

## Modernizing Benefit Systems Can Improve Lives While Also Saving Time and Money

Americans deserve local, state, and federal governments that efficiently and reliably respond to the needs of their communities. This includes providing the safety net programs that are [vital](#) for many Americans, helping families make ends meet and delivering long-term positive [impacts](#) on their health and economic well-being. Unfortunately, many Americans do not receive some or all of the benefits they qualify for, and an estimated [\\$140 billion](#) in federal benefits goes unclaimed each year. Policy innovations and investments in technology are helping state and federal policymakers create a more accessible and efficient social safety net. These innovations save both families and the government time and money, while making sure that people get the benefits they qualify for.

Congress should pass legislation that funds evidence-based approaches to align benefit systems so that state governments can upgrade legacy systems and modernize their programs. This will make government more efficient while improving peoples' health and well-being.

### **Modern technologies and user-centric design can make key government services more efficient and easier to access**

Receiving and maintaining benefits often requires people to spend significant time, energy, and money to attend mandated appointments, complete complex applications, and meet documentation requirements—in some cases only to be denied those benefits and forced to reapply. These costs, known as administrative [burdens](#), disproportionately [impact](#) disadvantaged groups and contribute to low participation rates in important government programs. A [survey](#) of people who qualified for the Supplemental Nutrition Assistance Program (SNAP) but were not participating found that 40% did not participate due to the paperwork involved. Many of these programs have similar eligibility requirements, yet people in most states still must provide the same information multiple times to different agencies.

Although many benefit programs are designed and funded at the federal level, states have discretion over how these programs are [administered](#) and can use that flexibility to improve participation rates. For example, federal rules [allow](#) states to determine eligibility for certain programs based on a single application, meaning they can consolidate multiple different program applications into just one. States can also [align](#) renewal dates for different programs to increase the likelihood that eligible individuals will re-enroll, like New Mexico [did](#) for Medicaid and SNAP renewals. Another complementary strategy is the “[no wrong door](#)” policy, in which administrators connect people applying for one program with any other benefits that they are eligible to receive.

A major obstacle to making applications more user-centric is the outdated IT systems states use to manage these programs. The public sector has [lagged](#) behind the private sector in adopting new technologies, and many agencies continue to rely on paper applications and outdated IT [infrastructure](#). These outdated systems make it [harder](#) to share data between agencies that could streamline and improve applications. For example, prior to launching a comprehensive modernization [effort](#) in 2011, the state of Oklahoma had 30 separate data centers, 76 financial systems, and 129 email support servers. This contributed to significant operational inefficiencies and excessive maintenance costs.

### **Modernizing benefit systems can also significantly reduce costs for both applicants and administrators—benefitting the broader economy**

Modernizing benefit systems can result in significant cost savings by increasing the productivity of administrators and applicants. It is estimated that as much as 30% of the average work day among surveyed [federal](#) and [state](#) employees is spent on easily-automated tasks such as checking paperwork. In 2017, Americans collectively spent [11.5 billion](#) hours on paperwork from federal agencies alone. A lack of data sharing also often results in inefficiencies, as agencies invest time and resources in gathering applicant data already collected by other agencies. By one estimate, “[outdated](#) and manual processes” cost U.S. government agencies \$38.7 billion a year. Potential administrative cost savings may explain why even states like [Florida](#), which rejected Medicaid expansion, have embraced aspects of benefit modernization such as integrated applications.

Improving the resilience, efficiency, and reach of benefit programs means that they are better able to help people and support the broader economy in times of crisis. Getting people benefits in a [timely](#) manner during recessions can make it easier for them to find a new job and stay above the poverty line, while also [supporting](#) the broader economy. For example, SNAP has been found to generate [\\$1.54](#) in economic activity for every \$1 spent during a downturn. During the pandemic, expanded unemployment benefits helped [boost](#) the economy by preserving workers’ spending power, though outdated systems in many states caused needless delays.

### **In recent years, federal and state efforts to modernize benefit applications have gained momentum, and improved participation in benefit programs**

The Biden administration has taken several actions to reduce administrative burdens in government programs. In December of 2021, President Biden [issued](#) an executive order aimed at transforming the federal customer experience and service delivery across 17 federal agencies. The administration has since released related [guidance](#) and [strategies](#) to help achieve these goals. The Office of Information and Regulatory Affairs (OIRA) has also been [working](#) with federal agencies to both identify and eliminate barriers that keep the public from accessing benefits and services.

Federal efforts to incentivize states to [modernize](#) or [streamline](#) benefits systems gained additional momentum during the pandemic, when Congress made substantial [investments](#) in modernizing state benefit systems through the American Rescue Plan Act (ARPA). In June of 2022, OMB and GSA [announced](#) that \$100 million in ARPA funding to the Technology

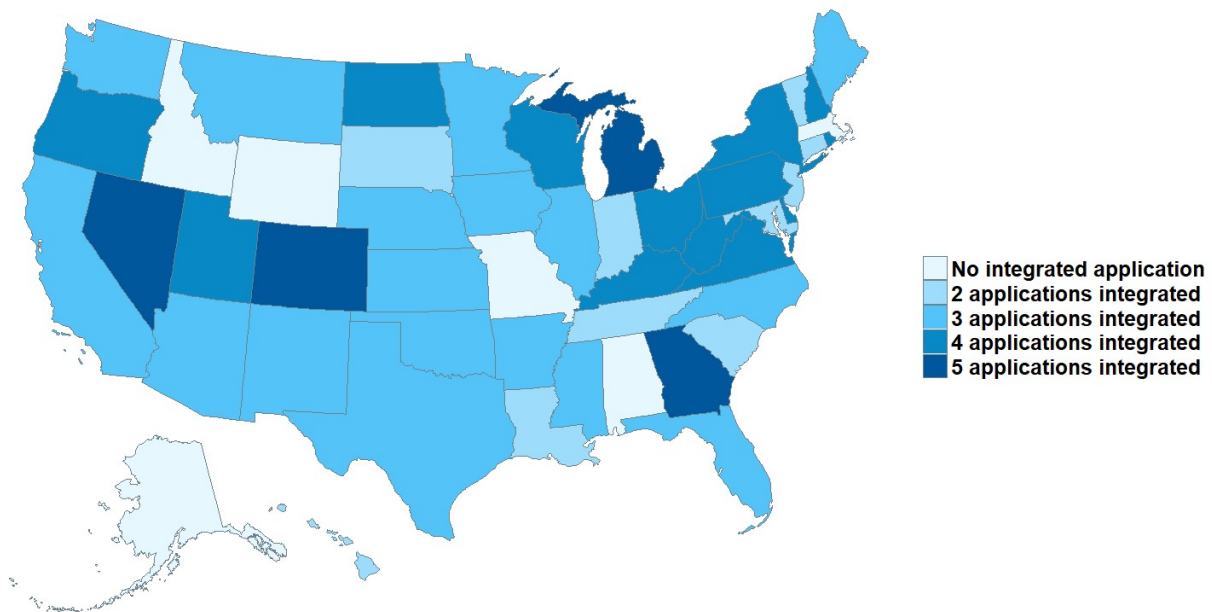
Modernization Fund would be designated to help streamline and improve digital services to deliver a better customer experience to the American people. Unfortunately, half of the ARPA funding allocated to the Department of Labor (DOL) for state unemployment system modernization was [clawed](#) back by the Republican-led Fiscal Responsibility Act of 2023.

In May of 2023, DOL [announced](#) \$653 million in grant funding using the remaining funds. Numerous states have already begun to [invest](#) ARPA funds in benefit modernization projects. Michigan, for example, is using additional SNAP funding to increase the availability of caseworker assistance, decrease SNAP process times, and replace its document submission system to allow for greater automation.

These investments complement ongoing efforts by several states to improve applications in partnership with federal agencies and organizations like Code for America (CFA). CFA recently [surveyed](#) states' applications for 5 federal programs eligible for integrated applications, and found that 34 states now allow applicants to apply to 3 or more of the selected programs via a single application.

### More and more states are integrating benefit applications, but large gaps remain

Number of benefit applications integrated into one application, by state.



Source: Code for America, 2023.

Note: Index values were based on a survey of state applications for five benefit federal programs: (WIC, TANF, Medicaid, CCAP, and SNAP)

These efforts have helped states achieve [significant](#) reductions in the time spent by applicants. New Mexico recently [worked](#) with federal partners to allow those applying for Women, Infants, and Children (WIC) nutrition benefits to also be deemed eligible for SNAP, Temporary Assistance for Needy Families (TANF), and Medicaid benefits, and vice versa. This change contributed to an [18%](#) increase in WIC cases between May 2022 and December 2023. These sorts of modernizations also likely played a significant role in the recent nationwide [increase](#) in SNAP participation, which increased from [54%](#) of those eligible in 2002 to [82%](#) in 2019.

**Despite progress, much more remains to be done to improve benefit systems**

Recent investments in modernization by Congress and the Biden administration are already helping states to reduce administrative burdens and improve benefit programs, but more remains to be done to build on this progress. Most states are still not taking full advantage of existing [opportunities](#) to integrate federal benefit applications and streamline enrollment.

Fourteen Republican-led states recently [declined](#) to participate in the Department of Agriculture's (USDA) new summer meals program for schoolchildren. This is despite the fact that several of those same states are among those with the [highest](#) levels of food insecurity. In some states, the share of eligible households receiving federal assistance has also declined over time. In 1996, Tennessee's TANF program served [67](#) of every 100 poor families with children. In 2019, it served only 18 of every 100, while the state presided over more than \$700 million in unspent funds. A 2022 [report](#) by CBPP linked this decline in utilization to policies adopted by Tennessee and other states that reduced the usefulness and accessibility of the program—including asset and income tests, reduced payments, time limits, and work requirements.

It is important to note that digital tools can also create additional burdens and potentially worsen outcomes within governments that are not committed to improving program accessibility. For example, when the state of Indiana outsourced welfare applications to IBM in 2007, enrollments in SNAP, TANF, and Medicaid all fell significantly. Researchers largely [attributed](#) this decline to burdens introduced by the company's automation of casework assistance and application processing. Another [study](#) found that states that modernized their unemployment insurance systems actually denied more benefits—because they simultaneously implemented stricter work search verification requirements.

### **Funding alone is not enough—states need to update their approach to software development**

Governments have long relied on a top-down "[waterfall](#)" software development model, characterized by significant upfront planning and large one-off investments. However, experts have emphasized the need for governments to [update](#) their approach to incorporate best practices from the private sector—such as considerable user research, iteration, and adaptation after the initial launch of a new application. Adopting these practices can reduce the risk of costly failures and ensure applications center user needs. Colorado's Digital [Service](#), launched in 2019, works across state agencies to help them implement these practices and is one example of how states can institutionalize their commitment to continuous modernization.

Increasing in-house technology expertise within state governments is also critical to the success of benefit modernization. Staff with expertise in software development can play a [vital](#) role in directing projects and supervising these vendors to ensure that projects are viable, cost-effective, and meet their goals. In-house expertise can also reduce states' reliance on vendors for operations, further reducing costs and time spent on procurement processes.