regulatory or purely administrative changes that were carried out by your agency or the governor?

ADOLPHSEN: So in 2011, there was a, we had a Republican governor, Paul LePage and a Republican majority in both House and Senate for the first time in 60 years in Maine. And they initially enacted a couple major reforms, one of which was reducing eligibility in Medicaid. They they took, Maine had expanded Medicaid way before it was cool, I think part of that idea came from what Maine did back in the early 2000s. So Maine had expanded Medicaid eligibility. The legislature drew that back. That was a major reform. They also tightened up the TANF time limit in the legislature. However, after that the the politics changed a little bit with who was in the legislature and not much went through on legislative side. Well, the governor and the agency took it upon ourselves to move a lot of these things forward through regulation. And while it would be preferable to have, you know, both bodies kind of locking that in, and a great example would be the waiver. So this waiver that your state keeps asking the federal government for and keeps getting, to ignore the work requirements for people without kids it was adults and food stamps, that can be done administratively unless you have law that says you know that have to put it in, which I don't believe you do. The governor, the agency could say, nope, we're going to end that waiver. And that's exactly what we did in Maine. And there are many of these are policy options, state options that come with a federal program, and you can choose to take it or not to take it. So we see a lot of states aren't, you know, they like to have the legislature move forward in order to do that, but there are other states who say, Hey, this is the right policy option, we're allowed to take this and we're going to move forward. So it's a little bit of a mix.

ARGALL: Okay, as center Martin indicated course, the legislature tried to lead on some of these and we were met with the governor's veto. And so that that presents a, I guess, a unique challenge for us here. I'm especially interested and I'd really like to see the study that you'd referenced and the fact that the people that were reviewed as a result of I think serious number of changes doubled their income. As you might imagine, we're hearing from a lot of advocates for low income folks that, you know, the work requirements are terrible. And I guess what I want to ask them is, how is doubling the income of low income individuals a bad idea?

ADOLPHSEN: Yeah, I think I mean,

ARGALL: do they not believe the data?

ADOLPHSEN: I don't want to put words in their mouths, but I would say they're going to say that's not true, that that won't happen. But my response would be, it has happened, and you haven't tried it. So how do you know? We have tried it in multiple states, and we've tracked individual people. I personally went through a list of all, every person that we applied that requirement to and then that went and got jobs we followed their income through wage data available to the state. It's very simple study, you see what they earned before while, they were on welfare and you see what they earned after when they came off the program. So we have that information. The other piece of that that I would say is you can't expect somebody's income to increase if they're not working at all. You have to start working in order to gain wages. So there seems to be this idea from some advocates for welfare expansions that people can't earn more income unless they stay on the program. But there's a falsehood there because there's a cap, right, you can only earn so much and then you're off the program. So if people are staying and staying and staying, they're clearly not, they're not making any gains.

ARGALL: I really look forward to that data. That's the first time I've heard it referenced and that that is fascinating to me. In terms of big picture in Maine, do you have a total number for what you believe was saved as a result of all of these different changes?

ADOLPHSEN: No, no, that would be a global number to have. But I will, you know, just to go back to something from my testimony. We're on a smaller scale in Maine, then you are, we have about a $7 billion budget. So but we were regularly running, you know, 200 plus million a year in deficits just out of the welfare agency. And that's balanced now, the hospitals were owed $800 million, that was paid back by the governor. So although the goal wasn't necessarily to achieve savings, it was to get people off programs and working, it clearly had the impact on the budget. The other thing that I didn't get a chance to mention is those studies which will follow up with you on also calculate how much more those folks contribute. So there's a revenue side to that as well, right, you're now you're now a hard working taxpayer. And so there's an overall economic benefit to the state that comes with that as well.

ARGALL: Was there anything specific that Maine state government was able to do as a result of these savings? Because I, when we're asked, you know, what would you do? Well, we could, I suppose, perhaps reduce a certain tax or we could use it to you know, fight blight, or send it to the public schools or we could afford to help low income individuals more, those that are truly needy staying on the system. Did Maine have a specific purpose for saying okay, here's what we do with these dollars.

ADOLPHSEN: Absolutely and I think that's probably one of the most important points is you have for example these waiting lists, where you have disabled people that require services to help keep them in their home or keep them functioning well, and they're on waiting lists for those services. There are tens of thousands of individuals in that category around the country. We have a study a kind of unfortunate study that shows how many of these people have died while waiting for services while Medicaid has been expanded massively to able-bodied to adults. So in Maine, our whole viewpoint was we're gonna do more for the truly needy and we're going to ask able-bodied adults to do more to that end. And so what we did, what we were able to do in Maine, we increase nursing home rates at a time in our Medicaid program, at a time when the nursing homes are really struggling, and we also moved people off those waiting lists, disabled individuals, we moved thousands of people off that waiting lists, got them the correct services. So it was a direct, you know, it wasn't the governor didn’t cut taxes, but at the agency, our main focus and and the governor's was to put the truly needy ahead of able bodied adults who are able to go to work.

ARGALL: Am I correct in I think from something that you'd indicated earlier that even though the goal was to do more for the truly needy. They were still very controversial programs changes

ADOLPHSEN: They were they were controversial in the state capital. They were controversial. To groups like the Maine Equal Justice partners, who for years had been running the welfare agency and advocating to put more people on the rolls. They were controversial to the newspaper owned by the gentleman married to the Democrat congresswoman. Yeah, they were controversial to those individuals. They were not controversial to any other person in the state. When we had announced these work requirements and food stamps, our major TV station in the state ran a poll, public poll it was their most responded to poll ever, not even close and 82 percent of people you know, supported the requirement. So controversial in some places, but for most folks out there going to work every day, not controversial.

ARGALL: I suspect the folks sitting at this table are not surprised by that dynamic. We've seen the same thing here. In terms of ranking the changes that we could make here in Pennsylvania, you know, 1, 2, 3 biggest bang for our buck, what, what would you say? First Choice, second choice. third choice would be in in level of importance.

ADOLPHSEN: I would say that your work requirements for the able bodied adults with no kids on food stamps is the top of the list and, one because it's proven over and over again in states and there are many states who require this statewide. It's not, this is not groundbreaking, but it would be for you, because Pennsylvania has waived those so long. It affects 300,000 people and would be very effective. In in the same vein, Medicaid work requirements, often it’s going to be the same population, same type of person, able bodied adult, mostly young, mostly in the 20 to 40 range, often with no kids, you need those people in your open jobs. And so those would be one and two. And then I would say that the childcare cooperation and the anti fraud in terms of checking data more frequently would be the next two.

ARGALL: Thank you. One additional question. One of the pushbacks that we get on some of these issues within this building - out on the street, I suspect this argument doesn't make a lot of sense, but within this building it does and you will not be shocked by this is, well, if we make some of these changes, the savings only benefit federally funded programs that the state isn't really going to save a nickel. How do you respond to that?

ADOLPHSEN: Well, first of all, when it comes to Medicaid, that's just not true, right? You're paying half that bill. And so any changes in this area are going to affect Medicaid. Even when you make changes in the food stamp program. Most people who are on food stamps are now also on Medicaid. And so if you're asking someone on food stamps to go back to work, and they do, they're going to move off of Medicaid and into private insurance or into the marketplace in any case, so you're going to see state savings through the Medicaid program. The other thing is on the food stamp side, if you have overpayments, which you find through these fraud efforts, you do get to keep 35% of what you collect back. And then the final thing I would say, and I feel this acutely every year as I pay my taxes is, we're all federal taxpayers. So the idea that the state doesn't benefit from saving federal dollars is kind of short sighted, you know. If we could get all all the states to understand that that's their money, that that would be helpful. But there is very they're very real savings to be had certainly from your impact on the Medicaid program in particular.

ARGALL: have any of the states that you're familiar with been able to do any kind of a cooperative agreement with the federal government in which if the state makes this change that saves the federal government X dollars that the state somehow is able to share directly in those benefits

ADOLPHSEN: there are some cases like that on the food stamp side with big cases the store that still appear as an example you. When they stole multi millions dollars part of their payback can come back to the state. That's a more narrow example. I think your biggest savings is going to be Medicaid money that you're not paying out, right, as a result. But on the whole, now's the time to ask for that. You can be creative and that goes back to you know there's a lot of things in the works at the federal level that can be very helpful on this front. There's a farm bill food stamp bill up right now in Congress that would be helpful in this area. But you don't have to wait, go ask you have an administration ready to play ball on trying to get people back into the workforce. So I think you could push that certainly.

ARGALL: Thank you. Senator Stefano.

STEFANO: Thank you, Mr Chairman, in this dialogue I had one more question pop up, could you go back a little bit, you have mentioned about the doubling of their income. And I was wrestling with that, because I'm trying to play devil's advocate because the agencies that I work with, they're going to push back. It's doubling from what, because they're right now, most of the able bodied people are at zero. And so of course, if you double so zero, so is it a doubling of the benefits they're receiving it with their income? or How are you defining double?

ADOLPHSEN: Sure. So there's two different two different things. We took their their total group income before, a year before, a quarter prior to them coming off the program. So they were on the program, the group income, and then we looked at the group income a year later. And then we went down to the individual levels to pull out specific cases. So the doubling was from what that group earned a quarter prior to leaving the program, and what they earned a year later. And then the other thing we looked at that's in this study in Kansas is, factors in the benefit. So the benefit plus anything they earned compared to just what they earned later, and just what they earned, was greater than the benefit plus the income.

STEFANO: That's why I wanted to clarify. Thank you.

ARGALL: Again, I want to thank you. This is a fascinating and the first of many inquiries. Thanks, Pat, that this committee will be conducting with the support of the Senate Health and Human Services Committee. We have a number of employers who are in the building today reaching out to us on a number of issues. And one of them back home and in Schuylkill County pointed out to me that we have a very odd dynamic in in the district and I suspect in in most of Pennsylvania today in that we have a lot of people without work. We have a lot of jobs that can't seem to find people. Somehow it seems like it ought not to be all that difficult to link those two you know, very real dynamics and yet we're struggling with it. As we said, we've had some bills that have passed here on a bipartisan basis. Some bills that have passed here on a partisan basis, some bills that were signed, some bills that were vetoed, but we need to, to continue to to move ahead. This is an issue as I’d indicated to you privately earlier that in some ways I've been working on since I was a staff member in the early 1980s, and it's been amazing to see that the transition of the program. I can recall some very, very, very controversial changes that there were all kinds of threats that, you know, this was going to just be the most terrible thing in the world if the legislature did it. The legislature did it, it turned out it wasn't quite so terrible it worked out. Others I think reforms were very disappointing and that they did not have the the the impact that we had hoped, and we're trying to peel back the onion and see you know what went wrong what went right. But somehow we need to find a way to do better by the folks who are truly deserving of state assistance, and that's why I'm especially interested to see how how you were able to do that in Maine. And so again, Sam, welcome, thank you for traveling here today. We really appreciate your your assistance in your advice. We stand adjourned.