Poverty, Opportunity, and Upward Mobility
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# Task Force on Poverty, Opportunity, and Upward Mobility

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1. Introduction

The American Dream is the idea that, no matter who you are or where you come from, if you work hard and give it your all, you will succeed. But for too many people today, that’s simply not true. Thirty-four percent of Americans raised in the bottom fifth of the income scale are still stuck there as adults. In fact, the rates at which people move up the ladder of opportunity have stayed remarkably stable over the past several generations. In that sense, Americans are no better off today than they were before the War on Poverty began in 1964.

That’s why House Republicans created the Task Force on Poverty, Opportunity, & Upward Mobility. No amount of government intervention can replace the great drivers of American life: our families, friends, neighbors, churches, and charities. And Americans do not need more one-size-fits-all, top-down government programs that limit their ability to get ahead. Instead, they need opportunities to help them escape poverty and earn success. The federal government needs to build public-private partnerships to bring out the best of what each sector has to offer.

So through listening sessions, hearings, and collaboration across the entire conference, the task force has developed a blueprint for reforming our welfare, workforce, and education programs that will empower Americans to achieve the American Dream.
2. Overview of the Welfare System

The War on Poverty began in 1964 with a promise by President Lyndon Johnson “not only to relieve the symptom of poverty, but to cure it and, above all, to prevent it.” Today, 13 federal agencies run more than 80 federal programs that provide food, housing, health care, job training, education, energy assistance, and cash to low-income Americans. Almost one-third of the U.S. population receives benefits from at least one welfare program. But even though the federal government has spent trillions of taxpayer dollars on these programs over the past five decades, the official poverty rate in 2014 (14.8%) was no better than it was in 1966 (14.7%), when many of these programs started. In other words, though these programs have helped people cope with poverty, they haven’t helped people get out of poverty. As President Ronald Reagan once summed it up, “The Federal Government declared war on poverty, and poverty won.”

Meanwhile, the cost of our welfare system has grown enormously. Over the last decade, overall spending on programs for low-income people grew more than 7 percent per year. According to the Congressional Budget Office (CBO), spending increased from $369 billion in 2006 to a projected $744 billion in 2016. Under current law, CBO projects the federal government will spend more than $1 trillion annually on means-tested programs by 2026. And these figures do not even include all relevant federal spending, nor the hundreds of billions of dollars that state and local governments spend fighting poverty as well. Altogether, as displayed in chart 1, total federal and state spending on programs for low-income people currently equals about $1 trillion per year.

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And as chart 2 below shows, the federal welfare system is complex, disorganized maze of programs—many of which are duplicative, inefficient, and unnecessary.

As Nick Lyon, the director of the Michigan Department of Health and Human Services, remarked in testimony before the Ways and Means Committee:

Instead of working with the individual and determining that person’s goals, we often are more concerned with programmatic requirements, leading to an overly complex system that is difficult for all of us, state government, policy makers, and our caseworkers to navigate. If it is difficult for us, imagine how it must seem to an individual or family seeking services.

If America is going to cure poverty and prevent it, then the federal government needs to start coordinating these anti-poverty programs and measuring the results. It also must start measuring success in terms of how many people get out of poverty instead of how many people collect benefits from these programs.
3. Repairing the Nation’s Safety Net to Expand Opportunity

By repairing the nation’s safety net, the federal government can help all Americans get ahead. That’s why House Republicans are advancing bold solutions that will ensure our nation’s safety net serves the best interests of low-income people, employers, and taxpayers alike. This task force has identified four key principles that will guide our efforts to reform the welfare system:

1. Expect work-capable adults to work or prepare for work in exchange for welfare benefits;
2. Get incentives right so everyone benefits when someone moves from welfare to work;
3. Measure the results;
4. Focus support on the people who need it most.

A. Expect work-capable adults to work or prepare for work in exchange for welfare benefits

Work—especially full-time work—is the surest way to escape poverty. Many welfare programs provide benefits to alleviate the immediate effects of poverty, yet few provide low-income people the tools they need to get out of poverty. Our welfare system should encourage work-capable welfare recipients to work or prepare for work in exchange for benefits, and states should be held accountable for helping welfare recipients find jobs and stay employed.

As displayed in chart 3, of all working-age adults (18-64) who were in poverty in 2014, almost two in three were not working at all, and another 27 percent were working only part-time.4 On the other hand, in 2014, only 2.7 percent of full-time workers lived below the poverty level, compared with 32.3 percent of adults who do not work. Even part-time work makes a significant difference; only 17.5 percent of part-time workers lived below the poverty level.5

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4 Angela Rachidi, New poverty numbers highlight importance of jobs — not wages, American Enterprise Institute, September 16, 2015.

Moving into work is not only financially advantageous in the short run, it is also important to help people turn jobs into careers over the long run. The best type of skills training happens on the job. When employers provide, support, and direct training, workers are learning the exact skills they need for the job—and earning money while doing it. Nine out of ten organizations (89 percent) provide their frontline workers with workforce development opportunities. And 82 percent of employers offer tuition assistance to frontline workers to help them gain skills to progress in their career path. Employers provide more than $160 billion—or more than $1,000 per employee—in job training and educational development to help workers advance and earn higher wages.

Finding a job is not the only challenge facing welfare recipients. For many, child care is often a concern, particularly for those with unusual or inconsistent work schedules. Other concerns include transportation, stable housing, or additional help buying groceries. We must work with our community partners to address each of these hurdles in order to help our frontline workforce retain employment and move up the career ladder. Often local non-profits and other business partners have a better perspective and greater flexibility to address the needs of the communities they serve, as well as the ability to connect individuals entering and advancing in the workforce with needed services.

**Supported by Evidence**

In the most comprehensive study of different approaches to moving welfare recipients into work, a nonpartisan research organization found that connecting recipients quickly with jobs yielded the most meaningful results—increasing employment and earnings, as well as incomes—instead of education-focused activities that delay moving into the workforce.

The historical record confirms this finding. In 1996, Congress eliminated the failed New Deal-era Aid to Families with Dependent Children (AFDC) program and replaced it with the new Temporary Assistance for Needy Families program (TANF), which established strong requirements for states to help welfare recipients prepare for work and find jobs.

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6 [Developing America’s Frontline Workers is Highly Correlated with Market Performance](#), Institute for Corporate Productivity, 2016.

7 [$164.2 Billion Spent on Training and Development by U.S. Companies](#), Association for Talent Development, December 12, 2013.

As a result of these and other reforms, employment rates of single mothers with children increased by 15 percent through 2007 compared with 1995. Even though their work rates declined as a result of the 2007–09 recession, they have risen again since 2011 and remain 10 percent higher.\(^9\) As displayed in chart 4, Child poverty also declined dramatically during this period as more people went to work and earnings increased. Poverty among African American households with children reached record lows.\(^10\) Poverty among female-headed households with children remains lower today than before the 1996 reforms—despite two intervening recessions.\(^11\)

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The American public agrees that reducing poverty should be a joint effort between the government and the individual: According to a November 2015 poll, 89 percent of Americans agree that work-capable adults who receive welfare assistance from the government should be required to work or prepare for work in exchange for receiving benefits.

Able-bodied adults who receive cash, food, housing and medical assistance should be required to work or prepare for work as a condition of receiving those government benefits.

Source: Heritage Foundation

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**Supported by Recipients**
As welfare recipients testified before multiple Congressional committees, people currently receiving benefits want to earn their own success.

For example, Chanel McCorkle, a welfare recipient who worked with with America Works of Maryland, Inc., said before the Ways and Means and Agriculture Committees:

> I have recently accepted a job working 40 hours per week with excellent benefits. I am really excited to return to work. I know that after the Department of Social Services gets notified I will lose some - if not all - of my benefits, and that is scary. I am sure they will take my daycare vouchers from me or make the co-payment too high. My food stamps will be decreased or nonexistent and my medical benefits may end. I have tried to make provisions if those things should happen. I have just started to get back on track; I know I am well on my way no matter how much of an uphill battle it may be. I am fighting to get back to work, to support my family and become independent once again.

**Policy Recommendations**
This task force recommends that federal safety-net programs expect work-capable welfare recipients to work or prepare for work in exchange for receiving benefits. That's the only way they can escape poverty, and states and local governments should help recipients realize their potential.

**Require States to Engage TANF Recipients in Work**
Republicans led the effort to reform the welfare system in 1996 by creating the Temporary Assistance for Needy Families Program, or TANF. The program reduced poverty by supporting and encouraging work. But recent evidence suggests that states are not fully engaging a majority of TANF recipients in these activities. Although states are technically required to help adults move into the workforce, a combination of factors has allowed them to avoid engaging large numbers of people. For example, according to the Department of Health and Human Services, states report that in fiscal year 2013 over half of all adults on TANF performed zero hours of work or other activity while collecting welfare checks, despite the program’s general work-requirement rules. So policymakers should reauthorize TANF to strengthen the focus on work and work preparation by requiring states to engage more recipients in activities that will help them advance up the economic ladder.

**Better Connect Child-Support Enforcement Programs to Workforce Development Activities**
Engaging non-custodial parents in work and work-related activities increases their earnings and, as a result, child-support collections, which both help provide a more stable environment for children. The potential solution lies with better connecting child-support enforcement programs to ongoing workforce development activities within a state, and helping to provide the skills and work-based learning opportunities needed to find and keep full-time employment. This effort must not duplicate existing programs or efforts, but make a point to connect and include non-custodial parents as eligible participants in such programs. In addition, better coordinating the child support enforcement program with other programs, much like is currently done with TANF, will help in prioritizing parental financial responsibilities for children.

**Engage Beneficiaries as Early as Possible with Effective Reemployment Strategies**
The overall goal of the Unemployment Insurance (UI) system should be to make sure people who have fallen on hard times get the help they need and then get back to work as quickly as possible. Despite significant changes in the U.S. labor market, the basic structure of the UI program has remained unchanged since 1935. Waivers would allow states to explore ways to better help Americans get back to work, consistent with modern labor-market realities. Research also indicates that the

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13 Table 8b: Average Monthly Percentage of Families with Insufficient Hours to Count in the All-Families Work Participation Rate, Fiscal Year 2013, U.S. Department of Health and Human Services, December, 2015.
longer people are out of the workforce, the less likely they are to return. As a result, the UI system should try to engage beneficiaries as early as possible with effective reemployment strategies. The UI system’s current reemployment assessments and services should be better aligned with a state’s employment and training activities. Those activities should have a rigorous evaluation and focus on a common set of performance goals to identify what strategies are working. In addition, waiver authority should be reauthorized and enhanced to test different strategies for reducing benefit duration and promoting employment.

**Reform Supplemental Security Income to Focus on Needed Services**
One of the most concerning trends in the SSI program is the rising number of children coming onto the program. The average lifetime stay on SSI for people who come onto benefits as children is an incredible 26.7 years. Further, a disturbing 30 percent of older teens on SSI have dropped out of high school, which only adds to the barriers they face in going to work and leading productive lives as adults. Access to needed services in lieu of cash assistance, whether it be mental or physical therapies, or special-education services in school should be the focus of the SSI program.

**Insist on Work for Work-Capable Adults on Supplemental Nutrition Assistance Program**
The Supplemental Nutrition Assistance Program (SNAP) is the nation’s largest food-assistance program, serving 46 million people in 2015. SNAP serves a very diverse population: Forty-four percent of all participants are children, 10 percent are over the age of 60, and 10 percent are non-elderly adults with disabilities.14 But there is an increasing number of recipients who are work-capable adults without dependents. Unfortunately, recent data suggests many of them are not working or preparing for work. Part of our effort to reform the welfare system includes identifying policies that prevent or discourage working-age people from obtaining work or preparing for work.

**Require Housing to Align with TANF Benefits**
The Department of Housing and Urban Development (HUD) today spends over $45 billion annually on at least 85 active programs. These include several rental housing assistance programs through which the federal government supplements the rent and utility costs of low-income households, such as: Section 8 Tenant-Based (vouchers) Rental Assistance, Section 8 Project-Based (housing unit) Rental Assistance, and the Public Housing program. Rather than promote economic freedom and provide a roadmap out of poverty, HUD policies have created a bureaucratic, complex web of programs that act as barriers to upward mobility. For example, HUD’s rental housing assistance programs lack requirements to encourage greater individual self-sufficiency, contributing to rental assistance becoming more expensive and waiting lists growing larger each year as current recipients stay longer. To address these challenges, housing benefits should be aligned with TANF benefits for all work-capable recipients in the Section 8 voucher, Section 8 unit, and Public Housing programs. Recent data show that non-elderly, non-disabled households make up more than 2 million of the 4.5 million households in those programs, and 44 percent of those work-capable households reported no annual income from wages.15 Those work-capable recipients should be expected to work or prepare for work by meeting with TANF case workers who collaborate with them to develop self-sufficiency plans and assist in making arrangements to prepare for work, such as child care, transportation, work clothes, and other necessities to transition to regular employment. Additionally, local jurisdictions that administer housing benefits should have the same program guidance that states mandate for TANF beneficiaries, such as the ability to institute work requirements, educational training, and time limits beyond which benefits are discontinued to encourage non-working work-capable recipients to move toward jobs, careers, and economic independence.

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15 Congressional Research Service Memorandum on Work in Public and Assisted Housing, July 6, 2015
B. Get incentives right so everyone benefits when someone moves from welfare to work

Under our current system, states and other service providers often lose money when someone leaves welfare for work. In other words, they’re better off if the recipient fails rather than succeeds. In fact, it may not even make financial sense for someone on welfare to work more because they end up losing so many benefits.

Our welfare system should ensure that when someone leaves welfare for work, everyone is better off—that is, all stakeholders, starting with the recipients and ending with taxpayers.

Incentives for Recipients

For low-income families, it may not always pay to work. Low-income families often receive many types of welfare and tax benefits, such as assistance with food, housing, and day-care costs; help with medical costs; or cash payments to supplement earnings from work. As displayed in chart 7, because these benefits phase out as you move up in the income ladder—and people are often on multiple programs at the same time—many households end up losing almost as much money in expired benefits as they make in higher pay.

**EFFECTIVE MARGINAL TAX RATES**

**SINGLE ADULT WITH TWO CHILDREN, 2015**

![Chart 7: Effective Marginal Tax Rates](chart)

Each of these welfare programs and tax benefits for low-income families rewards work by allowing recipients to keep a portion of the benefits as earnings increase, so that even with reduced benefits the individual is better off financially. However, certain families who receive multiple welfare and tax benefits and increase their earnings when they work may lose more benefits than they gain in wages.

The Congressional Research Service illustrates this dilemma with a hypothetical example based on real data: Take a single mother with one child who is earning the minimum wage ($7.25) in Pennsylvania as displayed in chart 8. She would be...
worse off if she took a raise to $10.35 per hour. Under this scenario, the mother’s taxes would increase as her welfare benefits decreased, leaving her with only 10 cents for each additional dollar she’s earning. And, if she continued to earn a higher wage, she might end up worse off than when she started.

The chart represents the potential package of earnings and welfare benefits a single mother with two children (infant and school-age child) could receive in Pennsylvania at different hourly wage levels. The horizontal axis shows her possible hourly wage rates, and the vertical axis shows the total value of her potential annual earnings plus welfare benefits. This chart is specific to Pennsylvania because it takes into account the interactions among welfare programs and with earnings. Most programs have a phase-out, or glide path, that allows benefits to slowly decline as earnings increase. Medicaid, shaded in light blue, is the exception because it functions as all or nothing.

There is a “welfare cliff” because recipients don’t move up slowly, one dollar at time. Also, recipients are rarely on just one program, creating odd interactions from the stacking of programs on top of one another because they have never been coordinated.

The complicated interaction between wages, tax benefits, and welfare benefits is something that has been consistently raised as issue. If states had more flexibility to design customized packages of benefits, that could help make sure anyone who works more ends up better off.

The Earned Income Tax Credit is another potential solution. The EITC is a refundable credit available to low-income workers with dependent children as well as certain low-income workers without children. It can help with the transition

because it increases the financial rewards of work. Increasing the EITC would help smooth the glide path from welfare to work.

One key factor often overlooked in discussions of poverty and the economy is the substantial change in household and family structure that has occurred across the U.S. in recent decades. Researchers have documented how these changes affect employment and poverty levels, as well as how federal policies may influence a person’s employment, marriage, and childbearing decisions.

Changes in family structure mean households are now smaller on average than in previous generations, and married couples represent a declining share of all households. As displayed in chart 9, the poverty rate tends to be higher for individuals than for people living in families, so the more people there are living on their own, the higher the rate of poverty. The dramatic rise in births to unmarried women has also had a substantial impact. Today, over 40 percent of births are to unmarried women, a rate that has doubled over the last 30 years.17

These families are much more likely to have incomes below the poverty line. While only 28 percent of children live in single-mother families,18 these types of families make up 60 percent of all families in poverty.19 In 2013, the poverty rate for single

17 Unmarried Childbearing, Centers for Disease Control, July 20, 2015.
mothers with children was over five times the poverty rate for married families. Even when controlling for educational levels, single parents are still two to five times more likely to be in poverty.

Changes in marriage rates and the increase in single-parent families also have implications for inequality and economic mobility. Recent research has shown that the factor most closely correlated with economic mobility is the concentration of married parent families in a community. In fact, this research found that “lower-income kids from both single- and married-parent families are more likely to succeed if they hail from a community with lots of two-parent families.”

Marriage is one component of what has been called the “success sequence”: three key achievements that are associated with low poverty rates. People who graduate high school, work full-time, and delay having children until they are married are much less likely to live in poverty. Only 2 percent of people who do these three things are in poverty, compared to almost 80 percent of people who have done none of them. Unfortunately, our current welfare system may be exacerbating this problem, as many means-tested welfare programs penalize marriage—because when low-income fathers and mothers marry, their combined income from welfare and wages will almost certainly be lower than the amount they had separately.

C. Eugene Steuerle of the Urban Institute summarizes the problem as follows:

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

So instead of rewarding people trying to create a stable family, our safety net may actually discourage them. In addition, federal programs do little to promote marriage as the most reliable route to economic stability and the setting most likely to yield the best outcomes for children.

Federal anti-poverty programs should reinforce each step in this sequence, working together to maximize the number of people who achieve the three goals. Public-awareness campaigns about poverty should also reinforce the importance of these three steps.

**Incentives for States**

In many cases, states are not rewarded for helping people get back on their feet—and in some cases they are rewarded for doing the reverse.

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20 Ibid


22 Brad Wilcox, *Family Matters, What’s the most important factor blocking social mobility? Single parents, suggests a new study*, Slate, January 22, 2014.

States have a clear financial incentive to move recipients from solely or partially state-funded programs to those that are federally funded. For example, within TANF, people facing high barriers to work may require more intensive services, which cost a state more resources and time. So states have a financial incentive to help people enroll in programs that are solely federally funded, such as the Supplemental Security Income program, because there are low to no costs for the state.

At the same time, many welfare programs are federally-funded, but state-administered, giving states an incentive to increase spending on benefits or administrative costs to maximize their share of federal dollars. A good example was the state-administered 2008 Emergency Unemployment Compensation program. The collection of 100 percent of federally-funded benefits not only increased dollars flowing to beneficiaries, but it also brought additional administrative funds to states to provide those benefits. This influx of federal dollars created a disincentive for states to help unemployed people return to work.

**Incentives for Employers**
For welfare recipients, work increases economic mobility and leads to financial stability. And for employers, finding and retaining a strong workforce is necessary for long-term growth and success. With looming workforce shortages in the decades ahead, businesses are going to need all who can work to work. By getting the incentives right and addressing the needs of both groups, we can grow our economy, help people find their career, and move more American families out of poverty.

**Incentives for Non-Profits**
Non-profits are often less beholden to government programs and the silos they have created. They are more flexible and have the autonomy to meet the unique needs of the community they serve. That's why non-profits are increasingly working with state and local governments to expand the types of support services that help people climb the economic ladder. Similar to states that receive federal funds, non-profits are susceptible to the same kinds of financial incentives to maintain or increase recipient levels in order to receive funding. The goal must always be to move families forward and non-profits and others should be incentivized to do just that.

**Incentives for Taxpayers**
Taxpayers are often forgotten when it comes to reforming our welfare system. Many propose solutions to improve incentives by spending additional taxpayer dollars to reduce the welfare cliff or by paying states and other stakeholders additional money so they do what they should have been doing in the first place. This “spend more” approach invests taxpayer dollars in bureaucratic programs without addressing the root cause of poverty. Instead, we should target limited resources toward those most in need in the most effective ways possible. The incentive should be for government, on behalf of the taxpayer, to identify and reduce duplication, to find solutions that are cost-effective, to ensure individuals escape poverty, and to reduce waste, fraud, and abuse.

**Policy Recommendations**
For the last several decades, federal policies to combat poverty have been based on more programs, increased spending, and bigger benefits—not on a shared responsibility to move from welfare to work. The task force recommends reviewing the incentives to work, marry, and escape poverty, as well as making changes to ensure all stakeholders are better off when someone moves up the economic ladder.

**Increase Local Control and Flexibility, with Accountability**
State and local governments should be allowed to develop new ways of addressing incentives for all stakeholders. Instead of the federal government continuing to develop policies separately for each of the more than 80 welfare programs, states should be allowed to link these programs in a way that provides a more holistic approach for families they serve. When someone faces disincentives to work or marry, states should test ways of repackaging welfare benefits to reward desired outcomes. In exchange for more flexibility, states must also be held accountable, and each demonstration should be paired with an evaluation to determine whether state policies are achieving real results for those in need.
Pay More for the Good Stuff, Less for Everything Else
In several programs, the federal government matches state and local spending, yet these matches often fail to distinguish between the most and least effective approaches. Federal match rates for state administrative costs should be higher for activities promoting greater automation and coordination among programs, and lower for more traditional administrative expenses. When it comes to benefits, the federal government often reimburses states at a constant rate, regardless of how long an individual receives benefits. In some instances, it might be advantageous to provide a higher federal match rate to a state when it first serves a recipient so it can offer more services early on. Then the federal match rate could be reduced over time to give states an incentive to more quickly help a recipient succeed. This would encourage states to help those in need quickly, instead of allowing people to languish without getting the help they need.

Creating Individual Choice in Housing Assistance
A major obstacle to housing assistance recipients moving up the economic ladder is the lack of individual choice in housing programs and bureaucracies. Preventing individual housing choice locks recipients into rigid programs that have little incentive to improve quality, enhance services, or create new efficiencies. To combat this, we should enhance the portability of housing assistance vouchers to encourage recipients to move to areas with more affordable housing, education, or job opportunities. Currently, vouchers are administered by local Public Housing Authorities (PHAs) which, due to how they were created, discourage recipients from transitioning to homes outside of local jurisdictions or across state lines for fear of losing administrative costs and local control of that voucher. The fragmented national system of over 3,000 PHAs, which contributes to the lack voucher portability and further constrains individual choice and economic mobility, also should be reformed. While some PHAs responsibly and efficiently carry out their mission of providing housing and other services for the low-income families they serve, others have long been rated by HUD as “troubled,” suffering from mismanagement, corruption, and an inability to contain costs. Increasing choice also means innovating beyond the broken government owned-and-operated public housing model towards new housing delivery models that harness the abilities of non-profits and other cost-effective service providers. For non-voucher recipients, greater engagement of low-income residents of public housing in the operation and management of their residences should be encouraged in order to stimulate responsibility for making decisions about the care and maintenance of the home and foster a culture of engagement in economic self-sufficiency.

Reduce Duplication and Overlap Across Programs
Each of the more than 80 federal welfare programs was created to serve a specific need, but overtime, those needs have become less clear. In addition to identifying overlap and duplication, programs should be more closely aligned so they all work together to achieve the same goal—creating opportunity. Promoting the expectation of work across multiple programs should not require multiple job-training or employment programs. Instead, programs, which are often served by the same state or local agencies working with the same or similar populations, should be leveraging the strongest and most effective strategies, rather than duplicating or creating their own.

Federal food assistance is provided through a decentralized system that involves multiple federal, state, and local organizations. The complex network of 18 food-assistance programs emerged piecemeal over the past several decades to meet various needs. While the multiple food assistance programs help to increase access to food for vulnerable or target populations, they also overlap significantly. This can create unnecessary work and lead to inefficient use of resources. For example, some of the programs provide comparable benefits to similar target populations. Further, overlapping eligibility requirements create duplicative work for both service providers and applicants. Consolidating or streamlining programs that serve overlapping target populations could improve efficiency and save administrative dollars.

A variety of inconsistent or duplicative housing programs was developed over time to meet differing needs. For example, the rental assistance program of the Rural Housing Service (RHS) is similar to HUD’s Housing Choice Voucher program. Overlapping programs, with almost identical goals, should be consolidated into a single program in order to clarify the
program’s mission, as well as simplify the delivery of services for seamlessness, consistency, and fairness, in order to avoid gaps and duplication.

C. Measure the results

The federal government often defines success by the number of people enrolled or the amount of money spent. Yet very few, if any, programs are assessed by whether they are making a difference in people’s lives. The success of our welfare system should be defined by whether or not these programs are getting results that move people off of welfare and into the workforce for the long-term.

Looking beyond the welfare system, the federal government administers a total of more than 1,500 different programs and is on track to spend more than $4 trillion annually by 2017. According to the U.S. Government Accountability Office, only 37 percent of program managers said that an evaluation of their programs had been completed in the last five years. Federal policymakers don’t have access to the data they need to make the best decisions. Agencies also cannot show the benefits of the programs they administer and cannot determine what, if any, unintended consequences are created.

Most programs cannot demonstrate they achieve better outcomes for poor families. According to two former White House officials, “based on our rough calculations, less than $1 out of every $100 of government spending is backed by even the most basic evidence that the money is being spent wisely.” Instead, many decisions on program design and funding are made based on poor quality studies, anecdotes or testimonials, or well-meaning program operators who believe their program is effective.

Even when programs are evaluated, most don’t work. According to social policy experts writing about the evaluation of federal social programs in 2010, “Since 1990, there have been 10 instances in which an entire federal social program has been evaluated using the scientific ‘gold standard’ method” of random assignment to determine whether a program works, and “nine of these evaluations found weak or no positive effects.” A review of high-quality evaluations of education programs since 2002 shows the vast majority had weak or no effects, and a review of rigorous employment and training program evaluations conducted since 1992 yields the same result. Similar results are found in medicine, where between 50 and 80 percent of positive results in initial trials are overturned in the next stage of trials. These results are not unique to social programs: Of thousands of high-quality studies of new products or strategies tested by Google and Microsoft, the overwhelming majority (80 to 90 percent) were found to have no significant effects. These studies show that high-quality evaluations are critical, and that many ideas must often be tested before an effective intervention can be identified.

29 Demonstrating How Low-Cost Randomized Controlled Trials Can Drive Effective Social Spending: Project Overview and Request for Proposals 2015, Coalition for Evidence-Based Policy, December, 2014.
Policy Recommendations
Common sense says the federal government should fund only programs that have a track record of success. Yet the federal government frequently pays for well-intentioned programs and services that have no evidence of effectiveness—and in many cases even when the program is proven not to work at all. This not only is a waste of taxpayer dollars, but it means those seeking help aren’t getting the assistance they need. The task force believes federal dollars should no longer be spent on programs that are intended to help, but instead should be focused on those that actually achieve results.

The Evidence-Based Policy Commission
The first step in creating a culture of evidence-based policymaking is to determine what data is available and how policymakers can use it. The Evidence-Based Policy Commission Act of 2015, signed into law on March 30, 2016, will bring together leading researchers, program administrators, and experts to conduct a thorough study of existing infrastructure and statistical protocols. They will consider various methods of ensuring that policymakers have the access they need while balancing personal privacy and data-integrity interests, and make recommendations on how to approach the issue of federal data access.

Incorporate Tiered-Funding Structures to Build Evidence
To build stronger evidence and focus more dollars on programs that produce real results, Congress should also require that social programs use the “tiered evidence” model. Under this approach, funding would be divided into three categories, structured in a way that is similar to how a private company might develop new ideas: First, fund the development and preliminary testing of new ideas. Second, rigorously evaluate those concepts that pass the first stage to determine if they really work. And third, fund the expansion of programs that have proven to be effective. By following this process, federal dollars will be directed to the development and support of programs that truly promote opportunity.

Develop and Implement Common Metrics
One way to do this is to identify social goals the federal government hopes to achieve (such as reducing poverty or increasing work and earnings), and then basing payment on whether organizations are able to deliver. Sometimes called pay-for-outcomes or social-impact financing, this structure creates an opportunity for innovation often lacking in federal safety-net programs. Such a system reduces bureaucracy, as federal officials no longer need to mandate every detail of how a program should operate because the government pays only if results are achieved. It also means local leaders have the ability to adjust programs as they go, incorporating lessons learned along the way. And this type of funding also addresses a common problem with government programs—once created, they may continue even when they don’t work. In a pay-for-outcomes model, the federal government pays only when the program delivers results, so programs that are ineffective end when they do not perform well. This structure can also generate competition and reward innovation, something sorely lacking in social services, as there would now be financial rewards for those who develop programs that solve real problems.

Evaluate Programs and Use Results to Make Funding Decisions
Low-income people deserve programs that are effective. And given the size of the national debt, it is also critical that Congress spend taxpayer dollars wisely. So every social program should be evaluated to determine whether it is getting results. Congress should take a closer look at how programs are evaluated, while remaining cognizant of privacy. In some cases, it may be necessary to redirect a portion of program funding (or existing program research funding) toward high-quality evaluations or improved data collection so programs can be more effectively evaluated in the future. Once better evaluations are available, Congress will be able to determine whether certain programs merit continued funding, increased funding, lower funding, or termination.

Expand the Availability of Data and Information
Ensuring policymakers have access to high-quality administrative data is essential for evidence-based policymaking. There is already extensive administrative data, and tested protocols are in place to facilitate the merging of information and to ensure confidentiality. Yet agencies fail to share data with each other in ways that might improve program outcomes. Further,
statutory restrictions often prevent agencies from sharing data with researchers who may be able to help the federal government identify solutions. We should make information is available while ensuring that individuals’ privacy is protected.

For instance, we could allow researchers access to data in the National Directory of New Hires, so they could evaluate whether reemployment programs are working. This authority has been requested by the Department of Labor and is supported by the Department of Health and Human Services (which operates the child-support enforcement program in which this database is housed). It would have no cost, but is expected to provide important information about where taxpayer funds should be spent.

**Implement Social Impact Financing**

Social Impact Financing (SIF) is a financing mechanism used to raise private-sector capital to expand effective social programs. Under this model:

1. Government determines a desired social outcome and agrees to pay for that outcome;
2. An intermediary identifies a service provider, arranges for private investors to fund the services, and monitors progress.
3. If the agreed-upon outcome is achieved—usually a cost savings or a socially beneficial result—the government reimburses the intermediary (who pays investors) for its expenses plus a return based on the program’s success. If the outcome is not achieved, the government does not pay.

SIF shifts the risk of achieving the outcome from the government to the private sector, as taxpayer funds are spent only if desired outcomes are achieved. As a result, SIF helps drive innovation and competition in the social-service sector. SIF can also provide more flexibility for service providers and ensure increased accountability for results.

**D. Focus support on the people who need it most.**

Recent reports from independent government watchdogs reveal that welfare benefits are often paid to people who are not eligible, taking resources away from those who truly need them and frustrating taxpayers who foot the bill.

For over a decade, federal law has required agencies to list the dollar amount of improper payments, their primary causes, and what they are doing to improve accuracy. Improper payments occur when someone receives an incorrect amount of funds, funds go to the wrong recipient, there is no documentation to support payment, or the recipient uses funds inappropriately. Only a subset of improper payments consists of fraud, while the remainder are usually the result of complicated program rules or poor oversight.

In 2014, improper payments totaled $125 billion. The Office of Management and Budget has identified 13 programs as having some of the highest improper-payment rates, many of which involved means-tested benefits. As displayed in table 1, the program with the highest improper payment rate was the Internal Revenue Service’s Earned Income Tax Credit (EITC), with a rate of just over 27 percent totaling $17.7 billion.
One cause of high error rates is that programs place an emphasis on getting checks out the door before verifying they are going to the right person. It is estimated that 30 percent of EITC’s improper payments, or $4.35 billion, are from income-verification errors alone. Fortunately, there are data systems that agencies can use to identify thieves, prison inmates, fugitives, people with significant earnings, people with significant savings, or others who simply should not be collecting these benefits.

**Policy Recommendations**

Our welfare system should encourage states and other providers to adopt these technological and administrative processes across means-tested programs to ensure taxpayer dollars are well spent and eligible recipients are well served. By reducing abuse, these welfare programs will be focused on those who truly need help.

**Align Program Data**

Government lags behind the private sector in its use of information technology, including a lack of basic data, which is the backbone of effective information systems. Without these building blocks, one program might withhold child support from the paycheck of John Smith while another program tries to pay him unemployment benefits for not working. The lack of information increases program costs to taxpayers and reduces their effectiveness.

More efficient and effective data exchanges will allow for a more complete view of recipients of multiple benefits. This will help direct resources to people in need and increase program access for eligible individuals. Increased administrative efficiency will reduce the paperwork burden on caseworkers so they can spend more time helping beneficiaries. Advancements in data matching and the use of technology will more readily detect patterns of fraud and abuse, a cost-effective means for improving program integrity. Finally, they will allow for low-cost and timely evaluations of programs, improving our understanding of their effectiveness.

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**TABLE 1: HIGH ERROR PROGRAMS**

<table>
<thead>
<tr>
<th>Program</th>
<th>Agency</th>
<th>Total Payments</th>
<th>Improper Payments Amounts</th>
<th>Improper Payment Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned Income Tax Credit (EITC)</td>
<td>Department of the Treasury</td>
<td>$65.2B</td>
<td>$17.7B</td>
<td>27.1%</td>
</tr>
<tr>
<td>Unemployment Insurance (UI)</td>
<td>Department of Labor</td>
<td>$48.4B</td>
<td>$5.6B</td>
<td>11.6%</td>
</tr>
<tr>
<td>Supplemental Security Income (SSI)</td>
<td>Social Security Administration</td>
<td>$55.4B</td>
<td>$5.1B</td>
<td>9.2%</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program (SNAP)</td>
<td>Department of Agriculture</td>
<td>$76.1B</td>
<td>$2.4B</td>
<td>3.2%</td>
</tr>
<tr>
<td>National School Lunch Program (NSLP)</td>
<td>Department of Agriculture</td>
<td>$11.5B</td>
<td>$1.7B</td>
<td>15.2%</td>
</tr>
<tr>
<td>William D. Ford Federal Direct Loan Program</td>
<td>Department of Education</td>
<td>$102.1B</td>
<td>$1.5B</td>
<td>1.5%</td>
</tr>
<tr>
<td>Rental Housing Assistance Programs</td>
<td>Department of Housing and Urban Development</td>
<td>$31.7B</td>
<td>$1.0B</td>
<td>3.2%</td>
</tr>
<tr>
<td>School Breakfast</td>
<td>Department of Agriculture</td>
<td>$3.6B</td>
<td>$0.9B</td>
<td>25.6%</td>
</tr>
</tbody>
</table>

*Source: PaymentAccuracy.gov*
Expand Use of Information Technology to Prevent Incorrect Payments

In many cases, the information revolution has left social services behind. Businesses often use complex data analytics to improve their products and services, as well as to detect and prevent fraud. Using data they already have, these companies look for patterns and trends that highlight problem areas. In some cases, this information can even help them predict future situations that may arise, allowing them to plan ahead with more confidence. Unfortunately, states are only now beginning to adopt these private-sector tools, and aligning program data is an important part of it. As one example, California is using data-analytics tools to both prevent and detect fraud in the Unemployment Insurance system. By doing things like cross-checking Department of Motor Vehicle records to confirm identity, verifying employer data to prevent claims from fictitious employers, and comparing claims with state inmate records, the state has been able to protect the unemployment insurance system while focusing fraud investigations on cases that are likely to yield the most benefits.30

The federal government also should continue to expand the use of the Do Not Pay portal. Do Not Pay is the government’s designated source of centralized data and analytic services to help agencies verify eligibility, and prevent fraud, waste, and abuse associated with improper payments. It provides access to a number of databases containing information, including current income and employment data, which helps agencies determine whether they should pay a beneficiary. With such high error rates in many of our nation’s safety-net programs, it is essential that agencies use all available tools to reduce improper payments and ensure benefits are going directly to those most in need.

4. Improving the Skills and Knowledge of our Workforce

A. Strengthening Early Childhood Development

If a child does not have a home environment allowing them to develop the academic, social, and cognitive skills necessary to succeed in school, or have access to a program that can provide parents assistance in these areas, then he or she is less likely to succeed later in life. Unfortunately, that’s the path for many children from lower-income families or families otherwise facing adversity. By the start of kindergarten, some lower-income children often do not perform as well as their more affluent peers on tests of cognitive ability. Teachers report that they are also less likely to pay attention in school and are more prone to exhibit behavioral challenges.31

Recognizing this need, Congress created the Head Start program in 1965. Since then, the number of federal programs providing support services to young children has exploded to 45 separate programs at a cost of more than $14 billion a year. Twelve of these programs explicitly provide early care or education for children.32 However, this significant investment does not deliver lasting results to these vulnerable children.

Virtually every program has a separate set of rules and reporting requirements that are difficult to navigate and impossible to align with community-based services. According to the nonpartisan Government Accountability Office, fragmentation and program overlap create unnecessary administrative costs and an “environment in which programs may not serve children and families as efficiently and effectively as possible.”33 Meanwhile, the Department of Health and Human Services found the few gains children receive in the Head Start program seldom last through the end of third grade, and the few gains that were found did not show a clear pattern of favorable or unfavorable impacts for children.34

33 Ibid.
The federal government’s appetite for new programs and spending taxpayer dollars is failing our children. Our commitment to early childhood development must not be measured by the number of programs created or the amount of money spent, but rather by the results. Our responsibility is to meet the needs of vulnerable children and their families. At the same time, Congress needs to be responsive to taxpayers by eliminating wasteful, duplicative, and ineffective programs. By reimagining the federal investment in early childhood development, while returning the responsibility of broad childcare programs to families, local communities, and states, we can help provide low-income children the opportunity for a healthy, safe, and enriching environment to begin life on a successful path.

**Policy Recommendations**

Today, an estimated 70 percent of four-year-olds regularly attend a public pre-k program, nearly half of whom attend a state-funded program. To improve services for all of these children, the federal government can combine fragmented federal investments to better support states and local communities in their goal of providing high-quality child care and educational opportunities. For example, the federal government can provide information and research about best practices across the country. By streamlining and simplifying the federal government’s involvement, we empower states, parents, and local communities to improve the lives of disadvantaged families and provide all children the opportunity to succeed.

**Support Research to Advance High-Quality Services**

Families deserve access to child care and development services that are based on results, not good intentions. Taxpayers deserve to know their dollars are being used effectively. However, the federal government has a poor track record when it comes to early childhood programs. As noted earlier, the Head Start program has shown positive results while children are in the program but few long-term results once children enter elementary school. Furthermore, some children who receive federally-subsidized child care before kindergarten have lower reading and math scores, are less eager to learn, and are more likely to display behavioral problems in kindergarten.

It is not clear why these and other federal efforts fail to deliver positive, long-term results. Dale Farran, a researcher at Vanderbilt University, has said:

>[A] lack of evidence about which skills and dispositions are most important to effect in pre-k and what instructional practices would affect them has led us to the current situation of poorly defined, enormously varied programs, all called pre-k, as well as a reliance on a set of quality measures with no empirical validity.

Families want their children to thrive and be assured their children are receiving the education and care that will put them on a successful path to kindergarten and beyond. To advance high-quality programs and produce better results, the federal government should engage in research partnerships that identify whether pre-k programs work, and, if they do, the types of pre-k services that support children’s healthy development. This research should be unbiased and consider not only the services that children receive, but also the settings in which these services are delivered. This information will spur innovations at the state and local levels and help policymakers make smarter investments that will better serve children and families.

**Improve Coordination and Reduce Redundancy**

States are leading the way when it comes to meeting the needs of families and local communities. In 1980, just four states offered public early education programs, compared to 44 states and the District of Columbia that operate programs today. Thirty-two states increased funding for pre-K in 2015.

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35 Whitehurst, Grover, and Ellie Klein, *Do we already have universal preschool?*, The Brookings Institution, September 17, 2015.

36 The State of Preschool, Rutgers Graduate School of Education, 2016.


Knowing the needs and existing resources of their local communities, policymakers at the state and local levels are best able to lead in early childhood development. The federal government can support these state and local efforts by facilitating collaboration and coordination among existing programs to ensure families are able to easily understand their options and access high-quality programs that fit their needs. To this end, Congress recently reformed the Preschool Development Grant program to help states streamline the confusing maze of early education programs. Rather than expand the federal footprint in this area, Congress took a responsible step that will help children and families access a more efficient and effective system.

Congress should build on these reforms by reexamining the 45 duplicative or overlapping programs. Funds should be streamlined into one, simplified approach to provide greater funding flexibility and restore decision-making to state and local communities. State and local leaders are in the best position to respond to the challenges facing their communities, not bureaucrats in Washington. That is precisely the lesson learned through the federal government’s heavy-handed approach to K-12 education, and early childhood development is too important to make the same mistake. When resources are invested in priorities determined at the state and local levels, those funds are more likely to make a meaningful impact on a child’s life.

**Help Parents Make Informed Decisions**

Republicans believe encouraging work and supporting stable families are important priorities. Many parents rely on child care or center-based early education to pursue employment or their own education.

Choice is vitally important to parents as they decide what is best for their children and families. When Congress reformed the Child Care and Development Block Grant in 2014, it reaffirmed this approach by “offer[ing] eligible parents the broadest array of options and afford[ing] parents maximum choice” under the program. This same approach must be applied across the early childhood development system. Federal policy should safeguard the right of parents to be fully informed about available care and educational options, including information about faith-based and community-based providers, so they are informed to make the best decision for their family.

**B. Supporting At-Risk Youth**

Helping children reject a life of crime and violence requires more than a detention facility; helping children who are in foster care, who are homeless, or who come from disadvantaged backgrounds succeed requires more than a government program; these efforts require collaboration among parents, teachers, and community members to prevent criminal behavior and help support children who are vulnerable to or who have engaged in illegal activity, and it requires giving hope to all those children tempted to give in to despair.

The stakes are high for these youth and their communities. Children who have been incarcerated are up to 26 percent more likely to return to jail as adults and are also 26 percent less likely to graduate high school. These are hardly the outcomes vulnerable children and their families deserve. These results also have detrimental short- and long-term effects on our society, imposing costs on taxpayers and jeopardizing public safety.

Congress passed the **Juvenile Justice and Delinquency Prevention Act in 1974** to help states improve their juvenile justice systems with a focus on the education and rehabilitation of at-risk youth. The law is based on the premise that interaction

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44 Randi Hjalmarsson, *Criminal Justice Involvement and High School Completion*, University of Maryland, August 2006.
with the juvenile justice system can create positive opportunities for children to turn their lives around, rather than negative experiences that will lead to further involvement with the justice system.

The experience of Sloane Baxter, a 22 year-old youth advocate from Washington, D.C., is one example. During his teenage years, Sloane was detained in the D.C. youth detention center and later participated in a community-based alternative program, Boys Town Washington, D.C. Mr. Baxter is now a high school graduate and works as a coffee barista while running his own home improvement business. In 2015, Mr. Baxter testified before the House Committee on Education and the Workforce and said, “I easily could have become a statistic ... instead, I’m a tax-paying, contributing member of society. There is that same possibility in every other young person as long as you, me, all of us are willing to not give up on them before they even really get to start.”

While some juvenile justice programs—like Boys Town—have helped children develop the life skills they need to hold themselves accountable and earn their own success, not all programs have experienced the same results, and policymakers are constantly looking for new ways to better serve at-risk youth. Of course, one of the most powerful ways to support at-risk youth is to help ensure every child receives an excellent education.

The Every Student Succeeds Act—legislation enacted last year to replace No Child Left Behind—includes important policies that help improve educational services for students in state and local correctional facilities, as well as for children who are transferring out of these facilities. The law also includes a number of reforms that will help expand school choice opportunities, including federal support for high-quality charter schools.

School choice takes many forms and is an increasingly important lifeline for children trapped in failing schools. Testifying before the Committee on Education and the Workforce earlier this year, Denisha Merriweather credited a private school choice program in her home state of Florida for ending the cycle of poverty in her family. Now a graduate student at the University of South Florida, Denisha said, “I have seen the power of a tailored education demonstrated in my own life, and I’d love to see it carried through future generations.”

Denisha’s story is no doubt similar to those who have enrolled in the D.C. Opportunity Scholarship Program. This important school choice program has helped thousands of children in the nation’s capital receive a high-quality education. In fact, 90 percent of students in the program graduate from high school (compared to just 64 percent of students in D.C. public schools), and nearly 90 percent of graduates went on to pursue a college degree. Providing all children—particularly the most vulnerable children—better educational choices will give them a better chance to succeed beyond the classroom.

**Policy Recommendations**

Federal policy must continue to recognize that youth who enter the justice system are vulnerable and need different support services than adults. With the right support along the way, they and their families can make the choices that will help them reach their highest potential, regardless of income, neighborhood, or involvement with the judicial system. We have seen the best success with programs administered by local communities. Therefore, federal policies must provide states more flexibility to deliver services that address the unique needs and circumstances of every child. We must also look to ensure federal dollars are making a positive difference in the lives of at-risk youth and their communities.

We should also seek to preserve the balance that currently exists between state and local flexibility and accountability in the Juvenile Justice and Delinquency Prevention Act and promote state and local solutions that will invest in programs that are successful in working with at-risk youth. Congress must work to reduce federal bureaucracy, empower states and streamline federal funding to ensure the focus is meeting the needs of vulnerable youth not bureaucratic red tape. Finally, Congress should build on the reforms included in the Every Student Succeeds Act so that every child—regardless of where they live and the difficult circumstances they face—can receive an excellent education and equal opportunity to pursue a lifetime of happiness and success.

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Focus on Success
Youth who enter the juvenile justice system often face challenges that run deeper than their unlawful behavior, such as substance abuse, mental health disorders, and a history of physical abuse or neglect. For this reason, the long-term success of the individual requires focused attention. A young person might need educational assistance or mental health treatment during detention, as well as additional help after he or she is released. Shared information, open communication, and coordination of assessment and treatments across various state and community-based services are critical to the successful rehabilitation of these young individuals. Youth have different needs than adults, and special consideration should be given to their needs as appropriate treatment is determined. Federal policies should encourage education for those who work with at-risk youth to ensure they are fully aware of the range of services a young person might need to be successful. Better coordination and response in each situation has the potential to change a young person’s life and contribute to their long-term success.

Prioritizing Services that Work
The federal government should ensure the programs are being managed efficiently and effectively so as to maximize the dollars being spent on some of the most vulnerable populations. This includes holding states accountable when they do not meet the statutory requirements to receive a grant. When states continue to receive funds in spite of their failure to adhere to these policies, the message is sent that these policies are not important, and more importantly, the vulnerable youth they are intended to serve are neglected. Additionally, policymakers should help facilitate the sharing of best practices across the states and encourage the use of evidence-based programs. Focusing resources on programs proven to work with at-risk youth is critical to successful rehabilitation and increased opportunity.

Support State and Community Efforts to Address Local Needs
Each young person has unique challenges that are best met by those closest to them. A program that makes an impression with the young people of New York City may not be as successful in assisting the same population living in rural Oklahoma because those populations have different challenges and different perspectives. While building on what works, federal policy must allow for state and local innovation to address the circumstances facing the young people in their community while protecting the ability for those children to succeed. Helping at-risk youth make decisions that improve their future requires commitment from their community, state, and the federal government. Educational opportunity - as well as systems to support youth and their families in time of need - is instrumental in their success. A one-size-fits-all directive from the federal government will only hamstring local efforts to help at-risk young people rise above their circumstances and reach their potential.

Support State and Local Efforts to Expand Educational Choice
As shown by the D.C. Opportunity Scholarship Program, school choice can increase high school graduation rates and give vulnerable students better opportunities to succeed. The federal government should do more to support state and local efforts to expand these policies. For example, the Every Student Succeeds Act includes a pilot program to allow school districts to combine federal education funding with state and local funding and allocate that funding to schools on a weighted, per-pupil basis. Under such systems, more per-pupil funding is provided for harder-to-serve students and the funding follows the individual student to the school in which he or she enrolls, incentivizing schools to better serve vulnerable populations. Congress must ensure this new and innovative program is implemented in a way that gives participating school districts maximum funding flexibility in support of school choice policies.

C. Improving Career and Technical Education
In the modern economy, careers in innovative and in-demand fields are opening up to professionals with the right skill sets, and for many, career and technical education (CTE) is the stepping stone to opportunity and success. By empowering young Americans with the job skills necessary to become independent and productive citizens, we can reduce the number of America’s trapped by our failed welfare system in the future.

CTE, also referred to as vocational education, provides occupational and non-occupational preparation to students at the secondary and postsecondary levels. These are no longer the traditional “shop” and “home ec” classes, but rather cutting-edge courses steeped in technology and innovation, providing the skills sought by today’s leading industries.
For example, during testimony given earlier this year, Dr. Deneece Huftalin talked about Darlene, a single mother of two who was also a 14-year veteran of the United States Army. Darlene needed to change her career after recognizing that her job as a concrete contractor would become too physically demanding. She enrolled in a program at her local community college and after the program ended, Darlene had multiple job offers with good wages and benefits. Darlene selected a job that has allowed her to pursue a new career and provide for her children.

Like Darlene, some students use their experiences in CTE as a launching pad to an associate, four-year, or advanced degree. For others, CTE provides the exact skills necessary to obtain a high-paying job in a specialized field without incurring the costs associated with a four-year college degree. During the 2012-2013 academic year, more than 11 million students enrolled in CTE courses nationwide.

Today, federal career and technical education assistance is provided through the Carl D. Perkins Career and Technical Education Act. The law provides funding through state grants to high schools and community colleges to, among other activities, expand access to their CTE programs, align their programs with state academic standards and employer needs, purchase equipment, and provide students with career counseling.

Technological advances and the growth of a global economy have dramatically changed the skills that are necessary in today’s workplaces, and many programs have not kept up. Industries critical to our economy, such as health care, engineering, and manufacturing, have vacant jobs to fill but not enough qualified applicants to fill them. This is not due to a lack of willing applicants, but rather a lack of applicants who possess the right skills for the job.

High-quality CTE programs can both help employers address their need for skilled employees and provide a pathway to the middle class for millions of Americans. Dr. Doug Major, the superintendent and CEO of the Meridian Technology Center in Meridian, OK, testified before the House Subcommittee on Early Childhood, Elementary, and Secondary Education about the opportunities CTE provides both in and out of the classroom:

> Because our courses are typically project-based and address real-world problems, it is easy for students to find a purpose . . . a student who aspires to be a labor and delivery nurse can apply their science, English, and mathematics lessons in clinical rotations at their local hospital . . . [T]he opportunity to participate in applied learning provides them with the engagement for success, and has resulted in higher graduation rates.

Moreover, while federal funding can be used for a variety of activities, states have limited flexibility implementing reforms across the state that would encourage innovation or respond to local economic needs. Blake Flanders, the vice president of Workforce Development on the Kansas Board of Regents, testified before the Committee on Education and the Workforce that the increased ability of states to reward effective programs would increase both accountability and performance:

> Accountability drives performance improvement. It is important that Kansas has the mechanism to reward high-performing technical education programs and highlight promising practices.

These programs are only successful if they are preparing Americans—through new skills and new careers—to succeed in the workplace. Federal policy must seize the opportunity to help Americans—young and old—develop the skills that lead to high-paying jobs.

**Policy Recommendations**

By building on recent changes to K-12 education and the workforce development system, Congress has an opportunity to help more Americans become self-sufficient and enter the workforce with the tools and knowledge necessary to excel in the high-skilled, high-demand jobs driving today’s economy.

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Empower State and Local Community Leaders

Current law requires states to distribute federal funding through a rigid process that undermines the ability of state leaders to prioritize economic growth, reward success, or encourage reform. By curtailing overly prescriptive federal requirements, policymakers can free states to innovate, respond quickly to their unique and changing economic and educational needs, and prepare their citizens for successful careers.

Increase Transparency and Accountability

As has been done in K-12 education and workforce development, policymakers should streamline the current system of duplicative and unneeded reporting requirements. The reduction and simplification of misguided performance indicators will allow improved focus on program quality and the needs of the next generation’s workforce. This will also improve transparency and allow parents, students, and community stakeholders to hold their programs accountable at the state and local levels.

Improve Alignment with In-Demand Jobs

Far too many programs are preparing students with the skills needed to succeed in yesterday’s workforce, rather than today’s workforce. Congress should ensure federal dollars are being spent on programs that are aligned with state and local economic needs. Better partnerships with local businesses will provide students with increased opportunities to learn from experts using industry-standard equipment. These partnerships will also ensure CTE programs and students are able to adjust to changes in the local workforce or the demands of new and emerging businesses.

Ensure a Limited Federal Role

Congress should rein in the ability of the Secretary of Education to meddle with education and workforce development decisions best made at the state and local levels. State and local leaders, rather than bureaucrats in Washington, are best equipped to determine how to meet the needs of their students. Limiting the ability of federal bureaucrats to intervene in state affairs will allow these leaders to spend less time meeting the demands of Washington and more time meeting the needs of their students.

D. Strengthening America’s Higher Education System

America offers the most diverse system of postsecondary education in the world, affording students from all backgrounds an opportunity to pursue an education that will help fulfill their unique needs and personal goals.

Postsecondary education has helped countless people escape poverty. Unfortunately, it is becoming harder and harder to realize the dream of a college degree. While institutions, states, private entities and the federal government provide numerous benefits to help those who wish pursue a college education, the higher education system today is unaffordable, bureaucratic, and outdated. Many students are unable to complete their education. If they do, they are often saddled with debt and ill-equipped to compete in the workforce, in spite of the fact that in 2016, the federal government is on track to deliver more than $128 billion in student aid to more than 12 million people.49

Onerous federal regulations, a lack of transparency, and a dizzying maze of federal aid programs have made these challenges worse. Former Indiana Governor and Purdue University President Mitch Daniels said it was his great hope that Congress would have “the courage to see these challenges’ and pursue reforms that will “reduce the costs of higher education’s regulatory burdens; simplify and improve student aid; [and] create an environment more conducive to innovation in higher education.”50

Policy Recommendations

States and institutions are responsible for ensuring students have access to an education that is high-quality and affordable. To help strengthen the limited yet important federal role in higher education, Congress should work to empower individuals

49 Fiscal Year2017 Budget Summary and Background Information, U.S. Department of Education, 2016

to make informed decisions, simplify and improve student aid, promote innovation, access, and completion, and ensure strong accountability for taxpayers. These reforms will help more Americans realize their dream of a college degree.

**Empower Students and Families to Make Informed Decisions**

Selecting a college or university is a personal decision for students and families. However, it is nearly impossible to find the information they may need to choose the right school. To make matters worse, information that is available does not reflect the current realities on many college campuses, including the growing presence of students who are not pursuing the traditional four-year college experience. Recent attempts to provide more transparency in higher education have instead created more confusion and hampered the ability to compare different education options. Furthermore, because students receive limited financial counseling, many do not understand their options for paying for their education.

Streamlining information will empower students and families with the knowledge they need to make smart college decisions. More relevant information is also important to determine whether student aid is improving access and completion. Existing transparency efforts at the federal level should be simplified to reduce confusion for students, and federal agencies should coordinate more effectively, avoid duplication, and deliver information in a format that is easy to understand. Additionally, the timing and content of financial aid counseling should be enhanced to help students clearly understand the options available to pay for their education and the obligations they can expect after graduation.

**Simplify and Improve Student Aid**

Over the past 50 years, the federal government has created a confusing maze of loan and grant programs that are largely duplicative or serve similar populations of students. For example, a student can receive a Pell Grant, Supplemental Education Opportunity Grant, subsidized or unsubsidized Stafford Direct Loan, gradPLUS or parentPLUS Direct Loan, Perkins Loan, and Federal Work-Study funds, each with its own set of rules and eligibility requirements. This complicated system of federal aid leaves students confused about the options they have to responsibly pay for their college education. The confusion only worsens when a student begins repaying his or her loans. There are currently nine separate repayment programs with different eligibility requirements, payment schedules, and terms and conditions. Tremendous resources are available to help students earn a degree, yet many are unaware of the available options or how to apply.

Additionally, the Pell Grant program must be modernized to address the unique needs of contemporary students. For example, while the Pell Grant provides support for more than one-third of all undergraduate students, the program fails to adequately support those who want to complete their studies more quickly by taking additional courses beyond the traditional academic year. Instead, students who receive Pell Grants are bound to a rigid system based on a six-year, two-semester timeline — discouraging many students from pursuing higher education altogether. The Pell Grant is also on a fiscally unsustainable path after having been recklessly expanded by previous Congresses.

Republicans believe in strengthening the integrity of the federal financial aid programs, making sure taxpayer dollars are supporting students who need help the most and that these important programs are sustainable for future generations. Congress must explore reforms that will streamline the aid programs into one grant program, one loan program, and one work study program, easing confusion for students who are trying to decide the best way to pay for their college education. Loan repayment plans should also be streamlined to help borrowers better manage their student loans after graduation.

Finally, the Pell Grant program must be strengthened and updated for today’s students and future generations. This important program is also in need of an update to ensure dollars are flowing to students most in need. Pell Grants must be more flexible to help meet the needs of today’s students, and the integrity of the program should be strengthened to ensure it is sustainable for generations of students to come. By allowing Pell Grants to be used year-round, students will be able to accelerate their coursework, thereby completing their program more quickly and at a lower cost and with less student loan debt.
Promote Innovation, Access, and Completion to Reduce College Costs

College costs have risen significantly in the last decade.\textsuperscript{51} While a number of factors are driving this unsustainable trend, the federal government has made the problem worse by burdening institutions and states with an increasing amount of red tape. As costs increased and the postsecondary student population changed, many institutions developed new approaches to delivering higher education, including competency-based curriculums and online classes. These and other innovative approaches have helped more Americans earn a degree at less cost and with less disruption to their daily lives.

Federal impediments that prevent institutions from delivering higher education in more creative, cost-effective ways must be eliminated. Encouraging innovation—like online learning—will help students receive less costly, more relevant degrees and graduate with less debt. Doing so will open the door to a college education for more Americans, but simply opening the door is not enough. Stronger policies are needed to encourage students to complete their education with a degree or certificate. For example, more can be done around the country to ensure opportunities are available for contemporary students to return to the classroom to complete their general education diploma (GED). For a contemporary student, obtaining his or her GED will open doors into a higher-paying job or provide an opportunity to pursue a postsecondary credential.

Additionally, clearer and less burdensome pathways to create competency-based programs should also be supported to help students attain a less costly degree based on what they have learned rather than the amount of time they spend in a classroom. Congress can help at-risk and minority students by better evaluating the effectiveness of college access and completion programs and ensure these programs provide students the academic support necessary to excel in their studies.

Ensure Strong Accountability and a Limited Federal Role

Institutions of higher education are subject to myriad federal reporting requirements and burdensome regulations. The reporting and compliance burden on institutions has required many schools to hire full-time staff members whose sole responsibility is collecting and submitting data or ensuring compliance with federal mandates. In fact, a recent study by Vanderbilt University found that colleges and universities spend approximately $27 billion dollars annually complying with federal regulations.\textsuperscript{52} To put this in perspective, Vanderbilt spends approximately $11,000 per student annually on compliance costs.\textsuperscript{53} These compliance costs force colleges and universities to consider raising tuition or shifting resources away from student services.

This burden has been further exacerbated in recent years as regulators added new reporting requirements without eliminating the outdated ones. Under President Obama’s watch, the Department of Education has imposed on colleges and universities a host of burdensome regulations that are making it harder for students to acquire the skills and education they need to succeed in the workforce. These actions have put Washington in the middle of issues that have historically been the responsibility of institutions and states, stymied institutional innovation and academic freedom, and imposed additional costs on institutions.

Congress should provide relief to institutions of higher education by repealing unnecessary data reporting requirements and many of the harmful regulations recently promulgated by the department, while at the same time delivering strong accountability in federal programs. Unnecessary reporting requirements that fail to provide useful information to students, families and policymakers, and exacerbate rising college costs, should be repealed.

\textsuperscript{51} Trends in College Pricing 2015, The College Board, 2015. In-state tuition and fees at public four-year colleges and universities increased by approximately 40 percent in inflation adjusted dollars. Tuition and fees at public two-year institutions and private four-year colleges and universities have also increased by approximately 29 percent and 26 percent, respectively.

\textsuperscript{52} Moran, Melanie, Study Estimates Cost of Regulatory Compliance at 13 Colleges and Universities, Vanderbilt University, October 19, 2015.

Finally, the accreditation process should be strengthened by refocusing on quality and results, allowing for more innovation, reduced costs, and increased transparency. Refocusing accreditation on academic quality and student learning will help ensure students are receiving a high-quality education and taxpayers are getting a return on their tax dollars. Additionally, rolling back rigid federal requirements on accreditors will allow them the flexibility to work with colleges and universities to develop and approve innovative methods for learning that will better meet the needs of today’s students.

**E. Improving Nutrition for Students and Working Families**

As a country, we have long worked to ensure all individuals have an equal opportunity to achieve success. A high-quality education is one of the best paths to a brighter future, but students cannot learn and succeed in class if they are hungry or lack proper nutrition. That’s why ensuring all kids have access to nutritious meals has long been a national priority.

For years, a number of programs have helped states, schools and other institutions serve children and families in need. These programs and the services they offer play an important role in the lives of millions of low-income Americans, helping to deliver healthy meals to kids who might not have them otherwise.

Rather than heed calls to continue and improve these services, in 2010 the Democrat-led Congress and administration imposed heavy-handed reforms and added an estimated $3 billion in costs on schools operating the child nutrition programs — an enormous amount of money that schools simply cannot afford. At the same time, overall student participation in the school lunch program has declined more rapidly than any other time in the past 30 years. Local school food directors and administrators have said these federal rules prevent them from providing the assistance their students need.

**Policy Recommendations**

We need a solution to these challenges that will strengthen nutrition assistance for children, families, and taxpayers. Federal programs should target those most in need. To that end, Republicans in Congress are producing reforms to federal policies that will give states, schools, and local providers the flexibility they need to provide children access to healthy meals.

School meal nutrition standards must reflect the input of school leaders, meet the needs of all students, and not add new costs for schools. We must increase accountability and rein in waste, fraud, and abuse. By making sound improvements to the existing Summer Food Service Program and looking at new ways to get meals to children in need, we can help more students throughout the year and help them stay focused and ready to learn. Republican reforms incorporate ideas like seeking out better ways to run these programs, consolidating and streamlining where possible, and providing greater authority to states to meet the unique needs in each of their communities.

**Ensure Appropriate Standards**

In recent years, the Department of Agriculture has put in place new rules and mandates that the federal role in child nutrition, making it even harder for states and school districts to meet the needs of their students. Sensible reforms will strengthen nutrition standards in a way that provides flexibility to state and local leaders while ensuring the nutritional needs of their students are met. Because children are not healthy if they aren’t eating, we must address participation rates and ensure any meal pattern guidelines give the appropriate flexibility for program providers to serve food children will actually eat, and are in line with science based on school aged children. This means updating the onerous, one-size-fits all requirements currently in place.

**Improve Flexibility**

For many vulnerable children, their hunger needs do not end when the school day does. To best serve these children, we must work to improve the ability of providers to reach these vulnerable children.

During the summer, food must be served to all children at a designated site (also known as “congregate sites”), which can be difficult to visit for children who live in rural areas or who lack transportation. Reforms to this requirement will allow states flexibility to better provide summer meals in rural or low-income areas without access to such summer service.

Many nutrition assistance service providers participate in a number of these programs at the same time and run into burdensome red tape to do so. Reforms would empower states to streamline administration and simplify operations, allowing providers to more readily serve meals to low-income children eligible for these programs.
Explore New Delivery Methods

Authorizing different methods for funding child nutrition programs has been discussed for decades, but too often, a fear of change has prevented such reform. Republican reforms would permit funds to be given to states in exchange for flexibility within the programs. The added flexibility would allow states to work with local schools to determine if there are other, more effective ways to deliver healthy meals to students. We need to ensure taxpayers’ dollars are being spent to help the neediest students receive the nutrition they need to be successful in school.

F. Building Retirement Security through the Private Retirement System

Private-sector workers save for retirement in a number of different ways, including through Individual Retirement Accounts (IRAs) and employer-provided defined benefit and defined contribution (such as “401(k)”) pension plans. Participants and sponsors of pension plans and other retirement savings plans receive tax preferences to encourage retirement savings opportunities.

Defined-benefit plans typically provide specific monthly benefits after retirement based on a predetermined formula that typically reflects years of service and final salary. Most defined-benefit plans are offered by a single company for the benefit of its employees. These traditional pension plans are known as “single-employer” plans. Under this type of plan, the employer guarantees the benefit will be available at retirement.

In some unionized industries, employer and union representatives jointly administer “multiemployer” defined-benefit plans. These plans are intended to provide portable pension benefits to employees in industries in which workers frequently change employers, such as trucking and construction. However, some of these plans face severe funding challenges. In response, Congress and President Obama enacted the bipartisan Multiemployer Pension Reform Act in 2014. That law permits trustees in underfunded, failing plans to take early action to protect benefits and will save millions of workers and retirees from financial catastrophe.

More than 40 million Americans in approximately 24,000 private sector defined-benefit pension plans are insured by the federal Pension Benefit Guaranty Corporation (PBGC).\(^5^4\) This government insurance agency is badly underfunded. Despite legislation increasing premiums over the last five years, PBGC is still running a deficit in excess of $76 billion.\(^5^5\) Even worse, the agency projects its multiemployer insurance program will be insolvent by 2025, which means individuals relying on PBGC for their retirement benefits may receive nothing. PBGC’s financial crisis poses a grave risk to taxpayers and undermines the retirement security of all workers and retirees enrolled in defined benefit plans.

Additionally, due to the significant risks and challenges surrounding the traditional defined benefit pension system, employers and workers are increasingly adopting portable “defined contribution” arrangements. The classic example of a defined contribution plan is the 401(k) plan, which typically permits workers to direct their contributions and the contributions of their employers to a number of investment choices. At retirement, the worker is entitled to the funds in the individual account, including employee and employer contributions, and investment returns.\(^5^6\) These retirement plans better reflect the realities of today’s workplaces and empower working families to control their own retirement futures.

More than 64 million workers\(^5^7\) now hold $4.6 trillion\(^5^8\) in 401(k) savings, and 41.5 million households hold $7.4 trillion in IRAs.\(^5^9\) By contrast, only $3.2 trillion is held by private sector defined benefit plans.\(^6^0\) However, rules and regulations continue to make it difficult for individuals to save for retirement. In particular, these policies make it harder for workers and retirees...
to receive investment advice, prevent small businesses from banding together to offer retirement plans, and senselessly make it more expensive to deliver information to an increasingly tech-savvy populace.

**Policy Recommendations**

To bring our retirement policies into the 21st century and empower working families, Congress should do the following:

**Prevent a taxpayer bailout of the PBGC**

While recently-enacted laws began to shore up the defined benefit system, the federal backstop still faces huge deficits. In particular, the multiemployer insurance program likely will not be able to pay benefits—even at reduced levels—without further reforms. However, proposals to allow federal bureaucrats to set PBGC premiums without congressional oversight should be rejected, as they will only exacerbate the agency’s funding challenges by driving employers out of the system. Instead, Congress should set premium levels that reflect PBGC’s financial needs, protecting retirees and finally ending the threat of a taxpayer bailout.

**Ensure plans are well funded and employers remain in the system.**

In 2006, the bipartisan Pension Protection Act strengthened requirements companies must follow when funding their retirement plans. However, the recent recession and the ensuing sluggish recovery have continued to imperil pension promises made to countless Americans. Changes to pension policies should be in the best interest of workers, employers, and retirees, rather than funding Washington’s spending priorities. Congress should make sure benefits are secure for workers and retirees and that employers are not discouraged from voluntarily offering these plans.

**Protect access to affordable retirement advice**

The last thing Washington should do is create barriers to the retirement security the American people need. Unfortunately, a Department of Labor regulation61 will make it harder to save and plan for retirement. Under the Department’s extreme approach, many low- and middle-income families will no longer be able to see the trusted financial advisors they rely on for retirement advice. Additionally, fewer small businesses will offer employees a retirement plan because the small business owner will lose access to financial advice. Congress should reject this flawed approach, and instead promote smart policies that will help more American workers retire with the dignity and financial security they deserve.

**Make it easier for employers to band together to offer 401(k)s**

Under current law, certain businesses can join together to offer a retirement plan to their employees, but only under strict circumstances. These shared plans reduce administration and compliance costs, making it more cost-effective to offer retirement plans. Congress should eliminate the bureaucratic restrictions that prevent small businesses from offering these valuable retirement plans.

**Reduce costly red-tape**

Needless federal regulations simply add to the cost of providing American workers opportunities to save for retirement. For example, legal restrictions still make it difficult for employers to provide information about retirement benefits electronically rather than in hardcopy. Furthermore, a new regulation will require retirement advisors to disclose an overwhelming amount of financial information and the cost of generating this unnecessary information will be passed along to those saving for retirement. These and other mandates aren’t helpful and only serve to drive up costs for workers and retirees. Congress should modernize and streamline these rules.

**G. Ensuring Access to Banking Services**

Access to banking services is a critical resource for upward mobility, both for individuals and for the communities in which they live. Banking services play an important role in creating economic security and accessing credit, empowering people to transform their ideas into reality and to make long-term plans and purchases. Access to credit also helps individuals and families cushion against economic downturns or unexpected expenses.

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Unfortunately, the cost of basic banking services keeps going up for many Americans as providers struggle to keep up with new government mandates. Thanks to Washington regulations, services that bank customers once took for granted – like free checking – and products that help people meet unexpected needs – like small-dollar loans – risk being eliminated. Compounding this problem, the massive Dodd-Frank Act has reduced the number of small and community banks, reducing consumer access to local financial institutions and limiting their financial choice. There are now fewer than 6,500 banks, the lowest level since the Great Depression. Resources that were once devoted to expanding credit are now being used for compliance.

Regulations that make it even harder for Americans to access credit impact everyone, but they especially hurt lower-income individuals during times of poor economic growth. This topic will be explored in more detail by the regulatory burdens taskforce, but upward mobility depends on giving all Americans access to the banking services they need to achieve financial independence and pursue their American Dream. To do so, we must streamline or eliminate unnecessarily burdensome regulations that the Dodd-Frank Act placed on community banks and credit unions so they can have more flexibility to lend, grow, and innovate with new consumer-friendly financial products. Consumers should have real choice in making their own financial decisions and access to a wide variety of loans, services, and products that meet their individual financial needs when they need it.

Efforts by Washington bureaucrats to regulate consumers out of choices they disfavor are unwise, cutting off those with fewer financial options from the products and services they need, including access to short-term credit when unexpected costs come up. Recent Washington efforts to discourage lending to low-income individuals are also misguided. Washington’s attempt to shutdown small-dollar lenders through regulations, for example, will make this problem even worse by taking this lending option away from roughly 51 million consumers who may need this financial lifeline to deal with unexpected emergencies. Such policies hurt, not help. Instead, consumers are best served by having access to a wide array of banking services and products to share and expand economic prosperity for everyone.

5. Conclusion

In this report we have begun to chart a path forward for all Americans to achieve the American dream. All too often, our current system of welfare programs and education programs are too complex, or don’t provide the assistance that individuals need in their unique circumstances. And the ability to save for retirement shouldn’t be frustrated by red tape in Washington. Whether you are a young mother who wants to attain greater skills to provide for your family, or someone struggling to put food on the table, our goal for government programs should be to provide a way to increase salaries, build wealth and ensure eventual independence from government programs.

House Republicans believe there is a better way. While this task force is concentrated on reducing poverty and improving upward mobility, all of our work will help build a confident America. As we continue to roll out our agenda, House Republicans will put forward policies that will help expand opportunity for struggling Americans through tax and regulatory reform. Low-income Americans will also see greater access to health care, lower premiums, and higher quality care as we replace a broken health care law with a patient-centered alternative.

This is the beginning of a conversation. House Republicans will continue to collaborate and solicit ideas on how best to improve outcomes for lower-income Americans, and we will continue to craft policies to ensure that no matter who you are or where you come from, if you work hard and give it your all, you will succeed.