

DISCUSSION PAPER

Using OBBBA requirements to advance an integrated, data-driven safety net

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Ginger Zielinskie
Senior Policy Fellow
Tobin Center for Economic Policy

Kathy Stack
Senior Policy Fellow
Tobin Center for Economic Policy

Introduction

The One Big Beautiful Bill Act (OBBBA) created complex new eligibility, verification, and accountability requirements across Medicaid and SNAP, with clear spillover into workforce and education programs that serve many of the same people. States will need real investments in technology modernization, process redesign, and data integration to administer these changes at scale.

The timeline to implement changes is tight—but the disruption is also an opportunity. If states treat OBBBA implementation as a forcing function to strengthen statewide integrated data systems, they can meet compliance needs while also building a stronger, smarter, efficient, and effective safety net in other ways: reducing unnecessary paperwork, lowering administrative burden and costs, coordinating service delivery across programs, measuring and improving outcomes, improving program integrity, and reducing fraud and error.

At the center of the opportunity is a simple idea: Big policy changes are the moment to upgrade systems. Specifically, this is a chance to advance how states store, share, and integrate data across HHS, labor, and education—not just for reporting, but to reduce administrative costs by making eligibility and recertification more accurate, faster, and less burdensome. States can do all this while improving outcomes for clients by serving people comprehensively across work, training, education and income support programs. To generate efficiencies and real improvements across programs and leverage new and emerging technologies like artificial intelligence, state agencies have an opportunity to lean forward and build systems that collect data once and then use it many times to increase program integrity and better serve beneficiaries.

Big changes are an opportunity: Modernize cross-agency data so the safety net functions as a system

When eligibility and verification requirements shift, states often respond with program-by-program patches: a new form, a new manual review step, a new vendor contract, or a new queue for caseworkers. That approach might keep the lights on, but it can also increase churn, increase administrative costs, and make the client experience worse. OBBBA implementation creates an incentive for state agency leaders to do something better: work together across health and human services, labor, and education to build shared data capabilities so clients don't have to re-prove the same facts multiple times, staff can verify eligibility using reliable information already available, and leaders can manage outcomes across programs, not just within one.

Incentives for health and human services agencies (Medicaid and SNAP) to integrate and modernize data systems

For health and human services agencies (HHS) agencies, the operational lift of OBBBA implementation will be substantial because new requirements turn eligibility and redetermination into a repeated verification cycle—exactly the type of work that becomes expensive and error-prone when it's handled manually. New steep penalties for SNAP error rates also demand efficient solutions to bring down SNAP error rates and improve payment accuracy without harming eligible clients through unnecessary denials. Many of the facts needed to administer Medicaid and SNAP—work status, wage information, training participation, and education enrollment—live outside HHS systems, so integrated data-sharing is what makes “verifying” feasible without creating a documentation treadmill or paying exorbitant fees to external vendors¹.

The goal is straightforward: Make verification feel as invisible as possible by using reliable information the state already has, so eligibility teams can spend less time chasing paper and more time resolving cases accurately and quickly.

Advancing Integrated Data Systems will allow HHS agencies to:

- Improve program integrity, effectively stewarding American taxpayer dollars
- Maximize exemptions for Medicaid and SNAP work requirements by verifying individual or household characteristics
- Verify earnings and hours worked

¹ <https://www.nytimes.com/2025/11/03/health/medicaid-cuts-equifax-data.html>

- Verify enrollment in workforce training and/or education programs²
- Unlock key insights to inform more efficient and effective policy
- Build the foundation needed to use AI and other emerging technologies

Incentives for labor/workforce agencies

Labor and workforce agencies hold some of the most valuable inputs for benefits verification as well as program outcome data. These include employer-reported wage data, participation in workforce programs, and training engagement that can document qualifying activity and household income growth. Under OBBBA, states should treat these connections as operational infrastructure, not an analytics nice-to-have. When labor and HHS systems work together, states can reduce duplicative income checks, verify qualifying activity with less friction, improve continuity of support for people moving between benefits and work and better measure the efficacy of education and training programs to increase household wages.

That said, this data must be timely. Labor and workforce leaders must advocate for timely and accurate information from employers, as well as workforce training programs. There are incentives for employers to provide this information since we know that having healthcare has a positive effect on work,³ as well as incentives for workforce programs to have better insights on program efficacy and impact on household outcomes. Many employers, especially large employers and payroll processors, already submit data on a timely basis to vendors, who then re-sells it to state agencies. States should consider legislative and administrative actions that direct timely payroll processing data to the state in order to effectively administer safety net programs, reduce waste, fraud, and abuse and reduce administrative costs.

Incentives for education and training agencies and programs

Education data can and should be part of the safety net's verification and outcomes engine. While historically education and training providers are often adjacent to the safety net, OBBBA implementation elevates their role because reporting education hours will be necessary to determine Medicaid and SNAP eligibility. States will need reliable ways to confirm qualifying education enrollment and training participation without shifting burden onto students. Further, new Workforce/Pell rules outlined in OBBBA require education agencies to rely on integrated data to uncover what short-term training programs produce

² <https://digitalgovernmenthub.org/library/work-requirements-data-sources/>

³ <https://www.kff.org/medicaid/the-relationship-between-work-and-health-findings-from-a-literature-review/#:~:text=subsequent%20mental%20health,-,7,17>

workers for “high-skill, high-wage, or in demand industry sectors and occupations.”⁴ To do that, states will need to tap wage records to measure employment outcomes for education and training programs that claim they meet these requirements.

In the near term, states will need to build practical verification pathways that can be accessed during eligibility and recertification for Medicaid and SNAP and connections to labor for Workforce/Pell. Integrating education and training data with HHS and workforce data helps states measure what works—what reduces churn, supports persistence, and leads to completion and employment—so investments can be aligned to real outcomes. The bottom line is that education data isn’t just reporting; it’s part of how states verify eligibility and improve results across the full pathway to financial stability and economic mobility.

Integrated data success stories

Allegheny County

Allegheny County has been working to build and advance one of the most comprehensive integrated data systems in the country. Creative financing strategies that initially leveraged philanthropic dollars, strong sustained leadership, political buy-in and a disciplined focus on serving constituents holistically has led to a data warehouse that successfully integrates data across human services, health, education, justice, housing and more. The foundational data system has allowed the county to create advanced tools, resources, and supports to better serve people and families. Client-facing portals, predictive analytics, and better outcome tracking for families across programs are just a few of the data-driven features that the integrated data system supports.⁵ Allegheny County’s integrated data system supports OBBBA implementation by enabling targeted text outreach to individuals who appear eligible for exemptions or are at risk of non-compliance with work requirements, and by securely sharing verified information (such as homelessness) with the state to reduce administrative churn and prevent eligible residents from losing coverage.

Arkansas

Arkansas has built a strong foundation for implementing new federal requirements under OBBBA through sustained leadership and statutory authority supporting its Arkansas Statewide Longitudinal Data System (AR SLDS) and Arkansas Data Hub.

⁴ SEC. 83002. Workforce Pell Grants.

⁵ <https://analytics.alleghenycounty.us/wp-content/uploads/2024/02/24-ACDHS-03-Datawarehouse.pdf>

These systems securely connect workforce, education, corrections, and health and human services data, enabling information to be collected once and used across programs. Through its statewide talent marketplace platform, LAUNCH, the state can verify participation, coordinate services, and support cross-program referrals.

By integrating administrative and payroll data—including participation in the Jobs and Employment Data Exchange (JEDx)—Arkansas is expanding its ability to automate verification processes and reduce documentation burden on residents. Formal governance structures, standardized data-sharing agreements, and partnerships with the state’s Health Information Exchange (SHARE) ensure privacy protections and trusted collaboration. Because integrated data functions as shared program infrastructure, Arkansas is well positioned to implement OBBBA requirements efficiently while advancing a more coordinated, “no wrong door” service delivery model.

How to fund this work: Treat integration as program infrastructure, not a one-time new policy implementation cost

A predictable question is: How do states pay for cross-agency data integration? The answer is rarely a single pot of money. It’s usually a financing strategy that aligns program operational needs (eligibility, verification, recertification), systems modernization roadmaps, and shared value across agencies. The “The Field Guide for Financing Public-Sector Integrated Data Systems and Evaluation,”⁶ produced by the National Academy of Public Administration, is a strong reference point for building a sustainable approach—especially for work that spans agencies, has shared benefits, and needs ongoing governance and maintenance (not just a build-and-walk-away project). State leaders should understand that OBBBA implementation requires new workflows, and the smartest investments are the ones that reduce duplicative work across programs year after year.

Multiple efforts are also afoot to use federal money to build better data systems in federal Education, Labor, HHS and USDA agencies that make grants to states. By combining resources from multiple federal sources, states can build an effective and efficient data ecosystem to support a more holistic, comprehensive effort that serves people better, drives efficiencies, protects people’s privacy, and improves outcomes.

What comes next: move from “agency data” to the full state data ecosystem

⁶ <https://napawash.org/field-guide-for-integrated-data-systems>

Finally, state leaders and their partners should widen the lens beyond agency boundaries. The work ahead is not just “integrate HHS data,” but modernize how information moves across the state’s data ecosystem—including local governments, trusted intermediaries and close partners like HIEs, and Community Information Exchanges (CIEs) where appropriate. For example, up-to-date health conditions or episodes will exempt people from Medicaid and SNAP work requirements, however the state will need to have a mechanism to ensure exemption and verification. How states can use HIEs to support, strengthen, and amplify their integrated data systems is an area worth further exploration and collaboration. Considering timing constraints, it may make most sense for Medicaid and SNAP administering agencies to prioritize collaboration and data integration with labor and workforce agencies.

What communities can do: A clear demonstration of how data sharing can deliver better service provision or unlock a critical connection can be extremely valuable in building the case for enhanced data sharing. Local community leaders, service providers, and advocates can come together and show the power of data sharing through specific use-cases that can be scaled across a state and in partnership with government agencies. In some cases, local successes can serve as catalysts to wider data sharing opportunities.

What state agencies can do: States have the opportunity to reach across agencies and develop approaches to cross-agency data sharing and solutions to build a more comprehensive, agile, integrated data system that can support a myriad of safety net program needs. Through better collaboration across agencies, cost-efficient funding strategies can be developed, data infrastructure can be built, and better cross-program supports can be delivered to state residents that need them.

What the federal government can do: There are over 80 federal safety net programs across health, human services, education, and workforce support programs. The federal government has an opportunity to incentivize streamlining eligibility, cross-program data sharing and building a more holistic safety net delivery system. Further guidance on cost-allocation models, cross-agency waivers, and how states can simplify eligibility rules and aligned reporting across programs will help states build a comprehensive and person-centered safety net that can generate efficiencies and serve people better.

Protecting privacy

The growing ability to link and analyze individual-level data across agencies increases both

capability and responsibility. As integration expands, so must the safeguards that govern it. Clear statutory authority, well-defined use limitations, formal data-sharing agreements, encryption at rest and in transit, role-based access controls, audit logs, retention limits, and independent oversight are critical to preventing misuse. Transparency about what data is collected, how it is used, and for what purpose is equally essential to ensuring accountability and maintaining public confidence. Privacy should function as a core design constraint—not an afterthought—embedded directly into data architecture through minimization, purpose limitation, and built-in accountability. When privacy is engineered into systems from the outset, integration can enhance effectiveness while protecting civil liberties and maintaining public trust.

Conclusion

Enhancing integrated data systems is how states go from meeting the moment to building the future: not just compliance, but a more data-driven and connected safety net that serves people across programs with greater continuity, dignity, and effectiveness. When privacy protections are embedded by design and data is used responsibly, integration becomes the foundation for evidence-based policymaking, more efficient service delivery, and smarter allocation of public resources. Done right, it enables government to deliver better outcomes while strengthening trust and safeguarding individual rights.