



**WRITTEN TESTIMONY FOR THE RECORD**

**FOR THE HEARING "REFORMING TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF): MISUSE OF WELFARE FUNDS LEAVES POOR FAMILIES BEHIND."**

**THE COMMITTEE ON WAYS & MEANS**

**SEPTEMBER 24, 2024**

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Chairman Smith, Ranking Member Neal, members of the committee.

Thank you for the opportunity to provide testimony and give my perspective on Mississippi's recent administration of its Temporary Assistance for Needy Families (TANF) program.

Let me begin by acknowledging that my remarks are informed by the many Mississippi advocates who have dedicated their careers to advancing the economic, educational and health standings of low-income communities.

With my statement, I hope to relay three points to the committee.

**First:** The State of Mississippi took advantage of the lax federal guidelines governing TANF to deprive thousands of low-income families the assistance they needed. The absence of real oversight allowed Mississippi to divert millions of dollars to disreputable nonprofits with vague objectives.

**Second:** Little has changed since 2020 despite arrests of multiple individuals, including the director of the state agency that administers the TANF block grant, for defrauding the state and mispending \$94 million in welfare funds. Even in the face of obscene levels of fraud, the Mississippi Legislature has failed to take any action address these failures. In fact, to date, no legislative committee has held a hearing on the scandal or the TANF program, in general. As a result, there are still very few families receiving assistance and little publicly accessible information on the third parties receiving TANF grants.

**Third:** The Mississippi families that need assistance, and there is plenty of need in our state, are left to look this committee and Congress to reform the system. Whatever, those reforms may be, be sure that Mississippi is not an example of what works. Mississippi is case in point for the need for policies that verify that families in need are being assisted. Congress must make sure that states use TANF dollars to ensure people have the cash to purchase essential needs; that parents can obtain quality childcare; and families have access to transportation that allows people to reach work. States should not be allowed to manipulate statutory ambiguities to divert funds to unrelated pet projects, instead, they must be required to adhere to the spirit of the TANF program.

Returning to the issue of accountability. From 2016 through the summer of 2020, I served in the Mississippi House of Representatives. Early in my first term, I had conversations with several policy experts concerned with state's administration of TANF. Organizations like the Mississippi Low-Income Childcare Initiative, Children's Defense Fund, Mississippi Center for Justice, Mississippi Black Women's Roundtable, One Voice and the Southern Poverty Law Center have a long history of advocating on behalf of Mississippi's low-income families.

These organizations and their staff were rightly concerned about the dramatic decrease in the number of Mississippi families receiving TANF benefits. In addition, there was very little public information coming from the Mississippi Department of Human Services (MDHS), the state agency charged with administering TANF and other federally funded public assistance programs.

Despite being a member of the Mississippi Legislature, I quickly learned that I couldn't receive information related to the state's TANF spending.

The info that we could gather came from the agency's thin reporting to the U.S. Department of Health and Human Services (HHS).

Looking back at the period between 2012 and 2021, there a few things that we did know.

- 1 MDHS rejected nearly every application for TANF cash assistance. In 2012, the first year of former Governor Phil Bryant's administration, the state's TANF approval rate dropped from 35% to 2.8%. In 2015, only 190 adult applications for cash assistance were approved. Mississippi's TANF cash assistance caseload reached its lowest point during the COVID-19 Pandemic, with 140 adults served in April 2021<sup>1</sup>.
- 2 The MDHS refused to spend welfare funds, even as the state suffered through high unemployment during the Great Recession. While states are allowed to carry over

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<sup>1</sup> [Temporary Assistance for Needy Families \(TANF\) Caseload Data - Fiscal Year \(FY\) 2021](#)

funds, Mississippi declined, yearly, to spend between 30 and 40 percent of its TANF grant<sup>2</sup>.

- 3 Instead of assisting families in need, MDHS used its discretion to divert millions of dollars to third party entities and families living well beyond the poverty level. MDHS spent up to \$18 million on scholarships for post-secondary education, available to people with incomes up to 350 percent of the federal poverty level. The agency used the bulk of its TANF dollars to fund nonprofit organizations run by Nancy New and her initiative, Families First for Mississippi. The state directed some \$53 million to New's organizations.

In May of 2019, I wrote a letter received by the Department of Health Human Services that stated "Neither MDHS or Families First has provided the public with the program's budget priorities or deliverables and outcomes under this award." HHS responded that MDHS' TANF expenditures were allowable and further scrutiny was unnecessary.

New was indicted 2020 and has pleaded guilty to fraud and embezzlement charges for misspending welfare funds.

Of course, in 2020, we would start to learn more on what exactly Mississippi spent its welfare dollars. The list is long, embarrassing and quite upsetting. Nancy New and family spent millions on cars and real estate. Over \$2 million went to a professional wrestler, aptly nicknamed "the Million Dollar Man." \$9,500 a month was spent paying the mortgage on horse ranch owned by a former professional football player. We love our football in Mississippi so much, over \$1 million in welfare funds went to another retired professional football player to compensate him for appearance fees, promotions and autographing for marketing materials.

So, what has changed? Or more accurately, what has not changed.

Five years later, the Legislature has not passed a single piece of legislation that reforms TANF or changes how MDHS administers welfare programs. In fact, there have been ZERO legislative hearings on the TANF scandal.

As a result, Mississippi's TANF cash assistance application approval rate was 7.1% and its denial rate was 92.8% in 2021. This low rate of TANF cash assistance approval supports the historically low number of individuals receiving direct cash assistance.

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<sup>2</sup> [Mississippi's Temporary Assistance for Needy Families \(TANF\) Program at 25: After a Scandal and the Failure of TANF as a Safety Net Before and During the Pandemic, Major Reforms are Needed to Turn the Tide](#)

TANF reaches an almost negligible number of Mississippi families below poverty and only 0.06% of impoverished adults.

Based on the latest reporting, Mississippi is sitting on \$145 million in unallocated TANF funds<sup>3</sup>. These are dollars could help families meet their basic needs. Offset the rising costs of groceries. Provide transportation services for low-income workers living in rural Mississippi.

Instead, Mississippi continues to spend little on direct cash assistance while continuing to provide TANF dollars to unaccountable third parties. MDHS is sending \$35 million a year to subgrantees. These organizations are tasked with providing workforce training, after school programs and mentorship. But the current MDHS Director Bob Anderson has publicly state that his agency does not track the outcomes of these funded programs. When a legislator asked Mr. Anderson for performance data for TANF subgrantees, he stated, “You’re asking me for information that doesn’t exist.”<sup>4</sup>

Many expected, or better said, hoped lawmakers would fully respond to such an embarrassing scandal. Many were disappointed.

Instead of probing the state’s largest ever public embezzlement case, the Mississippi Legislature chose to sustain and expand policies that made it harder for low-income families to access TANF.

Less than a month after the arrests of Davis and New, the Legislature did take action to address supposed TANF fraud. It passed a bill allowing the state to audit the tax returns of the low-income families, lucky enough to obtain welfare benefits.

Despite clear evidence that fraudsters were taking advantage of poor oversight and lax rules to siphon \$94 million in TANF funds, the Mississippi legislature chose to further scrutinize low-income individuals who could receive, at most, \$170 a month.

When it comes to public assistance, Mississippi has chosen to criminalize poverty even when there is clear evidence that families in need are not getting the help they deserve. In 2017, the Mississippi legislature adopted legislation, titled the HOPE Act, requiring additional personal and income verifications for SNAP or TANF beneficiaries. These verifications are in addition to existing state efforts to check eligibility and contracted out to third-party vendors.

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<sup>3</sup> [FY 2022 Federal TANF & State MOE Financial Data | Table of Contents](#)

<sup>4</sup> [‘Downright sinful’: As Mississippi is mired in welfare scandal, advocates say the state still isn’t aiding the poor](#)

For multiple years, Bob Anderson, Republican appointed director of MDHS, has asked the legislature to repeal the HOPE Act. Anderson has said that MDHS is being required to create fraud and abuse systems “that we will never use” because they are redundant or not needed<sup>5</sup>. “It’s costing the state,” Anderson said. Despite his requests, the legislature has not repealed the HOPE Act and continues wasting taxpayer dollars.

Despite Mississippi having a record amount in its rainy-day fund, lawmakers have chosen to use TANF funds to cover the costs of litigation related to scandal. Again, despite having billions in surplus funds, the Legislature used TANF funds to comply with a federal court order that reprimanded the state for failing to protect children in foster care.

Following lengthy litigation, Mississippi agreed to allocate millions to hire more social workers and staff to protect children in state custody from abuse or neglect. After initially failing to appropriate the funds required under the settlement, the state looked to TANF. In recent years, MDHS has annually transferred \$30 million in TANF funds to the Department of Child Protective Services to comply with a court ordered settlement.

Instead of an appropriation of state dollars, MDHS has billed TANF for over \$2 million to pay outside attorneys to recover misspent TANF funds. Through litigation, MDHS is attempting to claw back millions in alleged misspent welfare funds from former MDHS Director John Davis, nonprofit operator Nancy New, former NFL quarterback Brett Favre and others<sup>6</sup>.

We cannot lose sight of the fact that the government of the most impoverished state in the nation, confronted with an obscene level of embezzlement and abuse within its welfare system, has chosen to look the other way.

Mr. Chairman, I applaud you and your committee’s commitment to ensuring TANF helps the people that need it. As you all work on this issue, please remember that many of these former and current spending decisions, made by Mississippi, are allowed because of TANF’s federal guidelines. That must change.

I urge the committee to pass legislation creating a TANF ombudsman program with a watchdog that has teeth. Yes, this would protect taxpayers from fraud and monitor states for misspending. But it would also be a tool to gather real data on what works and what doesn’t work.

Congressman Danny Davis and others on this committee have proposed legislation to penalize states that misspend TANF funds and require those states to allocate more

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<sup>5</sup> [12,000 poor Mississippi kids slated to lose child care, welfare chief warns lawmakers](#)

<sup>6</sup> [Mississippi Is Paying Lawyers TANF Funds to Recover Misspent TANF Funds](#)

funding towards cash assistance for needy families. This legislation would have forced Mississippi, in response to the embezzlement scandal, to make real changes to its TANF program.

Congress must not follow Mississippi's path by prescribing redundant verification systems and punitive measures that only harm families in need and enrich third-party contractors.

The vast majority of Mississippians who lose TANF benefits lose them due to these administrative barriers. Reasons other than employment and earnings account for 69.2% of closed TANF cases in Mississippi.<sup>7</sup> Individuals and families aren't moving off welfare because they are moving out of poverty or because they have exhausted their eligibility. They lose assistance because the state overly scrutinizes poor families while having no quality standards for third party grantees receiving millions.

There should not be any point in time when a state, so soaked in poverty, can have a TANF caseload of just 140 adults.

I also urge Congress to advance legislations to ensure TANF dollars actually reach low-income individuals and families. It is not enough to require a state to spend its grant dollars. Remember, Mississippi found creative but repugnant ways to spend millions.

In doing so, Congress must stop states from exploiting TANF's broad reporting requirements. For instance, in 2020, Mississippi reported spending \$22.7 million on "work, education, and training services." Sounds good until you look under the hood. Over \$18 million of that sum was spent on a scholarship program, available to people with incomes up to 350 percent of the federal poverty level<sup>8</sup>.

I believe it would be worthwhile for Mississippi to expand the aid programs to help more Mississippians attend college. But how is it so difficult for desperately needy families to get TANF assistance while MDHS can effectively use its welfare dollars to assist upper-middle class families?

While innovation is needed, there are policies proven to advance employment and assist low-income families. We know parents can work and earn more when they can access reliable transportation and afford quality childcare.

Congress must push states to address childcare deserts and ensure states move available childcare dollars directly to providers and families. That includes reforming TANF and the

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<sup>7</sup> [Mississippi's Temporary Assistance for Needy Families \(TANF\) Program at 25: After a Scandal and the Failure of TANF as a Safety Net Before and During the Pandemic, Major Reforms are Needed to Turn the Tide](#)

<sup>8</sup> [Mississippi's Temporary Assistance for Needy Families \(TANF\) Program at 25: After a Scandal and the Failure of TANF as a Safety Net Before and During the Pandemic, Major Reforms are Needed to Turn the Tide](#)

Childcare Development Block Grant to ensure states are maximizing their block grant dollars to make quality childcare accessible and affordable.

Congress must guarantee that individuals and families have the cash resources to survive. The 2021 expanded Child Tax Credit cut in half, the number of Mississippi's Black children living in poverty. The Child Tax Credit is evidence that direct assistance, absent Mississippi's paternalistic red tape, can effectively lift families out of poverty.

Last summer, Dr. Aisha Nyandoro, appeared before the Ways and Means, Work and Welfare subcommittee. Dr. Nyandoro is the CEO of Springboard to Opportunity, located in Jackson, Mississippi. Her organization administers the Magnolia Mother's Trust, a program that provides \$1,000 monthly to moms in poverty for one year, without restrictions. Under the program, these moms receive one on one support from trained staff.

The monthly assistance helps families afford groceries, childcare and other necessities. It gives these moms the space to breath and plan for their future. Magnolia Mother's Trust is a supportive cash assistance program as opposed to the punitive program employed by MDHS. This committee should work further with Dr. Nyandoro and view her organization's program as a model for reforming TANF.

Mr. Chairman, I hope when the committee considers legislation to reform TANF, members ask one question. Would this policy change or prevent what has and what continues to happen in Mississippi?

Again, thank you for this opportunity, and I look forward to answering any questions you may have.