United States Senate Committee on Finance Public Hearing on: Welfare Reform: The Re-authorization of the Temporary Assistance to Needy Families (TANF) program

February 20, 2003

Good morning Mr. Chairman. Thank you for bringing this hearing to Iowa for discussion of this issue which is so critical to families with low-income.

I am Deb Bingaman, Administrator of the Division of Financial, Health and Work Supports in the Iowa Department of Human Services. I have worked in this field and in this department for 22 years, in various positions including as an eligibility worker. I also bring the unique perspective of having spent time as a child on welfare.

Discussion about the design of Iowa's welfare reform began in the 1980s. The changes were implemented through many federal waivers in 1993. Many, many individuals and organizations were involved, and continue to be involved in shaping and adjusting the effort over time. I would be remiss if I did not point out that Iowa's success is only due to the close partnership between the Iowa Department of Human Services, Iowa Workforce Development and the Iowa Department of Human Rights.

The original themes of the design have served us well and continue to focus us today.

Continuing Themes of Iowa's Welfare Reform:

- Family Stability – Removal of disincentives that caused families to separate to be eligible for assistance.
- Parental Responsibility and Decision-Making – Parents are responsible for their family, physically, financially and emotionally.
- Education and Training – Opportunities are available for those who need it and demonstrate capability and desire.
- Make Work Pay – Replaced financial disincentives with incentives. Previously $1 of assistance was lost for each $1 earned, currently $.40 cents is lost for every $1 earned.
- Expectations – Parents must make responsible decisions and act responsibly. Expectations are outlined in Family Investment Agreements along with supports the state will provide.
- Consequences – Those who do not pursue expectations or act responsibly are subject to consequences. For those on assistance, that is the loss of the family's cash assistance through the Limited Benefit Plan.
- Individualism – Recognizes that different families have different strengths and different needs. These unique strengths and needs are reflected in individuals Family Investment Agreements that identify what the family will do to prepare to leave FIP.
- Activities allowed are broader than those allowed for federal participation rate purposes and are needed by the family Those activities may include:
  - orientation,
  - up to 3 weeks of assessment,
  - paid employment,

- job search,
- job club,
- parenting skills (mandatory for minor parents),
- volunteer work,
- work experience,
- Life Skills,
- substance abuse treatment,
- caring for chronically ill children,
- cooperation with court or child welfare officials,
- Family Development and Self-Sufficiency (FaDSS),
- General Equivalency Diplomas (GED),
- English as a Second Language,
- Adult Basic Education,
- short term training or certificate programs,
- post-secondary education (when the educational degree is shown to have an appropriate job market in Iowa, allowed for 24 out of 36 months without concurrent work responsibilities, and the state does not support the freshman year of a four-year program).

- Self-Sufficiency – The ultimate goal for families is self-sufficiency, using state programs as a transition rather than programs of maintenance.

Although Iowa implemented welfare reform under waivers in 1993, the federal welfare reform legislation passed in 1996 caused very few changes to Iowa's policies. For the most part, the federal law allowed the flexibility the state needed to continue it's program.

Preventing Welfare Need

The federal changes provided the flexibility and funding to do more prevention so that 1) the children of today have a greater likelihood of being financially stable in adulthood and 2) families don't have to enter the quagmire of the "welfare system" to meet their immediate needs.

Examples of some of the Iowa initiatives include the investment into:

- Early childhood initiatives designed at the local level,
- Pregnancy prevention,
- Family planning,
- Individual Development Accounts,
- Emergency Assistance to prevent homelessness,
- Child Care,
- Initiatives to engage fathers in the lives of their children, physically and emotionally in addition to financially,
- Child Abuse prevention,
- Foster Care Treatment,
- Family Preservation services,
- Family Centered services,

- ♦ Replacing Social Services Block Grant funding so that community services for adults with mental illness, mental retardation, or other developmental disability could continue, and
- ♦ Locally designed diversion programs that meet the immediate needs of families so that the family doesn't need to enter the welfare system.

Diversion
Today I'll focus on the prevention strategy of diversion. The goal of diversion is to meet emergency needs so that the individual is able to obtain or maintain employment. Iowa has had several diversion initiatives. I'll discuss three of the programs.

Pre-FIP diversion has been available since 1998 on a optional basis. Local Department of Human Services offices chose whether to participate and within general parameters, design their program. One of the parameters is that families must agree to be ineligible for FIP for a period of time in exchange for the diversion assistance.

Transportation is the most frequent need met through this diversion program, followed by shelter expenses and then misc. items like tools of the trade, childcare, licenses, and uniforms.

Results:
- ♦ Since 2000, 1030 families have been diverted from FIP.
- ♦ 76% of the families receiving this service remained off FIP for at least 12 months.

Challenges:
- ♦ While the legislature has continued to appropriate TANF for this purpose, the number of diversion projects has decreased. This decline is due to the states' economy which has caused more families to be in need and provides fewer staff to serve them.
- ♦ To simplify policy and process in other programs and in diversion so that it is more feasible to administer.

Family Self-Sufficiency Grants (FSSG) have been available statewide since 1998. This is flexible funding provided to PROMISE JOBS that can be used to meet critical needs of FIP participants that are not otherwise allowed by the program. The need being met must allow the individual to obtain or maintain employment.

Transportation is the most frequent need met through this diversion program, followed by uniform costs, which include business attire, then shelter expenses.

Results:
- ♦ 52% of the families receiving this assistance left FIP within six months of receipt. Our goal was simply that they obtain or maintain employment!
- ♦ Since 2000, 10,595 families have left FIP after receiving this assistance.

Community Self-Sufficiency Grants (CSSG) were in existence for a couple of years but had to be eliminated for budget reasons. This funding was available to communities working in partnership to eliminate systemic barriers to work. Many of the projects addressed transportation issues, such as low-cost car repairs or car loan projects. Two projects were even more innovative.

The Beyond Welfare project out of Ames, worked to build solid relationships across cultural and class boundaries, linking the person on FIP to Family Partner volunteers, so that each family had a group of community members who volunteered to be their support group.

The other project is the Consumer Advisory Team, with local chapters in seven Iowa counties. Through this team individuals on FIP lean how to advocate for themselves and for others in poverty. The team and the local projects have been an invaluable resource to the department as we discuss policy changes or even changes to forms or brochures. Words cannot describe how much the quarterly Saturday meetings with these wonderful people means to both me and the department.

SUPPORT FOR FAMILIES WITH CHILDREN

Family Investment Program
The Family Investment Program, called FIP, provides assistance to families with children who meet income and resource limits.

In order to examine the program, its successes and challenges, we must keep in mind the people it is here for. So, what does a family on FIP look like? A typical family is Caucasian, a single mother in her mid-20's, who has 1 child under the age of five. While many families have a sudden life crisis that brings them to us for short-term help, others have significant and multiple barriers to financially supporting their family. Those barriers include mental health issues; substance abuse; significant chronic health issues; domestic violence; a lack of training, education or work experience; or a child with chronic health issues. For 23 months this family receives on average of $331 in cash assistance and $177 in food stamps to meet their expenses.

In January, 19,648 families received FIP cash assistance, with a total of $6,428,581 being issued.

I think of FIP as a three-legged stool. Each leg is essential to support the person sitting on the stool:

1. The first leg is the FIP cash assistance that provides a financial base so that the most basic needs of children can be met for:
    - families working toward self-sufficiency
    - caretaker relatives, mostly elderly
    - children whose parents are on SSI and unable to work

1. The second leg is PROMISE JOBS. PROMISE JOBS employment and training experts work with families to develop a plan for the future and provide the supports, skills, and training needed so the individual can be successful in employment.

2. The third leg is the Family Development and Self-Sufficiency Program (FaDSS). Family Development specialists through grantee organizations provide intense services to the most fragile FIP families preparing them for employment by offering them hope for the future and belief in themselves - perhaps for the first time.

Without each leg of the FIP stool, the "system" would not support the family's move to self-sufficiency. Child care may be the glue holding the chair together. Without quality, affordable childcare, the stool would fall apart and the family's efforts would fail.

5-Year Limit and Hardship Exemption

The federal 5-year limit has had a positive effect on the Iowa program in that it focused both the program participants and state agencies on helping families move to self-sufficiency as quickly as possible. We have been able to do that while maintaining the original "themes" of welfare reform.

Since January '02, 1,337 families have reached the 5 year limit and had FIP cancelled. To receive FIP beyond 5 years, individuals must ask for a hardship extension. To receive a hardship exemption families must have and verify a circumstance or situation that prevents their ability to be self-supporting, identify the specific barrier preventing them from leaving FIP and work diligently to overcome that barrier. 40% of those requesting an extension have received one.

<u>Extension reasons:</u>

- 56% personal health issue or disability
- 17% lacking employability
- 9% child with special needs
- the remainder were approved due to substance abuse, domestic violence, child care, and housing issues

<u>Denial Reasons:</u>

- 58% did not meet the hardship criteria
- 32% failed to provide information
- 6% withdrew, didn't need a hardship, or weren't eligible for FIP
- 4% failed to attend interview, didn't sign or return the FIP or hardship application

FIP Results:

- FIP families were making an average of $1.54 more per hour, or 24.5% more, when leaving FIP in SFY 2002 than those who left in state fiscal year 1996. (Hourly wages increased from $6.27 in SFY 1996, to $7.81 in SFY 2002.)
- Individuals who have post-secondary education earn more (up to 21% more at the time they leave FIP) and stay off of FIP longer than those who do not have that education.
- More and more families who leave welfare stay off of welfare. Of those who left welfare in 1997, 47.3% did not return in five years. That compares to 41.5% for those who left welfare in 1992.
- The length of time families use FIP has decreased by 31% from 1992 to 2002, a decrease of almost a year.
- More families stay off FIP longer now than in prior years.

- By federal standards of success, Iowa has met work participation rate requirements and was awarded High Performance Bonuses for FFY 1998 and for FFY 2000. The FFY 2000 award was the maximum per-capita award possible.

Challenges:
In spite of these promising results:

- Families face significant and multiple barriers to successful employment. Early identification of those barriers is elusive but critical.
- On average, people who leave welfare remain poor.
- Iowa has a high proportion of service jobs, which do not lend themselves to full time, highly paid employment with health care benefits.
- Iowa's focus has been on attachment to private sector work. Only as a last resort to meeting federal requirements would we consider running a costly and administratively intense make-work program.
- The average person leaving FIP works 32 hours per week at wages below poverty. At $8.33 an hour the annual salary is $13,754.
- As a rural state, there are unique issues relating to access to reliable transportation.
- As a rural state, the available jobs and child care may not be in the county in which you live, requiring long transit times involving multiple counties. This results in children being away from their parents for extended periods of time.

In closure Mr Chairman, The Personal Responsibility and Work Opportunity Reconciliation Act brought states needed flexibility to develop policies that fit the uniqueness of the state and the people who need the help. State policies resulted in thousands of people leaving the welfare rolls and having greater income than they had on welfare.

I would respectfully request, that any future legislation first consider the question frequently asked in Des Moines: Is it good for the children? Secondly, consider carefully the parents and children who will be affected – their strengths and their limitations. Third, policies must include the maximum possible flexibility so that each family's uniqueness can be respected. Fourth, requirements must not increase the administrative costs as that will drive funds away the families who need help. Lastly, adequate funding must be available to continue the work of prevention so that future generations won't need welfare, to address the needs of significant barriers families face and to provide quality, affordable child care.

Respectfully submitted,

Deb Bingaman
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