



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Remarks of Senator Chuck Grassley of Iowa
Chairman, Senate Committee on Finance
Markup of PRIDE
Wednesday, March 9, 2005

We are here today to mark up the Personal Responsibility and Individual Development for Everyone – or PRIDE – bill. This is the reauthorization of the 1996 welfare reform bill.

I'm very pleased that this is a proposal that is supported by myself and my colleague, Senator Max Baucus. During the 107th Congress when Senator Baucus was chairman, I was unable to support his WORK bill. During the 108th Congress, when I was chairman, Senator Baucus was unable to support the first version of the PRIDE bill. I believe that the inability of Senator Baucus and I to come to an agreement on these policies over the span of these two congresses is the reason why we have not been able to enact a meaningful welfare reform reauthorization.

I have often said that nothing happens in the Senate unless it is bipartisan. This is particularly true of the Senate Finance Committee. The Senate Finance Committee has a long history of bipartisanship. Senator Baucus and I have a long history of working together on a number of important issues. As I remarked during the mark up of the PRIDE bill during the 108th Congress, there were more similarities than differences between Senator Baucus' bill and my bill.

I'm very pleased that we were able to work through the small number of outstanding differences and come to an agreement that we both can support. Senator Baucus and his able staff have worked hard and in good faith with me and my staff in crafting this proposal. We have both compromised to get to this agreement. I've compromised on extending the types of activities that can count towards the work requirement. Senator Baucus has compromised on the issue of federal funding for healthy marriage promotion activities. But that is how we get things done in the Senate Finance Committee. We compromise and move the process forward.

And it is important that we move forward on the issue of welfare reform. For too many years, states have operated their welfare programs under a cloud of uncertainty. Child care funding has remained static. Because of the way the case load reduction credit has functioned most states have no effective work participation requirement. It's important that we give states some clear direction, that we improve state flexibility, and that we strengthen work and promote healthy families. I believe that the legislation we will mark up today represents many improvements over current law.

One set of improvements includes an increase in mandatory child care funding, additional

funding for Title XX, the Social Services Block Grant, and mandatory funding for fatherhood programs. I want to commend Senator Santorum for his continued leadership on the issue of welfare reform and for his support of a \$1 billion/5 increase in mandatory child care money, his support for increasing funding for SSBG and his support for funding for fatherhood programs. Getting to a bipartisan compromise on a mandatory child care increase has been a difficult hurdle for many years. This morning, I will place before the committee a modification to the chairman's mark that represents what I believe is a reasonable compromise on the level of child care funding.

This proposed compromise includes a total of \$6 billion for child care and it also includes the \$1 billion in additional funding for SSBG and mandatory funding for fatherhood programs. In addition, this additional spending the compromise adds to the chairman's mark is fully offset. Some will no doubt feel that the additional child care funding included in the modification to the chairman's mark is too high. I appreciate that position.

However, the Senate is on record as voting to increase child care spending a total of \$7 billion over five years with \$6 billion paid for by extending custom users fees. Last year, the amendment offered by Senators Snowe, Dodd and Hatch passed the Senate by a vote of 78 to 20. The majority of members on both the Republican and Democratic side voted for that amendment. For members who are concerned about the increased level of spending, I would say if we had waited until we considered this bill on the Senate floor, I think it is fairly certain that we would see amendments to increase this funding much higher than \$6 billion.

There are those members who do not think \$6 billion is enough. For those of us who have been working on this issue for more years than we care to remember, we recall that \$11.25 billion had been considered insufficient. For those members, I would urge you not to let the perfect be the enemy of the good. What we have in the proposed compromise is a real opportunity to substantially increase child care funding and members who care about this issue ought to take it.

I believe that the figure Senator Baucus and I have agreed to include in the modification of the chairman's mark represents a reasonable attempt to find common ground. Let me explain why. There has been no increase in federal child care funding since 2002. The original welfare bill provided for regularly mandatory increases in child care funding. Because we have been unable to reauthorize the 1996 welfare bill, child care funding has remained static at 2002 levels, yet child care costs have risen over time. CBO estimates that \$4.8 billion is needed over five years to maintain the current level of participation. I believe that it is reasonable to accommodate the rising costs of living and inflation. Just as we routinely get cost-of-living increases, so do child care providers.

Additionally, I believe that, while the legislation we will consider today makes significant improvements to the current work requirements, those improvements are not without cost. CBO estimates that the additional child care costs associated with states meeting the increased work requirements of the PRIDE bill total \$924 million over 5 years. Therefore, in order to provide for the increased costs to cover inflation as well as to pay for the child care costs of the new work requirement we would need to increase child care spending \$5.7 billion over 5 years.

The modification to manager's amendment includes a little more than that, but not much

more. Additionally we "pay for" this increase by closing some loopholes in the EITC program and other loop holes. As I have said, we are attempting to strike a balance between those who would prefer a much more substantial increase in child care and those would prefer no increase. It is always a challenge to stake out common ground, especially on such a tough issue, but I think we have come up with responsible and a reasonable compromise and I would urge colleagues on both sides of the aisle to support it.

I'd also like to recognize the work done by a number of key members of the Senate Finance Committee. Senator Santorum, Senator Hatch, Senator Rockefeller, Senator Snowe, Senator Lincoln and Senator Jeffords have all contributed to a number of important provisions in the legislation we are considering today. I appreciate their long history of bipartisan work on the important issues associated with welfare reform. We're also indebted to our former colleague Senator John Breaux whose leadership help produce the tri-partisan proposal in the 107th Congress, on which a number of key provisions in the PRIDE bill are based. I have additional remarks that I would like to be included in the committee record.

For the record —

The 1996 welfare reform bill ended the individual entitlement to assistance. This key reform has largely contributed to a significant and unexpected decline in the welfare rolls. The negative outcomes predicted by some have not materialized. A number of key indicators that relate to child poverty and employment have shown improvement.

However, there is more that we should be doing to help families living in deep and persistent poverty. The average welfare check for a family receiving cash assistance is \$350 a month. That averages out to eleven dollars a day. It has often been said that a society should be judged by how it treats its most in need. We are not doing these families, and the children in them, any favors by allowing them to continue living in the isolation and despair of deep and persistent poverty.

Many argue that the way to move families into self-sufficiency is to encourage additional work. The PRIDE bill recognizes that the success achieved by TANF and Work First programs are a result of a sustained emphasis on adult attachment to the workforce. The PRIDE bill would build on the success of the past by increasing work hours for individuals and work participation rates for states. However, the bill would provide for "partial credit" for hours below the 34-hour standard set in the mark. This approach recognizes that some recipients might not meet the full-time standard; for example, persons in unsubsidized employment might be employed part-time or part of the month. This approach also recognizes that states may expend significant resources moving an individual from zero hours of activity into 20 hours of activity. States should get credit towards their participation rate for that type of effort.

While some believe that work is the way to self-sufficiency, there are also those who believe that the best way to move families into self-sufficiency is through state flexibility in terms of what activities can count towards the participation rate. The PRIDE bill includes activities that maintain all the flexibility of current law and adds new flexibility in countable activities. The bill would allow states to engage recipients in short-term "barrier" removal activities for 3 months in a 24-month period. Many states have such programs and some have done these under "waivers." The bill would expand the list of activities that count after a

recipient has engaged in core work activities for 24 hours. It would encourage states to provide post-employment activities, particularly education or additional job search, for working recipients to enhance their job skills and training to advance and leave welfare. I believe the approach envisioned in the PRIDE bill is an appropriate compromise between these perspectives, one which favors work and one which favors increased flexibility.

There are two main reasons why families fall into poverty. One is a lack of work skills and the other is a result of a single parent having to raise a child alone.

I see healthy marriages as having important economic implications for children. The poverty rate for all children in married-couple families is 8.2 percent. By contrast, the poverty rate for all children in single-parent families is four times higher at 35.2 percent. I also see healthy marriages as having implications for child well-being. Research shows that children born or raised in single-parent families are more at risk for a wide range of social maladies, including poverty, welfare dependency, academic failure and crime. The chairman's mark would direct \$100 million a year for matching grants to states for programs to promote healthy marriages and \$100 million a year for research, demonstrations and technical assistance primarily associated with marriage.

Activities that could be supported by these funds include: education in high schools on relationship skills and budgeting; marriage skills and relationship skills programs which may include: parenting skills, financial management, conflict resolution and job and career advancement as well as divorce reduction programs that teach relationship skills. It is important to note that the the chairman's mark includes provisions which make it clear that participation in these programs is strictly voluntary and there must be coordination with domestic violence specialists.

I believe that the PRIDE bill promotes good policy both by emphasizing work and healthy families. I am hopeful that the Senate will move to pass the bill shortly. I believe that it will improve the move from dependence to self-sufficiency. I urge my colleagues to support the bipartisan PRIDE bill.