

**TEMPORARY ASSISTANCE FOR
NEEDY FAMILIES (TANF)**

HEARINGS

BEFORE THE

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ON

WELFARE REFORM: WHAT HAVE WE LEARNED?
REQUIRING AND SUPPORTING WORK
BUILDING STRONGER FAMILIES

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MARCH 12, APRIL 10, AND MAY 16, 2002
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WELFARE REFORM: WHAT HAVE WE LEARNED?

TUESDAY, MARCH 12, 2002

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:06 a.m., in room S-215, Dirksen Senate Office Building, Hon. Max Baucus (chairman of the committee) presiding.

Also present: Senators Grassley, Hatch, Snowe, Rockefeller, Breaux, and Lincoln.

OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM MONTANA, CHAIRMAN, COMMITTEE ON FINANCE

The CHAIRMAN. Good morning, and welcome to the first Finance Committee hearing of the year on TANF reauthorization.

Mr. Secretary, we welcome you, and thank you very much for coming to join us today.

Secretary THOMPSON. Thank you.

The CHAIRMAN. The 1996 Welfare Reform law was a landmark, a bold experiment to end a failed system and try something new. I strongly supported it then, and as we look back, I think it was the right thing to do.

This year, the TANF law expires and we need to reauthorize it. That is one of my priorities for the Finance Committee over the coming months.

I am looking forward to working with my good friend, Senator Grassley, and the rest of the members of the committee to develop bipartisan legislation.

I am also looking forward very much to working with Secretary Thompson and with the administration, and particularly you, Mr. Secretary, who are really the father of this wonderful change, the change that has by and large worked pretty well. We want to explore with you how we can continue to make it work.

There is no one in the administration who is a better representative to work on these issues than Secretary Thompson. The Secretary has a tremendous amount of experience and expertise in welfare policy.

As we start down the path toward reauthorization, I would like to share some of my own views on the TANF program and what we have learned.

Under welfare reform, millions of Americans left welfare for work, just as we intended. States have done a remarkable job and

I am glad we have a State administrator, Robin Arnold-Williams of Utah, here to testify to that.

We learned that States know something about how to get people into jobs. Child poverty is also down, despite the fears of the critics. However, it is not down by as much as the welfare rolls are.

We have learned that getting a job is not always the ticket out of poverty. That points to one issue I would like to focus on this year, namely making sure that parents who are working hard to make ends meet do not have to raise their children in poverty.

There are too many families who have left welfare to go to work that are just barely getting by, always at risk of falling back into welfare. A recent study in Montana found that, even though we have a great record of moving people into jobs, only 10 percent are economically self-sufficient. We need to do better. Welfare reform in 1996 was about requiring work; welfare reauthorization in 2002 should be about supporting work.

That could mean a lot of things. As we hear from our witnesses today, I hope to learn more about what has been important in getting us this far down the road. That will help us make sure we build on the success to date.

Here are a few things that make sense to me. First, increased funding for child care. Low-income parents who work must have the child care they need. If people work at night or on weekends, child care should be available so they do not have to leave kids at home alone. Child care must be of high quality.

No parent should have to spend their work day or work night worrying that their child may not be in good hands. The administration's proposal to increase weekly participation requirements by 33 percent without any new child care funding causes me to be concerned.

Second, extending and improving transitional Medicaid coverage for those who leave welfare to work. No one should lose their health care coverage just because they take a job. We need to make sure that signing up is easy.

Senator Breaux has a good bill on this already and I plan to work with him on it. While I appreciate that the administration included a 1-year extension of TMA in their budget, I believe it is simply not enough.

Third, let low-income working families keep more of their child support payments. I know both the administration and Senator Snowe have proposals there, and I look forward to talking to them more about it.

These payments can both help the family put food on the table and improve how a non-custodial father relates to his child. It is a win-win.

Fourth, I know there is a lot of talk about including marriage promotion as a part of welfare reauthorization. In my view, we should proceed with caution. Marriage is a wonderful institution. I, myself, am happily married. I recommend it. But it is also a personal decision. It is a private choice. We need to think carefully about government interference.

Finally, there is one aspect to the President's reauthorization proposal that does not make any sense to me, and I am hoping that the Secretary can clarify it.

The administration has proposed ending all current TANF waivers. Montana has designed a very good welfare-to-work program under our waiver. It has worked well for the State and we want to improve it, not end it.

I look forward to hearing more from the Secretary about why State flexibility is put in jeopardy under this proposal.

Before I close, I would like to add that I am very proud of our work here in the Finance Committee last year to make the expanded Child Tax Credit partially refundable. It will lift as many as 500,000 in low-income working families out of poverty.

That is the example of what we can achieve when we work together. Senator Grassley and I, along with the administration and the House, put that together. And, I might add, Senator Snowe was a great aid. It is representative of how I would like to see us proceed as we take up welfare reauthorization.

Thank you, Mr. Secretary. We appreciate your joining us here this morning. We look forward, as I mentioned, to working with you. I really mean that, and I know you know I mean that. I appreciate it, along with the Ranking Member of the committee, Senator Grassley, who I know I can speak for, who will say exactly the same thing.

We want to do this together. I appreciate, again, all that you have done. You have served our country so well, the State of Wisconsin so well, and we appreciate all of the years of service that you have given to the American people.

I would like, now, to turn to Senator Grassley.

OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S. SENATOR FROM IOWA

Senator GRASSLEY. Thank you, Mr. Chairman, particularly for holding this hearing during the month of March, getting a jumpstart on the time that it is going to take to get this legislation through as the present legislation expires this year.

Obviously, we are proud to have a person like Secretary Thompson in the driver's seat on this issue for the administration because he was very integral to the establishment of the existing legislation of 1996 because of his work as Governor and the trail that he blazed there for reform within what any Governor and State could do at that time under more restrictive Federal legislation.

Today's hearing on welfare reform marks the first hearing on a very important program, and the first that Congress has held since the enactment of the sweeping reforms nearly 6 years ago. Those reforms, as we know, ended a 60-year-old program and ended welfare as we knew it.

States have excelled in transforming welfare into work. Our expert witnesses will describe how States became laboratories of change and created modern and very dynamic State work programs. Today, no two programs look alike or act alike, except in their pursuit of four over-arching goals set forth in the 1996 legislation.

Teams of leaders around the country have discovered innovative approaches to creating jobs for low-income workers. As a result, quality of life for millions of American families has greatly improved.

Through programs facilitating work and job placement through these programs, millions of adults are now experiencing the dignity of holding a job. The personal gains are greater than the financial ones.

In my State of Iowa, most of my constituents who leave welfare do so because of increased earnings. But the advantages of work over welfare are very important to note.

Iowans leaving welfare say that work not only yields financial gains, but it has also helped improve self-esteem, independence, and a sense of responsibility. Some say that it even provides new opportunities to socialize.

What is more, Iowans who leave welfare report that they are better parents while employed, and that the families generally get along better when the parents are employed.

Finding high-quality child care is among the greatest challenges facing these new working parents. But 91 percent of the parents in Iowa who leave welfare report being satisfied with the quality of their child care arrangements.

Economically, welfare-to-work is paying off. The majority of Iowa families leaving welfare are living above the Federal poverty level, and many of these same families report that their standard of living is better now than while on welfare.

Nationally, child poverty is at an all-time low. I commend the President for focusing on child well-being by insisting that improved child well-being be added to the over-arching purposes of new welfare legislation.

It would, however, be naive to say that there is not room for improvement. Indeed, much more work can be done to support working families. Single mothers in particular have proven that they can excel in the workforce, but many working women have yet to realize their full earning potential.

I am especially pleased to have our Honorable Secretary here to talk about both the results of the first years of TANF, as well as a vision of this next phase. Our goal in reauthorizing the Reform Act should be to build on the success.

To do this, we must first learn all we can from those who have delivered results, particularly State officials. In my view, the collaboration between the States and our Congress in 1996 was integral to the successful reform process and we should, again, put our heads together and work for that common goal.

Given the time constraints of this year, Congress needs to get right to business. I accept Chairman Baucus' offer to work together on legislation. For guidance, in my part of the negotiation I want to look to the principles set forth by the President and by you, Secretary Thompson, as well as the policies advanced by the Governors and other important stakeholders.

For one, we should continue to cultivate a strong work ethic among our welfare system. We should further encourage State innovation in meeting welfare reform goals through continued State flexibility. We should improve our policies around strengthening families and providing opportunities for work and education.

Strong families and educational opportunities are important ingredients to achieving economic stability because we find in every analysis and all the statistics of poverty that, however many rea-

sons there might be in this country for people being in poverty, there are two that stand out very prominently: one is single parenting, and the second one is lack of education attainment.

So, as we work on the institution of marriage and as we work on people educating themselves and improving their abilities to earn more, we are going to solve the two basic elements of poverty.

So, I hope to work closely and collaboratively with Senator Baucus so that the Finance Committee can produce strong, bipartisan products in the coming months and move more people to be independent and to be better, productive citizens, to earn more and have a better quality of life. I am confident that the next phase of welfare reform can be at least as successful as the first.

The CHAIRMAN. Thank you very much, Senator. That was a good statement.

Mr. Secretary, we now would like to hear from you if you have some comments you want to make.

STATEMENT OF HON. TOMMY G. THOMPSON, SECRETARY OF HEALTH AND HUMAN SERVICES, WASHINGTON, DC

Secretary THOMPSON. First, let me just start off by thanking you all. Thank you, Senators Baucus, Grassley, and Rockefeller for being here and for holding this hearing. Thank you both, Senators Baucus and Grassley, for your wonderful comments and your spirit of bipartisanship.

This is a subject that, if we cannot get a bipartisan bill on this subject, I think we should all decide that maybe we should be doing something else or do something better.

But I just think that this is one area in which we have got a great opportunity to develop a bipartisan bill that is going to be helpful to go to the next plateau to help people. So, I thank you so very much.

Chairman Baucus, you and I share a love of Harley-Davidson motorcycles, a fine Wisconsin product, I might add. We also share a deep concern for helping families go from welfare to work.

Senator Grassley, your support for transforming welfare has been tremendous and I thank you so very much for it.

Senator Rockefeller, your leadership on this subject is also noted and very much appreciated.

Over the past 5 years, welfare reform has exceeded our most optimistic expectations. The 1996 law dramatically shifted national welfare policy by promoting work, encouraging personal responsibility, discouraging out-of-wedlock pregnancies, and supporting marriages.

States were given unprecedented flexibility in the design and implementation of their welfare programs. Families were given the help they need to transition from welfare to work.

Underlying all of these changes, we restored an essential principle that had long been lost, that welfare assistance was designed to be temporary, to help families in crisis, and that dependence and poverty were not permanent conditions.

Welfare was fundamentally reformed. As a result, nearly seven million fewer people are on welfare today than in 1996. There are 2.8 million fewer children are in poverty. Poverty rates for minority children have decreased dramatically. These things have occurred,

in large part, because welfare has been transformed and is transforming.

But even with these profound and positive changes, there are still too many of our fellow citizens who have not begun to realize a future of hope, too many children who lack essential opportunities for growth and a good life, too many men and women who remain trapped in a web of dependency and despair.

So now it is time for us to take the next bold step in reforming welfare, and the President's proposal shows us the way. The President's priorities include strengthening work requirements, promoting strong families, giving States more flexibility, and showing compassion to those in need.

These goals have been central to the administration's proposal for TANF, child care, and child support. Before outlining how we are addressing these issues, let me make clear that the news reports last week about a plan to change the minimum wage law were absolutely incorrect.

President Bush and I will insist that welfare recipients receive at least the minimum wage for the hours that they work, including community service jobs.

This is an important principle that I fought for as Governor of Wisconsin, and one that the President and I remain committed to today as we continue to reform welfare.

Now let me move on to discuss the TANF program. TANF has moved millions of people from welfare to work. Employment among single mothers has grown to unprecedented levels. Child poverty rates are at their lowest level since 1979. Overall, child poverty rates declined from 20.5 percent in 1996 to 16.2 percent in 2000. Yet, as you said, Senator Baucus, much remains to be done.

The States still face many challenges. Our proposal seeks \$16.5 billion for block grants to States and tribes, an additional \$319 million each year for supplemental grants in order for States that have experienced high population growth and had historically low funding levels to be able to achieve parity.

At the same time, we will continue the current maintenance of effort requirements to retain State contributions to assistance for children and families.

We will reauthorize and improve the \$2 billion contingency fund, and we will restore, over 5 years, the policy permitting the transfer of up to 10 percent of TANF funds to the social services block grant.

We will also seek to maximize self-sufficiency through work. First and foremost, States will be required to engage all TANF families headed by an adult in activities leading to self-sufficiency.

In addition to the requirement for universal engagement, we will increase the direct work requirement. Our proposal requires welfare recipients to engage in a 40-hour work week, at least 24 hours of which must be in direct work, including employment, on-the-job training, and/or supervised work experience.

We will also allow substance abuse treatment, rehabilitation, or work-related treatment for up to three months within any 24-month period. We will also gradually increase the minimum participation rate requirements by 5 percentage points each year.

Also, recognizing the significant barriers that tribes face to self-sufficiency, HHS will undertake a major new technical assistance effort for tribal organizations to help them build and administer effective TANF tribal programs.

Our proposal embraces the needs of families by promoting child well-being and healthy marriages. To this end, we establish improving the well-being of children as the over-arching purpose of TANF.

We will target \$100 million from the discontinued out-of-wedlock birth reduction bonus for broad research, evaluation, demonstration, and technical assistance focused primarily on healthy marriage and family formation activities.

Our new marriage initiative implies no criticism of single parents, who deserve high praise for their dedication to their children. But the data clearly demonstrates better outcomes for children whose parents enjoy a healthy marriage.

The negative consequences of out-of-wedlock birth on the mother, the child, the family, and society are well-documented. Children living in single-parent households are, on average, five times more likely to be poor, and two to three times more likely to use drugs, experience educational, health, and emotional problems, and be victims of abuse.

Thus, it is simply common sense to redirect our policies to encourage the formation and maintenance of healthy marriages, especially when children are involved.

We will also redirect \$100 million from the current law high-performance bonus to establish a competitive matching grant program for States and tribes to develop innovative approaches to promoting healthy marriages and reducing out-of-wedlock births. Funds will be matched dollar-for-dollar, and TANF funds may be used to meet this matching requirement.

We will reauthorize the abstinence education grant program to States and territories at \$50 million per year.

We will establish new State program integration waivers to permit States to integrate welfare and workforce development programs in order to improve the effectiveness of these programs. Broad flexibility to design new strategies and approaches will be provided as well.

Child support is an equally critical component on the Federal/State effort to promote family self-sufficiency. For the low-income families who receive child support, it makes up more than one-quarter of the family budget.

Welfare reform has made a dramatic difference also in child support collections. The number of paternities that have been established or acknowledged has reached almost 1.6 million. In fiscal year 2001 alone, a record of nearly \$19 billion in child support was collected, serving an estimated 17.4 million child support cases.

But, as with other areas of welfare reform, more can, and must, be done. Our proposals are targeted to increase collections to families by approximately \$1.5 billion over 5 years, beginning in fiscal year 2005.

Under a similar proposal to increase support that reaches families, States would be given the option to adopt simplified distribu-

tion rules under which all support collected would be able to be sent to families that have made the transition from welfare.

This proposal would increase collection to families by \$810 million over 5 years and eliminate the need for States to explain and support complex distribution systems.

We will also seek to increase the amount of support collected by adding to our existing cadre of enforcement tools. We would expand our successful program for denying passports to parents owing \$2,500 in past-due support, and we would ensure that child support orders are fair to both the custodial parent and family as well as the non-custodial parent by requiring States to review and adjust child support orders in TANF cases every 3 years, reinstating a pre-welfare reform policy.

As to child care, in 1999, 20 million families in the U.S. had one or more children under the age of 13 with an employed mother; 32 percent of these families were low-income. For a number of reasons, including the high cost of child care, many of these families have difficulty finding care arrangements that they can afford.

I can tell you from my experience as Governor of Wisconsin, access to child care assistance can make a critical difference in helping low-income families to find and retain jobs.

Our proposal includes a total of \$4.8 billion for the Child Care and Development Fund. When combined with TANF and other Federal funding sources, there are several billion dollars more money that is available for child care and related services for children.

Funding available through our child care programs and TANF transfers alone will provide child care assistance to an estimated \$2.2 million children in fiscal year 2003. This is a significant increase over the numbers served just a few years ago.

Under the President's plan, States have significant flexibility to decide how child care funds will be used and what will be emphasized in achieving the overall goals of improving access to care, as well as the quality of care.

Along with State flexibility, parental choice is still a key element of a successful child care program. Families must be allowed to choose the care that best meets their needs, whether with a relative, a neighbor, child care center, faith-based program, or after-school program.

Mr. Chairman, the proposal I bring before you today, contains several essential principles, as well as proposals that flow from them.

What binds them together, is the desire—on a bipartisan basis, I might add—to improve the lives of the families protected by America's social safety net. I look forward to working with you, Mr. Chairman, and all members of this committee to that end, and I know we will be successful.

I now would be happy to answer any questions that you might have.

[The prepared statement of Secretary Thompson appears in the appendix.]

The CHAIRMAN. I appreciate that, Mr. Secretary.

I think a question a lot of people have is with the work participation requirements increased by one-third, from 30 hours to 40

hours a week, with no additional funding recommended for the program overall.

This is a great concern, that there are just insufficient resources to get people, in fact, working at good-paying jobs. It is going to put a strain on child care, for example, a strain on other services to help people either get job training or payments to recipients so they are getting income or are looking toward a job.

I just do not see how we can get this all put together, how we can make sure there is more child care available, more people actually working, and working with good-paying jobs. It is a problem here with no increase in the recommended funding level here, and the transitional Medicaid recommendation is only for 1 year.

So I am just curious. How in the world, given the ambitious goals that the administration is setting, can we achieve them without the resources?

Secretary THOMPSON. Thank you very much, Mr. Chairman. Let me quickly go through what we are trying to do.

First of all, there is no question that child care is absolutely essential. It is something that I believe passionately about. You have a limited amount of resources, and you have to put together a budget, and you have to put together a TANF program, and this is what we were able to afford.

Now, saying that, is there enough money there? I believe there is, and I will tell you why. We provide \$2.7 billion in mandatory money and \$2.1 billion in discretionary. States are able to move 30 percent of the TANF grant, which is \$16.5 billion, or an additional \$5.1 billion. In addition, States can use money from the social services block grant fund for child care.

On top of that, under the old law, States have been able to reduce their required work participation rates by 1 percent for every reduction of 1 percent in the caseload.

We have carried that caseload reduction credit over during the first year of reauthorization. So those States that have reduced their effective work participation rates to 5 percent will only have to ensure that 5 percent of their caseloads are in work activities. Fifty percent of the credit is carried into the second year.

With the reduction of the caseload by 50 percent and only 2.8 million cases left on TANF cash assistance, I think that there is enough money available to accomplish the objectives of TANF.

The CHAIRMAN. So your point is, with the reduced number of people on assistance, essentially that will free up enough dollars to meet the administration's recommended higher standards, that is, the work week plus—there is another one, too. I have forgotten what it is.

But do you think that is where you make up the difference?

Secretary THOMPSON. Yes, as well as through increased flexibility, the availability for States to move 30 percent of the TANF dollars into child care, and some money into the social services block grant.

The CHAIRMAN. That is not new, though, is it?

Secretary THOMPSON. That is not new. But States have a reduction in the number of cases. States also have 100 percent of the caseload reduction credit in the first year after reauthorization of

TANF, and 50 percent of the credit in the second year, which gives them flexibility.

The CHAIRMAN. This is something we are going to have to explore to just flesh all of this out.

First, I also want to commend you very much for your very wise decision, in the beginning of your opening statement, to make it clear that all of these jobs are going to be at least minimum wage jobs.

Secretary THOMPSON. Thank you.

The CHAIRMAN. There was a little dust-up over that, as you know.

Secretary THOMPSON. I know there was. There should not have been.

The CHAIRMAN. I also appreciate some emphasis on Indian tribes. In my State, 50 percent of those on TANF Indians. We have seven reservations and our total Indian population is much lower, proportionately.

I urge you just to work hard in that regard, because the demands are different, the needs are different, the cultures are different, but the needs are great. I want to work with you on that and just how we can help get to better administration of this program, frankly, with tribes.

Secretary THOMPSON. Mr. Chairman, we went around the country and held eight hearings. One of the hearings was held with Native Americans. One of their requests was for technical assistance to be able to help set up quality TANF programs on the reservations. We have put in money in order to accomplish that.

The CHAIRMAN. One final point here. Is there a sort of corrective compliance plan? Really, the question is, why a penalty on States for not achieving much higher standards when they have already done a pretty good job without the same kind of penalty?

I am just concerned that the standards here are so high and, again, in my judgment, without sufficient resources, that we are going to start a push on something here that is going to be like getting a round peg into a square hole. Things just are not in sync here. So why are we going to penalize States for not meeting such high standards?

Secretary THOMPSON. We really want this to work. We want the States to take an earnest interest in moving and assisting individuals out of dependency and into employment.

The CHAIRMAN. Also, you characterize it as a corrective compliance plan that the administration may not enforce. It just seems to be, either we are going to do something or we are not going to do something.

Secretary THOMPSON. There are a lot of questions about the 40-hour week. When you look at the caseload reduction credit that we propose to carry over, in the first year States like Montana that have reduced their caseloads by 50 percent will only have to really, ensure that some 5 percent of TANF adults are working. The next year, they would have to meet 40 percent, the third year 35 percent, the fourth year up to 60 percent.

The CHAIRMAN. My time has expired. We will explore this further. I appreciate the thrust of the direction you are going in. But, again, I am not sure we have the resources to do this.

Secretary THOMPSON. Thank you. Thank you very much, Senator. Senator Grassley?

Senator GRASSLEY. I may have some easy questions for you, but they are meant to bring out some aspects of the President's proposal that were meant to take shape, maybe, in the last one, but have not, so the President has particular emphasis upon them.

The first one I am going to speak about, is the marriage situation and that part of the program. I would also thank you for your clear vision that you bring to this year's welfare reform debate. Your leadership and expertise is greatly needed, but it builds on what you have already shown as Governor.

We have to have, as our goal, to build upon successes achieved thus far after 6 years for our next phase of reform to be equally as successful, and hopefully even more successful than our first phase.

So that brings me then to a stronger focus on strengthening families and the new emphasis upon child well-being. These are very important ingredients of improving the welfare reform measures.

So, could you please elaborate on the family formation part of the administration's proposal, describe how this section differs from the more traditional form of welfare such as job training and cash assistance, and what can families who are in welfare then expect to gain by participating in the family formation activities once they seek opportunities to leave welfare through the work program?

Secretary THOMPSON. There are two programs, Senator Grassley. For the first program, we propose to take the \$100 million that was set aside for reducing illegitimacy and put it into a demonstration program, so that communities or regions could apply to set up demonstration programs to help couples stay together, or if couples are contemplating marriage, give them counseling on marriage, give them counseling on raising children, give them counseling if there are problems with gambling, alcohol, drug abuse, anger, so that they are able to establish a healthy marriage.

We do not want to force marriage. We do not want to put people into abusive situations. Rather, we want to provide counseling to those individuals who are contemplating marriage or who are married but may be having problems. The ultimate good would be to help maintain that marriage and to make sure that the children are being taken care of. The well-being of the children is of the utmost concern and the priority of this particular provision.

The second program we propose would make \$100 million in grants available which would have to be matched dollar-for-dollar by the States. These grants would help those States that want them, to set up counseling programs to help maintain healthy families. It will be completely discretionary for the States.

Senator GRASSLEY. I do not disagree with anything you have said about marriage. I just want to ask you, and anybody else, to not be defensive about the institution of marriage. I mean, it is a no-brainer. It has proven its value, not only in American society, but in most societies as the foundation for our society.

Secretary THOMPSON. I did not think I was defensive at all, sir.

Senator GRASSLEY. No, I do not think you were. That is why I said I did not disagree. Well, maybe the one part you said about, you are not going to force anybody into marriage. That is a no-

brainer, too. I mean, you do not do that if you want marriage to be successful. The point being, though, by saying that, you might be a little defensive about marriage, and I think it has proven itself.

Could I ask you something as it applies particularly to the State of Iowa, and maybe other States, but other States, I do not know. That is, the new child support financing changes proposed by the administration that are aimed at increasing the receipt of child support payments by families.

I think I understand the importance of that, letting, particularly, fathers be a participant in the support of the family. But in a State like Iowa, we do not pass this money through for payments to families on welfare. So, how big of an incentive is there for a State to begin these new practices?

Secretary THOMPSON. It is really going to be up to the States. We have found, Senator Grassley, in a study that was done in Milwaukee, that if the non-custodial parent knows that the money is going to his or her children, that parent will be more willing to contribute and more apt to make the support payments.

In all of the studies that have been done, we found that if a State is allowed some additional money to pass through, it will encourage more child support payments, which will help the family.

Those families that are leaving TANF should be able to get all of those dollars to really help that family, that person, or a family succeed. So, there are two things.

While you are still on TANF, this Administration's proposal allows options for an additional amount of money, up to \$100, or \$50 above what the State is currently doing, in order to give direct money to the individual family unit, and once that person leaves TANF, the option of pass through 100 percent.

Senator GRASSLEY. Thank you.

The CHAIRMAN. Thank you, Senator.

Senator Rockefeller?

Senator ROCKEFELLER. Thank you, Mr. Chairman.

Mr. Secretary, you testified here as Governor in 1995.

Secretary THOMPSON. Yes, I did.

Senator ROCKEFELLER. And that was important because 1996 was when we did a lot of this. Actually, I was on the Conference Committee. I was very proud to be on that.

But you were recognized as a leader on innovation in Wisconsin. In fact, you sort of did this before everybody else, I think. That is my memory.

Secretary THOMPSON. That is correct.

Senator ROCKEFELLER. You deserve the rich praise that you have received for that.

You talk about, and the administration's program talks about, the importance of State flexibility, the need for resources, child care. Now, if you had to review the history of this, do you think that States have been, by and large, creative, innovative in the way they have approached it?

Secretary THOMPSON. I think they have, Senator. In fact, I know they have. The wonderful thing about it is the fact that child poverty has gone down and that people have become independent and

are able to, lead better lives. They have been able to steer themselves towards self-sufficiency and out of poverty.

Senator ROCKEFELLER. So the concept of flexibility rings pretty well with you.

Secretary THOMPSON. You know it does, Senator.

Senator ROCKEFELLER. Well, I want to know it does. I think it does with you. I am just trying to figure out the administration on this. At some point you are Governor Thompson, at some point you are the messenger for something called the Office of Management and Budget.

Secretary THOMPSON. The super-god in our society.

Senator ROCKEFELLER. Yes. That is right. The super-god.

I share Max Baucus' concern on the 40 hours a lot.

Secretary THOMPSON. All right.

Senator ROCKEFELLER. In West Virginia, the average employment for State employees is around 37½ hours. It is true. These are Department of Labor figures. The average weekly hours for non-supervisory jobs, which would certainly be what we are talking about here, is 34 hours.

Now, one can criticize that or not, but nevertheless, those are the facts in a State which has a long and struggling, but distinguished, history.

So when I look at the 40 hours, which is 24 hours of work and 16 hours of "other activities," I am trying to think of what the consequences are, what the trade-offs are when you add those together and what happens.

For example, what happens in child care. Mothers get on buses to go to do what they are going to do. That saves money. They would not probably be able to do this. Child care, you say, gets an increase, but half of that child care increase, I think, comes out of Head Start, which is a part-day—4 hours—and part-year program. So, is that really an increase in child care?

So I have three questions I have got to ask you. How can States like West Virginia, which are like most States, 40 to 50 States are in huge budget surplus, \$40 to \$50 billion.

Secretary THOMPSON. Deficits.

Senator ROCKEFELLER. We have just passed, not with my vote, a tax cut bill which will add \$86 million over the next 3 years onto the budget deficit of West Virginia, almost all of which will come out of Medicaid because that is the way it usually works. That will be against the wishes of my Governor, but he will have no choice, as I see it and as he sees it.

So how do the States pay for these additional 10 hours?

Secretary THOMPSON. First of all, I do not know the exact figures in West Virginia, but I am sure that in West Virginia 45 to 50 percent of the welfare caseload has been reduced. The state is able to take 100 percent of the caseload reduction credit in the first year. So, more than likely, in the first year, West Virginia have only 5 to 10 percent of its full caseload that will have to meet the work requirement. The second year, the state can claim 50 percent of that credit.

The second thing I would like to point out is that there is complete flexibility for the States to meet the new requirements. What I think is being missed by a lot of individuals, is that it is impor-

tant, when you are dealing with welfare cases, to make sure you monitor those cases and counsel those cases.

We want States to set up a procedure where case managers are looking at those particular cases and finding out what they are doing. Beyond the direct work component, they should also help ensure that the additional 16 hours are put into activities that will improve those individuals prospects for good jobs, whether it be job training, education, or counseling for drug or alcohol abuse or anger management. So we want a continuum going on with all of these cases so that they are being taken care of. I understand that the States are having difficulty. I know that West Virginia has got a deficit as many States do. But that is why the caseload reduction credit was used for two years to give States the flexibility to put this proposal in place by the third year.

I think it is going to be workable and doable, and having every one of these cases being monitored and counseled is going to be extremely helpful in assisting them in going from dependence to independence, and giving them the opportunity to have some extra help in order to achieve that.

The CHAIRMAN. Thank you very much, Senator.

Senator ROCKEFELLER. Let me absorb that and come back on a second round, I hope.

Secretary THOMPSON. Sure.

The CHAIRMAN. Senator Lincoln?

Senator LINCOLN. Thank you, Mr. Chairman.

Thank you, Mr. Secretary, for joining us today.

Secretary THOMPSON. Hi, Senator.

Senator LINCOLN. Hi. I am over here at the tail end. I am at the end of the totem pole down here.

Secretary THOMPSON. Senator, how are you?

Senator LINCOLN. Doing fine, thank you. We are glad you are here.

I will not elaborate on the questions or the issue, I think, that Senator Baucus and Senator Rockefeller brought up, but I will reinforce. The freeze on the mandatory child care and development block grant funds over the next 5 years that is in your plan, as well as increasing the work requirements from 30 to 40 hours a week, is pretty unbelievable, as a working mom myself, to understand what is going to be asked of these working moms, particularly in regard to child care or particularly the lack thereof. So I just would reiterate that, in terms of what is being asked there, I hope that we can work through some of those difficulties, because there is no doubt that, for working mothers, child care is essential. Without having any more resources towards child care—and I understand the 30 percent from TANF and the 10 percent from the other block grant.

Just a couple of quick questions. Your employment credit—and I have been working with Congressman Levin on an employment credit as well—we are trying to work with the States and come up with a solution that is going to work. I would like to give you an opportunity to describe to us what your employment credit is and why it is for only 3 months.

Secretary THOMPSON. Employment credit for 3 months.

Senator LINCOLN. That was my understanding in your plan, that it was a 3-month period.

Secretary THOMPSON. Well, every State is going to have the discretion, for 3 months out of a 24-month period, to allow individuals to get alcohol, drug treatment, intensified job training, and intensified education.

So that if a person needs that, at the beginning a state can put the individual into a job training program for up to 3 months which would count towards the work participation requirement, if a person is working, if that individual needs to leave for a period of three months in order to get further training, that would still qualify for the job training.

If that person needs some alcohol or drug counseling, which a lot of individuals do, being able to put that individual into an intensified drug rehabilitation or alcohol treatment program for 3 months would still qualify.

Senator LINCOLN. So you would only be able to use 3 months out of a 24-month period towards that employment credit.

Secretary THOMPSON. You would also still be able to have 16 hours out of every week for job training, job search, alcohol or drug treatment program, and education.

Senator LINCOLN. Sixteen hours?

Secretary THOMPSON. Out of every week.

Senator LINCOLN. That is a lot to put towards something like that.

Secretary THOMPSON. Well, yes. But that is part of the 40-hour work week. 24 hours would be for work and 16 hours could be towards this kind of rehabilitation and treatment.

Senator LINCOLN. Just hearing from our State, though, the description was that 16 hours was a lot of time to consume in those types of programs. I was just reading through some of it and I wanted to make sure that I had that correct.

The other thing that I wanted to bring up, was your proposal continuing the supplemental grant on TANF. I certainly appreciate that. In States like Arkansas, it is absolutely essential.

But the \$319 million, in the context of the \$16.5 billion block grant, really does not overcome the disparity between States, as we see it, particularly in States like Arkansas and others.

I mean, do you really feel like that gives us a level playing field?

Secretary THOMPSON. As you know, Supplemental Grants were phased out after the fourth year in the 1996 TANF law, and we put it back in for 5 years in our TANF proposal. It is something that the Governors requested. I believe it is the right thing to do.

Senator LINCOLN. Do you think it is enough, is my question?

Secretary THOMPSON. When you have a war going on, and with the demands of homeland security, this is the amount of money that we have. You certainly can make an argument that it could be more. You certainly could make an argument that the child care block grant could be increased.

Senator LINCOLN. Well, it is not necessarily more. What I am getting at, is that the disparity still exists between States.

Secretary THOMPSON. The disparity still exists, but this is money that the qualifying States are going to receive. It is what was put

in the original TANF bill. We think it is certainly equitable, and we think it is fair.

Senator LINCOLN. And in terms of creating that financial level playing field, you are confident that it does that?

Secretary THOMPSON. I am confident that it goes towards a fair field.

Senator LINCOLN. All right. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator SNOWE?

Senator SNOWE. Thank you, Mr. Chairman. Thank you for initiating these hearings to pave the way for reauthorization of this historic act.

I want to welcome you, Secretary Thompson. You have certainly been an innovative thinker in this department. Certainly, in your previous experience as Governor. In fact, I clearly recall how we relied on your guidance in developing the Welfare Reform Act back in 1996.

Let me begin by exploring the issues of the caseload reduction credit. I understand from the administration's proposal that you will be phasing that out. Is that correct?

Secretary THOMPSON. Yes, that is correct.

Senator SNOWE. And what is the underlying philosophy behind that? For example, in my State we have had a higher-than-national-average work participation rate.

But with the increased overall work participation rate under the administration's proposal, as well as increased number of hours to 40 hours a week, it really could be very difficult to meet that goal because of the significant loss of jobs in our States over this last year.

Secretary THOMPSON. Senator Snowe, the reason that we are phasing out the caseload reduction credit is that, under TANF one, for every percent of caseload reduction the credit would increase by one percent. If the caseload reduction goes down by one percent, the amount of the 50 percent participation rate would go down by one percent.

So, most States are now down. My own State of Wisconsin effectively does not have any work requirements whatsoever. Most States are at 5 percent because they have reduced their caseloads by 40 to 45 percent. That reduces that 50 percent down to 5 to 10 percent.

So, under our proposal States should be able to use 100 percent of that credit the first year, because we understand that jobs are not as plentiful today.

So with 100 percent of that credit in effect, if Maine has reduced its caseload by 50 percent, your state would be still down at a zero because it would get the entire credit.

Next year when the work participation percentage goes up to 55 percent, 50 percent of the caseload reduction credit is available, so your state would be at 25, plus 5, would be 30.

So, we are going to go back to the original intention of making sure that at least 50 percent of the people, increasing by 5 percent over the course of the 5 years, are in work activities, and that States are still working to making sure that caseloads are going

down. That is why the caseload reduction credit is being phased out.

Senator SNOWE. I see.

On the issue of child care, because I see that as pivotal to establishing self-sufficiency—

Secretary THOMPSON. It is.

Senator SNOWE. It is the most important issue. How do you see that in terms of what you have proposed to Congress in providing essentially the same funding for child care and incorporating adolescents? As we well know, there are some significant issues with adolescents, unsupervised during after-school hours.

Has that been incorporated, especially in developing the individualized plans for families in determining how best to proceed with their case and their needs?

Secretary THOMPSON. There is no question, Senator Snowe. When I started welfare reform there were four things that we had to do if we were going to be successful. We had to make sure that people were covered by health insurance, that they were taken care of as far as child care, that they had transportation, and, that they had training. Those are the four cornerstones of a successful welfare program.

We looked at the declining caseload. We level-funded the block grant at \$16.5 billion for each of the next 5 years. We level-funded the child care fund: \$2.7 billion mandatory funding, \$2.1 billion in discretionary funding.

We are keeping the flexibility, which is in TANF one and will carry over into TANF two, that 30 percent of the TANF block grant of \$16.5 billion could be transferred into child care.

That does not even include any money that the States contribute towards child care. With the caseload going down from 4.8 million cases to about 2.4 million cases, we think, even though there is not an inflation adjustment, there is an adequate amount of money to do the job for child care.

Senator SNOWE. I appreciate that. I know we are continuing to look at that issue.

Secretary THOMPSON. I know you are.

Senator SNOWE. It is a difficult one because of the cost of child care, and also the availability of slots. As we know, there are thousands and thousands across this country who are on waiting lists because of the unavailability and the unaffordability as well in terms of child care, especially for newborns, for example.

In Maine, they recently conducted a survey and indicated that 42 percent of those who were on TANF in 1997 were unemployed for health care reasons or because of the lack of child care and affordability of child care.

That was the second most common reason, second only to health problems, as to why they currently are unemployed. So, I see that as pivotal for the future. Certainly, I think, in terms of child care, it is probably going to get worse rather than better when it comes to availability and affordability.

Secretary THOMPSON. I understand the argument. I know that this is really an item of concern of yours, and of many members of the Senate and of the House. All I can tell you is that we believe there is adequate funding at the present time. We also are tempo-

rarily continuing the caseload reduction credit, phased out over 2 years, so that maybe in the third year there could be an increase in block granting child care. But we think that there is enough money for the foreseeable future.

Senator SNOWE. Thank you. I applaud your efforts.

Secretary THOMPSON. You certainly can make an argument for that.

Senator SNOWE. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. Secretary, Senator Lincoln asked a very good question regarding allocation. The allocation is based upon AFDC and Wisconsin gets five times what, say, Louisiana receives per child in poverty. Montana receives one-half of Wisconsin gets per poor child. There are supplemental grants, but that does not make up the difference.

With a new program, is not based solely on welfare checks. We are talking about families, moms, and we are talking about efforts to get people working, educated, and so forth.

I mean, just on the face of it, it sounds like the program that you and I, and all of us are working toward should be based on a State allocation that is a lot more up-to-date. Does that not, just on the face of it, make sense?

Secretary THOMPSON. I really am not sure what you are driving at, Senator.

The CHAIRMAN. What I am driving at, is looking at the allocations.

Secretary THOMPSON. With respect to the allocation, you know as well as I do that we have been fighting that same fight together on health disparities and reimbursements for Medicaid and Medicare.

The CHAIRMAN. Right. Right.

Secretary THOMPSON. Every time you start talking about allocation, you take away from somebody else. It is a real contentious fight.

The CHAIRMAN. Well, that is true in terms of, each State and each Senator wants the most that he or she can get for their State on a subjective basis. But I am looking at it on an objective basis.

Secretary THOMPSON. All right.

The CHAIRMAN. Just, what seems right? What seems fair?

Secretary THOMPSON. I would be more than happy to work with you, Senator Baucus and Senator Lincoln, on the formulas.

The CHAIRMAN. I am asking you, on the face of it, are the current allocation formulas not a little out of sync with the objectives we are trying to reach here?

Secretary THOMPSON. I am not ready to come to that conclusion.

The CHAIRMAN. Why do you not want to jump into this?

Secretary THOMPSON. Because all I want to do is make sure that we get a good bipartisan bill. I know full well that, no matter which way I go on that, I cannot win, Senator.

The CHAIRMAN. Well, I do not know. There are ways you can go.

Secretary THOMPSON. I will work with you, and I certainly want to.

The CHAIRMAN. I appreciate that.

One other quick point, then I know Senator Rockefeller wants to ask a question. It just seems to me that we could be performing a great service to our country by putting much more emphasis on child care, both in quantity and quality. It is going to help so much.

I say that, partly because of an experience I had. I was talking to a young lady who was on welfare. She was determined to get off welfare. A single mom. Just, in every fiber in her body, she was not going to be on welfare. It just bothered her so much to "be on welfare." So she got a job. It was a minimum wage job in Bozeman, Montana.

Yet, to make ends meet she has slept on her parents' sofa, took her child to child care, and tried every way she could to make ends meet. But her child care—and I have forgotten the exact percentage—was like 30 or 40 percent of her take-home. It was high.

Secretary THOMPSON. Twenty-five to thirty percent.

The CHAIRMAN. Well, in her case it was about that.

Secretary THOMPSON. Could have been.

The CHAIRMAN. Yes. It was about that.

She finally had to give up. It just pained her to no end. She could not make it. It just seems to me, if we had a little more help for child care, and quality, too—and another huge component of this is jobs. It is just better-paying jobs and increased minimum wage. That is going to go further.

So, one of the things that we are talking about here is to get people off of welfare so they are working as productive people in our workforce. I just do not know why the administration is not placing a greater emphasis on that.

Secretary THOMPSON. Mr. Chairman, you are not going to get an argument from me. I believe so passionately in child care. When I was Governor in Wisconsin, we did not have a waiting list in Wisconsin. Every person in Wisconsin that wants child care is entitled to it and gets it. We set up a program to accomplish that. This is something I passionately agree with you on, and I thank you for your passion on it.

The problem is, when you have a situation where our country is at war, you have so much money, and you look at what you are able to do.

That is why we are phasing out the caseload reduction credit over 2 years to give States a lot of flexibility. Maybe at the end of 2 years we will be able to find some additional money for child care. But I sincerely agree with you that child care is absolutely essential to move people from dependency to independence.

The CHAIRMAN. I hear you. But in the State of Montana, your proposal will bring back waiting lists for child care. It will bring it back. We are going the wrong direction with the administration's proposal. That is the effect of it.

I appreciate that we are all working together.

Secretary THOMPSON. We are all working together. We want to accomplish the same thing.

The CHAIRMAN. I think we have got spend more time on this.

Secretary THOMPSON. I will look at Montana.

Senator LINCOLN. Look at Arkansas. We have a large waiting list for child care. A large waiting list.

The CHAIRMAN. Senator Rockefeller?

Senator ROCKEFELLER. Mr. Secretary, these are all the States, and there are about 30, 40 percent of them—I did not count them—where they have the inability to pay child care. Their kid is waiting to get child care.

So the question that I have, and I have to be short because of the vote—and I agree with you. You keep saying we are fighting a war overseas, we are trying to secure our homeland as the first job under the constitution of the government, and you are cash-strapped. We are all cash-strapped; our State is in debt, our government is in debt.

So, I guess the question I am trying to ask, is if you have got this problem and you hear from around the table, or at least a lot of it, that we do not have the money to do the child care and that West Virginia, in fact, is just about maybe this week to cut child care because they do not have a choice, why then add on the new requirements, from a Governor who specialized in flexibility and letting the States do it in the way they want? Why be so proscriptive by adding on something which almost makes it mandatory? I understand you phase it in, and all the rest of it. But it is going to increase child care costs.

All you are hearing around this table is child care, child care, child care. We cannot do it. Somebody goes off the caseload, but they have still have got to have child care, and for years to come. And it is expensive. In fact, it costs as much as a public education tuition.

So, it is just a question of, why the 40 hours when it is more than the State workers work? Why demand, be proscriptive, about putting those 40 hours on?

Secretary THOMPSON. But we are giving the States complete flexibility in how to set the program up. When I argued for this program back in 1995 and 1996, I said, set the standards and we will meet the standards.

All we are doing here is setting the standards, allowing the States to set up the programs to meet the 40 hours, 24 hours of which is work, and 16 hours could be used for training programs and educational programs.

Senator ROCKEFELLER. And mentoring programs.

Secretary THOMPSON. And mentoring programs, which are good.

Senator ROCKEFELLER. Which are good, but cannot be done in many rural areas because there is nobody to set it up. I am just saying, I understand the need. There is always sort of the top aspect of welfare that speaks to the American people, and I understand that.

But there is also the fact of how people live their lives under welfare, and can they make it. The key to making it, or one of the keys to making that, is obviously self-esteem, but the other is child care.

What we are doing, is we are, in a sense, against the instincts of the Governor Thompson that I listened to in 1995. I thought, creativity, flexibility, we can do it. No, you are not on the child care waiting list, but my State sure is. There are a whole lot of other States who are today, before the proscriptive 40 hours is put on.

Actually, I cannot get a question or else I will miss my vote and I will be impeached.

Secretary THOMPSON. Please do not.

Senator ROCKEFELLER. Yes. But as we are working this through, I hope that one of the things that is a fact in this is that you are setting out a standard. If we kind of come to the common conclusion that we cannot meet that standard and do justice to people today trying to do the right thing, that we will adjust to that fact. I sort of have a feeling that it is a little bit what you are saying.

Secretary THOMPSON. I want to work with you, Senator Rockefeller. I want to be as flexible as possible, but still accomplish the objective of moving more people into work. Allowing for single mothers to be able to have good, comprehensive child care is absolutely essential in order for this program to work.

I want to work with you to do it. I think we have set up a program that will accomplish that. You have some questions about it, and it is my job to convince you. I want to work with you in order to accomplish it.

Senator ROCKEFELLER. Convince me and listen.

Secretary THOMPSON. I always listen to you, Senator. You are my boss.

Senator ROCKEFELLER. And I have got to go vote. The hearing is in recess.

[Whereupon, at 11:15 a.m., the hearing was recessed to reconvene at 11:27 a.m.]

The CHAIRMAN. The hearing will reconvene.

I apologize to all participating for the inconvenience of that vote.

We now have a panel consisting of Robin Arnold-Williams, who is the executive director of the Utah Department of Human Services. You have been mentioned many times, I might add, all approvingly.

Rodney Carroll, president and CEO of Welfare-To-Work Partnership. He is located here in Washington, DC. Gordon Berlin, senior chapter president of the Manpower Demonstration Research Corporation, based in New York City.

Ms. Arnold-Williams, why don't you proceed?

STATEMENT OF ROBIN ARNOLD-WILLIAMS, EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF HUMAN SERVICES, SALT LAKE CITY, UT

Ms. ARNOLD-WILLIAMS. Good morning, Mr. Chairman and members of the committee. I am Robin Arnold-Williams, executive director of the Utah Department of Human Services.

Today I am testifying on behalf of the State of Utah and the American Public Human Services Association, a nonprofit, bipartisan organization representing State and local Human Services administrators. I thank you for the opportunity to testify today.

Prior to welfare reform, caseloads were soaring and families were trapped in a pattern of dependency that few believed could be reversed. By the mid-1990's, 48 States, including my own, were operating their AFDC programs under Federal waiver. Work was the hallmark of early welfare reform experiments and, by 1996, it became clear that States could achieve success in this area.

States agreed to implement the welfare law with fixed block grant funding because TANF afforded them tremendous flexibility to achieve those goals.

States have achieved unprecedented success. Employment rates for never-married mothers increased by 40 percent over the past 5 years, reaching an all-time high in 2000.

Sixty percent of TANF mothers who left cash assistance are holding jobs. The number of children receiving monthly child care subsidies has increased 80 percent, and the number of child support cases with collections has doubled.

In implementing welfare reforms, States created thousands of new partnerships with business, communities, tribal governments, and faith-based providers.

In 1993, we received a Federal AFDC waiver and we have achieved great success for our families through universal engagement, individualized case assessment, diversion assistance, employment and training, and ongoing case management.

When the Federal law was enacted, we also implemented a 36-month time limit. After an initial 44 percent decline, caseloads began increasing slightly in the fall of 2000 due to the downturn in our economy. We saw a six percent increase over the last 6 months of 2001.

We use the universal engagement strategy for all clients receiving assistance, but our ultimate goal for families has been private sector employment through training, ongoing counseling, and aggressive job search. We have not focused our resources on developing community work experience programs or community service.

We are particularly proud that, in 1999, Utah received a TANF high-performance bonus for job placement, and in 2000 we received a bonus for our ability to retain former TANF clients in employment.

As Congress considers reauthorization, continued State success is contingent upon four factors: maintaining flexibility, funding, continuing the focus on work, and simplifying related programs.

APHSA recommends that Congress set broad goals for the reauthorization of welfare reform and afford States the flexibility to devise their own strategies to meet those outcomes.

We oppose changes in the TANF statute that would require States to abandon their goals or redirect their limited resources to meet process measures, penalties, or purposes that are inconsistent with their proven successful welfare reform strategies.

APHSA supports continued Federal investment in the TANF block grant and allowing for annual inflationary increases. In addition, we would like to see supplemental grants extended and enhanced, full allowable transferability into the child care development fund and into SSBG, restoration of SSBG to \$2.8 billion, a revised and adequately funded contingency fund, and no set-asides in the TANF block grant.

In addition, we enthusiastically support the new flexibility included in the President's welfare reform proposal, such as lifting the restriction on unobligated TANF funds, excluding child care and transportation from the definition of assistance, and allowing the creation of State rainy day funds using unobligated TANF funds. We would urge this committee to include these provisions in any reauthorization.

Finally, if Congress mandates new TANF work requirements, new quality standards, or new eligibility expansion, then Congress

must address the inevitable corresponding need for increased child care funding, as we talked about prior.

States have demonstrated that they can devise effective welfare-to-work strategies. Today, 77 percent of families on cash assistance are either in unsubsidized employment or looking for it. Only 11 percent are engaged in work-fair activities. We believe that is compelling evidence that States have placed their emphasis on work.

Recent proposals have focused on increasing participation rates, 40-hour work weeks, 24-hour work definitions, the elimination of Federal waivers, and the caseload reduction credit. We urge members of this committee to assess the full impact of these policy changes on your State programs before acting on them.

We recommend replacing the caseload reduction credit with an employment credit that provides an incentive for States to place and retain TANF clients in jobs with earnings, for providing short-term assistance to clients with earnings, and which values part-time employment and earnings. We appreciate the efforts of Senator Lincoln in this area.

With respect to the work participation rates, APHSA supports the President's proposal to include two-parent families in the all-families rate. Furthermore, we believe States should be afforded additional flexibility in defining work activities so they can place clients with multiple barriers and meaningful activities. We also support the continuation of State welfare waivers.

With respect to the increased required hours of work, the new requirement could have unintended effects and increased costs. First, it is important to note that in 27 States TANF clients no longer qualify for cash benefits when the work 40 hours per week at the minimum wage. In 16 States, they lose eligibility after 24 hours of work at \$7 per hour.

So, in short, clients will exit welfare before they can be counted towards the participation rate. States may have to adjust their eligibility rules in order to keep the family on cash long enough to count them. In a time-limited TANF program, this would be unfair to the client and contrary to our mission of moving families off assistance.

With respect to the unique needs of tribal TANF, over the past year—

The CHAIRMAN. I am going to have to ask you to wrap up.

Ms. ARNOLD-WILLIAMS. All right. I will do this real quick.

Again, we have been working with the National Council of American Indians on tribal TANF recommendations. We would encourage those.

Also, as well as conflicting Federal program rules, which we have outlined in a recent document entitled "Crossroads," that I would recommend for that.

In the long run, it is not rates, hours, or activities that matter for the families we serve. Rather, the ultimate goal of welfare reform is the transition from cash dependency to job retention and earnings progression, generating sufficient income to support a family free from welfare for a lifetime.

Thank you for the opportunity to testify. I would be happy to respond to any questions.

The CHAIRMAN. Well, thank you very much, Ms. Arnold-Williams. The statements of each of you will be included in the record, so you need not worry about that.

[The prepared statement of Ms. Arnold-Williams appears in the appendix.]

The CHAIRMAN. Mr. Carroll?

**STATEMENT OF RODNEY CARROLL, PRESIDENT AND CEO,
WELFARE-TO-WORK PARTNERSHIP, WASHINGTON, DC**

Mr. CARROLL. Thank you. Good morning, Chairman Baucus, Senator Breaux, and Senator Lincoln. I am delighted to be here.

Thank you for inviting me here today to discuss how the American business community believes we can support the individuals and families who have moved from welfare to work, and also ensure people who work hard and play by the rules get an equal chance at achieving the American dream.

My name is Rodney Carroll. I am the president and CEO of the Welfare-To-Work Partnership. I can think of no more noble, patriotic, or American cause than taking people from poverty by giving them a good job.

In 1996, when this Welfare Reform Act was passed, shortly after the Welfare-To-Work Partnership was established in 1997. It began with five companies. Those companies are: United Airlines, Monsanto, Burger King, Sprint, and also UPS.

It was established also under the direction of then-Governor Thompson, and also Governor Copper, who has co-chaired our Governors Advisory Board. It was also established early on that the tag or the byline for this partnership would be that it is a smart solution for business.

Since that time, the partnership has grown significantly, from 5 companies, to now boasting over 20,000 companies throughout the United States.

Those companies, I believe, have had a significant impact in changing this welfare population's landscape. They have created more than 1.1 million jobs since that time.

It is important also to note that those jobs that I am speaking of, by and large, average more than 45 percent above minimum wage, with more than 8 out of 10 having full health care benefits.

I guess another thing is, almost 83 percent have what we call promotion-track jobs. In other words, even though a person may come in entry level, they will have the opportunity, if they work hard or they get education, to advance in the company.

One of the reasons why it is a smart solution for business, is because we found that hiring people from welfare makes good business sense. People transitioning from welfare have had, in some cases, a 50 percent higher retention rate than other traditional hires. Once we began to talk to businesses about that, suddenly they raise their eyebrows because they can see how it could be good for their bottom line.

In 1999, we applied for and received a competitive grant from the Department of Labor. Although the issue of welfare reform is a national issue, I believe it might be solved with local solutions. We started offices in five cities: New York, L.A., Chicago, New Orleans, and Miami.

We started a program that I will just refer to as a BizLink program. The objective was to go on the ground, go from grass tops to grass roots, and really get involved in the local community, with the local governments, with the local service providers and see if we can make an impact.

The Department of Labor made it kind of tough on us. They said, not only do we want you to hire people from welfare, but you have to hire or get people that we call the hardest to place people. These are people that have more than one barrier to self-sufficiency.

We did that. The goal was 2,500. We passed 2,500 before the grant expired, and we did that with about half of the money left over. I will be more than happy to answer questions on this BizLink program, if you so desire.

But as I looked at the panel today, I started to think about what I was going to say, how I was going to say it. I began to think that we probably need to also hear from someone who really understands and knows what it is like to be on welfare.

You see, although many of us talk to people every day, we read about them, and all that, but in some cases no one else can better tell you than a person who has actually experienced that.

When I was 15 years old, I remember growing up in Philadelphia. I was in kind of a tough neighborhood. I had a pretty good childhood, but I found out later on that I was poor. I did not know I was poor. People told me I was poor. I guess I was poor.

You see, I remember growing up, and for some reason my family was on welfare. I remember debating back and forth with my sister who would have to go to the store, because when you went to the store you had food stamps and you did not want your friends to see you with the food stamps. Those are the kinds of things you deal with when you are a teenager.

But I also remember that people in my neighborhood, people that I looked up to, people in schools, people that were in authority, they had a low expectation for me. They did not think I was really going to do anything, except for perhaps get in trouble. As I remember looking at what I guess was a script for my life, I did not like what I was seeing.

People thought that, well, he is probably going to get into trouble. They looked at a database and they looked at the statistics. The statistics said, well, a person growing up is probably going to do this, probably going to do that.

I remember feeling not good about that because, you see, I was determined to do something good with my life. But I was looking for a chance, an opportunity.

Fortunately, I did get that. Eventually, I got a chance to work at UPS. Now, when I came to UPS I did not come in in a suit and tie. I did not even come in full-time. I did not come in with anything other than an opportunity, a chance.

When I got that opportunity and chance, fortunately I was able to make the best of it. I began to climb the ranks of UPS, going from loader, to unloader, to supervisor, and so forth and so on, to the point that, in 1996, I was running the third-largest operation in the UPS System.

During that time, one of the goals was where we had problems hiring people. I remembered how I grew up, and I remembered

that there were people just like me, looking for a chance. We started what we consider to be one of the best, most innovative welfare-to-work programs in this country.

Thank you.

The CHAIRMAN. Thank you, Mr. Carroll, very much. That is extremely helpful.

[The prepared statement of Mr. Carroll appears in the appendix.]

**STATEMENT OF GORDON BERLIN, SENIOR VICE PRESIDENT,
MANPOWER DEMONSTRATION RESEARCH CORPORATION,
NEW YORK, NY**

Mr. BERLIN. Mr. Chairman and members of the committee, I appreciate the opportunity to testify about the lessons we have learned from more than 30 rigorous evaluations of State welfare reform programs.

Findings from evaluations of programs like the ones State have been running since the passage of welfare reform provide reliable evidence that these programs have played a significant role in raising employment and earnings and reducing welfare receipt.

Underlying TANF's success is its focus on private sector work, the new message that welfare is temporary, and the block grant structure that makes TANF a flexible funding source, not simply a program.

But welfare reform's very success has helped to underscore its shortcomings as well, bringing into sharper focus two new sets of problems: the needs of the working poor who have traded a welfare check for a paycheck but saw little change in their income, and the needs of the hard-to-employ, with a range of employment barriers who were left behind by reform.

The key challenge is how to sustain the remarkable gains in employment and welfare while adapting TANF to this changing context.

In my written remarks, I make four principal points: First, overall program effectiveness could be improved by expanding the role of education and training; second, particular welfare policies can, indeed, benefit children; third, investments in R&D related to reform's new hard-to-employ and working poor challenge are needed; and, fourth, the Congress should proceed cautiously in further increasing TANF's participation requirements, while ending the case-load reduction credit.

Changing the participation requirement could have the unintended effect of diverting resources, modifying otherwise successful programs, and increasing costs.

Let me focus in my remaining time on three of these issues. First, overall program effectiveness could be substantially improved by modestly expanding the role of work-focused education and training. The evidence indicates that both Job Search First and Education First programs are effective, but neither is as effective as a strategy that combines the two. Unfortunately, the restrictions TANF places on the use of educational services limit state flexibility to operate such "mixed-strategy programs."

What might Congress do? Allow States to count education, training, and other services towards TANF's participation requirements.

The second point, is that there is now new and powerful evidence demonstrating that welfare reform can play a vital role in improving the well-being of children. But success depends on both the strategy employed and on the age of the child.

Strategies that increase employment and income together, specifically strategies that supplement the earnings of welfare recipients who take jobs, can improve the school performance of elementary school children.

Fortunately, most States have taken steps to boost employment and income. More than 40 States have revised the rules so that welfare can be used as a supplement to boost the earnings of the working poor, along with the EITC and food stamps.

In the long run, however, these earnings supplement strategies run afoul of welfare's time limits. Recipients can combine work and welfare until they reach the time limit, at which point benefits end, income tumbles, and the prerequisites for benefitting children no longer exist.

What can Congress do in this area? First, either allow States to stop the Federal time limit clock when welfare recipients work full-time, or clarify the definition of non-assistance to include ongoing cash payments made to supplement the earnings of full-time workers.

Either change would allow States to use Federal TANF dollars to run two separate programs: a time-limited program for the welfare poor who are not working, and an earnings supplement program for the working poor who are.

I said earlier that age of child also matters. This is particularly true for adolescents. When mothers go to work, adolescents' school performance declines somewhat. These teens are less likely to be supervised, more likely to be caring for younger siblings, and are more likely to work long hours themselves, all of which appear to negatively affect their school performance.

Fortunately, these negative effects for adolescents do not translate into higher rates of school drop-out, suspensions, or teenaged child bearing.

While the effects are small, they bear watching and raise questions about whether we are doing enough to engage adolescents in positive after-school experiences and to provide enough child care to care for their younger siblings.

A related strategy for increasing the income of low-income families and benefitting children would be to shore up the new safety net that you have begun to build around the working poor by making the child support and food stamp programs more working poor friendly, and by sending the message that States should be taking steps to ensure that workers get the benefits for which they are eligible.

My third point was related to jump-starting a new round of state innovation by dedicating a pool of R&D dollars states could draw upon to learn what works for the hard-to-employ with multiple barriers to employment for helping the working poor advance in the labor market, and other pressing issues. I provide more information on these issues in my written statement.

The fourth point, is that while the administration's bill provides a constructive framework for addressing many of the most pressing

issues before you, in one area, participation standards, the administration's proposal entails significant risks.

In its attempt to strike a balance between strengthening the Act's already strong employment message, while opening the door to increased use of education and training, the administration proposes to allow limited use of education training services while also ratcheting up TANF's participation standards and the weekly hours of participation required, and also ending the caseload reduction credit. These last three steps together constitute powerful medicine for a program that does not appear to be sick.

In my prepared remarks, I ask and answer two key questions: are the new standards achievable and are the standards likely to generate more effective State programs?

The short answer to both questions is no. In addition, and most importantly, the risk of unintended consequences is quite high.

To meet the standard being proposed, the most successful State welfare programs we have evaluated would have to radically restructure their programs. This restructuring could have the unintended effect of distorting priorities, diverting resources, and driving up costs for child care, and the creation of work experience slots with the potential consequence of undermining the very success we are now celebrating.

Changes in participation standards are needed, the actual participation rate of near zero now in place does not send the right message, but building better information systems and establishing benchmarks based on actual participation rates, or better yet employment outcomes would be the best next step.

Thank you very much.

The CHAIRMAN. Thank you very much, Mr. Berlin.

[The prepared statement of Mr. Berlin appears in the appendix.]

The CHAIRMAN. I would like to begin with you, Ms. Arnold-Williams. I believe it is your view that work participation rates are not the best measure of program performance, if I understand you correctly.

You feel that work participation requirements are a bit outmoded and an incomplete measure of welfare-to-work efforts. I wonder if you could just talk about that a little bit more. In your experiences in Utah, what works? You mentioned a couple of changes. I wrote them down here, about the employment credit, two-parent, and so forth.

Ms. ARNOLD-WILLIAMS. Right.

The CHAIRMAN. But, again, if you could just flesh that out a little more why you think that work participation rates are really not the best measure, just so we can get a better flavor of that.

Ms. ARNOLD-WILLIAMS. I would be happy to do that. They were probably the best measure we had in 1996 as we ventured into this across the country, some States for the first time, in terms of that. In some States, they may still be.

What APHSA recommends, is that States be allowed to choose. If they believe that participation rates are still what is most appropriate for their State based on, again, 50 very different State programs out there, and within a State differences based on counties and localities, but that many of us as States have tried to progress beyond that to true outcome, what we would consider less process

and more outcome measures of job placement, retention, and earnings progression, basically, the high-performance bonus criteria that we have been competing for over the last couple of years.

We believe that that is the next stage of welfare reform, is particularly retention in jobs, in our economic downturns in our States. That is raising the bar a lot higher, to have us focus on retaining TANF families in employment and earnings progression within that.

So, we would like to work with the Congress and administration in structuring something that would have some options in that for the State to move to more of an outcome focus with respect to children and families based on those criteria.

The CHAIRMAN. I do not have a lot of time here, but again, how do we address retention? Just, more ideas. Talk a little more.

Ms. ARNOLD-WILLIAMS. Right. I think some of those have been mentioned a lot here. What are the work supports? In our State, we put a lot of focus on the work supports. In one of those big, large, square western States, which I know you represent as well, transportation is one of the most critical supports that we can provide, right up there with child care, right up there with medical assistance. Transitional medical assistance is a key.

The CHAIRMAN. That is true. We have virtually no public transportation, frankly.

Ms. ARNOLD-WILLIAMS. Right. We do not. We have it in the Central Salt Lake area, Wasatch Front. The rest of the State has no public transit. So, transportation is absolutely critical.

I think it is being very creative about how we package our resources and how we work, actually in a community-by-community level to provide the right job supports, working with businesses to figure out what works best to support that employee.

That has become more challenging in a time of economic downturn, where the full jobs are not as available, full 40-hour-a-week jobs are not as available. We have many businesses who are cutting back on hours per employee to avoid layoffs, full layoffs of employees in terms of that.

So, I think we want to focus more on, what do we do to support those families and keep them in that work force? Child care, transportation, medical support, food stamps, EITC, all of that package.

The CHAIRMAN. All right. Again, I would like both of you, you and Mr. Carroll, and Mr. Berlin, too, if you would like to, comment on the point you made. There are not that many people that have 40-hour jobs, even off welfare.

It is very hard to meet the 40-hour requirement when so many service sector jobs, which are the jobs most likely to be utilized here, themselves are not 40 hours. They are 20 hours a week, or 35. It just changes so much.

How do we deal with that? The administration says you have got to have 40 hours. But my off-the-cuff observation is, that is pretty tough to meet. That is unrealistic, given the jobs that are available today.

So, your thoughts. Mr. Carroll, why do you not begin?

Mr. CARROLL. Sure. Thank you. Obviously, that is going to be tough. Certainly, the bar has been raised. However, here is what I would suggest.

One of our programs that we have is called the Law Project Program. We tell people that have never been in a law firm, or had an ex offender background, you name it, that we would like you to be a paralegal. We tell them about what a paralegal makes, and all that. A paralegal makes about \$38,000 a year, on average.

We tell them how you can transition your life. They begin at the law firm just doing whatever, it could be in the mail room. But along with that, they go to school to become a paralegal. I am not sure, because I do not know the plan as well as somebody else knows it.

So, part of the goal would be not only to work, but they need to get some type of training and education that is really going to take them, not out of welfare to work, but out of poverty. How you do that, is they are going to have to have a skill so businesses are going to be willing to hire them.

So I think, if we are going to raise that bar, our expectation level for people trying to transition from welfare, it needs to be higher as well.

The CHAIRMAN. How do you get more employers to develop these kinds of programs?

Mr. CARROLL. Well, that is what we specialize in. We go and we start with the employer. We ask them, do you have a need? If they say they do have a need, then we start to talk about how, as Ms. Arnold-Williams said, how we can support them. We say, all right, we are going to put a person in your job, in your company, and along with them is going to come a support system.

The CHAIRMAN. What about smaller businesses? A lot of States do not have a lot of big companies. UPS is virtually everywhere.

Mr. CARROLL. Well, these law firms, a lot of them are only 10, 15 people, 5 people. It all depends. It really has to do with the vision. Where do you see this going? Once you get that clear, then I think it becomes clearer how to get there.

The CHAIRMAN. All right. Well, my time is up. When the other Senators ask their questions, I am going to ask you to put yourself—you made an excellent initial point. We need somebody here who is on welfare, or off, just to hear firsthand, not secondhand. So, I am going to ask you to be that person when I come back around.

Mr. CARROLL. Sure.

The CHAIRMAN. Just put yourself in the shoes of the average, typical single mom who is just struggling, and talk it through when we come back around.

Mr. CARROLL. Sure.

The CHAIRMAN. Thanks.

Senator Lincoln?

Senator LINCOLN. Thank you, Mr. Chairman.

Thanks to our panel who is here today to share with us in looking for some of the solutions. Some of the solutions, you have already found.

Ms. Arnold-Williams, you hit on a point earlier, and I think Senator Baucus mentioned some of it, too, and I had meant to bring it with up with Secretary Thompson but did not have time, but we in Arkansas have a monthly benefit of \$170 for a family with an adult and two children. Once a welfare client in Arkansas is work-

ing 28 hours at minimum wage, the family no longer qualifies for TANF.

So if the 40-hour work week is required, the family would be off of TANF before they could even be counted towards the State's work participation rate.

So, the State would disregard the earnings perhaps, but that would really have somewhat of a perverse effect of making the family stay on cash assistance so that they could be counted towards the State's work participation rate. That is kind of what you are saying, right?

Ms. ARNOLD-WILLIAMS. Right.

Senator LINCOLN. Disincentives.

Ms. ARNOLD-WILLIAMS. I think that is a fact. I think a good number of States are in that situation. I think the unintended consequences of that policy choice would be States looking at earned income disregard, or in States like ours that have chosen a shorter time limit, maybe going back up to the longer one, which is not the right answer for anyone.

I think that is why we would like to structure—and again, we appreciate your leadership on this—some kind of an employment credit. I think we all agree that the caseload reduction credit is not probably the right measure in 2002. But if we could count those individuals for longer than 3 months, for a year even, it would give credit to what they are doing.

We talked about expectations. We have a universal approach in Utah, because we believe that if you expect nothing of someone and say, well, we do not think you can do anything, they will not.

If you say, we believe everyone can do something, they will. But we need to honor that then. When they step up to the plate and say, you bet, I am doing it, we want to be able to give full value to that and credit to that. So, I think a better policy choice is around the employment credit and how we structure that.

Senator LINCOLN. Well, I want to thank you. Certainly, working with my colleague on the House side, Congressman Levin, your group, and others, we are trying to come up with that employment credit that is going to work, and I think move us more towards the objectives of what we have intended.

I think perhaps maybe Secretary Thompson and I may have been talking about different things when we were talking about the three-month piece there. He may have misunderstood what my question may have been there.

Mr. Carroll, I want to applaud you. I have been a fan of yours for quite some time, and what you have done in taking your Welfare-To-Work Partnership and really working through that and providing the incentive for individuals, as well as businesses.

This is not something that government can do alone. We have to have a partnership, whether it is our State or Federal Governments, with the businesses and industries out there, knowing what they need in their employees, and helping them to locate those employees, and then providing that kind of assistance and back-up.

The one thing that we talked about earlier, just maybe you might elaborate on your experience in helping place welfare recipients into jobs, and how crucial dependable child care is in that vein.

Mr. CARROLL. Sure. I agree with most everyone here that child care is probably the single most important reason, and it is certainly something that we all need to be concerned about.

Chairman Baucus talked about a woman in Montana who, with every fiber in her body, wanted to be off welfare and got off, but could not afford the child care. If I were her, I would be thinking, well, one solution would be to give me a child care subsidy or something so I could pay for child care, but I would prefer to make enough money to pay for my own child care.

So when we approach this, I think we have to approach it from both directions. We may need to have some type of additional subsidy for child care. But again, the long-term goal needs to be that that woman, and any other person, is able to provide for their own families. That is what we really want, the dignity that we can provide for our own family.

Senator LINCOLN. Self-sufficiency.

Mr. CARROLL. Right.

Senator LINCOLN. Mr. Berlin, you mentioned in some of your testimony that satisfying that 40-hour participation rate would require major increases in child care funding.

One of the other issues that is critical for us in rural States is transportation, and that has been talked about a lot here. I would like for you to kind of elaborate on these challenges in rural areas that are somewhat magnified.

When you talk about child care, you are not just talking about affording it, you are talking about finding it. We have counties that do not even have child care. We have got people that live out in rural areas that do not have any transportation. Much like Montana and other places, we have very little public transit. You mentioned that there is a little bit of a magnification, I guess, in rural areas.

Mr. BERLIN. The challenge is definitely greater in rural areas. It is the administrative impracticality of higher participation rates that concerns me. If somebody is working 30 hours a week, it means you have to arrange 10 hours of extra activity. The individual would have to get from his or her job to that 10 hours of other activity, and especially in rural areas that extra activity could be located very far away from the work site.

Even if the bill allowed you to set up 40 hours of education and training activities, most of those programs do not invoke 40 hours of activity a week, so again you would have to set up multiple assignments with similar transportation challenges and adding to the state's participation as a hardance tracking headaches. So then really what happens, is you end up focusing on keeping people busy while they are on welfare rather than actually investing in getting them off of welfare.

In my testimony, I lay out a number of difficulties and problems that you would confront, and they are all magnified tremendously in rural areas.

Senator LINCOLN. We appreciate it. This has been an excellent panel.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Breaux?

Senator BREAUX. Thank you, Mr. Chairman. I thank the panel. I apologize. Previous meetings would not let me be here for the Secretary. I am sorry I missed him.

I remember when President Clinton proposed the legislation to end welfare as we know it. There was a real substantial amount of predictions that it was never going to work and it was going to cause unbelievable hardship. We could not meet a 50 percent work requirement.

I think we have done a pretty good job of meeting all of those requirements. I mean, by any measure, there are 52 to 56 percent, as the Secretary said, fewer people in welfare, families and individuals. That has been a real success.

I am hearing the same type of concern expressed that we heard 8 years ago, that if you require 70 percent of the welfare caseload to be engaged in a 40-hour work week, it is going to collapse, the country is not going to be able to survive, et cetera, et cetera.

It seems that those are the same concerns I heard 8 years ago, and we have met those standards. It kind of reminds me of the CAFE standards debate on automobile efficiency. The automobile industry said, you make us meet these high standards, we are all going to close and go broke. Yet, they have met them all. We are looking at the same thing, expanding it again.

Can you comment on why we cannot do more in this area? Because when we were challenged once, we did it very successfully.

Ms. ARNOLD-WILLIAMS. I would be happy to take a stab at that from a State perspective. I think we are saying we can do more. I think it is probably time to raise the expectations of the States and of us on our customers.

I think the key to that, and what was key to the 1996 law that allowed us to not have those very negative outcomes that some predicted to happen, is that flexibility. Again, I will use my own State. We have a very individualized approach: universal participation, no one is exempted. We work one-on-one. Our employment counselors focus on negotiating a very individualized plan that meets that person's individual needs, and then they meet the participation requirements.

So, I do not think it is an either/or question. I think it is a question of, what should those expectations be? We agree that they should be higher. But then what are States allowed, in terms of flexibility, to mix, choose, and match the strategies that will have us achieve those, again, with positive outcomes for children and families?

Senator BREAUX. Well, I think that that is important, to consider where we were 8 years ago when we talked about setting these numbers and what the outcome ultimately was. Now we are saying, well, can we do better than that? I hear some of the same arguments, that, no, we cannot, that I heard back then, yet we were able to do it.

One of the big arguments—and I am a big supporter of child care. You cannot have individuals work if they do not have child care, the children are not being taken care of. They are going to end up getting into trouble and end up being a bigger problem than if we took care of them in the first place.

I mean, it is incredibly important that we do that. Arguably, Louisiana is one of the poorer States in the Nation. Maybe it is not even an argument. Just give us that.

But we checked with the State Department about whether we had a waiting list for child care, and it came back that, no, we do not. We do not have a waiting list for child care assistance in what is arguably the poorest State. What am I missing there, or am I missing something? Can anybody talk about child care?

Mr. BERLIN. Well, I think it varies by State. I am not sure of all the specifics in Louisiana, but in some places there are pretty substantial waiting lists for child care.

I just would make one other point about this, broadly. I think you are absolutely right to ask why the skepticism now given all that has been accomplished. Reform was a leap of faith then and the states succeeded. Why do we think we cannot do it again now?

The reality is that no State actually had to meet the participation standards that were established in the 1996 Act because caseloads fell so much. What the administration is proposing to do is to both raise rates and to phase out the caseload reduction credit that has reduced the current participation standard facing most states to near zero.

So what is going to happen in the next 3 or 4 years, is that for the first time States are going to have to meet rates dramatically higher than they have been meeting up until now.

Senator BREAUX. Well, it is going to be a lot more difficult. The easy cases have been solved. What remains in most cases are the most difficult. If they were not that difficult, they would already have jobs. They would be in a law firm, they would be driving a truck, they would be working in a hamburger place, learning a skill, working their way into a very meaningful occupation. I am all supportive of that.

So what we have left is some of the most difficult cases, which are going to require some real challenging, innovative ideas about how to solve it.

I am a big believer in helping them with medical assistance and the transitional Medicaid assistance program. Have you all had problems or seen problems on a State level, Ms. Arnold-Williams, with regard to continuing updating on their incomes? If someone is making enough income, or hopefully working for an employer that provides some health insurance, they do not need to have this program.

But has there been a burden on the States, in your experience of other States, being required to constantly update their income earnings to maintain their eligibility?

Ms. ARNOLD-WILLIAMS. Right. I think, Senator, that would extend to things like food stamps. There is that whole area of aligning the package of programs that support families and employment, and Medicaid is one. In our State, we had a waiver to have 2 years of transitional Medicaid. We lost that waiver a couple of years ago.

Senator BREAUX. But you had it going for a while?

Ms. ARNOLD-WILLIAMS. We did. Our waiver ran out about a year ago on that.

Senator BREAUX. We have legislation to give you another year.

Ms. ARNOLD-WILLIAMS. Right.

Senator BREAUX. With less regulatory requirements on reporting.

Ms. ARNOLD-WILLIAMS. The more simplified, the better, particularly as we move towards higher expectations of number of hours of week that TANF families are involved in work or other activities. That is less time they have to be walking into our offices, updating everything or doing that.

In our State, we are actually trying to do as much of that electronically. We have a new major initiative around that. But I think it is real important to simplify that, not only for the agency, but most importantly for the family.

Mr. BERLIN. And similar simplification in the food stamp area along the lines that we have done in Medicaid would be very helpful.

Senator BREAUX. We are going to have them doing more reporting than we are going to have them doing work. It is crazy.

The CHAIRMAN. All right.

Mr. Carroll, just walk us through. Put yourself in the shoes of that single mom, her life, how she sees it, as if she were here. Unfortunately, she is not, but if she were.

Mr. CARROLL. Well, I could think of a number of examples. I think, obviously, child care, if it is a single mom, one of our concerns would be her children and whether they would be taken care of. If she had to work on off hours, she would need child care that would be open at night or on the weekends. Certainly, she would want safe child care.

The other thing is, she would want to be able to get to and from wherever her employment was, so transportation could be an issue as well. Then she would also like to be trained and be able to know what she is going to do in the job.

I think at some point down the road she would want to be in the place where she could manage all of that through her own means. She would want to be able to have a car so she could drive to and from. She would want to be able to have a system to be able to pay for child care. Certainly, she would want to be able to advance in her employment.

So, I guess when we start to talk about the bill and the legislation, we need to have some process. TANF one was passed, now we are going to TANF two. We need to have something that says, all right, what is the road map? Where are we going to end up down the road? Where are we going to be?

We do not want to be, 5 years from now, saying the child care subsidy is not enough. We would like to be at the point where we have the child care necessities, like in Louisiana, that are less because people have been able to take care of that.

The one thing I think we make a mistake on as a society, is we do not necessarily know that welfare recipients want what we all want. They want the dignity that work brings, they want to have the same lifestyle, they want their children to go to college. They want everything that we want and they just need some help in getting there.

The CHAIRMAN. Ms. Arnold-Williams, do you want to supplement that? What do you think?

Ms. ARNOLD-WILLIAMS. I would add, maybe just from the other end of the harder to serve, and this is an example I have been using where I go, and I believe I am proud of in our State in terms of innovation across entities, and that is that recipient who maybe has a severe substance abuse problem, which we know is true for many of them.

What we have done—and again, in an individualized approach—is taken that intercept. We also know that many of those families, because of that abuse problem, interact with the child welfare system. My child protective services investigators know that family as well, my substance abuse staff know them, and our workforce staff know them.

So, we have challenged the three systems to come together in trying to match. They all have different timelines. We talk about the 60-month time limit, in our State, 36. But in child welfare in my State, you have 12 months to get your act together or face losing your children permanently.

Substance abuse tended to like to have 18 to 24 months to work with someone. So, we actually sat the systems down and said, you cannot do this. We cannot achieve the outcomes for these kids and this family with you doing that.

So, we adopted the very successful Drug Court model into the Dependency Court, into our Juvenile Court, to work with these mothers and these children so that the system is putting everything together. We are shooting on that 12-month time limit, because that is the shortest, for mom to either get her kids back or keep her kids, and it is working. It is working tremendously. So that mom needs the three systems to come together and work together well and give everything towards that.

But that mom also needs the system to be able to say, I might know for 12 months the best she is going to do is be in very intensive substance abuse treatment, visit the judge every other week, not every 6 months or every 3 months in a typical child welfare case, make sure the kids are in school, work with my child welfare staff, and work with her employment counselor so at the end of that drug treatment, it may be 12 months, she is ready to move into employment.

So I would also say that I think if I were that mom, I would want my system coming together collaboratively for me. I would want them to have the flexibility to do that. I would want them to be able to work very intensively with me up front so that I do stand a better chance. That may not be 3 months.

One of the things that concerns me a little bit, is assuming you can do substance abuse treatment in three months, because you cannot do that.

The CHAIRMAN. That is a good point. Unfortunately, in a lot of States—and one of them is mine, Montana—the largest law enforcement problem is methamphetamine. That is the case in, I know, most law enforcement jurisdictions.

You know as well as I that methamphetamine is wicked stuff. When you get on it, it is harder to get off, treatment is harder than other drugs, cocaine, heroin, et cetera. Unfortunately, in Montana there are virtually no public drug rehabilitation/substance abuse

programs. There are some available in the private sector, but they are very expensive.

There is none, for example, in the penal system. Persons who are incarcerated do not have any program to help them get off, so when they get out they are more likely to get back on again.

How many States do have a significant substance abuse program that works? I am told, like with methamphetamine, to your point, it takes more than three months. It takes more than 12 months, in many cases, it is such bad stuff and alters your brain permanently.

Ms. ARNOLD-WILLIAMS. Yes. Unfortunately, it is a drug of choice for women, at least from what we see.

The CHAIRMAN. Yes.

Ms. ARNOLD-WILLIAMS. Because it helps them lose weight.

The CHAIRMAN. Helps them lose weight. Exactly.

Ms. ARNOLD-WILLIAMS. Unfortunately, there is that. And do everything. Be super woman, in terms of that.

The CHAIRMAN. Exactly. Super mom.

Ms. ARNOLD-WILLIAMS. Yes. I should mention how we have funded many of these drug dependency courts is with our tobacco settlement money. Our legislature chose to put some into that.

Because you are right. The substance abuse block grant that States get is not sufficient to meet the needs. Even though it is a block grant, it has many set-asides and earmarks. So one thing might be allowing some flexibility in how that money is spent to target on some of these families.

We have been lucky to have our State legislature put State funds into substance abuse treatment, as well as local funds, but I think we may be unique in that. I believe you have a very key point there, that States are not geared up to handle what is coming their way.

The CHAIRMAN. Mr. Berlin, do you want to add anything here? I will give you the opportunity here.

Mr. BERLIN. In reality, what we are seeing is a fundamental transformation of the welfare system, not just because the welfare rolls have gone down, but because these agencies now have a whole new set of responsibilities in two new areas.

First they are becoming rehabilitation agencies for the hard-to-employ, which requires a completely different set of relationships with different providers, different thinking about what the right standards for success are and what would constitute progress in an individual's welfare to work plan.

Second, these are also now the agencies responsible for pulling together the new safety net that we have built around the needs of the working poor. Instead of having a system that is built solely around non-work the way the old welfare system was, we have made welfare temporary, beginning to build a new system of support around work for the working poor. That, I think, is a much healthier place to be, and it is where the American public wants us to be.

The CHAIRMAN. Well, that is a good point. I know that efforts, at least in my State, that have had some success in stamping out methamphetamine have to be totally holistic. It is not just law en-

forcement, not just prevention, not just rehabilitation. It is schools, churches, the communities.

So, it is zero sum. There is just no escape. I think it is somewhat similar to the concepts you were making about in terms of work and helping on a community-based effort to get this done.

Thank you very much, all of you. You have been very helpful.

The hearing is adjourned.

[Whereupon, at 12:16 p.m. the hearing was adjourned.]

TANF REAUTHORIZATION: REQUIRING AND SUPPORTING WORK

WEDNESDAY, APRIL 10, 2002

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 9:38 a.m., in room 215, Dirksen Senate Office Building, Hon. James M. Jeffords presiding.

Also present: Senators Rockefeller, Breaux, Lincoln, and Grassley.

OPENING STATEMENT OF HON. JAMES M. JEFFORDS, A U.S. SENATOR FROM VERMONT

Senator JEFFORDS. The hearing will come to order.

Both of my good friends are not able to be here at this moment. I think Senator Grassley will be here shortly. The Chairman is not going to be able to be here.

So I want to, first of all, thank the Chairman, who is not present yet, and also the Republican Leader, for their efforts on having this hearing.

We have two distinguished members of our country that have been deeply involved in the welfare reform programs, and I am pleased to have them here to guide us as we move into the future.

As you know, the administration has made a new proposal which has caused some concern about those who have been operating their own plans. Some of the plans have been very successful.

I think we have two Governors here which have done an outstanding job with respect to preparing people who have difficulties in getting jobs to be able to participate in our society.

So, I want to say to Governor Engler, who I have worked with a long time, who has always done an outstanding job, I would ask you to start.

STATEMENT OF HON. JOHN ENGLER, GOVERNOR, EAST LANSING, MI

Governor ENGLER. Well, thank you very much, Mr. Chairman, to you and to the members of the committee, and to the many members of the staff who will work on this. We appreciate the opportunity to come here today to testify on the reauthorization of welfare reform.

I am here today on behalf of the National Governors Association, and certainly on behalf of the State of Michigan.

Six years ago, the Governors of America came to the Congress as a bipartisan group and asked for the opportunity to make broad changes to a flawed welfare system. That became reality with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

We are here today to renew that bipartisan Federal/State partnership and to give you our recommendations for how we can work together toward the next stage of welfare reform.

I believe that the Federal legislation succeeded, and frankly succeeded beyond the expectations of many people who followed this process. It succeeded because Washington focused on the over-arching goals and left the strategies and the methods to the States.

States have proven that, given flexibility, they can design a better program, deliver better services, and get better outcomes for families and taxpayers.

Here are just a few examples, Mr. Chairman, of how States represented on this committee have tailored their programs to promote self-sufficiency among your constituents.

In Utah, mental health counseling and substance abuse treatment that will lead to self-sufficiency are included in the definition of work participation.

In Florida, recipients may enroll in remedial education or GED preparation classes as stand-alone activities. Tennessee provides cash incentives at various times to former recipients of welfare who retain employment.

In Iowa, community organizations and local workforce offices can apply for community self-sufficiency grants to address systemic barriers, such as improving access to transportation.

In my State of Michigan, our welfare reform and Work First efforts have moved more than 308,000 families from welfare rolls to payrolls.

I think that we recognize that the job of helping families, all families, obtain long-term self-sufficiency is far from over.

We would urge the committee to build on the success that has been achieved to reject any proposals that would alter the course that States have followed in implementing welfare reform.

This morning, I would like to focus briefly on three items: the proposed increase in work requirements, expansion of qualified expenditures under maintenance of effort rules, and the opportunity to achieve more success through program alignment.

As States move forward, it is important to maintain work in unsubsidized private sector employment as a key goal. I think we need to recognize and reward work at every level at every step in the process, whether it is a first time, part-time entry-level job or a position that can lead to a full-time career.

President Bush's proposal keeps work as a central focus, and I support his efforts to raise the bar. I look forward, though, to a final product that recognizes the goal of work, while balancing the changing mix of our caseloads: current State programs, available resources, and maximum State flexibility.

Second, I recommend that the definition of qualified State expenditures under maintenance of effort requirements be expanded. Current Federal law, ironically, actually places more strings on State maintenance of effort funding than on Federal money.

Governors support removing the restrictions on State funds so that the States have at least as much flexibility in the spending of maintenance of effort funds as they do with TANF dollars.

We have committed, in State after State, funds to low-income families, though I think that needs to be acknowledged in the process. The race to the bottom that dire speculation centered on never occurred. In fact, it was clearly a race to see how many families could be moved to self-sufficiency.

A GAO assessment yielded data in Michigan that showed, from 1995 to 2000, that Federal TANF and non-TANF spending on low-income families increased by 10 percent. During this same time period, comparable State spending actually increased by 26 percent.

Third, I would like to focus on what I think is the most innovative idea emerging from this year's welfare reform debate. The President called it the super waiver authority. Secretary Thompson has talked about that a great deal. I would simply call it common sense.

This would allow States to seek waivers across programs in various Federal departments. Families who receive cash often get caught up in some inconsistent and conflicting Federal rules and policies: food stamps, housing, education and training systems, workforce systems.

I will just use one example. The food stamp program is one where I think States need this greater flexibility. We recognize food stamps are not the jurisdiction of this committee, however, food stamp benefits are often a key support for families as they move toward self-sufficiency, and certainly is directly related to continued success in welfare reform.

Despite the significant progress, rules for administering the food stamp program remain proscriptive and inflexible. At the same time, you find States offering many families both food stamp and WIC programs, and they are both targeted to low-income families. They do not coordinate. Our hands are tied.

Two examples, are retailer availability and benefits insurance. The USDA has certified about 1,800 Michigan retailers for WIC, and over 5,000 Michigan retailers for food stamps. Now, we do not control that certification. That is what the Federal agencies would decide.

So if you have got a family that has got a favorite grocery store for food stamps, they may find in that same store they cannot use their WIC benefits.

Now, we have moved all of our food stamps to an electronic benefits transfer, or EBT, system. We have this bridge card, with our Mackinaw Bridge featured on it.

In spite of all of our best efforts, we have not been able—and these are all multiple road blocks, all at the Federal level—to get the WIC benefits put on this same card.

So, we have got about 200,000 Michigan women and children who are still tethered to paper. The retailers still have got to process all that paper. Meanwhile, everybody using food stamps alone has got this card.

The State finds itself operating then two independent benefits issuance systems and processes, duplicated costs, and here is the same family getting benefits in both programs. It does not make

sense, and that is where this common sense waiver or super waiver would come in.

So we would encourage this committee to provide States the ability to coordinate programs to allow for seamless delivery of benefits to those who are eligible.

A number of other programs, obviously, are increasingly interconnected, with welfare reform initiatives in States, and not just the child welfare, but child support, child care, housing, Medicaid, and the Workforce Investment Act.

There is a lot of recognition in Congress. Some of the public statements have been marvelous on this point about the need to take these barriers to coordination down and to have additional authority to coordinate.

I would just say, we look forward to working with the committee to develop the most effective ways to eliminate barriers to it and create incentives for greater coordination of related programs, all with the goal of strengthening families and encouraging work.

And since the focus of this hearing today is on work, I want to just close by saying that State leaders want to see all adults working, just as Federal officials do. Give us the tools and we can deliver.

Flexibility leading to States' ability for greater coordination is right at the top of our list. Greater coordination will ultimately lead to an improved system of delivering assistance to our citizens, and that improved system will encourage reward and support work and working families.

I want to thank you for the opportunity to testify. I would also like, Mr. Chairman, to submit formally for the record the National Governors Association policy on welfare reform, as well as the results from a survey that was taken from many of the States—not 100 percent have responded—discussing the State impact on proposed changes and work requirements. I am sure we will get into that in a moment.

This has been discussed somewhat in the media, I think maybe somewhat erroneously. There are concerns, but we think that the building blocks that are in place and the reauthorization really is in the great interests of American families, including those who have not yet gone to work.

So, I thank you and we look forward to renewing our historic bipartisan partnership to move to the next stage of welfare reform. Thank you.

[The information appears in the appendix.]

Senator JEFFORDS. Thank you very much, Governor, for an excellent statement. I admire you for what you have done and the guidance you have given us.

[The prepared statement of Governor Engler appears in the appendix.]

Senator JEFFORDS. Our next witness is Governor Dean, who has been Governor of Vermont since forever.

Governor DEAN. 1991. [Laughter.]

Senator JEFFORDS. 1908.

Governor DEAN. Right.

Senator JEFFORDS. In addition to providing outstanding leadership in my State, he has served as the chair of the National Gov-

ernors Association and is currently a member of the NGA Executive Committee and lead Governor on welfare. This last position is particularly fitting for today.

Governor Dean presided over the Welfare Reform Project, the Nation's first State-wide welfare reform demonstration project. This project helped to lay the foundation for the 1996 TANF initiative.

The Welfare Reform Project and successors' Reach Out Program have been very successful in Vermont. Vermont has been a leader in the area of welfare reform, and has created outstanding programs—a little bit prejudiced statement here—that support work and help people to develop the skills that are necessary to move off the welfare rolls and onto self-sufficiency.

Governor Dean deserves a great deal of credit for this and has been a true pioneer in the area. Thank you, Governor Dean, for appearing before us today. It is a great pleasure to have you, and I look forward to your testimony.

I might also add that it is a pleasure today to have, as I have already said, Governor Engler. I appreciated very much your testimony, and you have been a great pioneer in this area as well.

Governor Dean?

**STATEMENT OF HON. HOWARD DEAN, GOVERNOR,
MONTPELIER, VT**

Governor DEAN. Thank you, Mr. Chairman. First of all, let me extend my thanks to—

Senator ROCKEFELLER. Governor Dean, can I just say, for your benefit, sir, both of you, I think, have mid-morning planes to catch, or something. We have got a vote going, so I am going to go vote now and then come back. Do not take it personally.

Governor DEAN. All right. Thank you.

Thank you, Mr. Chairman. Let me thank, first, John Engler and say that I concur with everything he said exactly, with one small exception. I think he might agree with the exception. I would actually prefer not to have the super waiver. I would actually prefer that Congress rewrite the law to give us as much flexibility so that we do not have to go and get waivers.

Governor ENGLER. I would agree with that.

Senator JEFFORDS. No disagreement with that.

Governor DEAN. I think both Republicans and Democrats have learned a lot out of what we have done. Vermont is actually, as you may know, the very first State in the country to get waivers to do the State-wide welfare reform program.

We actually had our waivers pending for the first President Bush and worked their way through the system, so that President Clinton was able to grant those waivers within 2 weeks of his inauguration.

So we started welfare reform, and I think Governor Engler and Governor Thompson also did, long before the Congress even passed a bill.

The purpose of my bringing that up, is because welfare reform has been a bipartisan issue for Governors for a long, long time. We, as an NGA, worked very, very hard with the Congress during the

welfare reform debate and got what I think turns out to be a pretty good bill. It has been incredibly successful.

I think most of the States that have certainly taken an aggressive view towards welfare reform have reduced their welfare caseloads by between 50 and 65 percent. It has been extraordinary, and it has worked. Even those individuals who deeply opposed this, fearing it was going to undermine low-income families, most of those folks have now said, you know, we were mistaken about this. This has worked very well.

Today in our State, we have seen very little increase in the rolls, even though the economy has been in serious disarray for the last year or so. What that means to me, is we have been extraordinarily successful, not just in reducing the welfare rolls and getting people to work, but most importantly, getting people into the private sector with skills that keep them in the private sector over a period of time. That is really the goal.

The concerns that I have about the administration's proposal have to do with loss of flexibility and a top-down approach. I think Governor Engler pointed out, and could not have said better, essentially these programs were developed by the States. People in the States are happy. In our State, we have not seen an increase in the caseload, despite the downturn in the economy, which means that we must have done something right.

I would hate to have any proposal come through the Congress that would tell Michigan that they have to do things the way Vermont has done them, or tell Vermont that they have to do things the way that Michigan has done it. Michigan has extraordinary results, too. In fact, I think their caseload has dropped even more than ours has.

So, our principal argument here, speaking for the NGA, is that we would like as much flexibility as we possibly could have. Some of the things that Governor Engler was discussing about the EBT and the food stamps, lots of States face that.

It is difficult to come before any agency, especially multiple agencies, and ask for waivers. So I would ask, since you have an historic opportunity here and you need to reauthorize the welfare reform bill, this is an opportunity to give the States more flexibility.

I know there was an enormous amount of concern in Congress when this bill was first passed that there was going to be a race to the bottom. There was a lot of fighting between Democrats and Republicans at the time this bill was passed, even among the Governors, about whether there would be a race to the bottom.

There was a lot of suspicion. We managed to set the suspicion aside and negotiate and support a common approach. I think the States have really proved themselves, that Governors, both Republicans and Democrats, are good stewards of their people's fortunes, and want these programs to work. They are going to do what it takes to make them work.

I think what you are going to see today is a bipartisan representation, both Democrats and Republicans, saying we think we have earned the trust of Congress by our deeds, and we would like more flexibility, not less flexibility.

Now, to put on a slightly partisan hat, I am concerned about what I perceive to be a loss of flexibility in this bill.

For example, our work requirements are substantially less than what the Federal Government, or the administration, is now proposing. Why is that? Is it because we do not think people ought to work? We do think people ought to work.

But what we have concentrated on, is not public sector jobs. If we can avoid it, we would like to not have to do make-work programs. They are much more expensive than private sector programs.

Under the administration's proposal, in order to meet the requirements, we would be required to create public service jobs and we would be required to pay for child care, the money which is not in there. In a rural State, we are going to somehow have to pay for folks to get to their job opportunities.

We like our program because it allows us to count training as hours worked, higher education as hours worked, therefore, moving people, even though it takes a little longer, permanently off the welfare rolls. The permanence is as testified to by the extraordinary statistics that we have seen in our State, and I suspect a number of others around the country.

The requirement that 70 percent of the workforce be in work is a requirement we can work with, but we have to have much more flexibility about the definitions. If you taken, using the Vermont example, 50 percent of the welfare load and put them in long-term, meaningful jobs that have not gone away during the recession, that means the remaining 50 percent are much, much tougher to place.

There is a much higher rate proportionately now of substance abusing problems, mental illness, disabilities among the welfare population because so many of the able-bodied folks that were on welfare are now in the workforce. That means it is more difficult to get a high percentage of people into the workforce, especially into private, non-subsidized jobs than it was previously.

Some of the requirements in the administration's proposal are much more onerous than they were. For example, one of the proposals was to move people into work within 60 days, or else.

Well, the problem is, if you go to the unemployment office, most people who collect unemployment who have been in the workforce and have skills that we know about take 13 weeks to get placed. So, there is clearly a disconnect.

I think we are actually, with a 40-hour work week as the administration proposed, imposing a higher standard on low-income, single mothers who are predominantly still the welfare population than we impose on anybody else.

The average work week in this country for non-supervisory personnel is about 34 hours, for non-supervisory personnel who are women, yet we are wanting a 40-hour work week. So, there are problems with the administration's proposal.

I am heartened by what I have read and heard about what is going on in Congress. I think there is a heeding of the Governors' call for flexibility. I think that, as far as I can tell, in the Senate, on both the Republican and the Democratic side, there is a willingness to say, yes, the Governors and the States have done a good job with this.

So my plea today, Mr. Chairman, is that we continue to be allowed not only the same flexibility, but perhaps even more flexi-

bility. We have proven there is not going to be a race to the bottom. It does not matter if you are a Republican or Democratic Governor. Both parties in the gubernatorial State houses around the country want to do the right thing, and have, I think, provided an exemplary record on welfare reform.

We would ask for more flexibility, not less flexibility, more ability to continue to do what we think is a very good job for our people and more ability to do what we think the public wants, which is to move people off of welfare, require work, but meaningful work in the private sector, and permanent work that does not disappear when the money runs out because we are all in a budget crisis and cannot afford make-work programs any more.

Senator JEFFORDS. Thank you, Governor, for an excellent statement.

[The prepared statement of Governor Dean appears in the appendix.]

Senator JEFFORDS. I have a vote. I want to stay as long as I can before I get yanked.

But Governor Engler, how are the budget shortfalls in your State impacting Michigan's welfare program?

Governor ENGLER. The real impact on the budgets over on the Medicaid side, that is the program that is out of control and it is one of the reasons the Governors Association took the first steps to establish actually a National Commission on Medicaid Reform, because something has to give there.

Michigan's experience, like Governor Dean testified in Vermont, we have seen a slight increase in caseload, but it is not anything like we would have experienced under the old system. The old system kept setting new highs every time the economy turned down, then even when it recovered, it never went back to the previous sort of mid-point.

We currently have around 75,000 or so cases, 77,000 cases, on public assistance in Michigan. We have had an impact that has gone up, as I said, slightly, but not dramatically and not beyond what we had sort of planned for.

One of the ironies, is that this catches us at a point where we are coming to the end of the authorization of welfare reform. We had carried significant TANF balances previously, but Governors across the country were concerned that when it came time for reauthorization, that TANF balances would simply be zeroed out. So, most of us went through those balances as we approached the end of the period.

I think one of the strengths of the President's proposal, which seems to have universal support on this point, is that the States in the future would have certainty that those balances would not need to be drawn down, but that money would stay on account. That actually remedies something that we knew was a weakness actually five or so years ago when we were passing this.

So I think we would have been in a better position. The whole idea of TANF was actually to sort of be able to keep some of that as a rainy day fund. There had been various conversations here in the past about possibly looking at some of those balances, and I think we were not certain we could hold them, so we did not retain them. Then we hit the economy turning down at that point.

Senator JEFFORDS. Governor Dean, would you comment on that? I know Vermont is having its troubles, too, as well in that area.

Governor DEAN. Well, as you know, Mr. Chairman, I am a very tight-fisted conservative when it comes to money. So, we actually did not spend much of our TANF balance because, although the legislature wanted to do so, I would not permit them to do it. But I totally concur with Governor Engler. I think it is very important that these balances be preserved.

We entered into a contract with the Federal Government, essentially, when the law was passed five years ago. The contract was that we would manage welfare and they would give us lots of flexibility, and that the TANF grant was to be at our disposal.

I think, in fact, the Federal Government has actually benefitted from that because the grant has not really risen the way it would have under the old system. So, the Federal Government saved a little bit of money.

I think it would be unfortunate if, for whatever reason, the new bill were suddenly to say, well, States, you have done a wonderful job, so therefore we will take all of the money you have set aside, because, as we know, during the next downturn, we may need that money.

So, the downturn in the economy has been a problem. I concur that the most difficult problem we have right now is Medicaid. We need much more flexibility in Medicaid than we have got in order to make that work.

It is killing every State in the country. The pharmaceutical prices are going up at four and five times the rate of inflation. I think 19 or 20 percent was the national average over the last three or 4 years in terms of State Medicaid budgets.

But in terms of welfare, it is really under control. We have this saying in Vermont, Mr. Chairman, as you know you are aware: "if it ain't broke, don't fix it." Welfare reform has been an enormous public policy success in this country.

I cannot think of another social innovation in the last decade or so that has been as successful as changing welfare as we know it. It really has happened. Enormous numbers of people are now full-time workers in the private sector. It has been hugely successful.

I would make the argument that, to the extent that you can reauthorize it pretty much as is, with some of the additional flexibility that Governor Engler has spoken about, that that would be the best thing Congress could do.

Senator JEFFORDS. Well, thank you. You have the option of leaving. I have got to go vote. They are holding the vote open for me. Somebody may arrive and ask you a question. But I know you both have planes to catch, so I do not want to hold you up. You are at your option, and I will be back as soon as possible.

Governor ENGLER. Thank you.

Governor DEAN. Thank you, Mr. Chairman.

[Whereupon, at 10:03 a.m. the hearing was recessed to reconvene at 10:06 a.m.]

Senator ROCKEFELLER. Gentlemen, thank you for your patience. I just want to say that some of us worked on this together back in 1996, and that that conference committee was amazing in the

fact that it came out with, people were tired of the system, we needed to make a change.

Some voices said, no, you cannot do that. I think the broad perception, certainly on my part, is we have got to try something. There is a lot of history of my own, going back to the days I was a VISTA volunteer.

In any event, we had former Governor Thompson, now Secretary Thompson, here. I can remember him testifying in 1995 on this subject. He talked at that time and has testified since, and we have discussed this, about the need for flexibility on the part of States.

He was a champion. He was sort of the guy that was kind of making it up on the spot and doing a really incredible job with it. I think the world of him, as I do both of you practical and wonderful Governors.

We have put a lot of resources into it. We put a lot of emphasis on child care. What I would like to ask each of you, and if this has been asked before, I cannot help it, I am sorry, because I was carrying out a rather boring vote. [Laughter.]

But I have introduced a bill which goes on the premise that 40 hours and 70 percent is a lot to require, particularly of rural States. We have been trying hard, and we are not anywhere close to that. But, as importantly, you cannot do this if you work 40 hours and you are doing mentoring, and community this, community that.

Let us say you are a single mother, or you were not a single mother. You would be on a bus going somewhere to get training or do your work, or whatever. Therefore, particularly if you were a single mother, and probably in any case, you would need child care. So we boosted child care by \$1 billion.

I cannot think about welfare reform without thinking about increasing child care. So, I would like to ask two questions. One, is how does a State cope with—and you represent two very different States, which is perfect, and both totally committed to doing this in the right way—and I think you have talked about it a little bit, Governor Dean, the so-called 40-hour problem in a rural State and/or in an urban State, and with the interplay of that and the need for child care. Whether you are talking about 26, 30, or 40 hours, there is a need for child care. You cannot just walk off and leave the children.

Then my final question would be, Governor Dean, to you. I think you have already done this, but I have got to hear it with my own ears. We are a very rural State, too. I do not know how we get to what is being asked in the President's bill.

I just do not know how we do it. We have a Governor who wants to do everything he can, Governor Wise, on that. I just do not know how we do it. Therefore, the whole question of this in rural States. Governor Engler, perhaps I will start with you, sir.

Governor ENGLER. Thank you, Senator. A couple of things. The 40-hour and 70 percent. Our goal is 100 percent, not even 70. But we recognize, it is depending on what, off of what number?

This is rough, but to put this in perspective as to what needs to be thought about. This is January data. In fact, this is actually a point in time in January. It has gone up just a slight bit from then. But at that point, it was about 74,000 cases.

This is total cases on our Family Independence program, the old AFDC caseload. Of these 74,000 cases, we had in that group, a child only in about 21,000 of those cases. So, those would not be cases that would be counting for work, so you take that down to about 50,000 families, now.

Of that, we had about 25,000 that were deferred, and some of those were deferred because there was a very young child. Fourteen percent had a child under 3 months.

A number were deferred because they were incapacitated. About 5,000 of them, we thought were eligible for SSI. We thought they would be eventually approved and we thought they would be getting that Federal disability, so they were not on our list.

We had others in homes caring for a disabled child. That is kind of an interesting category, and it is one, frankly, that we are going back to look at because that category was large, about 30 percent of that 25,000.

Then we had 25,000 that were expected to work. Of that, almost 15,000 were, about two-thirds, and one-third were not. So, we would be pretty close if that is the number to be 70 percent working. Then we are not far off.

So, this way we have said that there are some definitional issues that sort of go to the heart of what we are dealing with here. We would like to see, theoretically, 100 percent of those who are expected to work be out there working.

Michigan has taken, I think, a similar position to the one that Governor Dean talked about, where we really had a preference to place people in private sector jobs. We have tried not to have public sector or community service jobs because we felt they would last only as long as the money for that program lasted, and then jobs would immediately go away.

We also said it was better to work and get work experience than to go through countless training programs prior to working. We believe in training, but we would like to see that added to work. That is what the President is really doing. In the proposal, what they are trying to do is 40 hours. It is really 24 hours of work, and then they are saying 16 hours of other activities.

Now, again, it gets to the definition. If the definitions are as flexible as we understand they will, then that will include helping with learning child care, well baby care, home ownership responsibilities, some training. If that is a broad definition, then you see it is not so onerous.

Senator ROCKEFELLER. But they are still gone from the home.

Governor ENGLER. Not necessarily. Some of those could be conducted—

Senator ROCKEFELLER. But in the great majority of cases, would they not be gone from the home during that 16 hours?

Governor ENGLER. They could, but their child could come with them. Let us say it is a child care type of program. They would bring their children with them. So the family might be together, but not in the home.

Again, our reading of this, at least, assuming that it is expansive and that we get the flexibility that I testified on on the maintenance of effort so we can spend maintenance of effort dollars on the

same thing we spend TANF dollars on, we could address some of that.

Today, you have got a 30-hours of work requirement, arguably, which I think is 20 hours of on-the-job work and 10 hours of other activities. So, you are seeing that 20 hours raised up to 24, and the other activities raised from 10 to 16 hours.

I think the point you made is a valid one in terms of distances, that it is hard. Governor Dean made the point that the Federal Government's own Bureau of Labor Statistics show that the average job is no more than 34 hours a week. So, there are some definitional issues there.

I am not troubled by the goal. I also want to know what the penalties are. In other words, if that is the goal and I do not meet it, and there are no penalties, then I am going to do everything I can to meet it, but I realize my program is not devastated if I do not.

Senator ROCKEFELLER. Governor, I need to go to Governor Dean.

When you say there are definitional issues, I think that is what makes me so incredibly nervous. I think in welfare reform, where you have a lot of gray areas, you are asking for an awful lot of trouble. I agree with you, they can take their children when they go to a child care event.

But in all of those instances where it is not a child care event or they cannot take their children, it is some kind of another event, the child is home and the child care money is not there. I do not know how you take it up, under any definition, to 40 without the child care. I just do not understand that.

Governor Dean?

Governor DEAN. Let me be fairly blunt. I had not heard, until the reauthorization came along, of one complaint from any Republican or Democratic Governor about the way welfare reform was working. I said this to the Chairman before he had to go and vote.

My credentials are fairly good. We were the first State in the country to get waivers to do this for the whole State. We moved welfare to work before it became a Congressional issue. We have a program people like.

The proof of the pudding is that our caseload has dropped a little more than 50 percent. It has not gone up, except perhaps an infinitesimal amount, during the recession. That means that all of the people that were moved off welfare into work were required to do that and they have not come back onto the welfare rolls when the recession occurred.

Why? Because we were able to give them training counting towards the work requirement. For example, to become LPNs. We have a terrible nursing shortage, which Senator Jeffords has spent some time working on. People who get LPNs do not drift back into the welfare system when the recession comes.

So the point that I am trying to make here, is this has been an incredibly successful reform, probably the most successful piece of social legislation, I think, in the last 10 years. It has worked. I will, with some bravado, I suppose, say I think the States led the effort. Governor Engler was also a pioneer, as was Governor Thompson, in this area.

We have a saying in Vermont, "if it ain't broke, don't fix it." I mean, the best thing, in my view, that you could do is simply reau-

thorize the welfare reform bill as is, without taking away the States' flexibility to make this work.

Our people at home are not complaining about people who sit around doing nothing on welfare because, as we have moved most of the welfare load in this country to productive private sector work, the folks that remain, to a larger and larger degree, have many, many more barriers to work. So, we need the flexibility that we have in the current law that was passed by this Congress and this Senate. We do not want the kind of restrictions that we are going to have.

Child care is an enormous problem for us. There is not money for child care. I do not know how to answer your question. It cannot be answered.

The 40-hour work week, in fact, proposes a higher burden on single, low-income mothers than it does on the average working person in the country who, in a non-supervisory job, works about a 34-hour work week.

The 70 percent rule. I totally agree with Governor Engler, our goal is to get everybody working. But 24 percent of the people on our welfare rolls now, because we have moved so many of the healthy people into work, are disabled people. They may never be able to work in the definitions that we have of work.

We want to move those people towards work. We put those people in vocational rehabilitation programs that count towards the work requirement. It takes 12 months to place the average disabled person on the welfare rolls in a job.

Now, it is a wonderful thing. I am glad that we have to do those things. I am glad that we have the bill. I am glad that we have required work. It has worked out very, very well and it has, I think, shown the naysayers of 5 years ago that this could work without really hurting poor people. In fact, I think it has helped poor people a great deal.

But if you start taking away the States' flexibility, you are going to start taking away our success. Transportation in a rural State, Senator Grassley, is an enormous problem, as you well know.

I do not know how we would come up with the money to move people from their work experience now to some of the other activities that we would have to move them to, because certainly the States' budgets, as you know well, are not in very good shape these days.

So, my urging would be, I think we have proved there is not going to be a race to the bottom and that Republican Governors and Democratic Governors alike care deeply about our people, whether they are rich, middle class, or poor, and want to do the right thing for our people. I would just urge you to give us as much flexibility as you possibly can. I would much prefer reenacting the bill that has already been passed than jacking up the requirements, because I think we are going to end up in a dance.

If there are no penalties, we get around somehow requirements that are too rigid to work, or we are going to end up totally changing the system and forcing our States to create make-work jobs so that we can meet the quotas from the Federal Government instead of doing what we have done so successfully from Michigan, to Wis-

consin, to Vermont, which is move people into meaningful, long-term, private sector, unsubsidized work.

Senator ROCKEFELLER. I thank you both. I particularly note, too, your statement about the double effect on single mothers. If we try to expand this without child care, it is devastating for single mothers.

Governor DEAN. I mean, if we are trying to leave no child behind, we should not be leaving the child behind by forcing the mom out of the house for an additional 16 hours with no supervision. If we do not have child care money, we cannot provide the supervision.

Senator ROCKEFELLER. Senator Grassley?

Senator GRASSLEY. Obviously, the discussion we just had between Senator Rockefeller and each of you is kind of core to one or two of the most controversial issues that we are going to have to deal with in reauthorization. So, I do not want you to repeat things that you said to him, but I would like to follow up.

Probably, Governor Dean, you just answered my first question. But you just said greater flexibility, or the amount of flexibility, is the key.

Can I interpret from your answers to Senator Rockefeller for each of you that it is not the 40-hour requirement in and of itself that you object to, that there might not be an objection to that if there is enough flexibility and if there is enough money. If I am wrong, just start out by saying I am wrong, then answer the question.

Governor ENGLER. No, I think you are right. I think you are right. I think we would have a slightly different take on that. There is no question it is working. There is no question in my mind that the States have every incentive to help families go to work. We save half the money, so we are very passionate about that.

We believe that the idea of some credit for those who have gone to work has made some sense, and there is some effort to retain aspects of that, which we appreciate.

We spend on child care, just to address that, in 1994, we may have been spending \$90 million or so. We are up to \$450 million today. We have moved a lot of our TANF money there, we have moved other State funds there. It still is not really enough. The point is made on that very well.

There are things that we can do in the way of services. This is why this survey got so misunderstood. The Governors were asked, what does this mean? Governors were reacting without having a bill. But we were saying, if you have got the same dollars and now you have got to provide additional hours of service and programming, how do you do that? The answer was, it will not work. Something will have to give.

That is what the survey was really saying. But if we turned this around and we said, look, the goal is to get everybody working, and at the same time, we would like to wrap around other services to help strengthen these families, whether that is strengthening the marriage, if you have got a man and a woman in that home, or if it is strengthening and reducing the incidence of child neglect or abuse, if you could try to deal with that.

There is a whole host of things that these families need. These are very needy families. I have got examples of an Arabic-speaking

mom who has got six kids, and the father is employed in this household, but they are still on public assistance because of the limitation on education and language.

Another moved from Wisconsin. They moved away from Governor Thompson's former State. But they have got two kids. She left to escape abuse, used all her money up to buy the bus tickets to come to Michigan. They are at a rescue mission. They are homeless. Well, they need employment, housing, and child care all at once, and she wants to work and needs transportation to boot. So, that is a whole multiple set of problems.

Trying to get that woman working 24 hours a week—I can see how we can give her 16 hours of services and training, but 24 hours a week? That is a tough thing.

Governor Dean is right. The Governors all say the maximum amount of flexibility. We will do the best job we can. Then the question is, if somebody falls short out there—and this 70 percent is in 5 years. It is not right now.

I mean, we all solidly support reauthorization as quickly as we can get it, and with some of the securities that are in the bill. But in 5 years if we do not get to the 70 percent, what is our penalty? Do we lose \$100 million and then we are less able to do the things we need to do?

Senators, I am supposed to go to Senator Byrd's committee. I suspect he does not tolerate somebody being late very well either, if I could be excused. I am reluctant to leave Governor Dean here all by himself, but I must do so. [Laughter.]

But we are on very fine points here, I believe. I believe there is fundamental agreement that this has worked well for America and needs to continue, and we look forward to working with you. We think there is a bipartisan answer here.

Senator GRASSLEY. Would you like to respond along the questions that I asked?

Governor DEAN. I think that I agree with Senator Rockefeller. Definitions make me very nervous, because then rules get written in a department that may or may not be in keeping with what you had in mind in the Congress when you wrote the bill.

Again, I would make the pitch, leave it the way it is. It is working great. When this was done, the reason I did welfare reform early in our State, is because I was responding to the public who was outraged by able-bodied people being on welfare. I think that is why a lot of the Governors of both parties did it.

I am not hearing complaints like that now because there are not a lot of able-bodied people. We have reduced our rolls a little over 50 percent. That means the proportion of people who are left on the welfare rolls is a much higher proportion of people, for example, who are disabled.

Twenty-four percent of all of our people on the welfare rolls in our State now have disabilities. I do not know how we are going to get those people out of the house for 40 hours a week. There is an additional percentage that are caring for disabled children or adults in their home. I am not sure how we are going to get those people out of the house for 40 hours.

I agree that we want people to work in meaningful full-time employment, but I think we have to be practical about how we are going to make this happen.

I think every Governor wants to even shift more people out of the welfare rolls and into the work rolls. I did welfare reform, not just because people were outraged about able-bodied people on welfare. I did it because I thought it made families stronger.

I believe that if a child grows up in a household where somebody is working, they grow up with an entire different ethos about what it means to contribute to society. So, I wanted children to grow up in households where somebody was contributing in the workplace.

I am afraid that if we push the envelope so much that we, for whatever reason, make the system so rigid that we now have to comply with Federal mandates about 70 percent have to do this or that, all the States are going to end up doing is playing a game in terms of how we satisfy the bureaucrats in Washington. But then what are we going to do to really do the job we are doing?

I am not going to be too verbose, but I have got a lot of testimony here which I will submit about what we are doing now in terms of our strategy to move people into long-term permanent employment. Most of our folks, which I think is consistent with what you are going to see in the survey, that the President's proposal for the 70/40 does not work. We would have to fundamentally change our programs and focus resources on making work to meet the requirements, therefore taking resources away from things like additional education and job training, which gets people into the permanent workforce, which is really what I think our goal is.

Senator GRASSLEY. Thank you, Mr. Chairman.

Senator JEFFORDS. I have no further questions, and I thank you.

Senator ROCKEFELLER. I would like to ask one more, if I could. I apologize to my colleagues.

It is a fact, and one can, I guess, talk about, people did not understand questionnaires, and all the rest of it. But I suspect what happened, is the Governors got those questionnaires and did not sit down and fill them out, but gave them to their so-called HHS secretaries.

Governor DEAN. Right.

Senator ROCKEFELLER. They know exactly what they are talking about, and exactly what works and does not work in their State. You do have, of the 38 surveyed, 21 Republican Governors having real problems with it, 15 Democrat Governors having real problems, and two independent Governors having real problems with it.

One cannot sort of walk away from the fact of that very, very powerful statement. I also want to say that it is so easy to say that while we have 24 hours of work, or whatever, and we are just going to add on 16 hours of community work, community involvement, mentoring, or child care something, or job training something, but if you are from a rural State and if you are from an urban State where getting across town can often be almost as difficult as in a rural State, that is still 40 hours. The administration's representative on this says 40 hours. You said they do not understand what our bill means. Well, we do understand what it means. We do understand it means 40 hours away from the home, except in some cases where there might be mentoring in the home.

I doubt that would be many, because you are not going to have mentorers going out to little hollows in West Virginia. It is going to be the other way. People are going to go to the mentors, community service, or whatever it is. So, it is 40 hours. You cannot get away from that, 40 hours, under any definition that you try to put forward.

So if you cannot get away from the 40 hours, then there is no possibility, particularly for single mothers, if you are getting away from the whole child care function. That is mathematical. It is clinical. It is not astrological. It is just pure fact. I would like you to sort of agree with mr, Governor Dean. [Laughter.]

Governor DEAN. Yes, Senator.

Senator ROCKEFELLER. But I am serious.

Governor DEAN. No, it is.

Senator ROCKEFELLER. This is at the heart of it.

Governor DEAN. I was surprised by the administration's proposal because we are not hearing a lot of complaints in either Democratic- or Republican-run States that this is a big issue. We think it works pretty well right now. Each State has kind of crafted their own proposal around the Federal law.

This has been an enormous success. Welfare reform has been an enormous success. It did put an end to a system that I believe was undermining families by making them overly dependent on the government.

But on the other hand—and I feel a little funny saying this because this was actually a cry that was begun by the conservatives, and I think they were right about it—there is value having parents being in the house. For single moms, it is much tougher for parents to be in the house.

So even if you said 40 hours, and we will give you all the money you want for child care—this gets back to Senator Grassley's question—I am not sure it serves us well to tell single mothers that you are going to spend more time out of the house than the average woman that works in the United States of America today.

You are going to see less of your children, even though you do not even have a significant other to help parent the children than two-parent families are going to see. These kids are in more trouble than kids who grow up in two-parent families. We know that.

So what we are essentially doing, no matter what we call this extra 16 hours, is taking parents out of the house for additional time. Now, some of these parents may not be great parents, but I think we have got to assume that most of them are. It is always better to have a parent in the home with the child for some of the time.

Should we undo welfare reform? Absolutely not. It is really important, in my view, for a kid to grow up in a house where the parent is making a contribution to society if they are at all able to do so because it makes a stronger family and the kids have a great role model.

But should we demand that they do more than every other parent? I think we are going to get in trouble with the kids. We are already seeing an explosion of all kinds of problems, like youth violence, teen pregnancy, substance abuse, and so forth.

That happens because kids are unattended. They are unattended after school, they are unattended in the evenings. We have got to be careful. This is like every other good piece of legislation: there is a balance to be had here. I just do not want to see the balance upset after the program has worked so well for 5 years.

Senator ROCKEFELLER. Thank you, Governor, very, very much.

I failed to recognize, for reasons which are absolutely beyond my imagination, the great Senator from the State of Arkansas, Senator Lincoln.

Senator LINCOLN. Is it my turn?

Senator ROCKEFELLER. Yes, ma'am.

Senator LINCOLN. Great.

Well, I want to welcome you, Governor, to the committee. I thank the Chairman for calling this very important hearing today.

Just, your last words, I would like to echo. It is so important that we get this right. We have made great strides. We have worked hard. I was on the conference committee for welfare reform in 1996 when I was in the House, and we had so many objectives and ideas of how we really wanted to make welfare-to-work effective and to make it successful.

To some degree, we have. I know in Arkansas, our welfare rolls have dropped 43 percent. Some of that is attributable, certainly, to the 2-year lifetime limit. But certainly, in the efforts to try and use the flexibility that was given to States to be able to do more in getting people into a self-competence and independence that would really work. So, we appreciate you being here. As I have said before, it is absolutely critical that we move forward with this round on welfare reform and not backwards.

About a week ago when I was home in our State during the work period, I spent a part of the day with a welfare mom. I started the morning with her in getting one of her children on the bus to school, and the other two in a subsidized taxi service to child care.

I went with her to the nonprofit training program in Pine Bluff, Arkansas, where she had finished her GED and was working on an 8-week training program, which they have the option of going towards manufacturing or health care.

It is a successful program. It is successfully moving welfare beneficiaries from cash assistance into paying jobs, and hopefully into higher-paying jobs. I think one of the statements from one of the program directors really sums up the issue the best in reference to requiring the 40 hours of work.

She said, if these people could get a job and keep it, they would not be coming to us. They need that program and the other programs that provide the welfare clients the tools and the resources to move towards that self-sufficiency.

I can certainly say, from my experience with that mother, as well as the other 24 single moms that were in this program, they desperately want to be off of welfare. They desperately want their children to be proud of what they can accomplish, and they want that self-sufficiency. They are willing to work towards it.

But I also know that 80 percent of those single moms already had jobs waiting on them when they came out of that program. The problem is, when they lose their benefits for transportation and child care, in an area like Pine Bluff, Arkansas, where it is not only

the cost that is an issue, but the accessibility of child care, and particularly the accessibility of transportation, where they are going into the workforce, more than likely they are going to get the last-shift job in the manufacturing area or in the health care arena.

There is no public transportation in rural America. What little public transportation is there stops at 5:00 p.m. So, they do not have the access to those wrap-around services and those barriers that they have. It is essential that we continue the flexibility with the States to be able to provide that.

One of the things that I have introduced in this debate on welfare reform is the Making Work Pay Act, which rewards the States for moving people not only into jobs, but with a bonus for moving them into higher-paying jobs.

These are individuals who have the desire, they just need to be able to get their feet planted in a way that they can continue up that ladder. Without a doubt, the majority of these people are single moms. When you talk about a 40-hour work week, the only jobs out there today that average a 40-hour work week are heavy manufacturing, predominantly done by men.

These women are going to be put in a position and asked to do something that, one, they do not have probably the physical capability of doing, but two, as you have mentioned, in terms of leaving their children all day, 5, 6 days a week, is something that is just unbelievable to ask of them.

As a working mom myself, being in that home with that welfare mom, it is no different for her. She cried when she left her children at day care. It does not matter what socioeconomic group you come from, you are still a mom. You still know when you leave that child in that day care that there is going to be separation anxiety.

You are going off to a job, whether it is being a Senator or whether it is working in manufacturing or as a certified nursing assistant in a nursing home, that you want that child cared for and you want them to know that they are loved.

So, I just want to compliment you on what you have done in your State. If there is anything that you can recommend in terms of changes to work requirements in the administration's plans, perhaps some kind of flexibility or anything that you have seen that might be deterred or would be deterred from what the administration's plan has in allowing your State to continue to serve the population that you are, and how you are serving them.

Governor DEAN. Thank you, Senator. I think the only recommendation I would have, and I will say this for the third time, is "if it ain't broke, don't fix it." Just reauthorize what you have got and give us more flexibility to do the things we are doing. I think the States have succeeded.

I cannot think of a State that is a gross value in welfare reform. I think the worst fears of the Democrats have not been proven, and the worst fears of the Republicans have not been proven. I think the Governors in both parties have done a good job with this. I think they have stood up for their people and they have required work, which is very, very important.

Senator LINCOLN. Absolutely.

Governor DEAN. I do not hear any complaint, any ground swell from the States or the public, that we need to suddenly change the

welfare reform bill in some drastic way. The States have a lot of flexibility in this bill, partly because we all, to be honest with you, did it before the Congress did, a lot of us, and, therefore, that flexibility was recognized and allowed us to continue our programs.

As Governor Engler, I think, agreed to, while he did not put it in his original testimony, I would get rid of the need to even come for waivers and just allow us to do as much as we can within the context and the framework of the old bill. So if you really want my advice, for better or for worse, just reauthorize it for another five years.

Of course, I would be remiss if I did not say, and give us an inflationary increase. [Laughter.] But I understand that you all have the same problems we do, and I will not beat you up for that.

Mr. Chairman, I also, unfortunately, have an engagement and I wonder if I might be excused as well. But I will stay if there are further questions.

Senator GRASSLEY. Governors ordinarily do not have to ask to be excused, they just get up and leave whenever they want. [Laughter.]

We are very glad that you were here. I hope that you would join me in just appreciating so much what Senator Lincoln said. It is interesting to me sometimes. Men ask questions about issues like this, and it all has to do with policy and trying to figure out hours, matching money, and child care, and this, that, and the other thing.

Then when you, Senator Lincoln, ask a question as a working mother, there is sort of a whole other dimension that comes through in the emotion in your voice which is not at all sentimental, it is utterly, absolutely real and very powerful. I know Governor Dean agrees with me.

Senator GRASSLEY. Before the Governor goes. I will not ask a question, but just a commentary. Because you have spoken so highly of what we have already done and that it is working, I only want to challenge you to this extent. We have been very successful.

But I do have a pie chart in front of me about people engaged in activity. This would be for the year 2000. We have "Unsubsidized Work," 24.2 percent. Obviously, we are helping those people and have been very successful with that. "Other Activities," 15.7 percent. But "No Reported Activities" was 60.1 percent.

It seems to me that reauthorization, as you suggest, just the way it is, is a sense of saying that we really are not concerned about the 60.1 percent having the same success as the 24, or the partial success of the 15.7. I do not disagree with you on the fact that these may be more problem individuals.

But it seems to me, our challenge is to build on the success. Even though we have to take into consideration problems for others that have no reported activity, it is our challenge to find out, what we can do for those people, albeit it harder to do, maybe even cost more money, as we have done for other people? Because we are not going to be able to help everybody equally. Maybe we are not going to be able to help some people at all.

But the success you talk about of the program ought to be beneficial to as many people as we can. That 60.1 percent is still a large segment of the people that we need to be looking at and trying to

help, because moving people from the fringe of society where they were for six decades under the old welfare program to the center of society where they rub elbows with people that are working, and the work ethic in this country is so strong, that if we want people to progress up the economic ladder they have to be moved from the fringe. We still have 60 percent on the fringe. We are not going to get all 60 percent to the middle of society.

But do not forget, when we deal with disabled people, we have lots of programs for disabled people. I am not talking about people that are on welfare, but people that are disabled, whether it be mental or physical.

We go to great extents of promoting sheltered workshops, because we feel that for those people to be productive is a very good goal of society and they ought to be rewarded the same way.

The people that are here on welfare, some of them do not have those problems. We ought to be as concerned about them as we are on the people, for instance, in sheltered workshops.

Governor DEAN. I would largely agree with you. I think that, given the various points of view on the committee and what I at least perceive to be relatively small differences, at least based on what has been said here, I do not have a big doubt that this committee can come before the Senate as a whole with a welfare bill that is bipartisanly crafted and makes sense.

I agree, we should not take the position that we are going to rest on our laurels. Although the 60 percent is really 60 percent of a much smaller number than it was 5 years ago, I do not think we can take the position that, all right, we are going top there.

But I just want to make sure that, whatever we do and whatever does come out of the Congress, allows (a) States to have a lot of flexibility and creativity in terms of dealing with this, and (b) that we not push so hard that we end up undermining the program's successes, which have been really extraordinary.

Senator GRASSLEY. Well, I am glad to hear what you just said. That does modify what you did say about just reauthorization.

Governor DEAN. Right. Thank you very much.

Senator ROCKEFELLER. Thank you very much, Governor. Thank you.

We have our next panel. GAO needs to testify first, so if I could ask Cynthia Fagnoni to come forward. Then, second, will be Catholic Charities. I would ask Arlene McNamee to come up. Then Lawrence Mead, a professor at NYU; and Steve Savner, who is senior staff attorney, Workforce Development and Welfare Reform, Center for Law and Social Policy here in the District; and Wendy Ardagna, who is director of government and community relations for Save-A-Lot, Limited in Illinois.

Then, as I indicated, we need to start with Cynthia.

STATEMENT OF CYNTHIA FAGNONI, DIRECTOR, EDUCATION, WORKFORCE AND INCOME SECURITY, U.S. GENERAL ACCOUNTING OFFICE, WASHINGTON, DC

Ms. FAGNONI. Good morning, Mr. Chairman and members of the committee. I am pleased to be here today to discuss how States use welfare dollars to provide work support services to welfare recipients and other low-income families.

Today I want to highlight the key findings from our review of State welfare spending and the number of people receiving benefits and services. Much attention has been focused on the dramatic caseload declines that have occurred as States implemented work-focused reforms during a period of strong economic growth.

This decline has also focused attention on how these former welfare recipients are faring. Studies at the State and national level have generally shown a majority of former welfare recipients were employed at some point after leaving welfare.

However, a significant proportion of those who leave welfare return at some point, more than 20 percent according to one national survey. In addition, many former recipients work at low-wage jobs, and even with some government supports, have income at or below the Federal poverty level.

Our work shows that the declining caseloads were accompanied by an equally dramatic decline in Federal and State spending for cash assistance, and an increase in spending for services.

In fiscal year 1995, spending on cash assistance was about 70 percent of total welfare spending, in contrast to about 40 percent in the year 2000.

In fiscal year 1995, no State spent more than 50 percent of its welfare dollars on services or benefits other than monthly cash payments. In fiscal year 2000, in contrast, 26 States used more than 50 percent of their welfare dollars on non-cash services.

This shift in spending reflects a key feature of welfare reform, increased spending on work supports and other services for families receiving welfare, former welfare families, and other low-income families.

For example, officials in the five States we visited said their States are providing employment and support services to more welfare families under their current TANF programs than they were under pre-reform programs.

These services include intensive case management to address and assess barriers to work and support services such as subsidized child care, transportation, and short-term loans for work-related supplies.

Services that help a family find and maintain a job can be substantial. For example, in 22 states we reviewed, the average monthly child care subsidy came to \$499. The average monthly cash benefit was \$407.

Some States also provide services to low-income families who are not on welfare, including those who have recently transitioned from welfare to work. Most of the States we surveyed used Federal TANF and State funds to provide child care subsidies to the low-income population. States help low-income families in other ways, also.

For example, Wisconsin uses its funds to provide low-income families with employment, education, and training services. Pennsylvania uses its funds to provide job retention and advancement services to persons not receiving cash assistance. These services are designed to help families stay off welfare.

Some States provide other services aimed at educating and protecting children and strengthening families. For example, in Orange County, California, the county uses TANF dollars to help fund

after-school activities, literacy programs, domestic violence services, and substance abuse prevention programs.

While providing work supports and other services for families who are not receiving cash assistance is an important feature of welfare reform, this information is not captured in reported TANF caseload data.

In our recent study, in addition to the approximately 1.8 million families counted in the TANF caseload for 25 surveyed States, we estimate that at least another approximately 830,000 families were receiving services who were not included in the reported TANF caseload.

This means that at least 46 percent more families than were reported in the TANF caseload data received a service funded in part with Federal or State welfare funds. In fact, in two States, Indiana and Wisconsin, we estimated that about 100 percent more families received services.

I would like to close by noting that, while the goals and target populations of welfare-funded benefits and services have changed and broadened, the key measure of the number of people served remains focused solely on families receiving monthly cash assistance.

Although this measure provides important information for administrators and policymakers, it does not provide a complete picture of the number of people receiving benefits or services funded at least in part with TANF funds.

But, while a more complete accounting of people receiving services is important to understanding how States are using TANF funds to meet program goals, requiring States to provide additional information has raised some concerns among several State officials.

Mr. Chairman and members of the committee, this concludes my prepared statement. I would be happy to answer any questions you may have.

[The prepared statement of Ms. Fagnoni appears in the appendix.]

Senator JEFFORDS. Thank you very much.

Senator Rockefeller, do you have any questions?

Senator ROCKEFELLER. No, I do not have a question at this point. But could you verify something for me? It is not quite fair, because Senator Grassley has left.

But when he was talking about the 60 percent of TANF families that are engaged in some work and activities, 60 percent that we need to get to, that includes the "some work and activities," but not as much as the 30 hours that are needed.

In other words, it was not, in my view, quite an accurate accounting of what makes up that 60 percent.

Ms. FAGNONI. Not knowing exactly, I cannot confirm. But if that 60 percent is based on the Federal reporting, what is allowed under Federal reporting requirements, then it is possible that some of those individuals could be in certain kinds of activities that may or may not be counted in the Federal definition.

Senator ROCKEFELLER. If you were working 15 hours, it would not count?

Ms. FAGNONI. Or even certain types of activities that may be considered by the State to be important, such as substance abuse and things like that. There may be services people are being required

to receive, but may not be captured in that data that he has provided.

Senator ROCKEFELLER. Is it also true—and then this is my final question. I apologize. I know it is true in my State, but as a whole, to put child care in perspective, the cost of child care in West Virginia is greater than going to a public or private university for 4 years over the comparable period of 4 years.

Ms. FAGNONI. I do not have data on that.

Senator ROCKEFELLER. It is an interesting perspective. I would be interested, if you can find it.

Ms. FAGNONI. Well, as you can see from the data I did cite, in some cases the States are providing a family with more money per month for the child care than they are in the cash assistance.

Senator JEFFORDS. Any further questions? Yes. Please proceed.

Senator LINCOLN. I would like to ask just one question of Ms. Fagnoni. You did mention that there was a decrease on caseloads, while the expenditures for the work support services for the non-cash recipients has increased.

I think certainly the demonstration there is that, although the cash caseloads have decreased, people moving off that cash assistance still need the support services, like transportation and child care.

As I mentioned earlier, I have got a bill, the Making Work Pay Act, that would allow the States to count the work activity of persons who only receive work support services towards their work participation rate, and measures the State performance along the entire continuum.

Is that going to be helpful in terms of what you have talked about, diminishing that cash assistance? You mentioned the \$400, on average. Ours is \$170, in Arkansas, in terms of cash assistance.

Once you take away that little cash assistance that is there and then you get into the workforce on a minimum wage job, then all of a sudden you lose some of those benefits in terms of the support services.

I mean, unless they can count, I think, some of the work activity, we are certainly not going to be able to make the work hours that are in the administration's package.

Ms. FAGNONI. Well, certainly what our data show is that—and it is consistent with what you heard from the Governors—that while the amount of money States have needed to spend for cash assistance has declined, and that is with the combination of Federal and State funds, States have used that block grant and their own funds, the maintenance of effort funds, to find other ways to help support people who either have been on welfare and moved off, or who are at risk of moving onto welfare because of the nature of their, perhaps, tenuous attachment to the workforce.

So I think States will tell you that they need to be able to keep that flexibility to serve a broader range of people. Unfortunately, in the official data one sees on welfare, those numbers of people served are not captured in those figures. The numbers that are captured are only the group of people who are receiving cash each month.

Senator LINCOLN. Thanks.

Thank you, Mr. Chairman.

Senator JEFFORDS. I think we will just go down the line. You have a statement I believe you have been anxious to deliver, so please proceed. Then we will move down the line, then come back for questioning.

**STATEMENT OF ARLENE McNAMEE, EXECUTIVE DIRECTOR,
CATHOLIC SOCIAL SERVICES, FALL RIVER, MA**

Ms. McNAMEE. Thank you, Senator.

I am Arlene McNamee, and I serve as executive director of Catholic Social Services in Fall River, Massachusetts.

I am here to talk to you today because of "Lisa," a 29-year-old mother of four. Lisa has been participating in a marine hazardous waste vocational educational program that will certify her to work in the environment industry. Upon completion of this 12-month program, Lisa will be able to earn at least \$17 an hour, with benefits.

Under the proposals to increase the work requirement, Lisa will not be able to participate in this program. The work is dangerous, as it involves exposure to hazardous material. Lisa is willing to accept this challenge because it will allow her to move off TANF and out of poverty for the first time in her life.

If Lisa is willing to do what it takes to pursue this training in order to provide a better life for her family, why should the Federal law prohibit Massachusetts from helping her?

As someone who works on a daily basis with families struggling to move to self-sufficiency, I believe the proposals to increase work requirements, however well intended, are inflexible, unpractical, and unfair.

The current proposals would require TANF recipients to work 40-hours per week, even if the parent has children under the age of six. It prohibits States from counting education and training toward the first 24 hours of weekly requirements.

It requires mothers to work full-time within 60 days of receiving their first welfare check, and penalizes States unless 70 percent of the mothers on welfare meet the requirements by 2007.

The proposed work increases are inflexible and would cripple the best welfare-to-work programs. Case workers would become glorified time keepers, tracking the most detailed information about exact hours performed in specified activities every week.

For mothers who cannot secure at least 24 hours of unsubsidized employment, States will need to create work fair programs instead of preparation for real jobs. States already have the flexibility to create work fair programs, yet most have chosen not to do so.

If States do not believe mandatory work fair is the best way to help their clients, why should Congress effectively require them to do so?

Consider the case of "Joan," a divorced mother of five children who has been working as an assembly line worker for the past 3 months at \$6.25 an hour. She was sanctioned off TANF when she missed her appointment with her welfare worker. While Joan had been faithful in the past, her current boss is not as tolerant to let her leave work or to expand her lunch hour to keep these appointments.

If State workers are required to track all recipients and assure that they meet the new requirements, working moms will be required to have even more frequent meetings with case workers, thereby making the task of holding down a job much more difficult.

Last week, Joan's hours were reduced from 30 to 20 hours a week, a reduction totally out of her control and that of her case worker. Yet, under the proposals to increase work requirements, Joan's 20 hours of work would no longer count towards the State's work participation rate.

This is why we foresee that many States may require women like Joan to hold more than one job to ensure that they meet the 24-hour work requirement every week.

Consider the case of three families who arrived at "Donovan House," our transitional housing program for homeless women and children, on Christmas Eve. One week after arriving, all the women applied for child care assistance.

Their experience was typical. It took 3 months for the State to determine their eligibility. How were these women supposed to begin work within 60 days of receiving assistance if they have nowhere to put their children?

Under the current law, States like Massachusetts can allow mothers like Lisa to participate in vocational education full-time for up to 12 months. Given the value of education and training in helping workers move out of poverty, States should continue to have this flexibility.

A 40-hour work week is no longer the standard. The Bureau of Labor Statistics shows that the average number of hours worked per week in the service industry in the retail sector were 32.7 and 29, respectively. My full-time employees work 35 hours a week.

It is fundamentally unfair to our poorest parents in our society to meet standards that other workers are not expected to achieve.

Rather than forcing States to adopt new and impractical work requirements, Congress should stay focused on helping families to get off and stay off of welfare.

The lack of affordable quality child care is perhaps the biggest obstacle in getting and keeping jobs. There are not enough funds to serve all those who are eligible. Congress should increase the CCDBG budget by at least \$1 billion each year, and target additional funds to improve the quality of child care.

Families leaving welfare for work are eligible for up to 1 year of Medicaid, and often these families do not get their coverage for which they are entitled to. We endorse Senate Bill 1269, the legislation introduced by Senators Breaux and Chafee, to reauthorize and approve the transitional Medicaid program.

Almost two-thirds of families leaving TANF do not receive food stamps. To address this, States should automatically enroll families in food stamp programs for a full year when they leave welfare.

Legal immigrants who have been severed and barred from receiving benefits, we should encourage and we should allow the States to allow them to provide benefits to the immigrants. They contribute a great deal to our economy and to society.

Lastly, we would like to support the administration's call for focusing on prompting child well-being as a purpose of TANF. As part of promoting child well-being, we urge Congress to eliminate

the family cap option that allows States to restrict or deny cash assistance when a TANF family size increases due to the birth of an additional child.

Denying benefits to a family based on the birth of an additional child sends the wrong message about how the government places value on human life and punishes all the children in the family.

Thank you.

Senator JEFFORDS. Thank you.

[The prepared statement of Ms. McNamee appears in the appendix.]

Senator JEFFORDS. Mr. Savner?

**STATEMENT OF STEVE SAVNER, SENIOR STAFF ATTORNEY,
WORKFORCE DEVELOPMENT AND WELFARE REFORM, CENTER
FOR LAW AND SOCIAL POLICY, WASHINGTON, DC**

Mr. SAVNER. Thank you, Senator.

My name is Steve Savner. I am from the Center for Law and Social Policy, an organization here in Washington. We do a fair amount of work on welfare reform, workforce development.

We provide technical assistance to State organizations, and low-income groups, and we have a fair amount of opportunity to go out and look at programs, see how they are working, as well as to look at research. Those are the activities that really guide the testimony that I am going to provide, and the recommendations that we have been making.

As both Governor Dean and as Governor Engler said at the outset, a fair amount of progress has been made over the last several years in transforming welfare, getting welfare systems more focused on work. As a result of that, very large numbers of low-income parents have moved into the workforce.

There are two identifiable challenges that we ought to be thinking about in terms of the next stage of welfare reform and where we go from here.

Those are, first, there are many people who are working at low-wage jobs intermittently, and we need to focus on improving their skills and helping people get better jobs than the ones they have been able to get.

Second, both Governors mentioned that we have a lot of people on welfare currently who have barriers to employment who face many challenges. We need to do better and work harder with those families so they can prepare for and succeed in stable employment.

I think it is unfortunate that the administration's proposal, would not be helpful in meeting either of these new challenges, and frankly I think it is both an unwise and unworkable program.

Governor Dean and Governor Engler, that both made clear that neither of them wanted to be told what the other State was doing was what they should do. The administration proposal actually does more than that and would tell both Governor Dean and Governor Engler that they have got to run programs that no State currently has chosen to run.

Every State would have to run a program that no State has currently chosen to run, given the flexibility that they have got. There is no support and no basis for those kinds of requirements. They

run counter to the accomplishments of the States. They run counter to the research.

The inflexibility of requiring 24 hours in these limited direct work activities would make it harder to help people get skills to get better jobs, would make it harder to provide barrier removal services to help people get treatment that they need if they face barriers to employment. So, it is very difficult to see, any respect, in which this program is going to help.

In response to the question that Senator Grassley raised, could we not meet the 40 hours if we had more money and more flexibility. I think the question is, why are we talking about 40 hours? What is the evidence that the 30 hours that is currently required is not adequate?

There does not seem to be any evidence, again, as Governor Dean mentioned, that the States or anybody else is complaining that 30 hours is not enough. I think Senator Grassley did raise a fair point, and we do need to think about making sure that everybody is engaged and doing something that is useful and designed to help them move to self-sufficiency. But neither the 70 percent participation rate or the 40 hour requirement are going to be very effective strategies at moving that agenda.

The proposals that we do put forward are along the lines of what Governor Dean and Governor Engler proposed, which is that our proposals suggest that States need more flexibility and more resources to meet the challenges ahead.

Specifically, first, we ought to look for ways to allow States to focus on employment outcomes. We have got to think about ways to say, participation rates are not the be all and end all, employment outcomes are the be all and end all.

We should have in the new legislation an option for States who want to use employment outcomes rather than participation rates to measure and judge their programs. That ought to be an option.

We think that there ought to be greater flexibility to provide education and training, to count activities like mental health treatment, substance abuse treatment. Those kinds of activities are what are needed to meet the challenges that are ahead, and those kinds of activities ought to be countable. There ought to be incentives for States to use those.

We should eliminate the caseload reduction credit and replace it with an employment credit. Senator Lincoln mentioned that there is a bill; the language is also in Senator Rockefeller's. We should not reward States simply because the caseload goes down. We should reward States because they get people jobs.

Finally, we are urging that there be funding included in the new legislation for transitional jobs programs. These are a new set of innovative programs that are modeled loosely on former supported work programs. They offer paid work experience for individuals with substantial barriers to employment, and couple that paid work experience with services, basic education, ESL, mental health counseling. We think they are a very innovative model, but they are not cheap.

They are not for everyone, and we are certainly not suggesting that everybody be in a government work program. But much can

be done to help those with barriers to employment in good-quality, subsidized job programs that offer services.

Thank you very much.

Senator JEFFORDS. Oh, very excellent timing. Congratulations.
[Laughter.]

[The prepared statement of Mr. Savner appears in the appendix.]

Senator JEFFORDS. Ms. Ardagna?

STATEMENT OF WENDY ARDAGNA, DIRECTOR OF GOVERNMENT AND COMMUNITY RELATIONS, SAFE-A-LOT, LTD., LINDENHURST, IL

Ms. ARDAGNA. Senator Jeffords, Senator Lincoln, I am Wendy Ardagna. Senator Rockefeller says it beautifully in Italian. You can use Ardagna.

I appreciate being invited to join the committee today to give an employer's perspective on welfare reform. I am pleased to be here on behalf of the Welfare-to-Work Partnership in my company, Save-A-Lot, Limited, to discuss the importance of work in a range of valuable work supports for individuals moving from welfare dependence to self-sufficiency.

Representing the partnership and Save-A-Lot, Limited, I hope to deliver practical and useful testimony today. I also bring a reality check, if you will, from the front lines of hiring from a business fully engaged in welfare-to-work hiring in some of America's most challenged neighborhoods.

Save-A-Lot locates where many companies will not or cannot, both rural and urban. We have seen a definite increase in our hiring and revenues since 9/11, as well as during our Nation's economic downturn.

I am proud of the fact that Save-A-Lot loans me to the partnership, and I thank all involved for the opportunity. As an executive on loan, I can continue the work of applying legislation and policy to the lives of Americans.

Please allow me to provide a brief background. The Welfare-to-Work Partnership was created to energize the business community around welfare-to-work. At its launch in May of 1997, the partnership had just five founding companies: United Airlines, Burger King, United Parcel Service, Sprint, and Monsanto. It has grown to more than 20,000 businesses of all sizes, sectors, and industries. By last year, we had hired more than 1.1 million people from the welfare rolls.

In 2000, the partnership has salvaged a new program called the BusLink Network with the help of a generous competitive grant from the Department of Labor. I had the opportunity to administer and execute that program in the five cities for 7 months.

The goal of BusLink was to engage, or is to engage and support employers, particularly small- and mid-sized businesses, to hire and retain individuals moving from welfare-to-work and other populations who were deemed the hardest to place.

BusLink now operates in five cities: Chicago, Los Angeles, Miami, New Orleans, and New York, where it has successfully placed more than 2,500 former welfare recipients and other needy individuals.

On average, BusLink graduates earn \$8 an hour and have excellent job retention rates. As I say in the business world, we actually beat our numbers. We committed to hiring 2,300 persons and we hired 2,500, even with the New York office briefly down. We did not use all of our money from the Department of Labor and we have continued our work.

There is some background on us. Now I would like to provide some comments regarding work requirements and work supports, as was requested.

With regard to work requirements, our goal as employers is to ensure that every American who wishes to work has the opportunity to hold a full-time job that enables them to support a family.

However, we must be cognizant of the fact that employers across the Nation define full-time work in different ways. For example, Save-A-Lot considers most employees working between 34 and 38 hours a week in the stores to be a full-time employee, but at UPS full-time work is 40 hours; TJ Maax, 36 hours a week. According to the Bureau of Labor Statistics, usual full-time work hours are between 35 and 44 hours.

Therefore, from a business perspective it is important to emphasize that employing individuals full-time, each company needs to define that. Otherwise, a tight definition could remove the flexibility employers now have to find their own workplace policies.

From a practical standpoint, I would like to share a few other observations about realistic challenges in defining full-time work. Many employees hired off of public assistance begin on a part-time basis.

Most businesses are unwilling to fully invest in a person until they have proven themselves. Full-time work is usually a form of promotion after a person displays a certain level of commitment to working. This must be considered, please, when setting a standard of work requirements.

With regard to work-related training and education, I would also like to recognize the crucial importance of education and training if we are to build on the progress made under welfare reform to date.

In my personal view, this is especially true now that many of the people who remain on welfare do face multiple barriers to success. I am really glad or relieved that a lot of the members of this committee have experience with, or knowledge of, health care. I am also echoing, in part, Governor Dean's comments. My experience can validate other testimony.

Many of the job applicants are struggling. Many of the job applicants out there now are struggling with undiagnosed disabilities, health issues and cognitive skill deficits. These areas must be dealt with before individuals reach the workplace, and sometimes after they reach the workplace, in order for them to succeed.

There have been many instances where a full-time employee is ready to advance or move from part-time to full-time and they lack the basic skills and they are dealing with the barriers I spoke of.

Allowing time for work-related activities and job training, substance abuse treatment, and education would be valuable in helping address and overcome these barriers.

As employers, we also hope Congress will recognize the importance of letting each business define work-related training as it sees fit and ensuring that it qualifies any revised definitions of allowable activities. Remedial skills also must be included in the training.

Am I done? [Laughter.]

Senator JEFFORDS. Yes, you are done.

Ms. ARDAGNA. Well, I thank you for the opportunity to testify.

Senator JEFFORDS. Thank you very much. Excellent statement.

[The prepared statement of Ms. Ardagna appears in the appendix.]

Senator JEFFORDS. Mr. Mead?

**STATEMENT OF LAWRENCE MEAD, PROFESSOR, NEW YORK
UNIVERSITY, NEW YORK, NY**

Professor MEAD. My name is Lawrence Mead. I am a professor at New York University and a long-time researcher on work and welfare reform.

The main point I want to make is that the success of welfare reform does not necessarily mean that welfare has truly been reformed. The welfare rolls have fallen, but much of that is due to changed social expectations, a very good economy, the rise of the Earned Income Tax Credit, and a number of other factors.

The role of welfare reform, in the sense of changing welfare, is actually less clear. Something is going on, but how much is going on is doubtful.

We do not have good data on this. The TANF reporting does not cover all of the recipients. We do not know what they are all doing. As Senator Grassley has mentioned, about 60 percent of the recipients appear not to be satisfying the current definition of work activity.

So the extent of activity and involvement in welfare reform by the recipients is actually fairly limited. The extent to which welfare has truly been reformed to incorporate work into the welfare mission is unclear. There appears to be a vast difference among the States in this respect.

In some cases that I know well, like Wisconsin, it is clear that welfare has been totally rebuilt around employment, and that also seems to be the case in Michigan. In New York, it is much less clear. There is much more resistance to change. In other States, there has been even less change.

So the fact that the caseload is falling should not persuade us that welfare reform is actually a reality on the ground. It is deceptive. Governors and mayors are taking credit for welfare reform, but they have not necessarily done the hard work of changing the system. That means the politics and the administration involved in actually crafting new welfare institutions.

Now, for these reasons I think much of what the administration proposes is a good idea. I think the 24-hour work requirement is a way of insisting on some actual work activity from people on welfare. That strikes me as constructive. The same for the full engagement requirement, the idea of having everybody do something, everyone being involved in the program.

The research indicates clearly there has to be a definite requirement. You have to do something. You have to be in the program. The 24 hours, it seems to me, is a reasonable requirement. It is not all public sector employment. It can be private. You can argue about how much credit States should get for private sector placement. It might be more than 3 months.

I am more doubtful about the 40 hours. I think that is probably excessive. Thirty-five hours is probably realistic. Also, the 70 percent work participation standards; that is probably excessive. The 50 percent that we have now is probably realistic.

We should not focus so much on getting a few people up to what seem like normal working hours. We should focus instead on getting something, some activity, from the bulk of the caseload. So, the focus ought to be on the full engagement and on the 24 hours and not necessarily on the 40 hours or the 70 percent.

I also want to mention some other constraints on participation that the administration has not addressed. One of these is the question of sanctions. The administration allows States to persist in partial sanctions, but that has allowed a large part of the caseload, especially in New York and California, to continue on welfare while essentially ignoring the work requirements.

The adult's portion of the grant is eliminated, but cash for the children continues, and they keep all the non-cash benefits. In a State like California, that is substantial. There is a lot of money there. The adults are not accountable at all. That has to end, it seems to me, to have a serious work requirement in these States. So, institute a full family sanction.

We also ought to address the child-only cases. They are now a third of the caseload. There are a bunch of subgroups within the child-only. Some of them we clearly would not want to have a work requirement for, but some of them we might. I think it is time to see that the child-only category has become an escape hatch, a way in which some elements are escaping the work test.

I would also do more to build up child support enforcement. The administration has proposed funding State pass-throughs of child support. That is a good idea. But we also need to expand child support enforcement programs where we actually induct fathers into mandatory work programs that are sort of like welfare-to-work programs for welfare mothers, but focused on getting the fathers to pay.

There are some evaluations that suggest that these programs have promise. I would not say they are ready for prime time, I would not yet mandate them, but we should fund further development at the State level.

In my testimony, I go into a number of other issues relating to food stamps, the Earned Income Tax Credit, and the management provisions of the administration's proposal. I think there should be performance measures. They should be drafted by Washington.

States should have a choice as to the goals, but they should be accountable for some definite set of outputs that we can track. There should be better reporting focused on participation in the programs covering all of the clients, not simply those that are meeting work activity standards.

So the point is, let us not be complacent. Yes, indeed, welfare reform is a huge success. But the reasons for this are not completely clear. Welfare reform is clearly doing something right. But the extent of actual reform around the country is uneven, and we need to address that.

[The prepared statement of Professor Mead appears in the appendix.]

Senator JEFFORDS. Well, thank you all for very helpful statements.

I would like to try to focus in on some of the areas of critical need in this Nation, as well as in the area which we are referring to today. The first one, is the availability of child care.

One of the great failings of this Nation is to provide, as every other industrialized Nation does, quality child care for at least the 3-year-olds on up. Every Nation has made it a part of their educational system and funded that.

We have listened to just a couple of remarks about it indicating that it is a serious problem. How big a problem is it, and how much would it help to make sure that there was available quality child care?

Mr. Savner?

Mr. SAVNER. I think it is huge need. Right now, I think we heard this briefly a moment ago, in 2000, more Federal TANF dollars were spent for subsidized child care than were spent for cash assistance.

So, clearly the States have recognized and have moved pretty dramatically to use not only the child care development funds that are made available, but actually more Federal TANF dollars than child care development funds for child care.

So, clearly, there is a pressing need. If we want to do more, if we want to help more low-wage working families with the supports that they need, if we want to work with the unengaged people on welfare right now, we need substantially more child care funding in the child care development fund block grant so that those funds are safe, that they can be targeted toward child care.

I know there is legislation from committee members that would add funding there, and I think it is of the highest order of magnitude in terms of a priority.

Senator JEFFORDS. Anyone else?

Ms. ARDAGNA. Senator, with regard to child care in the workplace, that is one of the greatest reasons that people are absent from work, is child care issues. To Senator Lincoln's earlier point, transportation as well, the combination of child care and transportation. From a business standpoint, that is what keeps people from work too often.

Senator JEFFORDS. Mr. Mead?

Professor MEAD. I question this. The fact is, although there is a lot of money for child care, many people leaving welfare do not even claim the transitional child care that they are offered. They simply leave. They make informal arrangements to take care of their children.

That has been true as long as we have been studying this question. Child care is vastly exaggerated as a barrier to people leaving

welfare. It is true that you have to have it, but supply is available. People arrange it.

Lack of child care usually is not the reason that people fail to participate in work programs. They may say it is child care, but is it really due to that or is it due to the fact that they really do not have their lives together? Child care is a factor, but it is not usually a barrier as far as I have seen. I have not seen any research that documents that there is a barrier.

People have been saying that child care has been a barrier for as long as this subject has been on the agenda, for 20 years, at least. Yet, somehow it never actually proves to be a barrier.

I think child care is an issue in a different way. The quality of care, and its availability in a simple manner to the bulk of the population is, indeed, an issue. That is something that I think does deserve attention.

You can talk about constructing a child care system that covers the entire low-wage working population. A number of States are trying to do that. I think that is worthwhile, but it does cost money. But we should not imagine that lack of care is a barrier to people leaving welfare for work. I do not know of any evidence for this.

Senator JEFFORDS. Ms. McNamee?

Ms. MCNAMEE. I disagree with Mr. Mead, I think, on his first assumption that people are offered child care, because we find that is not necessarily the fact, that frequently clients that are transitioning into self-support are not told of the types of assistance that is available to them in terms of extension of food stamps or Medicaid, and child care being one of those categories.

Certainly with the folks that we work with, we find that the lack of access to child care, and quality child care, is a huge issue. Also, the availability of child care through non-traditional hours, meaning a lot of the folks that come into the workforce for the first time are offered either second- or third-shift jobs.

Day care centers do not typically stay open beyond 5:00, and in many cases the kids are sitting in front of homes at quarter to 5:00 when moms have not even returned from home yet.

So, I disagree. Child care is a huge issue. I think it is one of the major issues in getting folks back to work and having them sustain work, and child care, which can deal even with children that are ill. Not that I believe that children that are ill should be put in child care, but if that is one of the criteria, it is extremely necessary.

Senator ROCKEFELLER. Anyone else?

[No response.]

Senator ROCKEFELLER. I defer to my companion here.

Senator BREAUX. Thank you, Mr. Chairman. I thank the panel. I apologize for not being here earlier. I was chairing the Aging Committee hearing on long-term care for seniors.

I take it that all of you have made comments in your prepared statement about the administration's proposal on the work requirements. I note that in discussing the administration's plan, that Secretary Thompson says, look, it is not that big of a deal. We are talking about going from 20 hours to 24 hours, 16 hours would be other activities, which should be encouraged.

Why is his elaboration on how that would work not one that you all would agree with? It is 20 hours now, you are going to 24. No big deal. Sixteen of it can be other activities. We ought to be able to meet that. We ought to be requiring people to work and not just to not work. What are your comments?

Mr. SAVNER. I think it is a pretty big deal. I think, first of all, right now the rules are that for women with preschool children, kids under 6, they can satisfy the requirement for 20 hours a week. This would eliminate that option for those States that choose it. It is a State option, it is not a mandate.

I think the bigger issue, is in going from 24 to 30 or 40 hours, we are requiring a lot more activity, we are requiring a lot more expense for child care. There is no evidence or research that requiring more than 30 hours is really important. Most States right now have the option to require more. They do not choose to. That is more than the standard work week, as we have heard from several witnesses.

So, the issue is, if we are going to spend more money on having people in activities and paying child care for people, there ought to be a good reason for it because there are lots of uses for that money. There is child care that is needed, there are work supports.

So why should we invest more in going from 30 to 40 hours without pretty strong evidence that that is an important improvement in the programs that we have got? There is simply no evidence of that.

A number of States are running programs that offer education and training, require work, and have people engaged in a variety of activities in the range of 30 hours, and some require 35 hours. I think the biggest issue, is that it will be more money. There is just nothing to suggest that it is an effective use of very limited resources.

Senator BREAUX. Well, Secretary Thompson would probably argue that, look, because of the caseload work reduction credit that you get, we are really not making that many people work the required number of hours. I think his point is that you have a State where you have a 50 percent requirement to be working.

If you reduce the number of welfare cases by 45 percent, you have only got a work requirement for 5 percent of the people. That is hardly what we should be trying to reach out to in terms of a program that is going to move people into work. Because of the caseload work reduction credit, you could end up with only 5 percent of the people having to meet the work requirements. That is not what we intended.

What is your comment on that?

Mr. SAVNER. That is a fair question. In my testimony earlier, I indicated that we did support getting rid of the caseload reduction credit. It is not the right approach that we should be taking. We should not be rewarding States against the work requirements simply because the caseloads are down.

On the other hand, I also testified that the initiatives that are in both Senator Lincoln's bill and Senator Rockefeller's bill would put in place of the caseload reduction credit a credit that would reward States when they move people into jobs. That, it seems to me,

seems to send a right signal to make sure that we are getting the right results.

Five percent is not an adequate measure of State activity. It should be more than that. Fifty percent is certainly a very reasonable figure. That is what is in the law right now. We will get back to approaching that if we substitute an employment credit for the caseload reduction credit. We will come much closer to real, effective participation rates of 50 percent.

What I have been told and have seen in States, and by many researchers, is that if we had real rates that approach 50 percent, in order to meet those rates States will, in fact, have to engage virtually everyone. They will work with everyone to meet a real 50 percent rate. That, it seems to me, to be a legitimate goal.

Senator BREAUX. From Louisiana's standpoint, we have a lot fewer people on welfare because we have a 24-month time limit. So, we knocked that work requirement in the head by just terminating people because they only could be on the program for 24 months, then they were off.

So, we have got this great caseload work reduction credit, so the work requirement was not nearly as effective as it probably should have been.

Mr. Mead, do you have a comment?

Professor MEAD. Yes. I think the caseload fall credit is actually in the background here. The combination of the caseload fall and the credit has, as you pointed out, freed States from actually having to meet the participation standards in the old law.

That has allowed them to do the things that we know from research are counterproductive. That is, not to require universal engagement and also not to require actual work. A lot of them have pursued education and training programs that sound very nice, feel very good, but we know from the research they have less effect on people in actually going to work in available jobs.

What I see the administration trying to do, is re-center welfare reform on the two key activities that are really necessary for results, once you get away from the somewhat unreal atmosphere of the last 5 years. That is, first, to have high participation, to require that people actually be in the program. That is what engagement is all about. The second, is to acquire actual work.

That is what their two central recommendations do. They are saying, yes, let us get rid of the credit, so you have to have participation of, they would say, 70 percent, I would settle for 50. But it is going to real, now. There is going to be no escaping through the caseload fall credit.

Then within that, you have to have actual work. If we do that, we then are doing the things that we know from the research are actually effective.

Senator BREAUX. Well, what areas of work-related activities that are now credited as work would you want to take out of that category?

Professor MEAD. Well, what the administration has really done, is taken the current definition of work activities, which requires mostly actual work but allows some training, and split it in two.

They say there are the 24 hours that you have to have actual work, private or public, and then there are the other 16 hours

where they would allow a wider range of activities than is now allowed under current work activities.

I think that is a reasonable way to do it. I do not know if that is essential. What is important, is to have some actual work. You actually have to be in a job and do something, because that is what we know has motivating effects on people to go out and get off welfare.

If you do not do that, you are not actually impacting the caseload. We should not be deceived by the fortunate events of the last 5 years to think that we have actually reformed welfare so that it has the desirable shape we want it to have.

Senator BREAUx. Ms. McNamee?

Ms. McNAMEE. Senator, we should be looking at moving people out of welfare, not just to have a job, but to have a job that will be sustained through their life. I think we all know—and most of us this room have been educated—that education and training is a critical part in keeping people out of poverty.

To limit the access to that from requiring 24 hours of work to a single mom who may have four kids, and then putting 16 hours of activity—which in this particular case I would hope would be education—onto that is almost an impossible task. It is dooming someone to failure. Something is going to give here, and it is not going to be anything that we particularly like.

To minimize the benefit of education and training in this arena, I think, is really very short-sighted. Many of these folks come into the workplace and do not have many skills.

Many suffer from some really very serious learning disabilities or other kinds of issues that create problems for them in obtaining and sustaining meaningful work, and they need job training and education to help us get them into a stable workforce, one that will have longevity, one that will see them sustain their rolls.

I also agree with you, that I think the 24-month limit has had people come off of welfare. We have folks living in endless motels who were welfare recipients who literally work to pay their rent in staying in the motel and have no excess money. They do not qualify. They are sleeping in cars.

So, I think the number is a little skewed without the proper research being put in place as to what happened to those folks that did not sustain a long-term job. They really are very marginal jobs, minimal rates to start with. They come in and out of that market rather quickly. They are working.

In my testimony, I had cited a woman who had exactly that. They work for periods of time. They are the first to be let go. They are the most dispensable in the market, and thereby become the homeless the quickest.

Senator BREAUx. Both of you make good points on this. This is not an easy solution. There is a real good argument that, for people who have not been in the workforce at all, that it is important to get them out there into the workforce to becoming more key to responsibility, reporting to work, whether it is at a flipping hamburgers job or it is at Goodwill Industries selling clothes, or sorting facilities.

To get them into the concept of, maybe for the first time in their lives, of coming to work on time, reporting on time, and having

that life experience which is incredibly important, but at the same time, there is a legitimate argument for spending a little bit more on training and education so that the person can get into the workforce with something that will be with them longer than a temporary job flipping burgers, sorting clothes, or bagging groceries. I have sort of done most of those myself, at one point.

So, both points here have some legitimate value about, how do we get people into the mainstream of society and into the workforce in something that can be there for a long period of time.

Anybody else have another comment?

Mr. SAVNER. Just on the last point that Mr. Mead made around research. I think what you were just saying really fits the description of the program that was run in Portland, Oregon during the late 1990's and in the national evaluation of welfare-to-work strategies. That Portland program had the highest impact in terms of employment and earnings, and it was just what you described.

It was a program that included access to education and training, intensive job search, helping people get jobs. It did not include a large public works program, a workfare program, but it was not a one-size-fits-all. It offered a range of things. Case workers got people into the appropriate services.

In that kind of a model where they got credit for any kind of activity as long as there was activity leading to work, they had incredibly powerful impacts on those clients. That is what we ought to be looking for as a modeling, and modeling Federal policy so that States can run those types of programs.

Senator BREAU. Well, the concept of what assistance is all about has certainly changed. Pre-TANF, we really focused on how much you can give a person a check for, and they became dependent. It was a vicious cycle. Parents had children, when they were on welfare, the children were on welfare, the grandchildren were on welfare. We never broke the cycle.

In Louisiana, for instance, we have a very small, small amount, \$240 a month in cash assistance for a family of three. That is a 26 percent increase since 2001. It used to be \$190, which is hardly enough to buy groceries.

But we are spending over two-thirds of the money we get on non-cash assistance. We can go up to \$500 a month, I think, on transportation expenses, and \$600 a month for child care.

So the emphasis now is totally different from what it used to be. We are emphasizing transportation to get them to work, we are emphasizing child care so they can work and someone takes care of the children, and it is a stipend, almost, in terms of cash assistance, \$240 a month in my State, which has the highest percentage of poverty of any State in the Nation.

So the whole focus has changed. I think we have done some terrific things in this program. I do not want to change it so dramatically that it becomes less of a success than I think it can be.

So, we are working on trying to deal with these work requirements. That is not the only thing. There are a lot of other things: transportation, child care, education and training, as well as 24 hours versus 30 hours, versus 40 hours, which is sort of the way the debate is going right now. We hope to improve that.

I thank all of you for being with us. I apologize for not being here sooner.

I will go ahead and recess the committee at this point. Thank you.

[Whereupon, at 11:35 a.m. the hearing was adjourned.]

TANF REAUTHORIZATION: BUILDING STRONGER FAMILIES

THURSDAY, MAY 16, 2002

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:39 a.m., in room 215, Dirksen Senate Office Building, Hon. Max Baucus (chairman of the committee) presiding.

Also present: Senators Lincoln, Grassley, and Hatch.

OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR FROM MONTANA, CHAIRMAN, COMMITTEE ON FINANCE

The CHAIRMAN. The hearing will come to order.

This is our third full committee hearing on the reauthorization of the landmark 1996 welfare reform law.

As I have said before, the 1996 welfare reform law was an experiment. The old system had failed and we tried something new. I strongly supported the bill and, as we have reviewed the results thus far, I am glad I did.

Now it is time to start building on that success. Today we are talking about how to strengthen families. In the end, welfare reform should be about creating more opportunities for children in low-income families. We want them to have a chance to live the American dream, too. Part of that is doing all we can to make sure that they grow up in supportive, living homes.

We have learned something in the last few years about moving mothers from welfare to work. The welfare case load is down by half. Hundreds of thousands of mothers have exchanged a welfare check for a paycheck. But we know less about the most effective ways to promote stronger families. There are a lot of perspectives, and we will hear many of them today.

So to start things off, I would like to share some of my thoughts. The administration has proposed grants to promote marriage. We need to be cautious here. I am from Montana. In my State, we do not think the government has much business getting into your life. To me, like most Montanans, marriage is a personal, a private choice. I recommend it. It is not something the government should interfere with.

That said, the committee will listen to what Dr. Horn has to say. We will also listen to Commissioner Hendrick's description of what Oklahoma does to promote marriage.

In return, I hope that they will listen to other perspectives as well, such as those represented by the rest of our witnesses. This

is really an opportunity and it is a challenge for people here who have strongly-held views to step back and not form judgments.

Listen. Listen to what the other side has to say. Listen carefully. Look for opportunities. Look for ways to work with someone who has a different perspective because this, otherwise, gets too emotional. We are trying to find solutions here. This is not an opportunity to score debating points.

I believe Dr. Sawhill is right to point out the importance of reducing teen pregnancies. Even with the recent decline in teen birth rates, we still must do better with prevention.

A teenager who has a child often drops out of school, and is less likely to form a stable, long-term relationship with the father of the child. This combination is a recipe for poverty. I also think that changing the rules for child support so that more of a father's payment gets to his child is smart. I am glad that Vicki Turetsky is here to talk about that. I also thank Senator Snowe for her important legislation in this area.

I am glad to welcome another Montanan, Kate Kahan, a witness here today. From her work with low-income mothers, she can provide us with a good, solid reality check.

There are still too many women suffering from domestic violence in this country. We need to be careful that policies intended to promote marriage do not result in more women and children becoming victims of batterers.

It is easy to say that we should promote marriage. It is a wonderful institution. But when legislating in this area, Congress must proceed with care.

I welcome our witnesses for an important discussion on this, and I especially welcome Ms. Kahan, who has come all the way from my State of Montana to be here today. I am glad she could be here.

Senator Grassley?

OPENING STATEMENT OF HON. CHARLES E. GRASSLEY, A U.S. SENATOR FROM IOWA

Senator GRASSLEY. Well, thank you, Mr. Chairman, for holding what hearings you have on this subject of TANF reauthorization. It will probably be one of the next big items that we deal with in this committee, now that we are dealing with trade promotion authority. I thank you very much for your interest in this.

In my view, today's hearing on family formation policies highlights issues that are just as important to welfare reform as proposed new work requirements or other aspects of this bill.

The President deserves high praise for his proposal to promote child well-being and healthy marriages in the welfare reauthorization. I am pleased that this committee will consider the President's ideas in this area.

Now, it would be very naive to suggest that there is a simple solution to improving and strengthening families. That said, though, we do know with great certainty that strengthening families holds great promise for our children. Today's hearing deserves close attention.

Discussion about family issues can become mere ideological arguments, if we let them. But in my view, child well-being should not be a political issue. Our focus should be on helping children and

families. Today's hearing can help dialogue by highlighting common ground.

There may be differences of opinion about approaches, but there is an enormous body of nonpartisan research that informs us about the needs of children and families.

For example, children growing up without a married mother and father are more likely to fail in school, struggle with emotional problems, and to abuse drugs. Children from homes without married mothers and fathers are about twice as likely to drop out of school. Over 50 percent of these children are more likely to have a child themselves as a teenager, and 50 percent are more likely to use and abuse controlled substances.

While a marriage license will not guarantee a child's success in life, it does give parents an insurance policy of sorts to provide stability and opportunity for those children.

Take it from someone like me, who has helped raise five children. While I cannot pretend to have done even half of the hard work that it takes to raise a child, my wife Barbara and I agree that the job is made easier when two grownups are in charge of nurturing, disciplining, and providing a family.

From my experience, I would agree with President Bush that single moms have the toughest job in the world, especially young, unwed teenaged mothers.

If the government can help young mothers afford food, transportation and child care, I see no reason why the government should not reach out and help couples who are struggling to stay together.

Fostering strong family relationships and encouraging families to stay together are noble causes that none of us should apologize for, and that ought to be included in America's welfare system.

Each of today's expert witnesses illustrates the importance of the home to the health and well-being of each child. I urge my colleagues to remain very open to, and interested in, these recommendations. We can, and must, do better than the status quo.

Teen pregnancy prevention is also a key component of this debate. The economic disadvantages that single parents face, particularly teen parents, are passed on to their children.

Nearly 8 out of 10 unwed mothers end up on welfare; 65 percent of the families start by a teen mother who is poor. The ideas under discussion today are deeply relevant to the welfare debate.

The 1996 reform law reflected the importance of strong families, as well as the importance of reducing out-of-wedlock and teenaged births.

As we reauthorize the act, let us work together to enhance State efforts to promote healthy marriages and reduce teen pregnancy.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator.

Let us start with our guests here this morning. We are very honored to have three very distinguished members of the U.S. Senate who have worked very hard to contribute a lot to their States and our country, and I deeply appreciate your points of view. They certainly add to our legislation.

We will begin left to right. We will start with you, Senator Dodd.

**STATEMENT OF HON. CHRISTOPHER DODD, A U.S. SENATOR
FROM CONNECTICUT**

Senator DODD. Thank you very much, Mr. Chairman and Senator Grassley. I appreciate the opportunity to appear before you this morning. I think it is a wonderful subject of a hearing, Building Stronger Families. You are going to hear a lot of testimony on various elements on how you might strengthen families.

The CHAIRMAN. You do not have larger numbers, do you?

Senator DODD. These are on wait lists.

Senator GRASSLEY. We cannot read them.

The CHAIRMAN. We cannot read them.

Senator DODD. Well, that is because you are aging up there.

[Laughter.]

The CHAIRMAN. I know. That is true. That is right.

Senator DODD. That is another hearing.

The CHAIRMAN. Another hearing.

Senator DODD. I will share with you these numbers on child care waiting lists in a minute so that you can look at them.

But one of the elements—and there are so many facets of this—but obviously the success of any society depends upon the most fundamental cellular structure of it, and that is, of course, the family.

Having a hearing talking about how to build stronger families, I think, is very, very worthwhile, particularly in light of some of the incredible pressures the family faces today. It is stunning, the amount of burdens that a family has to meet if they are going to succeed. It is extremely hard.

I think the fact that this committee recognizes the difficulties and the burdens in trying to keep a family together, particularly when there are tremendous economic pressures, is good. Any survey done of what causes families to fall apart, invariably, the list is topped by economics, tragically.

So I would like to talk, if I could, briefly, Mr. Chairman, about one aspect about how to keep families together, particularly as you talk about welfare reform, a bill that will be moving through the Congress fairly soon.

Because an awful lot of these families are working poor families, I want to focus on them. One of the major issues for them is, as working parents, where are their children every day? Who is watching the children because they cannot because they are working?

One of the things we have tried to do over the last number of years that I think has been very healthy, is to get away with this debate between those people who can and make a tremendous sacrifice to have one parent at home, where there are intact families, to be with their children as they are growing up and those who cannot. Too often, we allow that debate to divide families when we should not at all.

So there have been a number of provisions that have come out of this committee providing tax incentives and the like to support those families who make the difficult choice, as many do, to forego the economics, the additional income coming in, to be with their children. I support wholeheartedly those efforts.

For many families, as you pointed out already, and Senator Grassley has, whether you are a single parent or you are two parents living right on the edge, the luxury of one staying at home just is not there.

So when two parents have to work, or one parent does, then how do we—that is, those in the public sector, if you will, at every level of government—try to support that effort? That is what I would like to briefly talk about here this morning.

As you know, Senators Snowe, myself, Senator Jeffords, Senator Breaux, Senator Rockefeller, Senator DeWine, Senator Reed, Senator Harkin, Senator Collins, Senator Clinton, have all introduced a piece of legislation that I have authored called S. 2117, the Access to High-Quality Child Care Act.

Recall, I know both of you will, the efforts that Senator Hatch and I made now almost two decades ago to pass the child care and development block grant, going back into the mid-1980's.

This bill is divided equally between members of this committee and the Health, Education, Labor, & Pensions Committee. We thought it was important, since both committees have jurisdiction, to talk about some ideas, Mr. Chairman, on how we might build stronger families as we talk about welfare reform, extending work hours, to assist those families in providing the child care needs.

All of us have spent a lot of time, I am sure, in a bipartisan fashion trying to identify the current problems with the child care system. In a bipartisan manner, as I mentioned, we have worked to propose ways to improve the system while also recognizing that we need to expand assistance among working poor families, families just above the poverty line who are struggling every single day to make ends meet.

They are not on welfare. They are working, but they are earning low wages, living paycheck to paycheck. Only 1 out of 7 eligible children, Mr. Chairman, receive any kind of child care assistance at all. It is better to receive assistance than not, obviously.

But the current system, with low State reimbursement rates—that is, low subsidies compared to the actual cost of care in any given community—and the high co-payments relative to income leave many, many parents with too little choices among child care providers.

If we really do care about the environment children are in, then I think we need to do better. That is the reason that so many of us, in a bipartisan way, have introduced the piece of legislation I have talked about.

As you all know all too well, child care in too many communities is not affordable at all, and in too many more it is not available, or even worse, of questionable quality.

About 14 million children under the age of six are in some type of child care arrangement every single day in this country. Fourteen million under the age of six. This includes about six million infants who are in some sort of non-parental custodial environment.

The cost of the average care runs between \$4,000 and \$10,000 per child, per year. In this city, it is around \$10,000. In more rural areas or poorer areas of the country, that number is closer to \$4,000.

Every week, about seven million children go home alone after school every day when the school bell rings. Some are as young as six or 7 years of age. I am concerned, as you think about whether to increase the work requirements from 30 to 40 hours, whether more children will go home alone. As you know, most elementary school children are only in school for about 30 hours a week. Many communities report shortages in the availability of after-school care. Nearly 20 States, Mr. Chairman, currently have waiting lists—and that is what this chart is to identify here—for child care assistance. But every State has difficulty meeting child care needs. No State serves every eligible child. A number of States, including my own of Connecticut, do not authorize the use of waiting lists. So the fact that not every State is referenced here, these are the only States that keep waiting lists so we have some idea of what the numbers are. I know you are having a hard time reading it.

Just to give you some of the larger numbers, in California, the waiting list for child care assistance is 280,000 children; Florida, 46,000; Alabama, 5,000; North Carolina, 25,000; Texas, almost 37,000. This is every day, children who would otherwise qualify for some kind of help the parents need in order for those children to get some child care assistance and get off waiting lists. Many drop off. Many do not even list themselves any longer as trying. So, these numbers are the ones that are still hoping that they may qualify for some assistance.

A report recently done by the Urban Institute, which I have with me here, Mr. Chairman, describes in detail the difficulties eligible families face in accessing and retaining child care assistance. Too many States do not do outreach to eligible families to let them know about the availability of child care assistance. Too often, there is no coordination between local TANF and child care offices.

Case workers give no information about child care or quality, or, equally frustrating, wrong information in many instances.

Parents have to take time off from work, as you would expect, often repeatedly, to physically go to the TANF agency or child care agency, or both, to fill out the paperwork. Many have to wait all day to see a case worker, and then have to come back the next day, all time taken away from work or applying for work, or in some job training program.

Parents who do not bring the right paperwork experience additional delays and frustration. In one State, parents are required to provide eight different pieces of documentation to qualify for assistance.

As if qualifying for assistance is hard enough, the recertification process what is needed every few months or in some States once a month to keep child care assistance is equally daunting. More in-person visits requiring parents, again, to take off time from work, often requiring parents to show the very same documentation yet again to hold onto the child care assistance they need.

It is no wonder that failure to recertify is the biggest reason that parents lose child care assistance. While on paper it looks like parents transitioning from welfare to work are guaranteed child care assistance, in practice, retaining child care assistance is anything but a guarantee.

In fact, in reading the Urban report it is a miracle. It is amazing that a program designed to help the working poor—and again, we are talking about working poor here—requires parents to take time off from work so often to retain their child care assistance.

Our bill that I mentioned already strengthens the coordination between TANF and the child care offices. We simplify the recertification process. We encourage States to find ways to make the process of obtaining and retaining child care assistance more in synch with the needs of low-wage workers.

For the hearing record, I would ask, Mr. Chairman, that a copy of the chart here—again, if you think the waiting list chart was hard to see, I cannot even see this one that is in front of me here. But just to give you an idea, this is the kind of chart you may have seen a few years ago before child care assistance was consolidated into a single block grant, but this one is from an Urban Institute report that came out last month that shows you the easier scenario of qualifying for child care or recertifying for child care, and the harder scenario assistance to get. All these little bullets are the steps that a parent must take in order to get child care assistance.

I will send a copy up to the desk before it goes in the record, just so you have a chance to take a look at it.

[The information appears in the appendix.]

The CHAIRMAN. We will get it. Thank you very much.

Senator DODD. But it is just to give you some idea. This is not the exception. This is what happens in too many jurisdictions.

At any rate, Mr. Chairman, in recent weeks I have listened to members on both this committee, and others, talk about child care. What I have heard, is that members want to make sure that whatever the work requirements are under the welfare reform package, that sufficient child care funds will be available to meet those rates.

I commend this committee, I commend you on your statement this morning, and Senator Grassley, and applaud your efforts in this regard. I totally agree with you. At the same time, meeting the needs of those required to work under welfare reform is only part of the picture. When Senator Snowe and I first began outlining the principles behind our legislation, we agreed on four basic points.

One, that whatever the work rates are agreed to under welfare reform, there must be sufficient child care funds to help parents required to work.

Two, that we need to maintain our commitment to helping those who are transitioning from welfare to work.

Three, that given the large number of working poor families struggling to pay child care costs, we need to continue expanding assistance to the working poor.

Last, given the numbers of hours every day, every week that children are spending in child care, we need to improve the quality of child care.

In many ways, I would like to make point number four point number one, because too often that comes at the tail end. We talk about availability, we talk about cost, and the one element that pays the price in the end is quality.

And again, Mr. Chairman, I am sure you have been by and visited. You have seen the anecdotal evidence. Every one of us have.

In too many instances, the quality of this care is a disgrace, to put it mildly. To see what children are spending hours in every day, and then you need only to listen, as we recently have, to people who are teachers of these children coming out of this kind of environment, what they are going through.

In March, the Health Education, Labor, and Pensions Committee heard from a young woman in Maine, Sheila Merkinson, who works in an insurance company and earns \$18,000 a year and is eligible for child care assistance, but is on a waiting list.

In the meantime, she pays half of her income each week for child care so that her 2-year-old gets the care he needs. She also has told us that she is only able to do that because she and her child live with her grandmother.

At a joint hearing just a few weeks ago between the Children's Subcommittee and Family Policy Subcommittee chaired by Senator Breaux, we heard from another parent, Vicki Flamand from Florida, who was lucky to receive child care assistance for 2 years. But on March 1 of this year, although she was only earning \$13,000 a year, her 2-year transitional child care assistance ended.

She was told that she would now have to add her name to the bottom of Florida's regular child care waiting list of 47,000 children. Her case worker told her to go back on welfare, exactly the opposite thing we want people to be doing. But she does not want to do that. She wants to continue working.

If the goal of TANF is to gear parents up to work, then we ought not pull the rug out from under them while they are working and force them to go back into a situation we are trying to shut down.

An equally compelling challenge for both of the committees is the quality of child care, as I have mentioned already. About 14 million children under six years of age are in some type of child care arrangement.

A recent survey, Mr. Chairman—and this is worth noting—found that 46 percent of kindergarten teachers report that at least half of their students enter kindergarten not ready to learn. This has been a problem, but it is far greater now in the wake of Federal education reforms.

The education bill that passed Congress just a few months ago requires schools to test every child every year from the third to the eighth grades, and the results of those tests will be used to hold schools accountable as to whether or not they can even stay open.

If we expect children to be on par by the third grade, then we need to look at how they start school. The learning gap does not begin in kindergarten, we just notice it in kindergarten. If we are serious about education reform, then we need to look at the child care settings the children are in and to figure out how to strengthen them if we can.

This bill that we have introduced helps States start to address that issue by improving the quality of child care, whatever the setting may be.

Briefly, and I will end here, we set aside 5 percent of the block grant to work in partnership with States to increase provider reimbursement rates for child care. Higher rates will enable parents to have real choices among child care providers.

We also set aside 5 percent of the block grant to work in partnership with the States to promote child care workforce development.

These funds will go towards helping States improve child care provider compensation and benefits, offer training in partnership with community colleges, resource and referral organizations, scholarships for training in early childhood development, training for providers, caring for children with special needs, and the like. It is a disaster today. They make about \$15,000 a year as a child care worker. You get CPR training, and that is about it. Then, of course, children are spending a lot of hours in these tough settings.

So, Mr. Chairman, we appreciate the hearing on building stronger families. We think a very important element in that is going to be having a very important child care element to it.

We do not have a number, by the way, in this bill. We have asked the Congressional Budget Office, based on what we had in the bill here, to provide us some numbers, so we want to work with them to come back with some specific dollars.

But it is not going to be just enough to write a check on the child care issue. We have also got to focus on how those dollars are going to be used to maximize—and that is why we have the 5 percent set-asides in both the areas I have mentioned—and focus specifically on the quality, by Senator Snowe and the other members that I have mentioned that worked so hard to fashion a bill here that we would hope would become a part of the welfare reform package when it goes up.

The CHAIRMAN. Thank you very, very much, Senator. You have dedicated much of your Senate career toward helping children. It is noted, it is appreciated, and we all benefit from it. Thank you very, very much for that very thorough statement.

Senator DODD. Thank you. Thank you, Senator Baucus.

[The prepared statement of Senator Dodd appears in the appendix.]

The CHAIRMAN. Senator Santorum?

STATEMENT OF HON. RICK SANTORUM, A U.S. SENATOR FROM PENNSYLVANIA

Senator SANTORUM. Thank you, Mr. Chairman. Thank you, Senator Grassley.

What I would like to talk about is sort of where we come on the issue of marriage, families, and welfare, and hopefully where we are going.

Where we came from in 1996 when many of us here were working as Governors, and we were working as Senators on this legislation, was that welfare created a disincentive for marriage. We penalized people for staying married. We penalized fathers for sticking around.

A lot of States, through the encouragement of the 1996 law, have gone about stopping that penalty. That is a good step. We are now neutral toward marriage in our welfare laws.

The question is whether we should stay neutral or whether we should do something that is more positive in encouraging marriage.

Well, what is the case for being positive? Senator Grassley laid out a very long litany of statistics which are very, very telling.

I do not know of one statistical piece of evidence that shows that marriage is a negative for children. Not one. I am not aware of anything. The numbers are higher for poverty, higher for welfare dependency, higher for doing poorly in school, higher for drugs, higher for crime, higher for out-of-wedlock births, higher for domestic violence for the woman, higher for child abuse.

Every statistic that I am aware of—and I would be anxious to hear if there is one on the other side—says that marriage is better for children, every one, and usually by a very large margin.

So the question I have is, why are we neutral on this issue if we care about children? Why are the laws of the Federal Government, when it comes to poor children, neutral as to how we encourage mothers and fathers to marry—in many cases, it is some encouragement to marry and in many cases it is some encouragement to stay together—when we see the profound impact on children and the well-being of children?

I think a very good goal, and I think it is sort of an unstated one but I think it is an important goal of welfare reform, should be the well-being of children.

We talk about day care, and that is certainly an element of well-being. But I think there has got to be a broader picture than what to do with children between the hours that mom works.

There has got to be a broader picture of what we are doing to provide a nurturing environment for children 24 hours a day, not just the hours where mother happens to be at work.

So what I think many of us have advocated here, is we need to have some sort of incentives for the States to be laboratories of experiment to see what we can do to encourage strong, stable marriages because strong, stable marriages result in stronger, more stable children. The numbers are overwhelming.

Now, the question is, what do we do about that? How does the Federal Government, in its infinite wisdom, do that? I think what the President has proposed is something that is pretty reasonable. That is, let us go out there and let the States fund organizations, many of whom are out there already, trying to promote fatherhood.

I know Senator Bayh, former Governor Bayh, was very, very active in Indiana in organizations like that, promoting responsible fatherhood, promoting pre-marriage counseling, promoting counseling teens before they are even sexually active about the importance of marriage and the importance of families.

There are lots of programs out there—that hopefully will not drive some who seem to have a problem with this crazy—that may or may not work, but I do not understand what the hesitancy is of letting the Governors fund organizations that may promote something that is clearly a good to children.

So what the President has proposed is a very modest amount of money, \$300 million, to go out and see what, in fact, can work on a local level to encourage something which is a clearly identifiable good to children.

I would like to enter into the record a Washington Post editorial from April 5, “The Less Marriage Problem.” I would like to quote just the last few lines. It says, “But imaginative State programs may be worth a try, particularly if conducted rigorously enough to evaluate results.”

“Right now, we really do not know what it takes to build positive relationships among high-risk couples, and this is something that does need new research,’ says Christian Moore, president of the nonpartisan research group Child Trends, who believes that small State programs could yield useful models.”

The final statement of the Washington Post is, “What, beyond tired ideology, is the argument against that?”

The CHAIRMAN. The article will be included in the record.

[The article appears in the appendix.]

Senator SANTORUM. Thank you.

I agree with you, Mr. Chairman. I think we have to be cautious. I would posit to the committee that I think what the President has put forward is a very cautious approach. It does not say, we are going to come in, we know what is best, and we are going to force A, B, and C to do certain things with respect to family.

What it does say, is we know the benefits of marriage. We should be looking at how we can be a positive influence through the Governors, through the States, and through nonprofit organizations in promoting stable families, and thereby stable children.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator. Appreciate that.

[The prepared statement of Senator Santorum appears in the appendix.]

The CHAIRMAN. Senator Bayh?

**STATEMENT OF HON. EVAN BAYH, A U.S. SENATOR FROM
INDIANA**

Senator BAYH. Thank you very much, Mr. Chairman, for your courtesy today. I hope you will express that to Senator Grassley as well. I appreciate very much your work, your interest, and your consideration on this very important issue.

I am pleased to have been joined by two of our colleagues who have already had a chance to appear before this committee. As you noted, Chris Dodd has been one of the foremost champions of child care throughout his career in the Senate.

Senator Santorum did not note for the record, but he has had, since the first welfare reform bill was enacted, I think, 10 welfare recipients go to work in his office and make the transition from welfare to a paying job. So, he has experienced firsthand many of the hurdles that they have to overcome. I think it is important to know that.

My colleague, Senator Carper, we are going to hear from in just a moment, was one of foremost experts among the National Governors Association on the subject of welfare reform. I am pleased to have been joined by him in the legislation I will be discussing.

Wade Horn, whom the committee will hear from shortly, Senator Santorum mentioned, is one of the foremost experts in family formation, and particularly the subject of fatherhood. I have been pleased to work with Wade over the years and appreciate his leadership.

Elizabeth Sawhill, on teen pregnancy. I have been pleased to work with her and look forward to having the benefit of her testimony as well.

Mr. Chairman, we had the privilege of introducing yesterday our Work and Family Act. It was co-sponsored by nine of our colleagues, including five former Governors, two former first ladies of States, one former insurance commissioner, and one former State attorney general.

So, the nine of us have a great deal of experience at the State and local levels in terms of how to get things done and actually implement Federal statutes.

Let me just discuss the broad outlines of our proposal for the benefit of the committee, Mr. Chairman. Five years ago, as you noted in your opening statement, America made an historic commitment to ending welfare as we then knew it and making a transition from a system that too often promoted or encouraged dependency to one that encouraged and promoted independence and self-sufficiency, away from a system that focused solely upon income maintenance and instead toward a system that promoted income generation and building a stable financial foundation for families.

In essence, Mr. Chairman, we built a system that sought to offer opportunity for every American that was willing to work hard, play by the rules, and wanted to get ahead in exchange for personal responsibility from every American to make the most of that opportunity.

Today, Senator Carper, I, and the other co-sponsors of the Work and Family Act propose to build upon that historic progress by combining the best ideas of both the left and the right.

We are committed to a system that emphasizes work and personal responsibility as the best avenues to building strong families and creating independence and self-sufficiency, while at the same time understanding the essential role that adequate resources, as Senator Dodd was mentioning, and flexibility for States are essential to ensuring the practicality of the system, and, most importantly, Mr. Chairman, of ensuring that the goals that we inscribe on paper here in Washington can, in fact, be translated into results in States and local communities where the hard work really needs to take place. So, it needs to be a balance, Mr. Chairman, in combining the best ideas of both.

Specifically, we embraced the notion of increasing the work participation rates from the current 50 percent to 70 percent, as has been proposed by the President and embraced by some others here in the U.S. Senate.

As you know, Mr. Chairman, currently, for many States—perhaps most States—the work participation rate is effectively zero because of the credit that is given for caseload reductions.

caseloads have gone down so substantial in recent years that it has removed the job placement requirements for most States. We believe that States should have at least some incentive, some requirement, for taking people from welfare and transitioning them into work, where that is possible.

We seek to make this practical and workable, Mr. Chairman, by providing a job placement credit so that States are incited to actually place people into jobs and not simply get them off of the rolls.

We provide a credit for placing noncustodial parents into jobs. This is very important, and deals with the so-called “dead broke

dad” syndrome, where many single fathers out there have brought children into the world, but because of a lack of education, a lack of employment prospects, are incapable of paying their child support.

We think States should deserve credit for placing those noncustodial parents into jobs so they can begin to pay their child support and create a stronger family in so doing.

We provide a bonus credit for placing welfare recipients in good-paying jobs. We think States should have an incentive to do that. We also provide an incentive by giving States a bonus that have a particularly good track record in increasing their child support payment records.

We also, Mr. Chairman, embraced the concept of a full work week, which for most Americans means 40 hours of either work or work-related activities. I know that this is controversial in some quarters. We think it is important to, again, strike the appropriate balance. We think the 40-hour requirement should be retained, Mr. Chairman, to keep faith with, particularly, lower income working Americans.

Lower income. Not the rich, not the fortunate, but lower income working Americans who get up every day, go to work, sometimes hold not one, but two jobs, go to school at night, try to find child care for their children, try and find transportation to get to a job.

They work hard to keep their necks above the water line, to make ends meet. It is not easy for them and we think that, just as they put in at least 40 hours or more to stay independent, the people on the system should put in the same 40 hours in an attempt to become independent. We think that that is a matter of fairness for everyone involved.

But at the same time, Mr. Chairman, we think that the flexibility needs to be built into the system to make this requirement practical. We retain the provision in current law; the President does not. We think it is appropriate the we do, that would provide an exception for every family with a child under 6 years of age.

In every family with a child under 6 years of age, the recipient would be held to only a 20-hour a week requirement. That is current law, Mr. Chairman. We propose to retain that.

Also current law that we propose to retain, that the administration proposes to reduce, is the provision that would allow the first year, or full 12 months, of vocational education to count toward the work requirement. We think that is an important bridge from work into self-sufficiency by providing people with the education, the vocational training necessary to become employed.

And, Mr. Chairman, we propose to build upon that by allowing individuals an additional 12 months, a fully 24 months where they are working toward a degree in a vocational program. We think that is an appropriate allowance to make.

We also provide a credit to States for part-time jobs where there is a full 24 hours of actual work, not just work-related activities.

Just quickly, a couple of other items, Mr. Chairman. In terms of resources, this is an important commitment that we must make. The work participation rates, the hours of work or work-related activities every week, must go hand-in-hand with the resources necessary to make those requirements practical and achievable.

We provide for an additional \$8 billion of child care support to address the concerns related by Senator Dodd, and an additional \$2.5 billion of SSBG block grant money, which many States use to provide child care.

We also provide for some transitional Medicaid assistance, which we think is another major hurdle that many recipients need to overcome, and the resources should be there to address that.

In the teen pregnancy area, we set a very ambitious goal of reducing teen pregnancy rates by 25 percent over the next 10 years. We provide \$100 million to accomplish this; \$50 million on a formula basis to States, \$50 million as an incentive to States that can reduce their teen pregnancy rates by up to 2.5 percent during a year.

This will deal with the root causes of poverty which we so often neglect to deal with the manifestations of the root causes, and will be good for mothers and their children, good for taxpayers, and good for dealing with the social consequences of teen pregnancy.

Two quick points in conclusion. First, the fatherhood point which, as Senator Santorum has mentioned, I have had the privilege of working on for quite some time.

Colleagues, I think this is very much a women's rights issue. The first wave of welfare reform dealt with custodial parents, about 97 or 98 percent of whom are women.

We basically said, look, we are going to provide you with an opportunity, but we want you to make the most of that opportunity by being responsible, by getting an education, going to work, having your children vaccinated, and so forth, and there will be consequences if you do not.

What about the men? What about the men who brought these children into the world and, all too often, have walked away leaving the women and the taxpayers to pick up the pieces and the bills? Should we not require them to be just as responsible as the mothers have been required to be? I think we must.

So we have provisions in this bill to reach out to these men to insist that they, too, get an education, that they, too, take a job when it is available, and they begin to pay their child support and fulfill their financial responsibilities to their children.

In conclusion, colleagues, I would just say once again, we have an historic opportunity to build on the progress that we previously made. I think about history, particularly back in the 1930's, when, during the depths of the Great Depression, more Americans than ever in our national experience relied upon public support to make ends meet.

The architect of what we now know as the modern social safety net in our country, Franklin Roosevelt, used to regularly say words to the effect that the best social program is a good job. He was right then and it is still true today. The principles that we imbed in the Work and Family Act seem to take more families from dependence to independence by emphasizing that principle.

I thank you for your courtesy, and we look forward to working with the committee on this important subject.

Senator GRASSLEY. Before I call on Senator Carper, I thank both of you for spending time with me in my office to explain your bipar-

tisan program on TANF review. I appreciate very much your comments for today.

[The prepared statement of Senator Bayh appears in the appendix.]

Senator GRASSLEY. Senator Carper?

STATEMENT OF HON. THOMAS CARPER, A U.S. SENATOR FROM DELAWARE

Senator CARPER. Senator Grassley, I would just say thank you to you and your staff for your willingness, along with a number of other members of this committee and their staffs, for meeting with Senator Bayh and myself.

When he was Governor of Indiana, his State was one of the leaders at the forefront of welfare reform, along with Governor Tommy Thompson up in Wisconsin.

Thinking back to the days when we were Governors, it was about 6 years ago today that I sat at this table with John Engler, who was lead Republican Governor on welfare reform. I was lead Democrat Governor on welfare reform. We were here to report on what the Governors had unanimously agreed. We agreed that we ought to change. Welfare was broke, and we ought to fix it.

We came to the old President and said, these are the principles that we think should underlie welfare reform. We laid them out that day, and later that year, you endorsed, voted for, and put in place Federal welfare reform law that just changed the system and really changed the landscape.

I just want to take a minute and look back to what you did in 1996. There was a lot of attention in 1996 on time limits. We actually established, under Federal law, 5-year time limits, and said States could change those time limits if they wanted to and make them shorter, but they could not make them longer.

Other changes that were adopted were equally important. What you did, is you changed the incentives that existed in 1996 and the years leading up to 1996. Previously, the incentives were for really discouraging work, discouraging men from taking responsibility for the children that they have fathered.

Just think of this. If you went to work off of welfare before 1996, what did you gain? You gained the right to pay taxes, State income taxes, Federal income taxes, Social Security taxes. You lost your health care, you lost your cash assistance, you may lose your food stamps, you may lose your assisted housing, and you ended up having to figure out how to pay for child care, how to pay for a way to get to work.

What you did in 1996, is you decided to take a chance on the States, that the States would not get involved in a race to the bottom, but they would actually put the interests of children and families ahead of their own financial interests within those States.

You block granted the money that had previously come as an entitlement and you said to the States, we are going to give you some flexibility to use that money.

You can use that money for cash assistance, if you want to. You can use some of that money for child care, if you want to. You can use some of that money for health care if you want to, for transportation. You gave us that kind of flexibility. The last President said,

go out there and experiment boldly. We had the opportunity to work within a waiver system.

You also established a rainy day fund and said, by the way, if we run into economic hard times, a lot more people end up on welfare than we anticipate, States run out of the block grant allocation, we are going to have a rainy day fund that you can access in order to help get you through a tough time limit.

But as Senator Bayh said, most of our focus in 1996, and frankly in the last 6 years, has been on women, on mothers. If you do not go to work, we will sanction you, we will punish you. If you do not show up for your job training or your family planning classes, we are going to sanction you and we will take away your welfare benefits. For the most part, the guys who help bring these children into the world have gotten away Scott-free.

We changed a number of things with respect to current law in the proposal that Senator Bayh, I, and others are introducing and co-sponsoring. We build on what is good, and there is a lot of good in the current law.

But I like to say, if it is not perfect, make it better. The current law is not perfect, and we ought to make it better. I do not want to go back and repeat everything that Senator Bayh has said, but I do want to underline a couple of things that I think deserve special attention.

In the 8 years that I served as Governor of Delaware, my experience says that there are four critical factors that determine whether or not a person is going to make that transition from welfare to work.

Number one, there has got to be a job. Number two, there has got to be a way to get to the job. Number three, there has got to be child care. Number four, there has got to be health care.

If you do not have a job, if you do not have a way to get to the job, if you do not have child care for your kids, and if you do not have health care for your family, that person is not going to make a successful long-term transition from welfare to work, in many instances.

We have seen, from Senator Dodd, the waiting lists in States around the country waiting for child care. These are families that are eligible, by income, for child care. They are not getting it. When that happens, a lot of people who otherwise would be going to work and supporting their families are not going to do that.

There is quite a hue and cry over whether or not we ought to have a 30-hour work requirement, whether it should be 34 hours, 37 hours, 40 hours. In the end, I predict that what will drive the work requirement will be how much money we are willing to allocate for child care.

The legislation that Senator Bayh and propose says if we do not provide the reasonable, adequate amount of child care assistance, we will not trigger the full 40-hour requirement for work.

We need to set the standard high. By the same token, we need to provide the resources. A big part of those resources are child care.

Let me mention maybe two other points, then I will stop. I am going to talk about Delaware. It is what I know best, because I worked as a Governor for the last 8 years.

The law that you passed in 1996 said that States have to have some percentage of their welfare caseload doing a work-like activity. You actually spelled out what those work-like activities could be. It could mean unsubsidized private sector work, subsidized private sector work, public sector work.

But you really spelled out a list of a number of activities that counted as work. You said at the beginning we had to have 35 percent of our welfare case load in one of those work-like activities.

Over time, that 35 percent has grown to 50 percent. In Delaware, you also said that States could offset that work participation rate requirement by a drop-off in the welfare caseload.

In Delaware, we have seen our welfare caseload drop since 1996 by about 50, 55 percent. That 55 percent drop-off in the welfare caseload completely wipes out any requirement that we have for work participation rates. We have, effectively, a zero work participation rate requirement in Delaware. The same is true in more than a dozen other States.

We propose, as does the President, that the work participation rate should gradually ratchet up from 50 percent to 70 percent. We further propose that States should not simply be able to eliminate their work participation rate by seeing people time off or drop off of welfare rolls. But we would focus the incentives just a little bit differently.

What we suggest, and I am going to reiterate because I think this is important, States would be able to meet the work participation rate through an employment credit. The employment credits grow from moving a person off of welfare into a job.

Not somebody that drops off of a welfare roll, not somebody who times off, not somebody who is sanctioned out, but somebody who goes from welfare to work. The employment credit would kick in for that person.

If they go into a job that is better paying than not, then that State would get an extra bonus with respect to their employment credit.

We also incent certain other kinds of behavior through our employment credit for noncustodial parents who actually go to work and pay child support, for those who are taking advantage of post-secondary education, they can receive some credit toward their work participation rate there. But we incent, in our proposal, the kind of behavior that I think we would all agree is positive and is likely to lead to long-term independence.

The last thing I want to mention, if I could, is the rainy day fund. We call what you adopted in 1996 a rainy day fund. It is really a rainy 60-day fund. If we really had a full-fledged recession and the monies could be accessed, could be tapped, they would not last much more than 60 days. I think I sat here at this table and said, this is a good 60-rainy day fund.

If you look at the recession we are just coming out of, the rainy day fund was tapped by one State, but only by one State. It is not because they did not need to tap it in some other States.

The trigger needs to be changed. If we are going to have a rainy day fund, we have got to have a trigger that would enable States to access that fund if they truly need to access it, and we simply cannot do so.

In closing, thank you very, very much for giving us a chance to be here. If you look at all the stuff from Senator Dodd, Senator Santorum, Senator Bayh, myself, and the witnesses that will follow, a lot of the media will focus on where we disagree.

There is a whole lot that we agree on. We agree on this focus on Work First. We agree that families ought to be better when people go to work, and we need to provide the supports for families to be better off. We need to continue to provide great flexibilities for the States.

We have had the opportunity to work with colleagues, with then-Governor Tommy Thompson. You will not find a better person on these issues. Wade Horn, who is going to follow us, is just terrific as a point person at the White House.

Ron Haskins, who worked a lot in the Ways and Means Committee during welfare reform, is, I think, detailed from the Brookings Institute over to the White House now to work on this.

We ought to be able to work these issues out. There are some people who say, let us just simply reauthorize TANF. Let us just reauthorize the current law and go forward as it is for a while longer. I think that is a bad idea. This is not a system that is broken, but this is a system that is not perfect. This is a welfare program in our country that can be made better, and by golly, we ought to do it.

Thank you.

[The prepared statement of Senator Carper appears in the appendix.]

Senator GRASSLEY. I thank you, Senator Carper.

Senator Bayh, before Senator Hatch goes, since he is one of the people that are part of the task force working on welfare reform within the Finance Committee, did you have anything you wanted to say?

Senator HATCH. I just appreciate hearing both of you. I am sorry I could not be here the whole time because of the Judiciary Committee mark-up. But we are very interested in what you have to say.

I am pleased that there are so many overlapping areas where we can, perhaps, have instant agreement and then work on the others. I am going to be very interested in working with everybody.

I cannot be here for Mr. Horn's comments, but I am certainly going to read them. I feel I know what he is going to say, anyway.

But this is important. We have just got to do the job here.

Senator GRASSLEY. We are in the middle of a vote. The second set of bells has rung. So, I was going to introduce Mr. Horn, but I think we better just have a lull in the committee meeting so we can all go vote now.

[Whereupon, at 11:32 a.m. the hearing was recessed to reconvene at 11:35 a.m.]

Senator LINCOLN. I will call the committee back to order, since I have already voted, and we can continue our hearing.

I want to thank the Chairman, myself, for calling this very important hearing. I did so on the floor right before I cast my vote and returned over here to be a part of this hearing.

I am certainly very proud to be a part of the tripartisan agreement on welfare reauthorization that I and five of my other col-

leagues here from the Senate Finance Committee have put together.

We have come up with a list of principles that we really believe should be a focus of welfare reauthorization this year. Many of us draw on the experiences we had as conferees in the 1996 welfare reform package that we worked on.

One of the principles is the goal of promoting healthy and stable marriages. I think we can all agree that children who grow up in healthy, stable homes with two parents fare much better in the world, and our communities are better off for it as well.

But even though I think two-parent families are best, I do want to applaud the work of single parents. Having siblings myself who have been single parents, and having many of my close friends who are single parents, it is an unbelievable job.

I cannot imagine, myself, trying to juggle my work and parenting responsibilities as a single mom. Daily, and every moment of each day, I suppose, I count my blessings for having such a wonderful spouse and partner in parenting our children.

I think, each time that I do that, I try to recognize the unbelievable challenges and barriers that single parents do face, and I think that is very important for all of us to remember in our communities.

I would like to add a few caveats, I think, about promoting marriage. When I spent a morning during our last break with welfare mothers back home in Arkansas, I observed that marrying a low-income, unmarried mother to her child's father will not automatically move her family out of poverty. We have to remember that. Just automatically creating marriage does not achieve the goals of what we want to do in welfare reform.

Very often, the father of her children, perhaps, has low skills or low training as well, just as she may have, and it is not going to create just the perfect match or the perfect mix for creating a healthy marriage or a healthy family, or taking those individuals out of poverty.

I certainly want to reiterate that I do not support forcing women to stay in abusive relationships. I think that is something critical that we have tried to address in the principles that we have brought about in our welfare reform package by the tripartisan group that has put together some of these principles on welfare reform.

That type of a relationship is not healthy for her, it is not healthy for the children, it is not healthy for the community, it is not healthy for the future. So, I am certainly pleased that we are here today to talk about promoting healthy marriages.

But I also want us to recognize that there are certain situations that we want to prevent, that we also want to steer ourselves away from, and we want to remember the danger that they can present to our communities, to our family, and to our children.

So, I would again like to thank the Chairman for his leadership on this issue. I apologize that I missed my colleagues who testified as witnesses in the first panel, but I am delighted to be here to welcome Hon. Wade Horn, who is the Assistant Secretary of HHS.

Mr. Horn, we welcome you to the committee and appreciate both your work in this area, and your testimony and work with us today. Thank you.

**STATEMENT OF HON. WADE HORN, ASSISTANT SECRETARY
FOR THE ADMINISTRATION FOR CHILDREN AND FAMILIES,
DEPARTMENT OF HEALTH AND HUMAN SERVICES, WASH-
INGTON, DC**

Mr. HORN. Well, thank you very much, Madam Chairwoman. It is a great privilege and honor to be here today to discuss healthy marriage and family formation in the context of the next phase of welfare reform.

I think we can all agree that, together, we have exceeded the most optimistic expectations for welfare reform by assisting millions of families in moving from dependency on welfare to independence through work.

I am confident that, by focusing on critical issues like family formation and healthy marriages that directly impact child well-being, our work will lead to even better outcomes for vulnerable children.

Promoting healthy marriage is not a new issue to the welfare discussion. In the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, three of the four original goals of TANF directly or indirectly concerned promoting marriage.

Despite this, the focus of Federal attention and States' activities has emphasized the goals associated with work and, until recently, largely neglected the family formation goals contained in the 1996 law.

It is time now to step back and focus on what still needs to be done. The concerns that motivated the Congress to include TANF goals related to the importance of families in 1996 remain critical as we contemplate reauthorization today.

The empirical literature is quite clear that healthy marriages convey a multitude of benefits for children and adults. Because healthy marriages are so strongly correlated with child well-being, we ought to establish a clear mechanism for promoting healthy marriages as part of welfare reform reauthorization.

Before describing, how the administration proposes building such a mechanism, let me make clear what promoting marriage should not be about, and is not about under our proposal.

First, promoting healthy marriage is not about forcing anyone to get married. The government should not, and will not, get into the business of ordering people to marry.

Second, promoting healthy marriages cannot, intentionally or otherwise, result in policies that force people to enter into or remain in abusive relationships. We must be clear on the distinction between the benefits of a healthy marriage and the consequences of an unhealthy one.

Finally, and critical to the welfare reform discussion, healthy marriage does not mean withdrawing supports and services from single-parent families. Promoting healthy marriages and supporting single parents are not, and must not, be mutually exclusive. Rather, together they are part of an integrated effort to promote child well-being.

That being said, what is supporting healthy marriage about? First, it is about securing an environment that fosters child well-being. Our proposal would accomplish this task in several ways.

We would establish improving the well-being of children as the over-arching goal of TANF and clarify that the fourth goal of TANF is to encourage the formation and maintenance of healthy two-parent married households and responsible fatherhood.

Second, it is about government striving to remove disincentives to marriage. In our proposal, we seek to remove disincentives to marriage under the welfare system that punish, rather than support, low-income couples who choose to marry.

We would, for example, require States to describe in their TANF plans efforts to provide equitable treatment for two-parent married households. We also would remove the current disincentive to equitable treatment of two-parent families by eliminating the separate two-parent work participation rate.

Finally, it is about providing funds dedicated to supporting activities that promote healthy marriage and family formation efforts. While acknowledging that there is much to learn about effective strategies for promoting healthy marriage, government ought not to be paralyzed by a lack of perfect knowledge. Indeed, there is much we do know now.

For example, recent research is debunking the myth that low-income inner city men and women who have children out of wedlock are not linked romantically and have no interest in marriage. A recent study by researchers at Princeton and Columbia Universities revealed that at the time of an out-of-wedlock birth, 80 percent of these unmarried urban couples were involved in an exclusive romantic relationship, and half believed that their chances of marrying each other were certain or near certain.

We also know that premarital and marital education services work. Research tells us that the level and frequency of conflict in marriages that last 25 years or more is actually the same as those that end in divorce.

The difference is not the frequency of conflict, it is how the couple manages the conflict. Those couples that either avoid conflict or escalate it, unfortunately sometimes even to the point of violence, those are the marriages that are both unhealthy and unstable.

The good news is, we can teach conflict resolution, problem-solving, negotiation, and listening skills. We may not be able to save every marriage, but we can save many and help many start off on the right foot.

Together, we should support efforts to implement what we do know works, while continuing to build on this knowledge base. Therefore, our proposal requests funding for States to develop and implement innovative programs to support healthy marriage and family formation activities: \$100 million from the proposed elimination of the Illegitimacy Reduction Bonus, which would be replaced with a broad research, evaluation, demonstration, and technical assistance fund, and another \$100 million from the current High Performance Bonus to establish a competitive matching grant program for States and tribes.

I would like to close with a personal perspective. I am a child clinical psychologist and I have devoted my professional life to pro-

moting child well-being. Healthy marriages are important for many reasons, but most importantly, they are good for children. Enhancing child well-being is the bottom line for measuring the success of welfare reform. Indeed, it is the bottom line for measuring our success as a society.

I thank you for this opportunity to appear before you today and would be pleased to answer any questions you might have.

[The prepared statement of Mr. Horn appears in the appendix.]

Senator LINCOLN. Thank you, Mr. Horn. I agree with you, it is definitely a measure of the success in our society.

I do have a couple of questions, and I will start with those. I am sure others will join us, perhaps.

Mr. Horn, I have said that I, too, recognize the importance of stable and healthy marriages, and they are absolutely essential and they are an enormous part of creating healthy young adults in our community and contributors in our community. They are certainly important as it relates to child well-being at early ages.

A couple of questions in regard to that. If you could, describe to me how you and the administration will assure that none of the funding for the marriage promotion will go to keeping women in abusive relationships. Are there safeguards there? Are there assurances that we have?

Mr. HORN. As you know, our proposal is about promoting healthy marriages. It is not about simply moving marriage rates. So, we are not about simply encouraging marriage, per se, but healthy marriages.

In the proposals that either communities, States, or local governments would send in response to a grant announcement that would be a consequence of this proposal, they would have to demonstrate to us how it is that they would be moving couples towards healthy marriages and avoiding unhealthy ones, or how it is that they are helping couples who are already married develop the skills necessary to have healthy marriages.

One example is premarital education. One of the things we know about premarital education is that not only does it help couples who are contemplating marriage build a set of skills, like problem-solving skills, negotiation skills, listening skills, and so forth that can help them in sustaining and forming a healthy marriage, but that it also diverts at least 10 to 15 percent of couples away from marriage, because, during the course of premarital counseling/premarital education, you find that some couples are completely unprepared for marriage, or you might find that there is violence in the dating relationship.

There is absolutely zero evidence to suggest that the cure for violence in the dating relationship is marriage. All that marriage when there is violence in the dating relationship does is increase the opportunity for more violence.

One of the good things about premarital education, one of the very optimistic things about premarital education, is that it gives us an opportunity before the couple gets married to assess whether, in fact, there are unhealthy interactions, including violence, that would lead us to want to divert this couple away from marriage in order to reduce, if not eliminate completely, hopefully, the risk of violence in that relationship.

So we think, by emphasizing healthy marriage and by emphasizing the skills necessary to form and sustain healthy marriages and putting the onus on those who applied for these funds to demonstrate how they would service that goal, that we would have a very, very strong safeguard against inadvertently increasing the possibility of violence.

In fact, some have asked me whether it would be possible, under the administration's proposal, simply to use the money to decrease disincentives for marriage. Our initial answer is no.

Since there is no guarantee that if you simply reduce disincentives for marriage, that as you lower the bar and people are more likely to jump over it, you are not, in fact, encouraging only couples who are going to have healthy marriages go over that bar and get married.

So, yes, a State could come in with a proposal to use some of this money to decrease disincentives, but they would have to combine it with some kind of program over-arching it that would help those couples that then do move on towards marriage form and sustain healthy marriages. So, we actually think this proposal would be a very strong preventative measure against domestic violence.

Senator LINCOLN. Well, there is no doubt that communication is a key element in making any relationship work, whether it be marriage, a friendship, or mother/daughter, or what have you. I think developing and helping to build those communication skills is an absolutely critical part of successful marriages.

Are you proposing to propose guidelines or definitions of what abusive may be in terms of being able to recognize in this counseling and in these programs that the States are going to present, how they judge these individuals in terms of their marriage counseling and where they are going, or where they have been, or what characteristics they exhibit?

Mr. HORN. While, clearly, since we are still in the proposal stage and do not have a law or a pot of money that would then drive the development of a request for proposals, some of the details are not completely set in stone.

But, it is our intention that whatever request for proposals would result from this kind of initiative would require that the applicants demonstrate, first of all, a sensitivity towards the issues of domestic violence and, second, a plan to do the kinds of things that you indicate, that is, to assess in the couples that they work with whether violence is present, and then have an intervention strategy for those couples where there is violence present to ensure that violence is eliminated by whatever means.

As a psychologist, I know that one of the worst things that you could possibly do for a child is have the child live in a home where there is violence.

Senator LINCOLN. Or verbal abuse.

Mr. HORN. That is right. So what we are trying to do, is to help couples who have an aspiration. Remember, our proposal is not about saying to somebody, you have to get married, you must get married, the only way to do this is to get married. It starts with the decision already having been made.

That is, we are talking about couples who have already chosen marriage for themselves, either they are married or they said they

want to move towards marriage. It is at that point that we join with that couple and we say, here are some services that are available to you that can help you attain the goal that you have set for yourselves: a healthy marriage.

In the process, there ought to be mechanisms—and the applications will have to demonstrate what those mechanisms are—to assess for the presence of violence and to deal with violence in appropriate ways.

Senator LINCOLN. Well, you mentioned that the administration's plan calls for the development of programs for States. Are we asking them to reinvent the wheel, to create government as a counselor, in a way? I mean, to me there seem to be many, many programs that exist through nonprofits, through obviously for-profit, through the psychology and psychiatry industry, as well as through faith-based groups and others for counseling.

I mean, when you say “develop programs,” are you asking the States to develop their own program of counseling or were you talking about developing a program where they outsource the resources or the individuals that are going to provide the kind of counseling that you are talking about? I mean, that seems to be a very sophisticated thing, I think, and very intricate and time-consuming. Is that kind of where you are going with that?

Mr. HORN. These are demonstration funds. So what we want to do is to encourage innovative thinking on the part of States and local governments, as well as community-based and faith-based organizations, to come up with innovative ideas about how it is they can help those couples who choose marriage for themselves develop a set of skills necessary to form and sustain healthy marriages. I think there are lots of different ways that people can proceed with that.

So, we do not envision that this is going to be some new, great expansion of government and that there is going to be government counseling services and premarital education services, although a State could propose something that would incorporate some mix. You are quite right. There are lots of programs out there now, and they are growing rapidly, that deal with things like premarital education, deal with things like marriage enrichment, marriage education, marriage counseling, and so forth.

Senator LINCOLN. Most religious institutions, before you engage in marriage, require counseling.

Mr. HORN. That is right. And a big part of what we are saying is, those are services that are known to, and accessible by, more affluent couples. What we would like to do is ensure that for lower income couples who may not either know about those services, or those services are not accessible to them because of cost, we make those services known and accessible to them as well.

There is a good deal of research that suggests that these kinds of marriage education services can be helpful to couples.

Senator LINCOLN. Oh, absolutely.

Mr. HORN. We ought to not hold that a secret to low-income couples or make it inaccessible or unattainable to them, but rather to make sure that, on a voluntary basis, they are able to access those services as readily as more affluent couples.

Senator LINCOLN. You mentioned in your testimony, and I am not sure about the principles or proposals. In your proposal, are they allowed to count the hours of marriage counseling towards their work credit?

Mr. HORN. They could count it, under our proposal, towards the 16 hours of other meaningful activities.

Senator LINCOLN. The 16 hours. That is right.

And you talk about the 40 hours. So for a married couple, the incentive is that they only have to reach the 40 hours collectively. Is that correct?

Mr. HORN. That is correct.

Senator LINCOLN. Right.

And yet, in your plan you move, in my opinion, backwards from current law, where a single mother with a child that is six or under does not have to meet the current 30 hours, but has to meet a lesser number of hours.

Now, in the administration's proposal, if you are a single mother and you have a child that is one or younger, you do not have to meet the 40 hours, but if you have a child that is one or older you have to meet the 40 hours.

So you are saying to a couple that, collectively, you only have to meet 40 hours, but to a single mom who has a 2-year-old and a 4-year-old, you have to meet the 40 hours?

Mr. HORN. Well, first of all, it is important to keep in mind that the administration's proposal includes for the first time the recommendation that we have an over-arching purpose of TANF to be the improvement of child well-being, which opens up a variety of activities that, heretofore, do not count anywhere in the welfare system towards anything.

So for the 16 hours of meaningful other activities, because we now have this over-arching purpose to improve the well-being of children, for the very first time you can count things such as volunteering at your child's Head Start program, volunteering at your child's child care program, going to a literacy program at your local library with your child, going to a youth-serving organization jointly with your child, participating with that, going to parenting education services.

So we would anticipate that, for a lot of families where they have children younger than the age of six, while our proposal would require a core of 24 hours of work, the remaining 16 hours could very easily be done in joint activities with one child in service of the improvement of child well-being and the maximization of child development.

That is very different than today. Today, none of those things would count towards anything. We would hope that States would be creative in the ways that they would implement those 16 hours.

Senator LINCOLN. Well, I hope they would be, too. As I said, when I traveled with the welfare mothers during my last break, every one of them had children under the age of six and all of them had more than one child. Transportation was an enormous barrier. None of them had individual transportation. Public transportation quit at 5:00 in the afternoon.

So, most of them had jobs lined up after they complete their GED and their track training for health care or manufacturing, yet they

were only going to get a late-shift job. So, they are going to be required to work 24 hours, 16 additional hours without any form of transportation, basically, or minimal transportation.

They are going to have minimal transportation, but it is going to be difficult. More than likely, they are not going to be able to access the child care they need because it is going to be after 5:00, and they are going to have more than one child.

So I hope that as we look through this and work through these details together we can really take into consideration that there is not a one-size-fits-all, and that many regions of our Nation do have single parents with multiple barriers that are extremely difficult.

These are individuals who desperately want to become independent and they want to create a sense of self-sufficiency and pride, not only for themselves, but for their children as well.

Many of them are single mothers with children under the age of six who perhaps would desperately like to be in a good, positive marriage, and hopefully will. But we have got to get their feet squarely planted on the ground and being productive. So, in thinking of that, I hope we can remember some of those details as well.

Mr. HORN. And it is important to remember that, under the President's proposal only around 2 percent of the funds would, in fact, be dedicated towards the healthy marriage initiatives.

Ninety-eight percent of all of the money would continue to go towards work supports, education and training, and child care for those families who are on TANF, have recently left TANF, or are in danger of falling onto welfare.

Senator LINCOLN. Right.

Mr. HORN. So we think that it would be an incorrect way of perceiving our proposal to suggest that the healthy marriage initiative is our prime proposal for dealing with moving people from welfare to self-sufficiency. It represents only around 2 percent of the total dollars.

Again, it is because we know that there are low-income couples who are, in fact, married, that we want to make sure that they have the same access to the kinds of educational skills-building programs that more affluent couples have access to, so they can attain what they aspire for themselves, a healthy marriage.

Senator LINCOLN. Well, I do not disagree. I think counseling, and certainly marriage preparation, is an absolutely vital part of any marriage or sustainable relationship, and that is important.

But I hope we will not try to reinvent the wheel for very constructive programs that already exist through our faith-based and counseling services that are out there through our mental health departments and other things.

But the other thing is, when we talk about 98 percent of the package going towards support services, I would just say that only 20 percent of the people in my State of Arkansas that are eligible for child care are receiving it.

So even with 98 percent of the dollars that you dedicated going to those support services, I do not think it is anywhere going to be near enough to what we really want to do in making effective getting people into self-sustaining and productive jobs that are going to be progressive in keeping them off of that cycle of poverty.

I hope you will also look at that, because really providing those support services to the multiple-barrier people is going to be absolutely essential.

I have just one last thing that I would like to mention. Having heard from the Nation's Governors, as I know everybody has—they have been in town several times talking to us about welfare reform, and the welfare directors also—that the administration's plan would limit the State flexibility.

You may want to talk on that. They seem to be very pleased with the current work requirements and the flexibility that they have had since 1996 which has allowed them to try to successfully address the unique needs of each State.

As I have mentioned in ours, Arkansas, transportation and child care are absolutely critical to us in rural communities that we are trying to serve and to these single parents that are the hardest to serve and the next level of welfare client that we are really trying to get off the rolls.

So maybe you would like to define some of the additional constructive activity. You have mentioned some of it. There may be more that you would like to talk about. Tell us how it really gives the States the flexibility that they seem to be concerned about.

Mr. HORN. In our proposal we do a number of things that increase State flexibility. Let me go through some of them with you. First of all, our proposal says that right now, under current law, if you have carry-over funds from 1 year to another, the only way that you can use those carry-over funds is for cash assistance.

You cannot use them for services, you cannot use them for child care, you cannot use them for transportation subsidies. Any carry-over balances must be used for direct cash assistance.

Our proposal says that is crazy. What we ought to do, is allow States who have carry-over balances to use them in any way they want, including work supports. So our proposal suggests that States ought to be allowed to do that.

The second thing is when States put money aside for so-called "rainy day" funds, right now under current law they are counted as non-obligated, which gives the impression to a lot of people that the States do not need those funds because they are unobligated.

But, in fact, what the States are doing, which is allowed under the law, is putting some money aside in case there is an economic downturn or some additional needs in the future, and they can draw down those funds.

Our proposal says States can count those as obligated, not as unobligated, to make it clear that they are funds that they need, not funds that are unneeded.

Our proposal also gives total flexibility to States in defining what would be in each welfare recipient's self-sufficiency plan.

Under our proposal, every welfare recipient should have a plan that says this is how we are going to help move you towards your maximum degree of self-sufficiency. It is surprising to a lot of people that right now there is no requirement for a plan.

So we say there has to be what we call the universal engagement strategy. Everybody is supposed to have a plan. What we give, however, is 100 percent flexibility to the States in defining what the elements of that plan ought to be.

Then when it comes to the 24/16 mix, the 24-hour core work requirement and the 16 hours of other meaningful activities which you asked about, we give the States near total flexibility in defining what those other 16 hours are.

What we hope they will do is use those 16 hours to provide additional education and job training experiences, so that we can help folks not just get their first job, which sometimes is unfortunately at low wages and sometimes not a full work week. Rather, what States can do is help them get their next job by building on a core work experience, but then help them develop skills through training and education so that they can move towards a better-paying job and a job that is not in a part-time work sector, but a full-time work sector.

They also can, as I mentioned earlier, use the flexibility of those 16 hours to integrate into them joint parent/child activities and parenting education.

They can do marriage education activities, if that is what they are interested in. They can do joint parent/child activities, as I mentioned before, volunteering at a Head Start program, volunteering at a school. These are all things that cannot count now.

Senator LINCOLN. It could.

Mr. HORN. Cannot now, but will in the future.

Senator LINCOLN. Right. But could.

Mr. HORN. That is right.

Senator LINCOLN. If they are accepted.

Mr. HORN. If they are accepted. If the proposal is accepted. In addition, for the first time we allow up to 3 months of substance abuse intervention to count towards the core work experience. Right now, zero substance abuse intervention can count towards the core work experience. Not one minute of substance abuse treatment right now can count towards the current 20-hour week work requirement, or even towards the 30 hours, but certainly not for the 20. What we say is that for 3 months, all 24 hours of that, if they are in substance abuse intervention for 24 hours a week for 3 months in any 24-month period, you can count that towards the core work requirement.

So we think our proposal actually provides a great deal more flexibility in a variety of different areas for States. This is the kind of proposal where you have got to get past the newspaper headlines. If you only look at the newspaper headlines and say that they want to go to a 70 percent work participation rate and do a 40-hour work week, and that is all you hear about our proposal, it sounds like mission impossible.

But when you start to understand all the details of our proposal, where we give all the additional flexibility, then you start to see that, yes, this is a more challenging standard. It was meant to be. But it is not an impossible standard.

We have worked with a number of States who came to us and said that we really think this is going to be difficult to meet. Then we sat down and worked through all of the details of it. You know what? At the other end, they say that this is not so impossible. Actually, it looks like we can meet this. So we think there is a lot of flexibility built into this proposal.

Senator LINCOLN. When you say flexibility, say, for instance, you allow 3 months out of the 24 to go towards substance abuse. I do not know, but most of the studies I have read or seen indicated that 6 months was really almost a minimum in terms of substance abuse in terms of need and follow-up.

I do not know. But in some of those areas, at least two of the the State directors I spoke to said that three was somewhat unrealistic in being able to complete a substance abuse program.

But what I would like to just ask is that, in conclusion, when you say that through the President's plan States determine what they want the self-sufficiency activities to be, so we can speculate, as you have, about what programs would be allowed or what States would have, but we really have no way of knowing if the State legislatures—and I am assuming that is where it would have to go through—would allow the kind of coaching and volunteering as all allowable activities.

Is that correct? So, you are leaving it up to the States. You are saying these are great things that you could use, but we want you to make those choices and we are not going to give you any waivers on the guidelines we have put on these. Right?

Mr. HORN. It seems we are being criticized now for being both too prescriptive and not prescriptive enough with States. We think that when States take a look at the proposal and they talk with their State TANF directors and they work through what they need to do to meet what we admit is a more challenging standard, but a standard we think will move more people towards self-sufficiency, they will not make those kinds of choices. They will provide for the kinds of flexibility in the other 16 hours of work.

Let me just say one last thing about substance abuse treatment. Our proposal does not suggest that three months of substance abuse treatment is going to cure people of their substance abuse problem. I am a psychologist. I know that substance abuse is a chronic, recurring condition in far too many people.

But the 3 months does help to stabilize the individual who may have a substance abuse problem, and then you start to mix other productive activities with the treatment program.

The worst thing you can do in substance abuse intervention is to let people just sit around at home and obsess about their substance abuse problem. You want to get them into productive activities that keep them occupied in positive ways.

So you could envision very easily a full-time treatment program for 3 months that would stabilize the individual. That person would then get involved in a core work experience, but the other 16 hours of meaningful activities could be continued participation in the substance abuse program.

So what you do is start to move towards this mix of substance abuse intervention and continued treatment with other kinds of activities, including work, which can be a very, very important part of a substance abuse treatment program.

Senator LINCOLN. Well, thank you. I appreciate very much your being here before the committee today. I do not know that others are going to return for questions, and we will probably move to the other panel.

But we do want to thank you, Mr. Horn, and we look forward to working with you as we work through a comprehensive package in coming up with a compromise that is going to be good for the country.

Mr. HORN. It is my pleasure being here.

Senator LINCOLN. Thank you very much. We will just move forward.

We would certainly like to, on behalf of the committee, welcome our next panel. We have joining us Dr. Isabel Sawhill, who is president of that National Campaign to Prevent Teen Pregnancy in Washington; Howard Hendrick, who is the secretary of Health and Human Services and the executive director of the Oklahoma Department of Health and Human Services from Oklahoma City, our neighbor there in Oklahoma. Welcome.

Kate Kahan, director of Working for Equality and Economic Liberation from Missoula, Montana. Great.

And Vicki Turetsky, senior staff attorney, Center for Law and Social Policy. Welcome.

We will just begin with Dr. Sawhill.

STATEMENT OF DR. ISABEL SAWHILL, PRESIDENT, NATIONAL CAMPAIGN TO PREVENT TEEN PREGNANCY, WASHINGTON, DC

Dr. SAWHILL. Thank you very much, Senator Lincoln. I really appreciate the opportunity to be here today.

Let me begin with what I believe is a point of wide consensus, and that is that one goal of welfare reform should be to reduce out-of-wedlock births and ensure that as many children as possible are born into and grow up in two-parent married families.

Almost everyone agrees that children will be better off if we achieve that goal. Not only will children be better off, but poverty and welfare dependency would shrink.

The question is, what is the best way to get from here to there? At the National Campaign to Prevent Teen Pregnancy, we support the overall objective of more children growing up in two-parent families, but we believe that one of the best ways to achieve that goal is to make sure that as many young women as possible delay pregnancy and childbearing until they are old enough to marry and old enough to be good parents.

Right now, although only 30 percent of all nonmarital births are to teens, about half of first nonmarital births are to teens. Let me repeat that statistic, because I feel it is so important for your committee to understand. Half of all first births to unmarried women are to teenagers who probably are not mature enough yet to be married.

So unwed childbearing typically begins in the teenaged years, and having had their first baby as a teen, many of these young women go on to have additional children outside of marriage.

In fact, one reason that they do so, is because once you have had a baby outside of marriage your chances of finishing your education, as well as your chances of every marrying, plummet. We have good research on that.

Of course, some teen mothers do end up getting married, but those marriages are highly unstable. Divorce rates for those who

marry in their teen years are fully twice as high as divorce rates for those who marry in their mid-20's.

So encouraging marriage may be a good idea, but it is not likely to be successful by itself unless we also make strong progress on reducing early unwed childbearing.

Let me emphasize that if we are successful in reducing teen pregnancy rates, we will have fewer abortions, less welfare dependency, and fewer poor children. The numbers are laid out quite starkly in Figure 2 of my prepared testimony, which I hope will be part of the record.

The good news, is that we have had a lot of success on this front in recent years. Teen pregnancy rates have declined sharply since the early 1990's. As you will see in Figure 1 in my prepared testimony, this has contributed substantially to a leveling off in the proportion of children born to unmarried parents: specifically as a direct result of the decline in teen pregnancy during the 1990's, about 40,000 fewer children are now born outside of marriage every year. We need to build on that success.

More specifically, the National Campaign to Prevent Teen Pregnancy believes Congress could usefully take the following steps. First, make sure that teen pregnancy prevention is prominently mentioned in key parts of the law as a worthwhile objective and a permissible use of funds.

Second, provide more funding for teen pregnancy prevention programs, especially for programs that have proven effective. We now have strong research showing that many teen pregnancy prevention programs are effective and that this is an extremely cost-effective use of government funds. For every dollar invested in an effective program, the taxpayer is likely to save \$8 in lower costs for welfare and other forms of assistance.

Third, we hope Congress will support a national resource center to collect and disseminate research and best practices to States and communities and to work with the entertainment media to imbed more constructive messages, including an abstinence first message, into popular television shows and the magazines that teens watch and read in large numbers.

Many of these ideas, I might add, are included in the Bayh-Carper bill, and I hope this committee will take a close look at their very constructive efforts in this direction.

I thank you very much for the opportunity of being here on behalf of myself, on behalf of former Governor Tom Kane, the chair of the National Campaign, Sarah Brown, our executive director, and everyone else associated with our effort to reduce teen pregnancy rates by one-third over a decade.

Thank you very much.

The CHAIRMAN. Well, thank you, Dr. Sawhill. You have done a lot of work in this area and you are well-recognized. Your recommendations are very well received.

[The prepared statement of Dr. Sawhill appears in the appendix.]

The CHAIRMAN. I apologize to the witnesses for the coming and going of Senators. I am managing a bill on the floor of the Senate at the moment, and it is just a bit difficult to be two places at once.

However, I want you to know that your testimony is still well received. It is in the record. Our staffs work very hard in digesting

it. So I just want you to know that it may look like you are getting short shrift, and I apologize for some of the people coming and going, but there is no diminution in the value of your testimony and I want to thank you very much.

I would like, now, to turn to Ms. Kahan, partly because she is from my State of Montana, and also because she does just a great job.

If you could proceed, Ms. Kahan.

**STATEMENT OF KATE KAHAN, DIRECTOR, WORKING FOR
EQUALITY AND ECONOMIC LIBERATION, MISSOULA, MT**

Ms. KAHAN. Thank you, Senator Baucus. I appreciate your efforts in this welfare reform process, and the efforts of the Finance Committee.

I am the executive director for WEEL, Working for Equality and Economic Liberation, a Montana-based organization focused on poverty issues.

WEEL works with people in poverty across Montana in the western region and nationally, and I am here today with one of our National allies, the National Campaign for Jobs and Income Support.

WEEL has been a strong presence in the national arena surrounding welfare reauthorization, specifically utilizing the State experience with welfare reform to contribute information, lessons learned, and model policy to the national debate.

The testimony I offer you today comes from experience, both my own experience living in poverty and receiving welfare and the experience of the many low- and no-income families we work with across the country.

When I first applied for welfare at 6 months pregnant, with little to no job experience, I was denied assistance due to the fact that I had \$7 too much in my bank account.

I married the father of my child, and even married with two incomes, we were poor. My family still qualified for food stamps and Medicaid. After a year of being belittled, manipulated, harassed, physically assaulted and verbally abused, I fled a violent home.

The day my ex-husband hit me and shoved me across the room while holding our son, I left and never went back. I wanted my son to grow up in a healthy and safe home so he could thrive. I did not want him to witness violence and despair every day of his life.

I began receiving welfare and going to college. While in college, I had a work study job in a field I knew I wanted to pursue employment in after completing my degree.

The education and experience I gained ultimately helped me move out of poverty. Marriage was not the solution to my poverty, or my son's poverty. If I had not left that violent home, I can assure you, I would not be here today. I would have died.

This story is reflective of many other women on welfare today. Half of WEEL's advocacy calls which are specifically focused on welfare are domestic violence related. Welfare offices are focused on caseload reduction and keeping people off of the welfare rolls, and that puts women attempting to leave violent homes in a situation no one should ever have to face.

Women facing violence should never have to make the choice between the security of food on the table for their children and con-

tinued violence. Far too many women in poverty are facing this devastating situation. National statistics reflect Montana's experience. As many as 60 percent of women on welfare have experienced domestic violence in their adult life.

Marriage promotion will not help these women in crisis leave. It will only serve as yet another barrier to leaving and that will not, under any circumstances, solve the poverty they face.

Similarly, diverting welfare funds away from direct assistance for families into marriage promotion classes in high schools, abstinence-only education, divorce and premarital counseling, et cetera will not reduce poverty or ensure healthy families. Such efforts merely sidestep the very real and complex issues surrounding poverty in our country.

For example, along with the rise in domestic violence, Montana, one of the many rural States represented on this committee, also has a child poverty rate of 21 percent and the fastest growing poverty rate in the country.

Our wages are 48th in the Nation, and we have the highest number of people working more than one job to make ends meet in the country. People are working two and three jobs, and they are still poor.

Marriage is not the solution to poverty in Montana. Women are facing domestic violence at alarming rates, and wages are so low in Montana that two-parent households are just as poor as single-parent households.

Nationally, the situation is similar. Forty percent of women on TANF are or have been married, and 40 percent of children in poverty are in two-parent families.

These factors point out that there is no cookie-cutter approach to welfare reform and building stronger and healthy families.

It is time to move beyond over-simplified Band-Aid approaches to welfare reform like marriage promotion and increase work hours for families in need, and start focusing on families strengthening by ensuring reasonable work participation goals rather than diverting resources to keep families busy, supporting the work families are engaged in with supports like child care, housing, Medicaid, and child support receipt, and protection from domestic violence. In addition, the time clock must be suspended when families are doing what they are supposed to.

When I was on welfare doing everything I was supposed to and then some, every time I met with my case worker he asked me if I could afford to be more poor this month than next because my time clock was ticking. The result was more discouragement than encouragement to continue meeting my requirements. Time clocks are counterproductive and must be stopped when families are working to meet their requirements for assistance.

These are the measures that will provide needed assistance and support for families working to move out of poverty. Poverty is complex. Welfare reform must include policies that address that fact to strengthen families. Polling data shows that the American public is in favor of such supportive policies.

A recent poll conducted by the National Campaign for Jobs and Income Support found that 62 percent of Americans surveyed cited work supports for people moving from welfare to good jobs as a top

priority for Congress and reauthorizing TANF. In contrast, merely 5 percent cited marriage promotion as a priority.

Similar findings have been reported in many other studies and show that the American public supports access to education and training, adequate income supports, and poverty reduction rather than legislating marriage.

Coming from a rural State, one that has recently experienced a dramatic rise in our welfare rolls after a drastic drop in 1996, it is clear that we need to take a more comprehensive approach to welfare reform, one that will support families to move out of poverty rather than encourage low-wage employment that keeps people coming back to welfare to make ends meet.

TANF reauthorization is the perfect opportunity to create policy that addresses this dynamic by ensuring that families have access to quality education and training programs, support while engaged in such programs, options to secure child care for their young children, including caring for their own kids, and proven paths to jobs that pay well. Such measures will build stronger and healthy families.

States need support to address the needs of their poor citizens, not a boost in bureaucracy and over-simplified approaches like marriage promotion. Policies must ensure families have options and protections when leaving violent homes, and approach family strengthening through actual poverty reduction measures that have been proven to work rather than involving government in our private lives through economically coerced marriage.

Thank you.

[The prepared statement of Ms. Kahan appears in the appendix.]

The CHAIRMAN. Thank you very much, Ms. Kahan. Very, very much. That was extremely articulate.

One question I have, is in your work, particularly addressing low-income women facing domestic violence, when you are counseling them and helping, is there any effort to try to encourage marriage at all or deal with marriage, or is that just not really a large part of the complex components that you are working with at that time?

I mean, we all agree that a happy marriage is a desirable goal. We all agree that a very unhealthy marriage, where there is spousal abuse, is to be avoided and stopped. But the question is, to what degree is there a marriage component, or marriage encouragement in your work?

Ms. KAHAN. In my work specifically?

The CHAIRMAN. Yes.

Ms. KAHAN. We really work with people who are in direct crisis, so we help them problem-solve their immediate crisis and do not generally get into the area of whether or not people are or should be married at all. In fact, we just help folks get through their immediate situation so they can move on and get the supports that they need to move out of poverty.

The CHAIRMAN. One question I have—and I am unfortunately going to have to leave very soon to go back to the floor—is the question of whether counseling involvement is voluntary or whether there is some coercion or requirement.

I would say, Mr. Hendrick, I guess in Oklahoma you have a problem. Could you address the degree to which any of the marriage encouragement is either mandatory or whether there is peer pressure to join, or whether the social workers or whoever is working the program tends to encourage? How do you encourage marriage without requiring it?

Mr. HENDRICK. Well, I will go through this maybe a little bit more, but let me answer your question specifically. Right now, we are just in the capacity building stage in terms of trying to get people to the place where we have talent out there to help people know what to do. We do work very closely with the Oklahoma Coalition Against Domestic Violence as part of the training that we are involved with.

But I do not know that we really know specifically the answer to your question, except for the fact that all of the training that we presently provide is voluntary. I do know that.

In terms of coercing people, nobody is going to be coerced to get married or encouraged to get married beyond making their own reasonable decision. It is just a matter of giving them the tools to be able to make better choices, is really what we are trying to do, and educate them about what is involved with a marriage, and those kinds of things.

The CHAIRMAN. What do you say to the Minnesota program that is called MFIP or something like that? My understanding, and it is just secondhand, they feel that the House bill will require Minnesota to give up its program, that there is too much of a mandatory requirement in the House bill compared to the Minnesota program. Does that ring a bell with that?

Mr. HENDRICK. I am not familiar with that program, so I do not know.

The CHAIRMAN. Dr. Sawhill, can you address that?

Dr. SAWHILL. Yes. The program in Minnesota has, as a result of the flexibility that was provided to the State under waivers, and in the 1996 law, been able to experiment with some efforts to move people into work, allow them to keep collecting benefits and allow two parents, in particular, to benefit from the system.

The results from the experiments that have been done in Minnesota under waivers show that the program, by improving the incomes of families that were working, have reduced the extent to which married couples broke up, and also encouraged marriage a little bit amongst single women. The effects were small in the latter case. The main effect was to stabilize already married families.

The CHAIRMAN. But it was somewhat income-related.

Dr. SAWHILL. It was somewhat income-related. That is correct.

Ms. TURETSKY. Senator Baucus, what the Minnesota MFIP program found, as Dr. Sawhill said, is that by actually increasing the income of families, not just putting them to work but increasing the family income of long-term TANF families, the State was able to find in families a dramatic decline in domestic violence and increased marriage rates, decreased divorce rates, increased marital stability, and improved outcomes for children, like education. Really, there were a number of benefits to the family that came from simply raising the income of the family.

The CHAIRMAN. I'll bet there are. It stands to reason.

Ms. TURETSKY. Common sense.

The CHAIRMAN. One question, is the degree to which television ads really help. My father told me when I was growing up, do not believe everything you read, and only half of what you hear. But the basic point is, there are a lot of TV ads to discourage alcohol consumption by teenaged that just are not working.

Studies show there is virtually no correlation. Some are kind of pointing the finger of blame. Some say that the agencies are too involved in it, so the ads are not very good, or whatnot.

But I am just curious the degree to which ads really effectively do discourage teenaged pregnancy or help encourage marriage. The question is, do people not kind of decide their own lifestyle independent of what they see on television? Maybe what else they see on television encourages bad lifestyles. Your thoughts?

Dr. SAWHILL. If I may speak to that. There actually is a broader set of studies on the extent to which public service announcements or ads have reduced risky behaviors. They show a fair amount of success in this country with those efforts, unlike the case that you cited.

But I also want to make an important distinction between public service-oriented ads that try to prevent risky behaviors, and imbedding new messages into entertainment program. At the National Campaign to Prevent Teen Pregnancy we have had quite a lot of success in partnering with television producers, writers, and people who create content for the magazines that teens read. By doing that, we have been able to get new messages into these widely-used media and to reach millions of teenagers, literally, with, I hope, some good effects.

We are working with General Mills right now. The CEO of General Mills is on our board. We are working with their marketing department to do some new studies of exactly how effective these approaches are.

But the preliminary evidence is quite encouraging, and if I may say one more thing, just last week we launched a new interactive quiz for teenagers in America which will help them to personalize the risk of early pregnancy. So far, over 40,000 teens around the country have logged on and taken our quiz.

The CHAIRMAN. So this is an interactive quiz on the Internet.

Dr. SAWHILL. This is an interactive quiz on the Internet. This is a whole new way of reaching teenagers. I think of this as the sex education of the 21st century.

The CHAIRMAN. That is an interesting idea. That is a very interesting idea.

Ms. KAHAN. If I may, can I comment real quickly?

The CHAIRMAN. Very briefly. I have got to run.

Ms. KAHAN. All right. Very briefly. I just listened to NPR this morning and heard this report about the anti-drug campaign, that there were a couple of hundred million dollars put into it.

The CHAIRMAN. Yes. Right.

Ms. KAHAN. In fact, it was actually the nonprofit "This is your brain on drugs" message that was much more far-reaching and had a much better impact. I think it is really important to remember that this block grant for our TANF is not that large, and it is really important to put the resources into direct service and help people

meet their needs, and stabilize the income, like Vicki was saying earlier.

The CHAIRMAN. I deeply regret I have to leave. Senator Lincoln is going to be here very, very shortly, so until then we will just have to recess until she arrives. Thank you very much.

[Whereupon, at 12:35 p.m. the hearing was recessed to reconvene at 12:45 p.m.]

Senator LINCOLN. I will call the committee back to order. Thank you very much for your patience. We do apologize. We have all been stretched pretty thin on the floor and elsewhere across the Capitol.

Mr. Hendrick, if you would like to present your testimony.

**STATEMENT OF HOWARD HENDRICK, SECRETARY FOR
HEALTH AND HUMAN SERVICES AND EXECUTIVE DIRECTOR
OF OKLAHOMA DEPARTMENT OF HUMAN SERVICES, OKLAHOMA CITY, OK**

Mr. HENDRICK. Thank you, Senator Lincoln. Thank you for the privilege of appearing today to share the genesis and status of Oklahoma's strategy to strengthen marriages and reduce divorce.

In Oklahoma, we are spending TANF funds for this purpose because the research clearly shows that child well-being is enhanced when children are reared in two-parent families where parents have a low-conflict marriage.

In 1998, Governor Frank Keating asked economists from the University of Oklahoma and Oklahoma State University to conduct a joint study on what Oklahoma needed to do to be a more prosperous State. He got the usual economic analysis related to tax issues and regulatory reform, but there were some surprising results.

The economists also found certain social indicators hurting Oklahoma's economy. They mentioned Oklahoma's high divorce rate and high rates of out-of-wedlock births. One OSU economist wrote in an editorial, "Oklahoma's high divorce rate and low per capita income are interrelated. They hold hands. They push and pull each other. There is no faster way for a married woman with children to become poor than to suddenly become a single mom."

The study promoted Governor Keating to unveil a strong social agenda in his second inaugural and in his 1999 State of the State Address in which he said, "There is something wrong with a good people and a good society where it is easier to get a marriage license than it is to get a fishing license, and it is easier to get out of a marriage with children than to get out of a Tupperware contract. We have to take significant steps to change our culture of divorce."

Governor Keating followed up. He hosted the Nation's first Governor and First Lady's Conference on Marriage in March of 1999. Based on the information learned there, Oklahoma's marriage initiative was launched.

The Governor took key steps to ensure that the goal of reducing divorce and strengthening marriage was more than simply a political statement. He took the bold step of setting a specific measurable goal to reduce divorce in Oklahoma by one-third by 2010.

He committed to a broad public involvement through multi-sector strategy, requested and secured an allocation of significant TANF funding, provided ongoing leadership, operational management, and education to keep marriages in the public agenda, and committed to delivering meaningful and relevant services that provide couples with the skills needed to form and sustain healthy relationships.

After the 1999 Governor and First Lady's Conference on Marriage, several sectors were identified as necessary to the development of a strategy for improving marriage and reducing divorce. The strategies identified were religious, business, education, government, legal, media, and providers.

The religious community focused primarily on the need for premarital counseling. To date, over 800 ministers have signed a commitment that they will uphold certain minimum standards for the marrying of couples in their religious institutions.

Those standards include requesting a four- to six-month preparation period, conducting four to six marriage preparation sessions during the preparation period, encouraging the spiritual formation of the couple, and encouraging the training of mentoring couples to assist younger couples during the first years of marriage.

Other sectors took on other initiatives with varying degrees of success. Over time, a consensus was developed that research should play a more prominent role in the development of the strategy.

It was believed that we would benefit from a panel of researchers who had already reviewed the literature, evaluated curriculum, studied data, and knew the subject from a research perspective.

For a subject about which most of us has an opinion or an anecdote from personal experience, it is remarkable how much is known, but unused, in understanding how to make better marriage choices, to strengthen existing marriages, to cope with stress, reduce conflict, and avoid divorce.

As our results to confront this problem have matured, and they are still very young, we resolve to hold ourselves to some fairly high standards for our work. First, we agreed to measure the effectiveness of our combined efforts in improving marriage and reducing divorce.

The way we chose to measure our effectiveness is to construct a baseline of the current attitudes toward, and demographic characteristics of, marriage, divorce, and family formation in Oklahoma.

We intend to measure these factors over time to determine whether we are, in fact, being effective. In partnership with the Oklahoma State University's Bureau for Social Research, the first comprehensive, state-of-the-art State-wide survey on marriage was designed and completed.

This survey consisted of 123 questions delivered in an approximately 15-minute phone interview with Oklahoma households, with a margin of error of plus or minus 3 percent.

To ensure that the data were representative of low-income families, additional interviews were completed with State Medicaid clients. Residents of neighboring States were also surveyed to form a comparison group. So, we did make some calls into Arkansas.

It will provide a baseline for long-term evaluation. The survey had four major themes: one, provide reliable demographic data on marriage, divorce, patterns of cohabitation, and intent to marry or remarry; two, learn Oklahomans' attitudes about intimate relationships, marriage, family, and divorce; three, obtain qualitative information on couples' relationships and assess the knowledge and acceptance of preventive education.

The full survey report will be released in late June or early July, but preliminary findings indicate a large majority of Oklahoma adults, 82 percent, feel a statewide initiative to promote marriage and reduce divorce would be a good or very good idea.

A majority of currently married or romantically involved Oklahomans, 65 percent, said they would consider relationship education to strengthen their relationships. Actually, the numbers were much higher among younger Oklahomans. Over two-thirds of Oklahoma adults, 69 percent, think divorce is a very serious national problem.

One of the challenges that seemed apparent from the very beginning was the lack of access to marital education with a curriculum that had been thoroughly researched and the efficacy of which was documented.

Our research of marriage education materials led us to conclude that marriage is a skill-based relationship with certain core values. To deliver relationship education services to couples, both married and unmarried, we needed a curriculum that was skill-based and research-based.

We believe that marriage success can be learned and that there are tools available to help couples communicate effectively, resolve conflict constructively, and handle other problems that, if unchecked, can lead to divorce.

We selected the Prevention and Relationship Enhancement Program as the State's curriculum. It is a curriculum that has been used in the U.S. military for many years. It can be tailored to a variety of constituencies, with long-term efficacy. The 12 hours of education has been validated in a variety of research settings.

We are presently in the training stage of implementing the service delivery system. These skills are beginning to be offered in workshops throughout Oklahoma. The training includes identifying substance abuse, and presentations by the Oklahoma Coalition Against Domestic Violence. The ultimate goal is to have services available in all 77 counties.

Oklahoma has demonstrated an ability to implement welfare reform. We have received two TANF bonuses for our efforts. We believe that the strategy to strengthen marriages and reduce divorce, will strengthen Oklahoma's families, help couples form and sustain healthy marriages, and based on what we have learned so far, we continue to support the use of TANF funds to fund activities that do strengthen families by growing healthy marriage.

Senator LINCOLN. Thank you, Mr. Hendrick.

[The prepared statement of Mr. Hendrick appears in the appendix.]

Senator LINCOLN. Ms. Turetsky?

**STATEMENT OF VICKI TURETSKY, SENIOR STAFF ATTORNEY,
CENTER FOR LAW AND SOCIAL POLICY, WASHINGTON, DC**

Ms. TURETSKY. Senator Lincoln, thank you for attending the hearing. My name is Vicki Turetsky. I am a senior staff attorney at the Center for Law and Social Policy. My testimony today will focus on child support distribution rules.

CLASP strongly supports the legislation introduced by Senator Snowe and included in the tripartisan recommendations made to the Senate Finance Committee.

Senator Snowe's child support distribution provision should be included intact in the TANF reauthorization legislation. I want to thank Senator Snowe for her commitment in getting these child support changes into the law. The Snowe legislation is one of the most important TANF reauthorization proposals on the table, and it has the wide support of both States and advocates.

In 2000, the House passed distribution legislation 405 to 18. Moms and dads say that the current law is disrespectful, unfair, and impossible to understand.

Senator Snowe's bill will strengthen families and improve child well-being by increasing the income of families who have left TANF, by encouraging low-income fathers who live apart from their children to remain involved, and avoid going into the underground economy, by letting the fathers of TANF and former TANF children use their own money to help directly support their children above board and not under the table so the fathers' payments make a difference to children.

Under the current law, when fathers of TANF and former TANF children pay child support, their children often do not see the money. When families go on welfare, they are required to turn over to the State their rights to child support. They have to turn over the right to support, both for the period that they are on welfare and also from the time before they went on welfare.

When the State collects the money, it is kept by the State to reimburse welfare costs and then the child support becomes revenues to the State and Federal Government, which the States then usually use to fund their TANF MOE costs or their State child support program.

Even after families leave welfare, much of the child support that is collected for families is kept by the State. In fact, the government keeps more support from families who have left welfare than families who are currently on welfare.

The State keeps about half of the back payments collected on behalf of former welfare families. This is the money that is collected through the tax refunds of non-custodial parents.

The idea behind Senator Snowe's legislation is pretty straightforward. Families, not the government, should get the money paid by fathers to support their kids. Since the 1996 law was enacted, we have been having a dialogue among States and advocates, and there is now a general consensus about this approach that the child support program should be a program that can do all it can to support families and should move away from the AFDC cost recovery role.

Senator Snowe's legislation is a State options bill. It is a flexible, but complete, set of options that allow States to choose whether, how, and when to pay child support to families.

These are tough times for State legislative budgets, but it is important to put the Federal authority and funding flexibility into place now so that when States are ready fiscally they can move ahead.

The legislation would allow the State to pay all of the child support to families, or some of the money to families, or keep its current policies. It would allow a State to split the costs of the TANF pass-through with the Federal Government.

If a State decides to put in a dollar for this program and pass money through to families, then the Federal Government would put in its dollar. It would give States funding flexibility to use TANF or MOE funds to help fill that hole in State revenues that will result when States move towards more distribution to families. It would give a State flexibility to move ahead now.

Included in the Snowe provisions are very important measures that will help families for several reasons. First of all, child support is an important source of family income when families live apart (and effective enforcement is linked to declines in out-of-wedlock teen birth rates and divorce rates.)

Next to the mother's earnings, child support is the second-largest source of income for low-income families that get child support. For families who are below the poverty line who get child support but do not get welfare assistance, child support is 35 percent of the family's budget. It is the family's paycheck and it is the child support that, for families, is the money that they live on.

Single parents who receive regular child support payments are more likely to find work faster, hold jobs longer, and return to welfare less often. Increasing child support payments can also increase paternal involvement and improve child outcomes.

Children who receive child support are more likely to do better in school, have better health outcomes, and stay out of the juvenile justice system. But in a number of studies, mothers and fathers of children receiving TANF assistance say that the child support distribution rules undermine their ability to work together and often drive fathers into the underground economy.

Because of these distribution rules, mothers and fathers sometimes agree to under-the-table payments that bypass the child support system just so fathers can help out financially with the kids.

Let me give you an example, if I can take the time. I am speaking from personal experience here as a teen mom and as a low-income mom for a number of years before I went back to school.

Sometimes my kid's father paid child support, sometimes he did not. There was a time when he paid \$25 extra to us so that my son could participate in school band and rent a saxophone.

If I had been on welfare at that time, it would have been illegal for my kid's father to pay that \$25 extra to rent an instrument. That was money that would have had to have gone to the State.

The research in this area is pretty clear that when money is passed through to families, fathers pay more support. Both Wisconsin and Vermont child support pass-through demonstrations have found this in early findings. The Wisconsin demonstration

also found that fathers were substantially less likely to work in the underground economy.

The Wisconsin data also says that for some subgroups, there was less serious conflict between the parents, families were able to secure better child care arrangements, children had fewer health problems, and teenagers did better in school and stayed out of trouble more. That is because of this connection between child support payments and father involvement, and having more money in the household.

Wisconsin research found that there was no difference in overall government cost by implementing a full pass-through. The cost of passing through child support were offset by more support paid by fathers and less welfare used by mothers.

The current rules are extremely complex. States would like to move forward, in many cases. We are using 6 to 8 percent of child support program costs to maintain this complicated distribution system.

A number of States—about 20 percent, according to the Inspector General's Office—are having difficulty implementing the rules that are on the books now and are having audit problems and are threatened with potential lawsuits.

Thank you.

[The prepared statement of Ms. Turetsky appears in the appendix.]

Senator LINCOLN. Thank you. We appreciate all of your testimony.

Ms. Turetsky, I think you are right. Just as communication is essential in building a strong marriage and the connections that we make there, the incentive to pay child support for noncustodial parents, when they see the money going directly to their children, is tremendous.

But it also helps them rebuild their relationships with their children, with the mother of their children, maybe even a few of the mother-in-laws along the way that have been financially responsible for those children.

So I think there are certainly more things that we get out of that other than just simplifying the system, as well, but we do build on all of these relationships that we hope to build on.

You had mentioned, I think, some concern about the prospect of HHS's proposal to use child support funds to finance the marriage demonstration program.

Ms. TURETSKY. Yes.

Senator LINCOLN. Do you have anything to add to that, or would you like to expand on that any?

Ms. TURETSKY. Yes. Thank you.

I am unclear about the status of this proposal. It was reported in the Washington Post and by the AP. But HHS documents that were circulated to potential vendors for research and evaluation indicated a plan to initiate 15 marriage waivers using child support funds under the Section 1115 waiver statute.

This proposal raises serious legal concerns because there does not appear to be statutory authority in the child support program to fund marriage programs.

The waiver plan also raises serious questions about the role of the executive branch in redirecting funds that were intended for one purpose, child support enforcement, to use it for another purpose, which is marriage.

It is particularly troubling, given the fact that Congress is right now having this discussion about whether to appropriate funds for marriage demonstrations. From the documents, it appears that HHS plans to move ahead and redirect these funds from child support before Congress has made the basic decision about whether to put Federal money into marriage programs or not.

This redirection raises a troubling analogy to the super-waiver proposal by the administration which would allow the executive branch, in States and Federal Government, to move money around from program to program without congressional approval, or, really, oversight.

Senator LINCOLN. I think the other thing that is important to point out there, is that in talking about the pass-through, we do not in any way diminish the enforcement.

We want to still ensure that the enforcement mechanisms are all still there in order to ensure that the noncustodial parent is financially playing a role. We want to do everything that we can to ensure that that happens. So, I do not think enforcement should be lessened at all.

Just briefly, I would like to touch on some of the comments, and hopefully you will go further into some of the issues. Dr. Sawhill, I want to thank you for explaining so clearly the linkage between teenage pregnancy and welfare dependency. I think that is so important. For myself, even in my own personal experiences, I can remember when our schools were being combined.

I was in the fifth grade, and my mother was very involved in making sure that the combination of schools was going successfully. She was signing up a young girl in the elementary school where I was going to school.

The mother had brought the daughter in, and she said, well, that is great, you are going to be in the fifth grade with my daughter, and that will be great. She said, all you have to do is tell me your teacher from last year, then I will know where to put you, because they had given us a list. She said, well, I stayed out last year to have a baby. It is amazing.

When we look at the concerns that we have about the sociological and psychologist aspects in young teen women about what giving birth is, it is in many instances just a single avenue that they have to be able to show that they have something to give.

There is one something that they actually have a capability of that perhaps others do not. It is so critical, in terms of dealing with that issue, that we look at the counseling needs and the educational needs of the young women out there that are going through many of those things.

Again, from the experiences that I can reflect on as a young teen-aged woman growing up in a very rural, poor area of the country, there is a lot to be done there.

You note that preventing teen pregnancy may be more important than promoting marriage to achieving the goals of producing stable families. Obviously, when we talk about that it is very important

that we have those education components and that there are a multitude of things being done there.

Obviously, promoting stable marriages and two-parent families is very important as well. Mr. Hendrick, you have done an excellent job in your public service in Oklahoma, and I commend your State for providing relationship and marriage education workshops that do help to strengthen that.

But I would like, if either of you all have a comment to make, really, on not whether it is better to focus on reducing teen pregnancy, but the absolute, I think, essential factor that one or the other, perhaps, is not going to do it all, and in terms of welfare dependency, how we get away from that. You may have some other comments in terms of that.

But, in my opinion, dealing with teen pregnancy is an absolutely critical component if we are going to look further into creating stable marriages.

Dr. SAWHILL. I would suggest that probably neither one of us is suggesting that the objectives of the other is not important and that we do not all need to be working together on this.

I think my concern would be that the resources be there so that we can work on both. In the bill that appears to be the one that the House favors, it is not clear that the resource are going to be there in terms of achieving the family formation goals that I think we all support.

I am very concerned because we have very effective programs now, and as a result we have made progress in reducing teen pregnancy. But I hear continually, and our staff hears continually from people in the field or at the community level that what they lack is the resources to implement and go to scale with these effective programs. We need those resources.

Senator LINCOLN. You could almost say that teen pregnancy prevention is the first line of defense for marriage promotion.

Dr. SAWHILL. Well, it is. One size does not fit all. If we are talking about a couple that is already in their 20's and they are married, then clearly what you want to do is help them, if they are having trouble, to keep that marriage together.

But if you are talking about a 16-year-old, what you really want to do is prevent that young person from either becoming pregnant or fathering a child outside of marriage.

You probably do not want to say to these 16-year-olds, it is time to get married, because in our society nowadays you need more education and you need to be older. We know that those young marriages are highly unstable.

The biggest predictor of divorce rates, by the way, is age at first marriage. Now, there are going to be many young people who get married at a young age for whom marriage will work out, but the risk is much higher if you are very young when they first get married.

Senator LINCOLN. Thank you.

Mr. HENDRICK. I might just add, I do not think I disagree with what Dr. Sawhill said, except I might just supplement that by saying that I have heard a lot of concerns today about child care and marriage, and a lot of things that are frankly very encouraging to

me that I think we do need to, as you said, look at all of these things together.

There is a very thoughtful piece, actually, that was written by Ms. Turetsky's comrade at the same facility where she works. It's called "Marriage Plus," by Theodore Ohms. I will not read the whole thing to you. I will try to make it available to the staff here.

But I thought maybe the last two paragraphs really are very telling in terms of putting together all of these ideas that people are talking about to try to make the whole package work.

I appreciate the Chairman's comments earlier about the same thing, that everybody needs to take a step back and look at the whole issue, the role for marriage and the role for child care, and all these things that handily tie together.

She writes, "Ironically, in the midst of the furor about government's role in marriage, it is worth noting that the Federal Government recently has begun to shirk a major responsibility, counting the number of marriages and divorces in the United States. Since budget cuts in 1995, the government has been unable to report on marriage and divorce rates in States, or for the Nation as a whole.

For the first time in the history of the Census, Americans were not asked to give their marital status in the 2000 survey. What kind of pro-marriage message from the government is that?

If liberals and conservatives are serious about strengthening families for the sake of helping children, liberals ought to acknowledge that noncoercive, and egalitarian approaches to bolstering marriage are sound policy, and conservatives, meanwhile, should admit that much of what it takes to make marriage work for the benefit of spouses and children is not just moral, but economic."

That is a very fair, balanced approach to both sides.

Senator LINCOLN. Absolutely.

Ms. TURETSKY. And I would like to add that we would like to see one fund broadened, the Family Formation Fund broadened to include teen pregnancy prevention and out-of-wedlock births that work as well as marriage.

Also, work around low-income fathers. It is clear that new spending on marriage is not going to work if some low-income fathers are not in a position to get married.

If they are unemployed, if they are incarcerated, if they have substance abuse problems, they cannot offer a child a stable environment in or out of marriage. So, we need to focus some money on research demonstrations, particularly that will help low-income fathers stabilize their lives and get into employment.

We are troubled by the amount of the resources that the administration is putting into the marriage fund. Again, it is an issue of resources. We would like to see that money used for research rather than funding programs before we know what would work and what the proper role of government ought to be.

Senator LINCOLN. Well, without a doubt, welfare reform at this stage of the game is going to be a very difficult and complicated issue for us because, as you all have seen and heard, there are many, many complicated components, and certainly many different scenarios that exist out there, those with multiple barriers to try and overcome being some of our most difficult cases now that we

deal with in trying to get off of welfare and into a life of self-sufficiency and self-esteem.

I hope that you all will remain engaged with us as we go through this debate because we will certainly need your expertise and your input as we continue to work towards something that is going to be productive for all citizens, children, mothers, fathers alike across this country.

So thank you for your patience in our scheduling, which, as I know, has been a nightmare. We appreciate very much you coming before the committee, and we hope that you will stay in contact with us as we continue the debate.

The committee is adjourned.

[Whereupon, at 1:14 p.m. the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD



The Welfare to Work
PARTNERSHIP

Written Statement by
Wendy Ardagna
Director of Government and Community Relations
Save-A-Lot, Ltd.

before the
Committee On Finance
United States Senate

April 10, 2002



The Welfare to Work
PARTNERSHIP

"Welfare to work is the perfect example of how two supposedly diametrically opposed goals of business – making money and being socially responsible – can intersect in a meaningful way."

~ Jonathan Tisch, Chairman and CEO, Loews Hotels and Vice Chairman,
The Welfare to Work Partnership

Good morning, Chairman Baucus, Senator Grassley and honorable members of the Senate Finance Committee. Thank you for inviting me to join you today to share an employer's perspective on welfare reform. I'm pleased to be here on behalf of The Welfare to Work Partnership and my company, Save-A-Lot, Ltd., to discuss the importance of work and valuable "work supports" for individuals moving from the welfare rolls to self-sufficiency.

My name is Wendy Ardagna, and I am the Director of Government and Community Relations for Save-A-Lot stores, headquartered in St. Louis, Missouri. Save-A-Lot operates nearly 900 stores in 36 states and is the 6th largest U.S. grocery chain under one banner. I am also pleased to be serving as an executive on loan for The Welfare to Work Partnership.

Previous to my employment with Save-A-Lot, I spent more than two decades at CVS/Pharmacy. During my time there, I utilized my position to establish the nation's first One-stop Career/Corporate learning center in partnership with the District of Columbia Department of Employment Services. The center brought CVS, the number-one drug store in the country, into Southeast DC, a community that had great difficulty attracting corporate investors. The one-stop facility is the nation's only public-private training, hiring career center that is equally equipped to serve individuals with serious challenges to employment and corporate executives.

Helping people make the transition from welfare to work has become my life's mission and passion. Working with Save-A-Lot and The Partnership allows me to pursue work in assisting individuals move toward economic independence, as well as aiding businesses to access a new underemployed entry-level workforce.

As one of the nation's leading grocery retailers, Save-A-Lot recently joined The Welfare to Work Partnership's Board of Directors. We find ourselves uniquely positioned to both serve and hire those moving from public assistance to self-sufficiency, as the majority of our operations are located in low-income communities. Our company, which was already planning to expand, has experienced an increase in revenue in spite of the economic slowdown – which we attribute to our customers' need to expand their buying power. The plans for expansion left us with the need to find qualified entry-level workers within the neighborhoods we serve. With the help of The Partnership, we recently began recruiting and

hiring new employees, many of whom were receiving some form of public assistance. With the help of The Partnership and community-based organizations, we have been able to streamline the entry-level hiring process and develop a work supports campaign for new hires, which will improve job retention. These strategies will greatly help us in opening 120 – 150 new stores next year.

The Importance of Work

There is no more noble, more patriotic or American cause than helping to move people from poverty through work. The welfare reform law of 1996 took the first steps towards moving families and individuals into lives of self-sufficiency. A great measure of this progress can be traced back to the businesses that provided an opportunity to work to millions of people.

The American business community applauds the strong emphasis placed on work in the 1996 law, and we hope to see it continue in this round of welfare reauthorization. As employers, we believe that almost any job is a good job to the extent that it promotes good work habits, marketable skills, valuable work experience and self-confidence.

We fully support the continued “work first” philosophy embodied in the main welfare bills already introduced in Congress and in the Administration’s proposal. We’ve seen that with the proper training and support, people with even the most difficult challenges can become dedicated and valuable employees that help a business improve its bottom line, but it takes partnerships and training.

Our goal as employers is to ensure that every American who wishes to work has the opportunity to hold a full-time job that enables him or her to support a family. However, we must be cognizant of the fact that employers across the nation define “full-time” work in different ways. For example, Save-A-Lot considers any employee working between 34-38 hours to be a full-time employee. But at UPS, full-time work is defined as a 40-hour work week, and at TJ Maxx, full-time employees work 36 hours a week. According to the U.S. Bureau of Labor Statistics, full-time work is defined as 35 to 44 hours per week.

From a practical standpoint, I have observed some realistic challenges in defining “full time” work. Many employees hired off public assistance begin on a part-time basis. No business is willing to invest in a person until they have proven themselves over a period of time. Full-time status is awarded as a form of promotion after an employee displays a level of commitment to working. Along with this, employers often offer valuable benefits such as health insurance, 401(k) plans, and other company incentives. Therefore, The Partnership would like to urge Congress and the Administration to afford employers the flexibility to continue to define “full-time” employment in a way that best meets their business needs.

Work Related Training and Education

As employers, we know better than anyone that our new workers will need to constantly improve their skills if they are to thrive and advance in the workplace. Education and training will continue to play a significant role, especially for new entry-level workers and those remaining on the nation’s welfare rolls.

Employers do not generally expect their entry-level job applicants to arrive for their first day of work with all the needed technical skills. But employers *do* see the value of investing in post-employment education and training to develop new workers and give them the tools needed to succeed on the job. Save-A-Lot as well as other companies like UPS and Marriott encourage ongoing education and training for their welfare to work hires, and the payoff is striking. A Wirthlin Worldwide survey of businesses offering ongoing training to their welfare hires found that 80 percent see improved work performance, 68 percent experience improved morale and 60 percent see higher job retention.

As employers, we hope Congress will recognize the importance of letting each business define work-related training as it sees fit. The training may be job-specific and include much-needed skills or certification for advancement. At Save-A-Lot, for example, in order to qualify for food safety handling, an employee must be certified based on our test and skill requirements. An employee who meets these requirements gains greater responsibility, increased earnings, and advancement within the company.

At my company, we see a greater need than before for training in remedial skills as well. We can streamline the process of providing this training by making it accessible on the job site, but not during working hours. For example, having personal computers available in a break room may enable workers to further their education or receive other necessary training during lunch or before or after their shifts. Such a system also makes it easier for employees to deal with transportation and child care issues – the two biggest challenges to job retention.

Work Supports

I am very gratified to know that there is strong, bipartisan consensus around the vital importance of supporting those who are struggling to leave the welfare rolls for good. Work supports such as the earned income tax credit, food stamps, the children's health insurance program (CHIP), and child care subsidies are absolutely crucial for those seeking self-sufficiency. I have seen time and again that these benefits must be accessed for an entry-level employee to have the best chance of succeeding.

The business community is willing and able to do more to hire and advance those leaving the welfare rolls but cannot shoulder the burden alone. Programs that provide child care, transportation or other income supports, such as EITC, are vital to our workers. These programs keep them on the job and help as they work toward advancing up the career ladder.

While these supports are pivotal to new workers, they also benefit employers by providing one more resource to retain and advance new workers. Small companies and those who only offer part-time work will especially benefit, as they tend to be the least able to offer employer-sponsored supports. While there is no substitute for a well-paid job with comprehensive benefits, where that is not possible, public programs such as these can make the difference between success and failure for fragile families.

So from an employer's perspective, the payoff is clear: These work supports will lead to

better job retention and lower turnover costs for us. However, they must become more accessible to both employers and employees. Currently the way they are pieced together is difficult and time-consuming for employers to administer, and those seeking to transition off welfare spend a great deal of time chasing after work supports, which can interfere with their job performance.

Businesses are already finding ways to combat some of the bureaucratic obstacles imposed by the old system. One innovative solution uses an on-site kiosk – where eligible employees and even customers can register for benefits, talk to their case manager and be connected immediately to discuss work supports for which they qualify. The Partnership would welcome the opportunity to provide company-tested solutions to the members of the committee.

Conclusion

A few years ago, welfare to work was little more than an idea. Today it is a reality across America. I believe companies have proven that welfare to work is as good for their business as it is for the community. And, welfare recipients have proven that when employers give them a chance and they have the range of work supports discussed above, they can make the successful transition from welfare to work. **Together, we have proven that welfare to work is a smart solution for business.**

We need to expand job-training programs that have a connection to real jobs and not train individuals just for the sake of training. We need to make education and training available for entry-level employees engaged in work to increase their skills. Our goal to move people from welfare and lift them from poverty can only be reached through the combination of all these efforts.

I am encouraged that businesses will remain engaged in the welfare to work effort. Having experienced success first hand, we will be working harder than ever to build on the progress to date.

I look forward to working toward the goals we set forth and further implementing them in the next phase of welfare reform. Thank you for the opportunity to address you today.

For more information on The Welfare to Work Partnership, visit www.welfaretowork.org or contact Rob Keast, Director of Policy, at 202/955-3005 ext. 325 or rkeast@welfaretowork.org



WRITTEN TESTIMONY

OF

**ROBIN ARNOLD-WILLIAMS
EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF HUMAN SERVICES
ON BEHALF OF THE
STATE OF UTAH AND APHSA**

BEFORE THE SENATE FINANCE COMMITTEE

MARCH 12, 2002

Good morning, Mr. Chairman and members of the Committee. I am Robin Arnold-Williams, Executive Director of the Utah Department of Human Services. Today I am testifying on behalf of the state of Utah and on behalf of the American Public Human Services Association (APHSA), a nonprofit, bipartisan organization representing state and local human service professionals for more than 70 years. Thank you for the opportunity to testify today on the unprecedented success states have achieved in implementing the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, more commonly referred to as welfare reform.

It is important to note that prior to the enactment of welfare reform, AFDC caseloads were soaring and families were trapped in a pattern of dependency that few believed could be reversed. Despite poor family outcomes, for decades rigid federal rules prevented state administrators from implementing innovative approaches to help families in need. Under AFDC, states could give families little more than a check to help them provide for their children. Families faced a financial cliff if they moved from welfare to work because federal rules discouraged work.

In an attempt to break free from federal restrictions, by the mid-1990s, 48 states, including my own, were operating their AFDC programs under federal waiver demonstration programs. Work was the hallmark of early welfare reform experiments, and by 1996 it became clear that states were in a better position than the federal government to achieve success in this area. Under the federal welfare reform law of 1996, states were challenged to achieve new goals under the Temporary Assistance for Needy Families Program—like mandatory work participation requirements and lifetime time limits—with fixed federal funding in a block grant. States accepted the challenge of meeting these new goals within the funding parameters, because the new law also afforded them tremendous flexibility to achieve those goals.

States have achieved unprecedented success in implementing welfare reform, such as increased private-sector employment, decreased dependency on cash benefits, expanded child care services, escalating child support collections, and declining poverty. For example, employment rates for never-married mothers increased by 40 percent over the past five years, reaching an all-time high in 2000. Sixty-six percent of TANF mothers are working for 30 hours a week in private-sector employment and an additional 12 percent of them are actively looking for work. Sixty percent of the TANF mothers who left cash assistance are holding jobs. And to support those families with work, between 1996 and 1999 there was an 80 percent increase in the number of children receiving a monthly child care subsidy. Paternity establishment has exceeded all expectations and the number of child support cases with collections has doubled since 1996.

The flexibility afforded to states spawned innovation at the local level as well; new partnerships were forged with businesses, community agencies, tribal governments, and faith-based providers to support welfare families in their transition from welfare to work. In 1996, Congress may have envisioned 50 different state TANF programs, but in fact

today there are thousands of partnerships in thousands of communities sharing in the implementation of the welfare law.

Utah's Success

In 1993, Utah received a federal waiver to launch its welfare reform program that was designed to increase income through earnings and child support. Utah's strategy was a departure from AFDC, where the focus was placed on universal engagement in activities leading to employment, a self-sufficiency plan, and full-family case closure for nonparticipation. Utah achieved great success in moving families off of welfare and into work through an individualized case assessment, diversion assistance, employment and training, and on-going case management. When the federal welfare law was enacted, Utah implemented a 36-month lifetime time limit with extensions for those who are medically unable to work; victims of domestic violence; parents caring for the medical needs of a dependent; or unable to complete education or training programs due to state inability to deliver needed services.

Since 1996, Utah's welfare caseload has declined 44 percent to a low of 7,990 in June 2001. Caseloads began increasing slightly in fall 2001 due to the recent economic downturn. The December 2001 caseload stood at 8,463—a 6 percent increase over the last six months. But the true success of our program cannot be captured in caseload statistics or work participation rates. Utah's success is best measured by the number of TANF families who entered employment. We are particularly proud of the fact that in FY 2000, Utah received a federal High Performance Bonus for job placement and in FY 2001, received a second High Performance Bonus award for our ability to retain our former TANF clients in employment. Utah has a universal engagement strategy for all clients receiving assistance, but our ultimate goal has been private-sector employment through training, on-going counseling, and aggressive job search. We have not focused our resources on developing community work experience programs or community service.

Recommendations for Reauthorization

As Congress considers reauthorization of welfare reform, continued state success is contingent upon four factors: (1) maintaining and enhancing the flexibility of the TANF block grant; (2) maintaining an adequate level of federal support for the block grant and related programs; (3) maintaining work as a key focus of welfare reform and, (4) simplifying and aligning federal program rules and goals.

Maintaining and Enhancing Flexibility. States are afforded great flexibility to design TANF programs that meet their individual goals and respect the diversity of each state and its citizenry. Over the past five years, we have learned that the TANF caseload is both dynamic and diverse. Private-sector employment should continue to be the goal of the TANF program participants. States also need continued flexibility to design programs and innovative approaches to meet the changing needs of the families served by their programs. In addition to work, TANF programs provide support to fragile families

struggling to support their children; promote family well-being; provide child care services and early childhood development programs; improve parenting skills and support and preserve families; extend employment and training opportunities to noncustodial parents; support two-parent families; prevent teen pregnancy; and provide services to youths to prevent intergenerational dependence on government assistance. All of these TANF investments are critical to ensure the continued success of welfare reform.

There is broad agreement that welfare reform has been a success, and we urge Congress to continue to support that success. States have committed TANF resources in support of their state priorities and in compliance with federal goals and objectives. And thousands of community partnerships are involved in the implementation of those priorities. APHSA urges Congress to reject any changes in the TANF statute that would require states to abandon their goals and redirect their limited TANF resources to meet process measures, penalties, or purposes that are inconsistent with states' successful welfare reform strategies. We urge Congress to set broad goals for the reauthorization of welfare reform and afford states with the flexibility to devise their own strategies to meet those outcomes.

Maintaining Adequate TANF and Related Program Funding. After an initial start-up transition period from the check-writing focus of AFDC to the work-focused TANF program, the majority of states are allocating their full TANF block grant this year and spending prior year dollars as well. According to the Congressional Budget Office, current TANF expenditures exceed the authorized level of funding by \$2 billion. APHSA supports maintaining the federal commitment to the TANF block grant and allowing for annual inflationary increases in the program in order to sustain services to low-income working families.

In addition, APHSA believes:

- each state should receive at least its current TANF block grant allotment, including the highest supplemental grant.
- supplemental grants to states should be extended and enhanced. States should be permitted to transfer up to 30 percent of their TANF funds to the Child Care and Development Fund (CCDF) and up to 10 percent of their funds into the Social Services Block Grant (SSBG).
- SSBG funding should be restored to the \$2.8 billion funding level.
- the contingency fund should be revised and adequately funded.
- states should be permitted to maintain state rainy day funds and states should be permitted to use unobligated TANF funds for any purpose allowable under the act; and finally
- no "set-asides" or other restrictions should be applied to the TANF block grant funds.

We want to extend our appreciation to Congress for including an extension of the TANF supplemental grants and funding for the contingency fund in the recently enacted

economic stimulus plan. APHSA enthusiastically supports the financing measures included in the president's welfare reform proposal, such as

- continuing TANF supplemental grants;
- continuing the TANF contingency fund;
- removing the restriction on unobligated TANF funds;
- excluding child care and transportation from the definition of assistance; and
- creating state "rainy day funds" using unobligated TANF funds.

We urge this committee to include these provisions in any TANF reauthorization legislation.

With respect to child care, additional federal funding is needed. States have matched and programmed every available federal child care dollar. And in FY 2000, states supplemented the federal CCDF funding with \$4.3 billion in TANF block grant transfers and direct spending. Today, more than \$9 billion is spent on child care services to support low-income families in the workforce. If TANF caseloads rise or state budget deficits persist, states may not be able to sustain this level of spending. In addition, if Congress mandates new TANF work requirements, adopts new quality standards, or seeks to increase the number of families receiving child care services, then Congress must increase federal funding for child care substantially.

Maintaining the Work Focus. Long before Congress mandated work from welfare clients, states were implementing successful waiver demonstration projects with work as the focus. States have demonstrated that they could devise effective TANF strategies that moved more families from welfare to work than ever before in our nation's history. This record of success should offer Congress with adequate evidence that states are focused on employment. And for those who are left on the cash assistance caseload, according to the most recent federal data, 77 percent of the families that count toward the participation rates are either in unsubsidized employment or looking for it. Only 11 percent are engaged in workfare activities. The data provide compelling evidence that states have placed their emphasis on "real" work.

Recent Senate and administration proposals have placed a renewed focus on TANF work participation rates, hours, and definitions. We urge this committee to look at the welfare to work effort more broadly. TANF work participation rates only represent a very small part of the welfare-to-work story. The work participation rates only measure the number of families receiving cash assistance who are engaged in at least 30 hours of work activities. And in a time-limited welfare system, the families represented in the work rates are an ever-shrinking number.

The work participation rates do not include the thousands of families who receive TANF-funded child care or transportation that allows them to keep their private-sector jobs. The current rates do not include the TANF mother who works 29 hours or fewer in a private-sector job. Mothers who hold private jobs and received short-term TANF assistance, such as car repair or assistance in paying their rent or utilities, are not included in the work

rates. Nor are the hundreds of thousands of mothers who no longer receive cash assistance because they are earning a paycheck in the private sector.

Work rates may have been an appropriate measure when welfare reform was enacted in 1996, but today they are an outmoded and incomplete measure of state welfare-to-work efforts. APHSA recommends that states be afforded the option to choose between the process measures of participation rates and the high performance bonus outcome measures of job placement, retention, and earnings progression. At the very least, reauthorization legislation should place as much emphasis on the placement and retention of TANF clients in unsubsidized employment as it places on the work activity of those receiving cash.

The following proposed changes may require states to restructure their TANF strategies—eliminating the caseload reduction credit, increasing work participation rates, increasing required work hours to 40 per week, restricting work activities for 24 of the 40 hours, and eliminating federal waivers. States are in the process of evaluating the full effect of these potential changes on their programs. We urge the members of this committee to reach out to your states to determine the full impact of such policy changes.

With respect to the caseload reduction credit, we recognize that Congress may not continue to allow states to be credited for a caseload decline based on 1995 data. However, we urge the committee to consider phasing out the caseload credit and replace it with an employment credit. The new credit would provide an incentive for states to place and retain TANF clients in jobs with earnings; additional credit should be earned for providing short-term assistance to clients with earnings as well as for clients in part-time employment with earnings. As the caseload reduction credit is phased out over time, the improved employment credit would be phased in.

With respect to work participation rates, APHSA supports the president's proposal to include two-parent TANF families in the all families rate. And we also believe that TANF mothers, who have multiple barriers to overcome such as mental health, substance abuse, or learning disabilities, may need additional time to enter the workforce. States should be afforded additional flexibility in defining work activities so that they can place these clients in meaningful activities that increase the likelihood of long-term success in the workforce. In this respect, APHSA also supports continuing state welfare waivers.

With respect to increasing required hours of work to 40, the new requirement would have unintended effects and increased costs. First, it is important to note that in 27 states, TANF clients no longer qualify for cash benefits when they work 40 hours per week at the minimum wage. In 16 states, clients lose eligibility after 24 hours of work at \$7 per hour. In short, clients will exit welfare before they can be counted toward the participation rate. For example, if a TANF client loses eligibility when she works 28 hours at the minimum wage, the state would have to adjust eligibility rules in order to keep the family on cash long enough to count them. In a time-limited TANF program, this would be unfair to the client and contrary to our mission of moving families off assistance.

According to federal data, in FY 2000, TANF clients worked an average of 29 hours per week in all federal work categories. Increasing the number of required hours and work rates will increase the costs of child care and may require one or more additional child care arrangement. It may be necessary to either significantly increase TANF block grant funding or child care funding to support the new work requirements.

In states experiencing an economic slowdown, in rural or tribal areas, significant challenges may arise in implementing the proposed 24-hour requirement. Utah, for example, does not have the community worksite infrastructure to place families in the strict work activities as proposed. We are concerned that our employment counselors, who work to negotiate individualized employment plans, would shift to work site development and monitoring.

When considering changes to the work rates, we urge you to consider the potential impact on the millions of families served with TANF funds. States may be required to redirect program resources or face substantial financial penalties. States lose 5 percent of their block grant and must appropriate the equivalent amount of state funds to their program and the state maintenance-of-effort (MOE) requirement is increased by 5 percent. While there is an existing corrective compliance plan that might mitigate the financial penalty, the broader public message will be that the welfare reform program is a failure.

In the long run, neither rates, hours, nor activities matter for the families we serve. Rather, the ultimate goal of welfare reform is the transition from cash dependency to job retention and earnings progression—generating sufficient income to support a family free from welfare for a lifetime.

Over the past year, APHSA has worked with the National Council of American Indians to develop joint recommendations for Tribal TANF reauthorization. States and tribal governments share the goal of expanding employment and economic opportunities for tribal TANF families. We have endorsed direct and enhanced funding for tribes; new funding for technical assistance, infrastructure improvement, research, and program evaluation; access to contingency funds and performance bonuses; economic development assistance; and a strengthened partnership between federal, state, and tribal governments. We urge this committee to consider these proposals.

Simplifying and Aligning Federal Program Rules and Goals. Conflicting federal program rules, restrictions, and requirements impede state administrators' ability to deliver critical services to families in need. For example, TANF program goals and objectives conflict with Food Stamp Program rules. Rigid eligibility requirements prescribed in the Workforce Investment Act and the Welfare to Work Program do not afford states with the opportunity to structure a continuum of employment and training services. As states move TANF clients from cash assistance, the resources to operate their child support program decrease significantly. Current federal funding for child welfare services creates perverse incentives to remove children from their homes rather

than keep families together. Last year, APHSA published *Crossroads: New Directions in Social Policy*, setting forth an agenda for the reform of a wide range of federal human service programs. We commend this document to your attention and urge consideration of our recommendations.

Funding streams should be flexible in order to achieve program outcomes, inspire state innovation, and leverage scarce program resources. Program eligibility and federal funding restrictions should be simplified and the values underpinning the programs should be aligned as well. In the end, the success of human service programs will be measured by the health and well-being of America's children, families, and adult; by their reduced dependence on government assistance; and by self-sufficiency for generations to come.

Thank you for the opportunity to testify. I would be happy to respond to any questions you may have.

**Responses of Robin Arnold-Williams to Questions Submitted
by Senator Rockefeller**

Why do you think it is so important to the States to fully fund the Social Services Block Grant as part of welfare reform? Can you explain how Utah uses its SSBG money to promote the goals of welfare reform?

ANSWER:

One of the components of the 1996 welfare reform "agreement" between the federal and state governments was annual funding of SSBG at \$2.38 billion for FYs 1997 through 2002. Funding would increase to \$2.8 billion in FY 2003 and beyond. States were given initially given additional flexibility with the option to transfer up to 10% of their TANF block grant to SSBG as long as the funding was spent on children and families below 200% of poverty.

Congress did not maintain SSBG funding at the agreed to levels, however. Funding has been reduced 28.5% to a level of \$1.7 billion per year. The amount of optional TANF transfer was also reduced to 4.25% and states have had to request movement back to 10% each and every year since 1997. While Congress has in fact made this move, states cannot count on this in their budgeting decisions.

States believe that our original "deal" should be adhered to. SSBG funding should be restored to \$2.8 billion with the full 10% transferability option.

SSBG funds many critical human services programs, not all of which are eligible for TANF transfer funding. Utah is a good example. Historically, we have not used SSBG to fund child care or self-sufficiency services. Instead, we have allocated SSBG to adult protective services, child welfare services, services for people with disabilities, and youth services/youth development. We have also allocated approximately 10% of our statewide allocation to counties so they can support other priority human services. Counties have typically expended their SSBG funds on home delivered meals and transportation services for the elderly, domestic violence shelters and services, and a host of other critical needs.

The number one value of SSBG is that it is a block grant in the truest sense – allowing states to determine their most critical needs and responding to them free from set asides.

While reductions in SSBG by Congress may have been viewed by some as having minimal impact because states could transfer TANF to pick up the difference, that was not true in states such as Utah. TANF transfers cannot make up for net losses in adult protective services support.

If the required hours of work activities increase to 40 hours per week, and the percentage of workers participating dramatically increases, will your state need to restructure any of the programs that you believe are successful? How much support will you need for child care? Transportation? Do you agree with Gordon Berlin that it is more challenging to meet higher rate in rural areas, and can you really explain that to me?

ANSWER:

Utah has chosen to focus its efforts on securing unsubsidized private sector employment for its TANF customers. We adopted universal participation as a basic tenet of our program when we initiated welfare reform waivers in 1993. Our approach has been a very individualized one allowing for the tailoring of participation activities to the unique background, needs and employment goals of each family.

Requiring 40 hours a week of participation with 24 hours in a more limited set of work activities would be extremely difficult in a downward economy where full time jobs are not available. Utah is in its 5th consecutive month of negative job growth, a situation we have not faced since the early 1980's. Therefore, additional community work sites would need to be developed to meet these requirements. Utah has not chosen to focus its efforts in this direction in the past – using community work in only the most remote areas, tribal areas, etc where unemployment rates have remained extremely high and only after all other options have been explored for a given TANF family.

Moving from 30 to 40 hours per week of activities will have a direct impact on child care resources necessary to support TANF customers. In Utah, currently approximately 23% of our TANF recipients also receive a child care subsidy. Sixty percent of those subsidies are for less than full time care. State statute directs that staff “shall encourage a parent client to obtain child care at no cost from a parent, sibling, relative, or other suitable provider.” Securing “no-cost” care for full time activities may be less achievable. Very preliminary projections to achieve the participation rate of 70% in 2007, total child care needs would increase by approximately \$28 million. This is an 88% increase over our 2002 level of \$32 million.

No estimates have been made on the estimated increased costs of transportation. However, transportation is a key support service, particularly in rural areas of our state where no public transportation system exists.

Utah's experience, both under welfare reform waivers and under TANF, would support the contention of Gordon Berlin that achieving higher participation rates is more difficult in rural areas. When we operated our demonstration waivers, three areas of the state were initially involved. One was in urban Salt Lake County, one in a medium sized community in Southern Utah and one in a rural area in Eastern Utah that also was home to an American Indian Reservation. Data consistently revealed that while AFDC recipients in all three areas moved into employment, the rate of full-time employment and the rate of achieving sufficient earned income to move off welfare was consistently less

in the rural site. Employment opportunities in rural areas are often less than full time and/or seasonal in nature. We are optimistic that current efforts to expand rural economic development efforts may produce more and better jobs in the future. Specific efforts are underway to expand technology based employment in several Utah rural communities; which if successful will provide more options for TANF families as well as all resident of rural Utah.

Testimony of Gordon L. Berlin
Senior Vice President,
Manpower Demonstration Research Corporation
On the Reauthorization of the Temporary Assistance to Needy Families Program
Before the
Senate Finance Committee
March 12, 2002

Good morning. I am Gordon Berlin, Senior Vice President of the Manpower Demonstration Research Corporation, a nonpartisan social policy research organization responsible for more than two-dozen rigorous evaluations of alternative welfare reform program strategies undertaken by states and localities over the last twenty years. I appreciate the opportunity to appear before this committee today to share what we have learned from these unusually reliable studies as you consider reauthorization of the Temporary Assistance for Needy Families (TANF) provisions contained in the Personal Responsibility and Work Opportunity Act of 1996.

Since the passage of welfare reform in 1996, the nation has made significant progress on nearly every important measure of social well being, including unprecedented declines in welfare caseloads, historic increases in employment among low-income mothers, important reductions in family and child poverty, and fewer out-of-wedlock births to teenage mothers. The declines in welfare dependency and the rise in employment exceeded all expectations, transforming the welfare system from one that entitled poor families to public assistance to one that emphasized mutual obligation and provided temporary support while requiring work. Three forces working synergistically helped to make the whole far greater than the sum of the individual parts: (1) the strongest sustained period of economic growth in modern times, (2) the expansion of policies that support the working poor such as the Earned Income Tax Credit, and (3) the TANF welfare reforms. While unemployment rates below 4 percent meant that employers were digging deep into the ranks of the formerly unemployed to find workers, welfare reform's focus on employment and its new message that welfare was temporary undoubtedly contributed significantly to the final result.

These accomplishments are all the more remarkable when one recalls how little was known in 1996 about the likely effects of the new law's most revolutionary provisions: time limits on benefit receipt, strict work standards requiring that half of all welfare recipients in a state be working by 2002, and a block grant structure that afforded states tremendous flexibility in the design and operation of welfare programs.

Given this progress, as Congress considers reauthorizing the new law, it is reasonable to ask: Are any changes needed? Put another way, "If it's not broken, don't fix it!" But of course the context for reform is changing. Economic growth has slowed precipitously, and the population remaining on welfare today is probably less employable and has more barriers to finding and keeping jobs than when reform began in 1996. In addition, states

have accumulated only limited experience with respect to several key features of the 1996 law: In more than a third of the states, the federal time limits do not actually become effective until this year; few states have actually had to meet the strict work participation standards the act established in 1996 (largely because the credit states get for welfare caseload reductions have lowered those standards to near zero); and few states have pursued programmatically the act's marriage promotion goals. Finally, the states' success in promoting employment has brought into sharper focus two newer problems — helping the working poor retain their jobs and advance in the labor market, and aiding the hard to employ left behind by welfare reform.

President Bush's recently introduced summary Plan to Strengthen Welfare Reform proposes a number of important changes that the Administration hopes will sustain reform's momentum in this new and changing environment.

First, recognizing the formidable costs of meeting the many challenges ahead, the plan would sustain funding for TANF, the Child Care Development Block Grant, and related programs, while increasing state flexibility to use those funds.

Second, building on new information about the effects of alternative welfare reform approaches on child outcomes, the plan would establish child well being as one of TANF's overarching purposes.

Third, to stimulate state interest in and know-how about sustaining and promoting marriage, the plan proposes substantial investments in innovation and experimentation in this area.

Fourth, to help simplify administration, the plan would clarify the definition of "non-assistance" — the list of TANF services and benefits that do not count as welfare benefits and, thus, are not subject to the welfare time-limit clock.

Fifth, to further support recipients who take jobs, the plan would make the Food Stamp program more worker friendly and the child support program more family friendly by getting more money into the hands of families. Child support orders would be made more responsive to the changing ability of fathers to pay.

Last, and possibly most controversially, the Administration's plan proposes to ratchet up participation standards — giving added emphasis to the strong message TANF already sends to the states, that work and the reduction of welfare caseloads are the central goals — while simultaneously expanding the role of education and training as well as services for the hard to employ. It is a precarious balancing act.

How should the Senate respond to reform's changing context, accumulated experience, and new needs as it considers reauthorization of the landmark 1996 welfare reform laws? And, as the Administration begins to fill in the details underlying the broad principles laid

out in its summary plan, how might the legislative process best shape that plan so that it effectively meets the challenges ahead?

Fortunately, as a result of Congressional funding for research and the foresight of staff at the Department of Health and Human Services, the states, and several of the nation's large foundations, an extraordinary body of evidence now exists on which to ground and frame much of the reauthorization debate in these areas. While there are still important unknowns, particularly the effects of a weaker economy and tight state budgets on programs and outcomes, a great deal is now known about the effects on participation, work, welfare use, income, and child outcomes of the primary welfare reform strategies states employed following passage of the 1996 law.

In the presentation that follows, I bring to bear new evidence that particular welfare policies can benefit children, that program effectiveness could be improved by modestly expanding the role of education and training, and that new strategies are needed to promote job advancement for the working poor and to help the hard to employ overcome barriers to employment. I also underscore the risks of further increasing TANF's participation requirements while ending the caseload reduction credit. These steps could have the unintended effect of diverting resources, modifying otherwise successful programs, and increasing costs.

I will begin by describing what states did with the newfound flexibility TANF gave them, and I will summarize what we have learned about the impact of the policies they have implemented. I will conclude by applying those lessons to key reauthorization issues.

What Did States Do?

Flexibility and devolution were hallmarks of the 1996 reforms. After enumerating four broad goals— support needy families, reduce welfare dependency and increase work, reduce out-of-wedlock childbearing, and promote the formation of two parent families — and establishing a set of rewards and penalties tied to those goals, the new act devolved primary responsibility for the actual design and implementation of welfare programs to the states. In state law and in practice, states overwhelmingly emphasized the first two goals while all but a few ignored the second two. Equally important, nearly every state added a new goal — to reward work and reduce poverty for welfare recipients who took jobs, at least until their months on welfare reached the state's time limit on benefits.

Programmatically, what did states do with their new responsibilities and flexibility? Most did three things. First, they emphasized “work first” (and de-emphasized education and training) by requiring virtually all welfare recipients to begin searching for work immediately. These mandatory employment service programs also differed from past efforts in the frequency and intensity of the sanctions states imposed for failure to comply, including full-family sanctions that ended the entire family's welfare grant. Notably, only a handful of states and localities relied on “work for your benefits” work-

experience programs or subsidized public employment to achieve these goals.

Second, in a little noticed but path breaking development, most states also helped to make work pay by allowing welfare recipients to keep more of their earnings without losing supplemental cash support. By not counting some portion of earnings when calculating welfare benefits, states allowed welfare recipients who took jobs to combine low-wage work with welfare benefits, in effect using welfare benefits as an “earnings supplement” to boost incomes.

Third, states placed limits on the number of months a family could receive welfare benefits, although the nature, enforcement, and, thus, the reality of those limits varied widely. While 17 states have established time limits shorter than the federal limit, several of the largest states — including California, Indiana, Michigan, and New York — either do not have a time limit or have substantially modified the federal limit, choosing instead to use state funds to pay benefits for those who exceed the federal lifetime limit.

Not surprisingly, the block grant framework — and, thus, the reality that TANF is a flexible funding source, not a program — spawned tremendous diversity among the states in the mix of mandates, incentives, and time limits employed, as well as in the emphasis placed on one or the other of these component parts. Some states — Iowa, Michigan, and Montana, for example — have dramatically increased participation in work activities by emphasizing mandates. Taking advantage of the caseload reduction credit, other states have placed less emphasis on mandates. Florida, Louisiana, Ohio, and Utah adopted time limits that are significantly shorter than the federal 60-month maximum and have enforced them strictly. Michigan and Vermont have no time limit at all. California, Connecticut, and Minnesota, among other states, use incentives in the form of generous income disregards to encourage work. These policy options are not mutually exclusive; on the contrary, most states are doing some or all of these things.

The direction a given state took also depended on local circumstance. States with big cities were preoccupied with making the transition from an education-first to a work-first orientation, and tended to focus first and foremost on mandates and the new message that welfare was a temporary source of support. Predominantly rural states had to focus on building the service network required to engage everyone, solving the transportation problems that make engagement difficult, and addressing the lack of employment opportunities that often characterize rural economies and tribal areas.

In addition to these programmatic strategies, states have availed themselves of TANF’s flexibility by transferring substantial sums to the Child Care Development Block Grant and the Social Services Block Grant. A handful of states also pushed the outer limits of TANF’s flexibility by counting state funds spent on other low-income programs against their TANF Maintenance of Effort spending requirements, in effect freeing up state dollars for other purposes.

Research Results: What Is Known

What difference did these policies make? Fortunately, to answer this question, we can draw on more than 30 high-quality studies of state welfare reform initiatives that tested various combinations of mandatory employment services, earnings supplements, and time limits on welfare receipt. Although many of the studied programs were launched prior to 1996, these key features are central to most states' current welfare reform programs. And the range of program strategies examined reflects the diverse paths states have taken following TANF's passage. (These studies were designed to tell us what net difference a given program strategy made beyond what would have happened under the old welfare rules. Therefore, the words "increase" or "decrease," when used below, refer to how people who were subject to the new program performed relative to similar people in a control group, not to changes over time.) We look at program effects in six key areas — work, welfare, income and hardship, children, family and marriage, and program participation and mandates.

Work: A wide range of welfare reform strategies has increased employment and earnings among single mothers. Education and training played an important supporting role in the most effective programs.

- Nearly all of the approaches states have used — mandatory employment service earnings supplements, time limits, and various combinations thereof — increased welfare recipients' employment and earnings.
- Mandatory employment services programs that tailored services to the needs individual recipients — so-called "mixed strategy" programs that required some participants to begin by looking for work and others to start with education and training — proved more effective than more rigid approaches that simply assigned all participants to either a job-search-only program or an education and training-only program with little regard to their individual needs.
- About one in four welfare recipients did not find jobs even when followed for up five years, in part because they were unable to surmount a range of significant employment barriers. Among those who did work, annual earnings were often low, and many remained poor or near poor, even when income from food stamps and the EITC were added. These findings underscore the need to develop new strategies to improve the employment and earnings prospects of the hard to employ whom welfare reform have left behind, to enhance job retention and advancement for the working poor, and to ensure that qualified working families receive Food Stamps and related benefits.

Welfare: Requiring participation in mandatory employment services and time limiting benefits decreased welfare receipt.

- Two of the approaches states used — mandatory employment services and time limi

— *reduced* the amount of cash benefits paid out (usually because welfare receipt declined). Earnings supplement programs, by contrast, typically *increased* benefit payments and, thus, cost more than traditional welfare programs.

- The most effective mandatory programs returned to the government more than \$2 lower welfare costs and higher taxes paid for every \$1 invested, a stunning achievement for any social program. Put another way, it would have cost these states more *not* to operate these programs.

Income and Hardship: Only programs that supplemented earnings increased income; while other program strategies did not increase income, they did not leave families financially or materially worse off.

- Only those programs that included provisions to supplement low earnings, usually allowing recipients to keep some of their welfare benefits when they took jobs, increased income. The programs' rules typically required parents to work full time in order to receive supplement payments.
- Programs that combined mandates, earnings supplements, and time limits — as most states currently do — increased income in the period before the time limit went into effect, but the income gains disappeared once the time limit was reached and welfare support was withdrawn.
- To date, there is little evidence that either mandates or time limits substantially increase material hardship. Conclusions regarding time limits must be considered tentative, however. They are based on only two studies, both of which offered substantial protections to vulnerable families and both of which were tested in an unusually strong economy.

Children: Whether or not children benefit depends on the program strategy and the age of the child.

- Welfare reform programs that led to increases in mother's employment and income — specifically, those that included earnings supplements — consistently improved the school performance of elementary school-age children. The measured improvement is equivalent to raising their scores on a math or reading test from the 25th to the 30th percentile, and the positive effects persist throughout the five year follow-up period. By contrast, work mandates or time limits alone had few effects on young children; there was no consistent pattern of benefit or harm.
- The data on infants and toddlers are too limited to permit definitive conclusions. Evidence from two studies reveals little systematic harm or benefit to very young children's later achievement or schooling when their mothers go to work.

- Regardless of program approach, policies that led to increases in mother employment led, in turn, to small negative effects on adolescents' school performance, although these policies did not lead to increases in more serious problems like school suspensions, dropout rates, or teenage childbearing. As mothers went to work, their teen children received less supervision, were more likely to work in excess of 20 hours per week, and or be responsible for the care of their younger siblings — activities that may have interfered with schooling.

Family and Marriage: Little is known about how to promote marriage or strengthen families through welfare.

- Few programs increased the likelihood that a single parent would marry. Intriguing however, one of the earnings supplement programs did have a large and lasting effect on the likelihood that two-parent families would stay together.
- Several programs reduced the incidence of domestic violence, possibly because work meant less reliance on others, or because work meant less time at home, or because welfare systems are now offering more services for victims of domestic violence.
- Among low-income noncustodial fathers of welfare-dependent children, programs that combined employment and parenting services with more responsive child support rules increased child support payment rates. For the least employable and least involved fathers, they also increased employment and father involvement. While positive, these gains were small, suggesting that more intensive programs are needed.

Participation and Mandates: States have made large strides in increasing the percentage of welfare recipients who are working or participating in welfare-to-work activities, but they would have difficulty achieving TANF participation rates.

- Achieving high rates of participation in program services requires intensive outreach, ongoing monitoring and case management, as well as extensive resources to pay for the program activities and the support services needed to engage everyone. In any given week, a significant percentage of recipients are unable to participate — some are ill, some are between program assignments, some are awaiting child care, some do not meet the hours threshold, and so on. As a result, programs must work with almost all those targeted by a mandate in order to obtain the high participation rates required of them.
- Following TANF's enactment, most states devoted additional resources to service monitoring and case management activities, and they engaged a wider range of recipients than ever before. Nonetheless, if caseload reductions had not occurred,

few states would have been able to meet both the hours requirement and the participation rate established in TANF.

- Programs that actively enforced mandates by reducing the welfare grants of those who did not participate produced higher participation rates than did low-enforcement programs. Beyond a threshold level, however, further increases in sanctioning rates were not associated with higher participation rates.

Implications for Reauthorization

Expanding the Role of Education and Training. The 1996 welfare reform’s “work first” emphasis was, in part, a reaction to the perceived shortcomings of the 1988 Family Support Act (FSA) reforms, which had strongly encouraged education and training in the hope that it would help people get better jobs. To some extent, this swinging pendulum of action and reaction in federal policy mimics the movement between a work-first and an education-first approach that has characterized policymaking in state after state. At its extreme, “work first” becomes “work only.” When administrators realize that not everyone can get a job, the pendulum swings back toward the point where everyone is assigned to education and training, few people are getting jobs, costs are high — and the pendulum again begins its return swing.

The challenge for policymakers is to find ways to maintain the employment orientation that underlies reform’s success, while opening the door to additional education and training. Results from carefully designed tests of job search-first programs, education-first programs, and mixed-strategy programs provide strong support for the idea that education and training have an important, although probably subsidiary, role to play in the future of welfare reform. The evidence indicates that both job search-first and education first-strategies are effective, but neither is as effective as a strategy that combines the two, particularly a strategy that maintains a strong employment orientation while emphasizing job search first for some and education first for others, as individual needs dictate. There is little evidence to support the idea that states should be pushed to one or the other extreme.

Welfare reform’s success in reducing caseloads and increasing employment adds new urgency to this debate. These accomplishments have led states to begin experimenting with job retention and advancement strategies to help former recipients further secure their foothold in the labor market and reduce their long-term reliance on other government benefits such as food stamps and child care. Investments in customized training or community college coursework to increase skills — sometimes in concert with release time from work — are among the many strategies states are beginning to use TANF resources to support.

Adding Services for the Hard to Employ. As caseloads have fallen and as the five-year time limit approaches, states increasingly find themselves working with people who have

a range of persistent, multiple, and, sometimes, severe employment barriers, such as substance abuse and depression, that make it difficult to get and keep a job. Treatment programs play a small but important part in states' efforts to ameliorate these problems and promote employment among the hard to employ. If engagement in these activities does not count towards meeting their participation requirements, state officials have less incentive to work with these populations. It also places a funding obstacle in the way of the newly emerging focus states are now compelled to place on rehabilitation as a way to address the problems of the hard to employ. Recognizing this need, the Administration's plan would allow engagement in treatment programs to count towards the participation standard, but only for three months out of every twenty-four. Six months might be a more realistic maximum.

Enhancing State Flexibility to Reward Work and Benefit Children. Although poverty reduction was not a TANF goal in 1996, most states' conforming legislation included provisions to reward work. New research evidence shows that earnings supplement programs increase employment and income and that when the supplements are generous children benefit. By tying cash payments to earnings, these programs have cut the Gordian knot that has baffled welfare policy since the English Poor Laws — no longer do payments to poor families inevitably mean less work effort. This development has enabled states to refocus on welfare's original purpose — to help children — without reducing the self-sufficiency efforts of their parents. Thus, states can now choose between program strategies that emphasize caseload reductions and strategies that emphasize benefits for children, while retaining the program's focus on increasing parental employment.

Several aspects of the current law, however, make it difficult for states to craft strategies that benefit children. At the heart of the problem is the inherent conflict between earnings supplement and time-limit policies. Time limits tell recipients to “get a job, leave welfare, and bank your remaining months of eligibility.” Earnings supplements tell recipients to “get a job, stay on welfare, and let welfare supplement your earnings.” Implementing the two policies together virtually guarantees that a substantial number of people who take jobs while on welfare will unwittingly exhaust their months of welfare eligibility.

To avoid this outcome, states have two choices. One is to use the federally required state maintenance-of-effort (MOE) dollars to create either a “separate” or “segregated” state program for the working poor. By relying on state funds instead of federal funds, the federal time-limit clock is not ticking. The second alternative is to classify earnings supplement benefits as “non-assistance,” a categorization that allows certain payments such as employer subsidies, job retention bonuses, work expense payments, and so forth, not to be considered “assistance” under TANF, and, thus, not to be counted against the time-limit clock. Unfortunately, both strategies have shortcomings. The first places the fiscal burden of paying for supplements entirely on the state. The second exposes states to federal audits and the risk that the federal government will not accept the states' definition of “non-assistance.” Without assurance of federal TANF

reimbursement for long-term earnings supplement payments, states have been reluctant to choose these options.

TANF reauthorization could end these risks by either allowing states the option of stopping the federal time-limit clock when recipients take full-time jobs or, alternatively, by expanding and clarifying the definition of "non-assistance" to include ongoing cash payments or earnings supplements made to full-time workers. The Administration's proposal to clarify what counts as non-assistance presents such an opportunity. Either strategy would enable states to create separate programs with federal financial participation to pay earnings supplements to the working poor outside the welfare system, effectively resolving the inherent message conflict that now exists between time limits and incentives, without fear of losing federal reimbursement. In a fixed-block-grant environment, this change would have no federal fiscal implications.

While the means appear arcane, the end is eminently clear. Message confusion between time limits and earnings disregards undermine both program strategies. By giving states greater latitude and the promise of federal financial participation when they choose to run separate programs for the working poor, time limits would continue to apply to welfare recipients who were not working, while earnings supplement policies could reward those who do the right thing and take jobs. And if the resulting state programs are sufficiently generous, available evidence suggests that better school performance among elementary school children would result.

The income of low earners would also be bolstered by ensuring that qualified workers receive the Food Stamp, health insurance, and child care benefits for which they remain eligible. Congress has built a safety net around work, but studies that have followed welfare leavers have found that fewer than half of the low-wage workers who qualify for these benefits receive them. Some job takers, unaware that they remain eligible for a range of benefits, do not stay in contact with the welfare office after they get jobs; other recipients are inadvertently cut off by the stringent quality-control system's penchant for unnecessarily penalizing cases with earnings. The Administration's proposed changes to the Food Stamp program would make it substantially more worker friendly; similar changes could be beneficial in the health insurance and child care areas.

Modifying Participation Standards and the Caseload Reduction Credit. The 1996 law established what many thought was an unachievable participation standard: In order to maintain their full TANF block grant, states would have to have 50 percent of the single-parent caseload and 90 percent of the two-parent caseload working or participating in approved activities for 30 or more hours per week. Most knowledgeable observers thought that no state would be able to meet these targets; yet all states did. Because a state's participation standard is reduced by an amount equal to the percentage point reduction in its caseload since 1995, and because caseloads fell by 50 percent or more, most states' effective participation standards are now at or near zero.

The states' dramatic success in reducing caseloads has made the question of how to set

participation standards in welfare reform's next phase potentially one of the most contentious reauthorization issues. Some observers would like to end the caseload reduction credit because it sends the message that caseload reductions are the main goal of TANF. The Administration wants to end the credit to keep the pressure on states' performance. Not surprisingly, states would like to remain free of the participation standard and, thus, prefer to keep the caseload reduction credit in force.

As has already been noted, how Congress defines "participation" — the rate, how it is calculated, what activities count, and the number of hours of activity required — is one of several signaling mechanisms it can use to communicate to states what it wants. In an attempt to strike a balance between reinforcing the act's original focus on work and the need to broaden the range of allowable activities to include more education and training as well as other services, the Administration's proposal would make several important changes to the framework established in 1996. Notably, it would:

- increase the required participation rate to 70 percent and gradually eliminate the caseload reduction credit;
- increase the number of hours of required participation to 40 per week; after three months, 24 hours per week must be work; and
- broaden the rules to allow education and training activities to count but only toward the remaining 16 hours of required activity each week.

In assessing these proposed changes, it is important to address these questions:

Are the new standards achievable? Determining whether a particular participation standard is "feasible" depends on what counts as participation (the numerator) and who gets counted (the denominator) when determining the rate. None of the welfare-to-work programs that MDRC has evaluated to date — including the most effective programs — would have achieved either the participation rates currently in place (ignoring the caseload reduction provision) or the new rates being considered by the Administration, primarily because few of them could have met the weekly hours requirement.

For example, in a just-completed study that began in the 1990s, MDRC collected uniquely detailed participation data from several successful mandatory welfare-to-work programs to determine what the participation rate would have been had these programs been required to meet a 20-hour per week participation standard. We found that even though all of these programs vigorously enforced the participation mandate, increased employment, and reduced welfare, their monthly participation rates did not exceed 10 percent. Rates might rise to about 15 percent if reasonable assumptions are applied to take account of changes in the law that allow people with earnings to continue collecting welfare, to remove those who are sanctioned from the calculation, and to provide an employment credit (for three subsequent months) for people who left welfare for work. Only if criteria are relaxed substantially to count any activity in the month, regardless of

the number of hours, could these same sites have reached participation rates of roughly 50 percent.

To use a current example, MDRC is studying welfare reform in four large urban areas. Using the more generous definition of participation — ever participated in a month — the cities in the Urban Change study achieved rates ranging from about 30 percent to 50 percent of all adult recipients. These rates count all types of activities (including people assigned to education or substance abuse programs) and do not take into account the actual number of hours that people participated.

While these results are discouraging, they do not mean that higher participation rates could not be met. To do so, MDRC's research suggests, the weekly hours requirement would have to be relaxed, and the rules would need to take specific account of several practical realities involving the changing status of people, the slots and services required, and the administrative difficulty of monitoring participation. Even in a tightly managed program, for example, a substantial number of recipients will be between activities at any time — they will have recently finished one activity and will be waiting for another to begin. Some recipients will be in the midst of a noncompliance review process that may lead to sanctions. Others may not be able to participate fully because they are temporarily ill or disabled, or caring for a disabled family member, or awaiting the outcome of an application to the Supplemental Security Income program.

States will have to confront a number of administrative challenges as well. The unsubsidized jobs open to recipients often do not provide 40 hours of work each week, and it is often impractical to try to add 5 or 10 hours of activities to a nearly full-time workweek. In addition, most program services are not designed to last for 40 hours a week, thus participants would have to be enrolled in multiple activities. To satisfy a "work only" participation standard for 24 hours per week would probably require states to develop large numbers of work experience or community service slots, a potentially expensive undertaking. And satisfying 40-hour participation standards would require major increases in childcare funding. All of these challenges are magnified in rural areas.

Finally, few states will be able to meet the reporting requirements. It is extraordinarily difficult and expensive to monitor hours of attendance for large numbers of welfare recipients being served by multiple providers. In most large cities that MDRC has studied, program records can supply information on assignments to activities and whether or not clients show up, but not the hours they actually attend.

In short, these considerations suggest that to achieve very high participation rates, there will need to be a very broad range of countable activities, flexibility in the number of hours required, and a measurement system that accounts for inevitable periods of down time and incomplete attendance.

Are the standards likely to generate more effective state TANF programs? It is hard to argue that the current system is ineffective. Even without effective participation

standards to meet, welfare time limits have driven states to communicate the message that welfare is temporary, engage much of the welfare population in at least some activities, and emphasize work first in its programming. As a result, unprecedented numbers of people have left welfare for work. If states were to restructure their welfare-to-work programs to try to achieve the new vision, it is not at all clear that the result would be stronger programs. Indeed, the most successful programs MDRC has studied would not have met these participation standards and would have had to change substantially in order to do so.

While the *ends* the Administration's plan attempts to accomplish are laudable — that is, seeking a balance between allowing additional services and retaining a focus on work — the *means* entail what appear to be unnecessary risks. Essentially, the Administration's proposal would force states to increase the use of work-experience programs, possibly at the expense of the successful job search programs that have been most state programs' first line of action. Instead of focusing on getting people off of welfare, states may become preoccupied with keeping everyone busy while they are on welfare.

Can the balance the Administration is seeking be struck without risking unintended effects on state programs? Those who would end the caseload reduction credit and reestablish effective participation standards have a point — an effective rate of zero doesn't send the right message. And while states did spend more money on services when state budgets were flush, now that they are lean there is increased pressure to shift state dollars into other areas, suggesting that TANF service levels could suffer. Participation standards could help keep state attention focused on the need and the requirement to maintain their level of effort by matching resources to the goals of welfare reform.

How might the Congress go about establishing new participation standards? It might begin by borrowing a page from the Administration's playbook. The Administration proposes to build an outcomes-based performance management system, whereby states will have to develop goals, and then measure and report their performance against those goals. Participation should be made an explicit part of this effort.

To give impetus and consequence to this effort the Committee might want to consider the following actions: First, invest in helping states establish the measurement and reporting systems that would be required to provide meaningful information on actual participation. Second, use the next three-year period to benchmark state performance, and then use these actual participation rates to establish individual state participation standards. Third, gradually phase out the caseload reduction credit. Fourth, while awaiting the new benchmark levels, leave the current participation standard in place, but allow states more freedom than they have now to count participation in education and training and substance abuse and mental health treatment programs. States should also be allowed to count participation in job search for up to four months in a year, a change that would facilitate state efforts to continue their work-first emphasis.

Exercising Caution on Time Limits. The Administration's bill recommends few changes in the law's time-limit provisions. Apart from the treatment of working families (discussed earlier), this approach seems consistent with the research findings available to date, which have not found evidence that time limits have caused significant harm.

But while this approach is consistent with current findings, the final time-limit story has not yet been told. Relatively few welfare recipients have reached the 60-month maximum; indeed, in more than 10 states the federal time limit will not kick in until later this year. Moreover, we do not yet know how former recipients will fare over long periods without welfare. A recipient with preschool-age children who reaches a lifetime limit at age 25 would have to survive without welfare for many years. More definitive data on the longer-term consequences of a loss of welfare eligibility will become available only over the next two or three years. Given the current uncertainty, it would seem prudent to build in a review mechanism that would provide Congress with an opportunity to revisit the 20 percent exemption provision before the end of the next authorization period.

Investing in Learning and Sustaining Innovation. Congressional support for research has built a remarkable body of knowledge about what works for families and children — as well as government budgets and taxpayers — with respect to welfare-to-work strategies, earnings supplements, and, to a lesser extent, time limits. But the AFDC waiver structure that nourished that effort no longer exists, even though the need to build our knowledge base is greater than ever. We face a large new agenda to develop and refine our understanding about job advancement and retention; the role of public employment in rural areas and tribal lands where unemployment is perennially high; what works for the hard to employ who have severe, persistent, and multiple employment barriers; how to best engage low-income adolescents as their mothers go to work; strategies to promote and sustain healthy marriages and work with noncustodial fathers who owe child support and are unemployed; and the role of faith-based institutions in service delivery. Initially, the block-grant structure and the surpluses states enjoyed as a welcome by-product of the remarkable economic expansion of the late 1990s fueled a new round of state-led innovation. But the economic slowdown coupled with states' reluctance to commit state funding to potentially ineffective new endeavors that may be hard to roll back have limited the amount of experimentation in a number of critical areas. Creating the wherewithal for states and localities to engage in bold experimentation and in rigorous evaluation is paramount. An annual set-aside of program dollars that states could apply for to pay for pilot tests of new ideas — tests that include requirements for rigorous independent evaluations — is needed.

The Administration proposes two such resource pools to spur the development and testing of new approaches in the marriage field, but only one appears to include research requirements. An additional source of program dollars is needed to cover the other areas mentioned above. In addition, the Administration proposes broad waiver authority to enable states to consolidate and integrate programs. Past efforts to couple waiver authority with rigorous learning have been essential to building knowledge about what

works. But here again, no learning agenda is described.

Conclusion

Welfare reauthorization will likely extend the law for at least five more years and possibly for as long as ten. Thus, the revised law needs to be sturdy enough, flexible enough, and prescient enough to meet the safety-net needs of the nation's poor, not just through the current period of economic uncertainty but also into the next economic recovery and beyond. States' efforts to respond to the changing nature of the low-income caseload and redefine the mission and structure of welfare and related social services agencies, accordingly, underscore the daunting challenges to flexibility the new act must accommodate. As welfare caseloads have fallen and employment has risen, the needs of the working poor and the hard to employ have come into sharper focus. And now new evidence showing that reform can also benefit younger school-age children without sacrificing the employment gains of their parents has opened up a range of new options for states. As state agencies sort out these developments, as well as what priority to place on each, their choices will hinge largely on how a reauthorized act responds to the new landscape they face.

The Administration's proposed plan provides a constructive framework for addressing many of these issues, one that builds on the work focus that research shows has driven much of TANF's success. Notably, it adds the improvement of child well being as a purpose of TANF, and it allows a greater use of education and training and other services. From a child-outcome perspective, as the Administration's plan notes and as the research evidence confirms, the strategies states employ can play a vital role in improving child well being. Nearly every state now has in place policies that would increase both employment and income and, thus, have the potential to benefit young children's school performance. Without additional efforts to resolve the inherent conflict between state incentive policies and time limits, that potential may not be realized. The reauthorization process could give states the tools to resolve this issue.

With respect to education and training, the trade-off the Administration proposes would toughen participation standards and eliminate of the caseload reduction credit in return for giving states increased flexibility to count education and training activities. But available evidence urges caution. To meet the standard being proposed, the most successful state welfare programs we have evaluated would have to radically restructure their programs. This restructuring could have the unintended effect of distorting priorities, diverting resources, and driving up costs for child care and work experience slots, with the potential consequence of undermining the very success we are now celebrating. Building better information systems and establishing benchmarks on actual participation might be the best next step.

Most important of all, we should not let the remarkable accomplishments of the last five years get lost in the details or the politics of reauthorization. It isn't broken; it could be improved; the challenge is to adapt TANF to the changing environment while building on its success.

**Supplemental Answers of Gordon Berlin in response to questions posed in the
March 19 letter from Senate Finance Committee Chairman Max Baucus**

1. In your statement, you mention how rural states had to build a service network to serve families and you mention the transportation problems. This is particularly true in West Virginia.

Could you elaborate on the unique cost and challenges for rural areas to offer quality welfare reform programs? What do you think the effects for rural areas would be to dramatically increase work rates and work hours – especially without new resources for child care and transportation?

To help welfare recipients move from welfare-to-work, welfare reform programs typically enroll recipients in a range of activities designed to help them prepare for, find, and retain jobs. These services include job search assistance, workplace readiness training, basic education, and skills training, among others. Putting together a network of high-quality services is the first challenge in building an effective service delivery system. The second challenge is assessing and assigning individual recipients with particular needs to an appropriate service provider capable of meeting his or her needs. The third hurdle is getting assigned recipients to and from those services and setting up safe, reliable, high-quality and convenient child care so that parents can attend assigned activities. Finally, programs have to monitor attendance and progress and then identify a next set of services that can help welfare recipients continue to move along the path towards employment.

While different programs may use different strategies and offer a different mix of activities, they all share the same goal of engaging everyone in a set of activities that will help them find jobs. Despite the fact that participation in welfare to work activities is generally required as a condition of receiving cash assistance, it is nearly impossible to engage all recipients in activities all the time. Participation rates and intensity of participation are often limited in practice by the administrative burden of monitoring activities and by the logistical complexity inherent in scheduling and coordinating activities for welfare recipients with service providers' available slots. On the program side, a range of unexpected difficulties — a teacher gets sick or resigns, funding does not come through from another source — conspire to reduce the number of “seats” available at any given time. On the recipient side, other barriers — illness, a letter mailed to the wrong address, a sick child, a family emergency — regularly result in a failure to attend or a missed meeting or assignment.

Studies of participation in services find that many welfare recipients will not participate in activities for at least 30 hours in every week in a month because, in at least one week of the month, they have a legitimate reason for non-participation. These can include:

- Joining or leaving the welfare rolls midway through the month;
- Waiting to be oriented to the program;

- Being employed part time while receiving welfare;
- Being in the midst of a sanction because of previous non-participation and needing to wait a certain number of months before the sanction can be lifted;
- Being ill or caring for a family member who is ill in at least one week in the month;
- Waiting for an activity assignment or for the next session of an activity to start.

Ironically, while the purpose of holding states to a high participation standard is to encourage states to engage every recipient in some activity, the standard fails to acknowledge and reward states for the extraordinary time and effort they spend attempting to achieve the standard. Program staff can devote almost as much time (and in some cases even more time) to non-participants as they do to participants. Staff can be processing, monitoring, or working with (and thus expending funds on) all targeted welfare recipients in a month, and yet only a small subset of them will be participating in activities for at least 30 hours in every week in a month. This appears to be true even in “tough” programs that strictly enforce compliance with participation requirements. Staff time is required to refer and orient individuals to the program, determine their initial and subsequent activity assignments, monitor their attendance, and initiate the sanctioning process for those who fail to participate without a good reason.

In light of these administrative complexities, raising the TANF participation standard from 30 to 40 hours a week and from 50 percent of the welfare caseload to 70 percent of the caseload adds enormously to the challenge states will face in attaining the Act’s already high participation rates. For example, very few types of welfare-to-work activities offer forty hours of participation in a given week. Very intensive programs designed as “introductions” to the world of work are virtually the only exception, but these programs are very expensive and rarely last longer than one or two months. Since it would be rare for any single activity to enable a welfare recipient to meet a participation requirement of forty hours per week, most people who are subject to the requirement would have to combine two or more activities in order to meet it. Staff would face greatly increased workloads if they had to refer, schedule, and track recipients through multiple activities, and, in the end, welfare agencies would still be left with the challenge of determining how to confirm hours of participation largely through reliance upon self-reports. In addition to surmounting the administrative challenges that participation in multiple activities would pose, welfare recipients would also have to overcome the logistical difficulties of trying to arrange transportation to and from activities that might be geographically dispersed. If travel time is factored into the calculation, the actual time recipients spend engaged in activities might significantly exceed forty hours per week.

All of these challenges are exacerbated in rural areas. Although quite diverse in their demographic composition and economic conditions, rural areas across the nation share the common characteristic of low population density, and thus, fewer employment opportunities, fewer service providers, fewer child care providers, and more widely dispersed welfare offices, all of which add to the challenge of moving welfare recipients from welfare to work.

Not only do rural labor markets typically offer significantly fewer jobs than their urban counterparts, but such employment opportunities as exist tend to be low wage and part time, reducing earnings levels overall. An analysis of Mississippi's labor market found fewer job opportunities were offered in rural than in urban areas of the state that match the educational credentials of applicants (See Bruce Howell's article in Weber et al, W.E. Upjohn Institute). A high prevalence of seasonal employment also increases the likelihood that an individual will be unable to secure full-time, year-round employment. A study of patterns of welfare use in rural and agricultural areas of California showed significant differences from those in urban areas, a finding attributable to seasonal employment patterns. The summer months saw a decrease in welfare use in the rural and agricultural areas of the state (See Henry Brady's article in Weber et al, W.E. Upjohn Institute). Welfare programs in rural and urban areas alike depend on recipients who mix work and welfare to achieve high participation rates. But in rural areas characterized by more part-time and seasonal work, welfare reform programs will have to add many more hours of activities to each recipient's weekly schedule in order to reach the 40-hour requirement.

Their sparse populations make it difficult for rural areas to sustain community organizations that offer specialized health and mental health services, emergency services, supports for people with disabilities, specialized education and job training programs, and the like. Of particular concern in rural areas is the lack of formal, paid child care slots. With fewer qualified care providers in any given area, recipients must often travel great distances to reach them. Indeed, according to a 1999 study of the Rural Policy Research Institute, only 25% of rural children attend child care centers, as opposed to 35% nationally, in part because there are generally fewer child care centers in rural areas, and those that exist are frequently situated far apart, thus compounding transportation difficulties. Parents in rural areas also have fewer choices in formal child care options.

Welfare recipients often must travel to their place of work over long distances, but the lack of a mass transit infrastructure in rural areas greatly increases the cost and time of commuting to work. A 1995 survey of county welfare administrators reported on by Mark Hughes found that transportation was the second-most frequently cited barrier to employment of welfare recipients. To be cost-effective, mass transit systems must serve a sizable ridership — not commonly found in rural areas with their low population density. As a result, access to an automobile becomes a virtual necessity for working individuals, and this can pose a major barrier to the work efforts of poor people.

In sum, achieving high rates of participation in rural areas is a daunting challenge requiring increased resources for the development of service networks, child care slots, and transportation.

2. In your testimony, you raise concerns about the unintended consequences of raising work participation rates because it could divert funds from successful programs. Later you mention that increasing the work activities to 40 hours per week would create

challenges, especially in rural areas. Representing West Virginia with a 17% work participation rate and mostly a rural state, I am concerned. Please explain your points, and could you give examples of why this is a bigger burden for rural America?

The most successful welfare-to-work programs we have studied — for example, the mixed-strategy programs run in Riverside, California, and Portland, Oregon — raised average annual earnings for all welfare recipients subject to the participation mandate by more than \$1,000 in each year in the five year follow-up period, and they reduced welfare receipt by about \$750 a year. As a result, they returned more than \$2 to government budgets in reduced welfare costs and higher taxes paid for every \$1 the government spent. The programs placed a priority on participation, strictly enforced the participation requirement, had a strong employment focus, and sent a clear message that every recipient was responsible for finding a job. Yet none of these programs would have attained even the current TANF participation standard of 50 percent and 30 hours a week much less the new standard being proposed.

If participation standards were raised, even successful programs would have to change substantially the way they operate, focusing on creating activities that would engage all recipients in 40 hours of activity each week. Job search, job readiness, basic education, and GED preparation programs would all have to be restructured and funded to operate for 40 hours a week, when few do so now. In addition, most welfare programs would have to create work-experience slots to fill in hours between program assignments and, after three months, to enable recipients to meet the requirement that 24 of the 40 hours of weekly participation be in work. Creating work experience slots is a resource intensive activity as well — agencies must be recruited as workplaces, jobs must be created, supervisors selected and trained and compensated, tools and equipment purchased, and monitoring systems established. Finally, if average time spent participating was to rise, so too would the amount of time children spend in child care. Many states have transferred a quarter or more of their TANF resources to child care. It is likely that some of these dollars will inevitably have to shift from child care to creating work experience slots in order to meet higher participation rates. For reasons described above, achieving high participation rates in less densely populated rural areas is even more costly than in urban areas, and as a result, there is a greater risk of resource diversion.

3. Can you explain a mother's employment and small, but noticeable, negative effects on teens?

- *Does this tell us anything about need for more investment in after-school care?*
- *Does it tell us anything about what might happen in families by increasing mandatory work activities by an extra 10 hours a week, to 40 hours per week?*

To determine what effects a wide range of employment and welfare reform programs have on mothers' labor force participation and, in turn, on adolescent well-being, my colleagues at the Manpower Demonstration Research Corporation synthesized results

from 16 different programs we evaluated in a recently published policy brief (see, *Welfare Policies Matter for Children and Youth*, March 2002). In each program, the adolescent children of single parents were between approximately age 10 and age 16, and the families of nearly all of them were receiving welfare benefits when the parents' participation in the new programs began. At the time of the follow-up interviews, these adolescents were between the ages of 12 and 18. Nearly all of the programs increased mothers' employment, a few also increased their income. Youth whose parents participated in these programs were less likely to be performing above average in school (as reported by their mothers), and about 10 percent more likely to repeat a grade or be enrolled in special educational services than comparable adolescents whose parents did not participate. These school-related problems, however, did not translate into more serious problems like higher rates of school suspension or dropout or teen parenting. Although the adverse effects on adolescents of increasing parental employment are small, they are important enough to warrant policymakers' attention. The evidence suggests that negative effects on adolescents can arise irrespective of whether the single mothers' entry into employment results from a program mandate to work or from a voluntary decision to enter or increase employment.

Increases in maternal employment appear likely to have played a role in the negative effects on adolescents, but negative consequences did not show up in all programs that increased employment. Three factors appear to distinguish programs that negatively affected adolescents from those that did not – no change in adolescent participation in structured after-school activities when parents went to work, which implies reduced supervision; increased responsibility for caring for younger siblings; and an increased likelihood that adolescents worked more than 20 hours a week. In in-depth interviews, single mothers of adolescents recounted in detail the extent to which they relied on their older children to take care of the younger children in the family. It seems reasonable to assume that these responsibilities reduced the amount of time adolescents had to devote to schoolwork.

These findings suggest that any increase in TANF participation rates and/or in mothers' employment without further investments in after-school care for adolescents' younger siblings, could have adverse effects on adolescent school performance. In addition, while the effects are small and more confirmatory evidence is needed, these teens are an at-risk group for whom there are few organized, structured after-school activities now. The most prudent course would be to experiment with new approaches to engage low-income youth in positive after school activities.

Senator Tom Carper
Senate Finance Committee Hearing
“Issues in TANF Reauthorization: Building Stronger Families”
May 16, 2002

I thank the Chairman and Ranking Member, and members of the Finance Committee for this opportunity to discuss the next steps in welfare reform, and the Work and Family Act of 2002.

When Senator Bayh and I started our work on the Work and Family Act earlier this year, we wanted to make sure that the next step in welfare reform was a step forward and not a step backward. To do this, we focused on the history of our welfare system, specifically how it began with good intentions but evolved into a system that fostered dependence, and how President Clinton’s reforms in 1996 revitalized the work first message that is so important in becoming independent and self-sufficient.

Welfare as we used to know it started as cash assistance to widows with children in 1935. Eventually, this assistance included children whose parents were separated, divorced or never married. In time, most cash assistance went to the mothers of children who never married the fathers of their children.

This program grew into Aid to Families with Dependent Children (AFDC), which unwittingly provided an incentive for young women to become pregnant out-of-wedlock and for their children’s fathers to walk away. Out-of-wedlock births soared from one in twenty in 1960 to one in three by 1994.

For many women, remaining on welfare seemed a sound economic decision because working cost them their cash assistance payments and possibly health care coverage and food stamp eligibility. And what did those welfare mothers gain when they went to work in the early 1990's? They gained the right to pay taxes. A lot of them also gained the responsibility to pay for the cost of their childcare.

When Bill Clinton declared in 1992 that we needed to “change welfare as we know it,” he struck a chord with the American people. Among our nation’s governors, he found many who shared his commitment for reform. They wanted to experiment – in some cases boldly – with the welfare programs in their respective states.

In early 1996, all 50 of our nation’s governors unanimously adopted at their annual meeting in Washington, DC a set of principles that they believed should underlie welfare reform. Among them were: families should be better off when someone goes to work every day instead of remaining on welfare; cash benefits in most cases should be time-limited; fathers should not have to abandon their families in desperate financial situations in order for those families to be eligible for cash assistance; and, states should serve as laboratories of democracy. States needed room to experiment and more freedom from a one-size-fits-all mentality.

Not everyone agreed with the President and the nation’s governors on the need for comprehensive welfare reform. Nor did they agree with the notion of devolving power to the states. Those skeptics feared that many children would suffer if AFDC were block granted. Critics warned of a “race to the bottom” in which states would jettison recipients from their welfare caseloads and use block grant monies on other unrelated

purposes. Some skeptics were concerned that block grant funding would run out in a recession.

But what these skeptics feared would be a race to the bottom turned out in most states to be a race to the top. States used the flexibility in their waivers and in the new federal law to change economic incentives for families so that, aided by an expanded Earned Income Tax Credit, the lion's share of families who moved off of welfare rolls onto payrolls were truly on their way to being better off.

Delaware, where I served as Governor from 1993-2001, is illustrative of some positive changes that states adopted. If a person walks into a "welfare office" in Delaware and asks to go on welfare, they are essentially asked, "How would you like to go to work instead?" If that person lacks the skills needed for an available entry-level job, the state provides training for them through contractors paid, in part, on whether their trainees actually stay in the workforce.

Instead of all cash assistance being cut off at once, these new workers receive a decreasing portion of their previous welfare payment until their take home pay exceeds a percentage of the poverty level. In addition, these new workers receive help in finding a job and getting to it. We expanded childcare eligibility dramatically. Health care needs now are met largely through a combination of expanded Medicaid and a Healthy Children program where income-eligible parents can obtain health care coverage for all of their children up to age 19.

With welfare rolls cut in half in Delaware and throughout America, most objective observers have declared our experiment with welfare reform over the past half-dozen years a success. As Congress and a new President prepare to take up the reauthorization of TANF in 2002, what course should we take? We should stick to the tough love approach our country has adopted, with its focus on “work first.” We must not change that focus.

Senator Bayh and I, along with Senators Hillary Clinton, Jean Carnahan, Bob Graham, Joe Lieberman, Zell Miller, and Bill and Ben Nelson, unveiled The Work and Family Act, our proposal for the next generation of welfare reform. Our bill aims to build on the success of the landmark welfare reform bill passed in 1996 by setting bold objectives to put work first and strengthen families while giving states the resources and flexibility they need to accomplish those goals.

We believe that work is the best way to self-sufficiency and propose to gradually increase work participation requirements to 70 percent by 2007, up from the current requirement of 50 percent. We need to gradually raise the bar, but we also need to ensure that states can reach this higher standard. Our bill does this, and helps families become self-sufficient by providing vital work supports such as child care and employment services to help welfare recipients overcome hurdles and successfully enter the workforce.

Adequate funding for childcare is critical. The Work and Family Act recognizes the vast childcare needs that exist today in many states across the country. It also

recognizes that childcare needs will become greater with these new work requirements. To that end, the bill provides \$8 billion in new childcare spending over the next five years. It also restores funding to the Social Services Block Grant, which can be used to provide childcare. This is a significant component of our bill, and sets us apart from the Administration's proposal, which provided no extra funding for childcare, and the House proposal, which only provides \$2 billion in additional childcare funding over the next five years.

With that said, we go a step further: If the childcare funding in our bill is not provided, the tougher work requirements for that year will not be enforced. We believe that with new demands comes greater accountability. We have set the bar higher for states and we must be accountable for providing the key resources to achieve that goal. States should not suffer as a result of broken promises of the Congress and the President.

While we believe that it is appropriate to continue to ratchet up the work participation rate and to allow states to offset it, we also believe that states should be allowed to offset the higher requirements by giving credit to states for moving people from welfare to work. The current caseload reduction credit is not a good measure of the true goal of welfare reform – work. The caseload reduction credit has had the unintended consequence of rewarding states for people who just fall off the rolls, regardless of their employment status.

The Work and Family Act changes that by creating incentives for states to move people from welfare to work, especially into higher paying jobs. Our bill follows the lead of Congressman Sander Levin who is a leader on this issue, as well as the hard work of my Senate colleague Blanche Lincoln. Instead of rewarding states for people who just fall off the rolls, our bill rewards states only when they are able to move people from welfare to work. It also provides a bonus to states that are able to help welfare recipients move into higher paying jobs.

Since the employment credit is a measure of employment, The Work and Family Act will also reward states for the efforts they are making to get welfare recipients to work, and the assistance provide to help former welfare recipients maintain employment when they provide childcare assistance.

While the Work and Family Act does retain the work-first message that has worked well over the past five years, our bill recognizes that education and training have a role in moving individuals from a life of dependence to independence. We also recognize that with higher requirements, states will need the flexibility to meet the higher requirements and also to continue to serve low-income individuals to help them achieve self-sufficiency. The bill extends the current 12-month cap on vocational education to 24 months for a portion of the state's caseload, particularly for those that are certified as working toward a degree or certificate. The bill also allows states to count some individuals engaged in post-secondary education for up to 20 hours per week. This

provision recognizes and gives credit to states that are already using post-secondary education as a tool to move people from dependence to independence.

The Work and Family Act also seeks to end the cycle of welfare dependency by addressing issues plaguing American families. The bill includes strong measures to prevent teen pregnancy by setting a national goal of reducing teen pregnancy by at least 25 percent over the next ten years and funding programs that work.

The statistics of out-of-wedlock births in this country are startling. Three of ten out-of-wedlock births in the United States are to teenagers. Half of first nonmarital births are to teens; 30 percent are to women under age 20. Welfare caseloads are disproportionately made up of women who had their first birth as a teen. Single-parent families are more than five times as likely to live in poverty as married couples, and many become long-term dependents on welfare. Teen moms are particularly likely to suffer: Only one-third finish high school and nearly four out of five end up on public assistance.

I am pleased that the teen birth rate has declined slowly but steadily from 1991 to 2000 with an overall decline of 22 percent for those aged 15 to 19. These recent declines reverse the 24-percent rise in the teenage birth rate from 1986 to 1991. However, much work remains to be done.

One of my important goals as Governor, and now as Senator, has been to increase the number of children growing up with two involved parents. One way to do this is to address our problem of teen pregnancies and births. Our bill funds effective programs to reduce out-of-wedlock births, especially among teens.

To receive funds, states must submit a plan that describes the State's numerical goal for reducing teen pregnancy and teen births; identifies strategies to be used to achieve the goal; and describes the efforts the State will make to involve young men, as well as young women, in delaying pregnancy and parenting.

What is unique about our approach is that we have provided a flexible pot of resources to combat teen pregnancy. States may use these funds to create abstinence-first programs that may also be used to create other pregnancy reduction programs.

The Work and Family Act also creates a Teen Pregnancy Prevention Resource Center to provide information and technical assistance to states and local communities seeking to reduce rates of teen pregnancy. As the Democratic Leadership Council's first Chair for Best Practices, I believe that states need to have information on what works. This Resource Center will enable states to do this, as it will be responsible for synthesizing and disseminating research and information regarding effective and promising practices to prevent teen pregnancy.

Finally, the Work and Family Act provides a new focus on the role of men in providing stable families. The bill authorizes funding for states to promote responsible fatherhood, as well as a National Clearinghouse to assist states and communities in their efforts to promote and support responsible fatherhood.

And the bill recognizes the important role that child support has in lifting families out of poverty. Today, many noncustodial parents are unable to, or even refuse to, pay child support payments because they know that the checks they are writing are not going to his child or children, but instead to the government to help reimburse welfare costs. While I believe that this money should go directly to the families, we should not force states to do this. We should instead provide incentives for states to pass through all child support payments. For states that take up this option and pass-through child support payments directly to families currently or formerly on TANF, the bill relieves states of their obligation to repay the Federal government its share of the collections. If a state gives up its share of the payment, the federal government will, and should give up its share too.

The Work and Family Act is our vision of welfare reform in 2002. We have an opportunity this year to reauthorize welfare law for FIVE years. This is something we can do this year and we should not pass the buck to the next Congress. It is our responsibility to reauthorize welfare reform this year. Let us fulfill our responsibility and pass a bipartisan welfare reform bill that works for states and works for low-income families.



The Welfare to Work
PARTNERSHIP

Written Statement by
Rodney J. Carroll
President and CEO, The Welfare to Work Partnership

before the
Senate Finance Committee

March 12, 2001



The Welfare to Work
P A R T N E R S H I P

The best preparation for work is not thinking about work, talking about work, or studying for work: it is work. – William Weld

The reward for work well done is the opportunity to do more. – Jonas Salk, MD

Good morning Chairman Baucus, Senator Grassley and honorable members of the Senate Finance Committee. Thank you for inviting me here today to discuss how the American business community believes we can support those individuals and families who have moved from welfare to work and ensure that people who work hard and play by the rules get an equal chance at achieving the American dream.

My name is Rodney Carroll, and I am the President and CEO of The Welfare to Work Partnership. There is no more noble, more patriotic or American cause than helping to move people from poverty through work. The welfare reform law of 1996 took the first steps towards moving citizens, families and individuals into lives of self-sufficiency. A great measure of this progress can be traced back to the businesses that provided an opportunity to work to millions of people. The Partnership was created in 1997 as a direct response to the sweeping welfare reform legislation to mobilize the business community to hire and retain those transitioning off the welfare rolls.

Before the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 was signed into law, most Americans viewed the welfare system as dysfunctional. The system was ineffective and costly; it trapped millions of Americans in a vicious cycle of dependence. What started with good government intentions had turned into a system in which parents lost opportunities in the present and children lost hope in the future.

While business leaders sympathized with the plight of families mired in poverty, the rationale for hiring welfare recipients had to be based on something more than compassion or charity. It had to make good *business* sense. Businesses learned that former welfare recipients stayed on the job longer and had the same or higher rates of productivity as their entry-level counterparts. Businesses learned that they could work in conjunction with government agencies and community-based organizations and accomplish measurable benchmarks. Businesses learned that the people they hired had dreams just like everyone else and were willing to work hard to achieve their goals. The idea of work is not new in America. The idea of freedom is what attracts people to our shores and the idea of opportunity is the foundation on which our country is built.

The mid-1990s brought a booming economy and the lowest unemployment rate in more than three decades, American businesses desperately needed more workers to sustain and expand their workforce. This nontraditional source of labor – former welfare recipients –

helped expand their production and increase their bottom line. That business imperative – combined with the passage of the welfare reform and a series of impassioned public challenges from public leaders like yourselves – persuaded more and more companies to expand their recruiting methods to include former welfare recipients as new entry-level workers.

The issue of welfare reform is a national problem with local solutions. It is not a partisan issue it is a people issue. Through our regional offices called BizLink – an innovative solution to connect local business workforce needs with available community assets –we have been able to place more than 2,500 of the so-called “hardest to place” individuals into jobs in five cities. We hope to expand this effort with the leadership of Congress and the Administration to move into 10 new cities and help an additional 10,000 people find work. The population we serve would also expand to include noncustodial fathers, ex-offenders as well as former welfare recipients to provide a ticket to work for all Americans willing to work hard and play by the rules. In addition, based on the success of our local offices, we would work with another 150,000 recently displaced workers to assist them in obtaining new employment in local businesses.

Continuing Need

In an effort to better understand our 20,000 Business Partners’ hiring needs during different economic times, The Partnership conducted a brief, 48-hour internal survey, shortly after the events of September 11th. We realized that many were affected by the events and may have been forced to scale-down their workforce. We surveyed a large cross-section of businesses from different industry sectors and states. The results were that all sectors of industry were not equally affected: In this first spot survey, we found that ***nearly two-thirds of our businesses report a continued need for entry-level workers***. And, the majority did not have to layoff their welfare to work hires, a concern expressed by many in anticipation of a recession.

We then went to our regional offices in Chicago, Los Angeles, Miami, New Orleans, and New York – where we work directly with businesses to place and retain new workers. They reported that demand for entry-level employees has not ceased. While the situation in tourism and service sectors are still recovering and warrant our utmost concern, this continuing need for workers is welcome news.

We conducted a second survey, this one for 72 hours, in late February 2002 as forecasters were predicting an end to the recession. The survey found that 67 percent of The Partnership’s Business Partners still have a need for entry-level workers and will continue to hire throughout the year as the economy rebounds.

The Job is Not Done

Our nation must not only find ways to continue to place new workers off welfare, but to retain and promote them as well. A key to success, according to many of our Business Partners, is thinking strategically about the challenges that confront many working families who have left welfare, and responding with direct solutions. We know from past surveys conducted for our organization by Wirthlin Worldwide, a national polling firm, the only way a company cannot improve its retention is by doing nothing. We encourage you to join us in doing something:

Work supports can help boost job retention. High job retention rates do not happen accidentally. As employers have learned what keeps new workers on the job, they have adapted workplace practices to ensure greater success.

- ◆ **Child care, transportation and life skills.** Businesses lose between 1.5 to 4 billion dollars a year because of absenteeism caused by child care issues. Partnership employers consistently report that investments in child care, transportation and life skills do the most to promote retention of their welfare to work hires. Unfortunately, employers generally are not able to address these challenges on their own. Just 22 percent of The Partnership's businesses offer any transportation assistance to their new workers, for example, and even fewer are able to pay for child care or specific life-skills training. Employers believe that some of these issues are not the responsibility of the business community but are more than willing to assist with these efforts with help from the community and government.
- ◆ **Mentoring.** Mentoring provides personal attention during the first critical months on the job and helps entry-level workers address obstacles before they become a problem for the employer. More than 52 percent of Partnership businesses offer some form of mentoring for their welfare to work hires, either in-house through workplace volunteers, or by partnering with faith- or community-based, civic and social organizations. Those with mentoring programs see positive results, with 75 percent reporting improved work performance, 67 percent reporting higher job retention, 63 percent seeing reduced absenteeism, and more than half reporting a cost savings.
- ◆ **Education and training.** Employers do not generally expect their entry-level job applicants to arrive for their first day of work with all the needed technical skills. But employers *do* see the value of investing in post-employment education and training to develop new workers and give them the tools needed to succeed on the job. More than three of every four Partnership companies offer ongoing education and training to their welfare to work hires, and the payoff is striking – 80 percent see improved work performance, 68 percent experience improved morale and 60 percent see higher retention.

Our recent internal survey of employers taken in late February 2002, finds that 77 percent of businesses feel child care still tops the list of the most valuable thing government could do to help companies boost retention. While 64 percent pointed to additional help in education and training to prepare people for success at work as a growing concern in retention efforts.

- ◆ **Government-sponsored work supports improve retention, too.** In an effort to encourage welfare recipients to transition off the rolls and into jobs, lawmakers have enacted and expanded a range of temporary work supports that help ease the journey from welfare to work. Too often, these programs – such as health insurance, child care, food stamps and transportation and housing subsidies – do not get into the hands of those they are intended to help. Sometimes, former welfare recipients want a clean break from a system that they find demoralizing and choose not to pursue

continued support. But, too often, recipients simply do not know these supports exist and local public assistance offices fail to adequately communicate with eligible families about the benefits to which they are still entitled. Burdensome application requirements and paperwork can further discourage recipients from applying.

The business community is willing and able to do more to hire and advance those leaving the welfare rolls but cannot shoulder the burden alone. Programs that provide child care, transportation or other income supports, such as EITC, are vital to our workers. These programs keep them on the job and help as they work toward advancing up the career ladder.

Financial wage supplements can greatly enhance a new worker's income and help stabilize their families during the transition from welfare to work. For example, Partnership companies recognize the value of the existing Earned Income Tax Credit (EITC) to lift low-wage workers out of poverty. Many employers also support policies that disregard a part of a family's earnings when determining eligibility for continued welfare benefits. The effect: People may continue to collect part of their cash benefits from TANF until their wages rise to a point of sustainability for themselves and families.

While these supports are pivotal to new workers, they also benefit employers by providing one more resource to retain and advance new workers. Small companies and those who only offer part-time work will especially benefit, as they tend to be the least able to offer employer-sponsored supports. While there is no substitute for a well-paid job with comprehensive benefits, where that is not possible, public programs such as these can make the difference between success and failure for fragile families.

Businesses want to promote their new workers and are learning how best to achieve that goal. Advancing up the career ladder is the best way to ensure economic self-sufficiency for many hard working families. Like all other workers, those leaving the welfare rolls need to know that they, too, will have the opportunity to advance. Seventy-nine percent of The Partnership's companies hire welfare recipients for promotional track positions and 91 percent offer training that could lead to a promotion. Almost all (94 percent) of the former welfare recipients hired by Partnership businesses receive their first pay increase within one year on the job. Their pay raises are on par with their non-welfare, entry-level colleagues. In another encouraging sign, 37 percent of Partnership companies have seen some of their welfare to work hires move on to a better job with another company.

Not surprisingly, many of the strategies employers are using to shore up retention for their new workers are frequently the same factors that drive job promotion. For example, Partnership surveys find that mentoring is the single-most effective strategy for ensuring promotion, while other research shows that education and training can do the most to help promote a new hire. The most successful mentoring initiatives frequently involve partnerships with outside agencies and are formally recognized by the company. Companies see mentoring as an important way to address many challenges, including work-readiness, employer-employee relationships, child care, transportation and other personal issues.

Fathers are important, too

Partnership companies understand that welfare reform cannot realize its full promise unless the **fathers** of children on welfare have every chance to support their families. Indeed, many Partnership companies are eager to expand the progress they have made with their new female employees by tapping the large pool of underemployed men who are more loosely associated with the welfare system. Under the 1996 law, many of these men were held more accountable than ever to support their children. At the same time, many of them are not ready to enter the workforce without some assistance. Local initiatives that focus on the needs of these fathers will find many employers receptive to giving them opportunities to support themselves and their families.

Conclusion

As welfare reauthorization is debated, many will inaccurately use the drastic decrease of the welfare rolls as a reason to reduce funding. The business community realizes we have barely tapped the human potential that was trapped in an antiquated and dysfunctional welfare system for 60 years. Those who remain on the welfare rolls face some of the toughest barriers to employment, and will need additional resources to help them enter the workforce.

A few years ago, welfare to work was little more than an idea. Today it is a reality across America. Companies have proven that welfare to work is as good for their business as it is for the community. And, welfare recipients have proven that when employers give them a chance and they have the right employment-related supports, they can make the successful transition from welfare to work. **Together, they have proven that welfare to work is a smart solution for business.**

We need to maintain funding for welfare reauthorization and not surrender to success. We need to expand job-training programs that have a connection to real jobs and not train individuals just for the sake of training. We need to make training available for entry-level employees engaged in work to increase their skills. Our goal to move people from welfare and lift them from poverty can only be reached through the combination of all these efforts.

We are encouraged to report that businesses will remain engaged in the welfare to work effort. Having experienced success first hand, businesses will be working harder than ever to build on the progress to date.

I look forward to working with the Senate as we move forward. Thank you for the opportunity to address you today.

ANSWERS TO QUESTIONS SUBMITTED BY SENATOR JAY ROCKEFELLER
TO RODNEY J. CARROLL, PRESIDENT AND CEO,
THE WELFARE TO WORK PARTNERSHIP
Senate Finance Committee Hearing
“Welfare Reform: What Have We Learned?”
March 12, 2002

Question #1:

First, Mr. Carroll thank you for being the voice of the business sector, and thank you and all the participating companies for the work that you do. Your testimony states that businesses lose between \$1.5 to \$4 billion per year because of absenteeism caused by child care problems-that is stunning. Can you explain the importance of child care and transportation from the business perspective?

The Welfare to Work Partnership’s Business Partners, according to surveys conducted by Wirthlin Worldwide, consistently cite lack of child care and transportation aid as the two biggest challenges facing their new workers. The Partnership’s Business Partners report that investments in child care, transportation and life skills will do the most to promote retention of their welfare to work hires. Businesses recognize the value of employees who have adequate child care providers and reliable transportation. They see it in increased worker productivity and diminished absentee rates. The Partnership’s businesses are not able to fully address these challenges on their own as many are not able to incur the costs associated with child care and transportation. They are eager to work in partnership with the government and other stakeholders to develop innovative solutions to these challenges that will help ensure the retention of every new worker off the welfare rolls.

If we require more hours of activities, how do you believe this will effect the demand for child care?

Child care availability continues to be an issue that crosses all socioeconomic classifications, and is not limited to welfare recipients. According to the Department of Labor, more than 28 million school age children have parents who work outside of the home. In a system where availability for all families is an issue, any increase in the number of individuals who need child care will increase the demand on the system.

If child care is lacking, will businesses possibly be reluctant to hire welfare parents?

The Partnership’s Business Partners, according to our Wirthlin surveys, cite substance abuse, poor interpersonal skills/soft skills, a criminal record, language barriers, and mental health issues as major obstacles to *hiring* welfare recipients. Child care is more of a *retention* issue, not a barrier to the initial hiring of an individual.

Question #2:

There is a lot of talk about increasing work hours. I was interested to learn that West Virginia state employees work 37.5 hours. The Labor Department reports that the average work week is 34 hours. What can you tell us about the private sector? Do most companies require 40 hours?

The Partnership's Business Partners - as well as employers across the nation - define full-time work in different ways. For example, at UPS, full-time work is defined as a 40-hour work week. However, at TJ Maxx, a full-time employee works 36 hours a week. According to the Bureau of Labor Statistics, usual full-time work hours are between 35 and 44 hours.

Do you believe that parents in full-time jobs, but less than 40 hours should seek other activities?

We have not officially polled our members on this issue, but I would like to note the challenge of defining full-time work when businesses themselves can have different definitions. However, our Business Partners welcome any help in overcoming challenges (like those noted above) to keeping people on the job and advancing up the career ladder. Dealing with these issues will ensure welfare to work is equally beneficial to former welfare recipients, employers and the nation as a whole.

Testimony of Governor Howard Dean, M.D., from Vermont, on Welfare Reauthorization and Work Requirements

Senate Finance Committee - April 10, 2002

House Ways and Means Committee - April 11, 2002

Mr. Chairman and Members of the Committee:

Thank you for inviting me to testify. I have been the Governor of Vermont since 1991. My state was one of the first states to obtain a state-wide waiver to implement our 7-year welfare reform demonstration project before the 1996 federal welfare reform effort. We have learned much in Vermont about what works to move families toward self-sufficiency and away from a dependence on cash assistance.

In my testimony today, I will discuss the modifications to the TANF work requirements that the Administration proposes. I will explain how the proposed changes vary from the current law that Vermont and other states relied upon in creating their programs. I will tell you, from a Vermont perspective, the effects Vermont anticipates the Administration's proposed restrictions, if adopted, will have on the future success of our TANF program. My testimony today will highlight the inherent difficulties that would result from implementation of the administration's proposal.

Specifically, I will focus on the following points:

- The Administration's proposed work requirements will significantly erode the primary TANF purpose of increasing states' flexibility to operate a program designed to meet the four TANF purposes.¹
- The Administration's proposed work requirements are unsupported by research findings of effective welfare-to-work strategies and do not align with community-based services infrastructure.
- The Administration's proposed work requirements raise the bar for TANF participants to a level higher than reflected in employment practices outside the program.
- Adoption of the Administration's work requirements will have substantial costs – both financial and to the continuing success of the TANF program.

The Administration's Proposal for a rigid 24/40 model will limit the current flexibility afforded to the states. This 24/40 proposal requires all adult TANF recipients to engage in 40 hours of activities per week. To count toward a state's rate, the participating adult must spend at least 24 hours in one of a limited set of five "direct work" activities and the remaining 16 hours must be spent in any activity that serves a TANF purpose. A family's participation in

activities will not count toward the participation rate unless the adult is meeting the 24-hour requirement. To be counted fully toward the state's participation rate the adult must be meeting the 40-hour requirement.

The Administration's proposal reduces the 12 core work activities that now count toward the participation rate to 5 direct work activities. It raises the number of hours of participation required for all adults from 30 hours per week (20 hours for families with children under six) to 40 hours per week. It requires "universal engagement" for all TANF recipients and increases the participation rate from 50% to 70% over time. Provided the individual is meeting the 24-hour piece, 16 hours of participation in activities other than the direct work activities may count toward the participation rate. Participants needing more time than 16 hours a week to address barriers or engage in training and education have up to 3 consecutive months within a 24-month period to do so and states can count this participation toward their rate.

In Vermont, we have aligned our work requirements with the current federal requirements to ensure compliance with TANF and have exercised the state's flexibility to tailor the Reach Up Program to the realities of Vermont's caseload, labor market, and resource delivery systems. Capable participants in Reach Up must meet the federal work requirements. Each participant must set an employment goal to meet or exceed the applicable work requirement with unsubsidized employment within the labor market. Because of flexibility afforded under current law, Vermont can provide reasonable accommodations for participants with multiple barriers and match them with activities that address these obstacles so they can attain the ultimate goal of unsubsidized employment.

Vermont already has achieved the "universal engagement" outcome the Administration proposes. The Reach Up Program's foundation principle is that everyone can and should be doing something to move toward self-sufficiency. The irony for Vermont is that the Administration Plan's prescriptive work requirements and limited countable activities will curtail Vermont's ability to move less capable TANF recipients along a continuum of activities.

Approximately 30% of Reach Up participants have barriers that, if not addressed, will prevent them from engaging in full-time work. Vermont would have to shift its current focus away from preparing participants to gain sustainable unsubsidized employment that leads to self-sufficiency and train our efforts on immediately placing participants in direct work activities. Resources would have to be redirected away from services and activities not immediately related to work. The state would have to develop expensive workfare and work experience programs. Continuance of existing initiatives to support employment-related vocational and postsecondary education would be jeopardized and timeframes for participation in vocational rehabilitation and treatment programs would be significantly altered, shortened, or not available.

Vermont is proud of its Reach Up Program's design. Reach Up's mixed-strategy approach emphasizes attainment of sustainable unsubsidized employment. Methods for achieving this goal are tailored to the individual family.

Participants with measurable skills move directly to job search and employment while participants with barriers that slow or prevent immediate attainment of an employment goal are required to participate in services and activities designed to address the family's needs and maximize its human resource capital. Mixed strategy programs like Reach Up are recognized as the most successful types of programs.²

The Reach Program can be summarized in three steps. In step one we assess the capabilities and needs of the families to be served; all participating adults are required to undergo a formal assessment. The plan and strategies each family develops with their case manager to meet their goal for unsubsidized employment are based on the assessment results. Collective assessment results show that the needs of Vermont families mirror the needs of the greater TANF population as reflected in studies by the General Accounting Office (GAO) and others.³

Twenty-one percent of Reach Up participants⁴ report mental and emotional barriers (including substance abuse problems) and 24% report physical barriers. The GAO study found that 44% of TANF recipients had at least one physical or mental impairment and estimated the prevalence of substance abuse barriers among TANF recipients to range from 6% to 27%.⁵ Twenty percent of Vermont's participants report barriers related to parenting a child with special needs in keeping with the findings that about a quarter of TANF recipients have a child with an illness, disability or emotional problem.⁶ In addition, 32% of Vermont participants have barriers related to a lack of essential education skills, such as literacy, and 39% were assessed to have employment-related barriers, such as lack of marketable skills and no previous attachment to the work force.

After assessing the needs of the population, in step two we assess what the community has to offer in services, education, and labor resources. We look for resources that can meet the needs of and strengthen families so they can achieve the goals of the program. In communities where the needed services and opportunities are absent alternatives must be developed.

In the third and final step we connect participants with appropriate activities in a planned and structured way. Case managers provide ongoing support as needed and monitor families' progress toward achieving their employment goal within a reasonable period of time.

The greatest challenges for Reach Up and the families it serves are the barriers faced by so many of the families. Of the program's assessed families the average number of barriers per participant is three barriers. To overcome these barriers families need time to engage in one or more activities. In a rural state like Vermont the services needed are not always convenient to home, school, child care or work. Services and programs are not as regularly scheduled as they may be in more urban areas. Often the primary challenge is to bring the service to the family or the family to the service.

Because the Administration's proposal does not recognize this challenge, it serves to compound the problem. Connecting services to participants will be harder or impossible with the Administration's plan in place. Essential activities simply may not be available at the times permitted. For example, mothers with co-occurring substance dependency and mental illness could not participate in Vermont's Families in Recovery program because this residential program takes one year to complete. Yet it is the only program in Vermont that keeps parents and children together by treating the entire family.

The Administration's Plan would allow for participation in short-term residential or intensive outpatient services that can be completed within a 3-month period during any two years. But up to 40 % of recovering alcoholics and 70% of hard drug users have relapses. The Administration's Plan will drastically limit the treatment alternatives available for these individuals to address their problems.

In Reach Up participants with physical, emotional and learning disabilities are referred to the vocational rehabilitation program. These individuals work with specially trained case managers who help them to enter the work force in an average of 12 months. With the Administration's Plan in place, most who need the vocational rehabilitation will not be able to participate. Some Reach Up participants choose to pursue vocational education as part of their employment plan. Successful vocational education programs, such as licensed practical nursing and Job Corps, lead to skilled jobs with potential for advancement. But these programs and others like them take more than 3 months to complete and will not be an option under the Administration's plan.

Adoption of the Administration's Plan will signal the demise of successful mixed-strategy programs like Reach Up. And, because the Administration's proposal also would do away with the waivers that would allow programs like Reach Up to continue, states' efforts to develop innovative programs will be suppressed.

The Administration would hold TANF families to a higher standard than the rest of the country and require them to get jobs faster and work more. By increasing participation rates and eliminating caseload reduction credits, the Administration's plan compels states to move all families, including those with barriers and little or no attachment to the work force, into direct work activities as soon as possible.

Moreover, this expectation of immediate attachment to the work force for those families with multiple barriers and few or no skills is not only unrealistic, it is inconsistent with the expectations that we as a nation hold for the unemployed.

This country's unemployment compensation program serves only individuals who have had a recent and substantial attachment to the labor force. Recipients in this program continue to receive benefits for at least 6 months (or more during times of high employment) and the only activity in which they must engage is job search. In contrast, the

Administration's Plan, which does not include job search as a direct work activity, would require engagement in direct work activities within 30 days.

Not only does the Administration want TANF families to find work faster, it wants them to work more too. The Bureau of Labor Statistics says the workweek for production or nonsupervisory workers on private payrolls has consistently averaged 34 to 35 hours over the last decade.⁷ In Vermont, the average weekly hours employees spend in the service industries is between a 30 to 32 hours and workers in the retail trade average 29 hours per week. In contrast, the Administration wants all TANF recipients to engage in activities for 40 hours a week. The fact that 16 of the 40 hours may be spent in other TANF-related activities does not diminish this higher expectation of productivity for TANF families; it is the required level of commitment that is not in conformity with the practice.

The related costs associated with the work requirement changes would be substantial. Vermont would have increased costs for child care, transportation, and work site development and maintenance. The cost of child care for universal engagement at 40 hours per week is high. To meet the 40-hour requirement Vermont's Reach Up parents will need to participate in no fewer than two activities. Realistically, some activities will only be available at night, on weekends, and holidays. Off-hours child care is more expensive and harder to find. Vermont estimates costs will increase by \$10 million to cover child care under the President's proposal. According to the a report by the National Research Council and Institute of Medicine, the costs of placing young children in full-time child care may not be only financial. The report indicates that early relationships are especially critical to childhood development and notes the persistence and pervasiveness of substandard child care. The report recommends that government leaders should extend the time TANF parents with young children may be excused from work requirements.

In rural Vermont, TANF families often must travel in different directions to get to work and take their children to school and child care. The Administration Plan's 40-hour requirement means more travel to more activities. Vermont anticipates increased costs to ensure TANF families have access to reliable transportation.

To ensure Vermont can meet the participation rate and our participants are in direct work activities will require the additional development of direct work placements. Currently, Vermont operates a community service/work experience program and funds 116 slots in group worksites. We would need to expand these opportunities significantly to meet the proposed work requirements. Providing supervision at a group work site costs approximately \$40,000 to \$45,000. At 15-20 slots per site, this translates to a state expense of \$3000 per slot (filled or unfilled). Additional staff time would be needed to create these opportunities and manage the contracts. Individual slots do not incur the supervision expense, but require additional time to develop slots and monitor the participants' participation.

Community service placements will not fill all of Vermont's needs for direct work slots. Vermont will also

have the costs of developing workfare placements. Vermont has had direct experience with the intricacies and burdens of managing these programs and they are costly on several levels. Because these slots are subject to the minimum wage standards of the Fair Labor Standards Act, participants must be paid wages that in most cases will exceed the amount of the family's assistance grant. In addition to wages, the state will bear the burden of the associated costs to support the payroll process and expenses such as workers' compensation.

The costs of expanding workfare and community service placements are not only financial. According to the research, there is little evidence that unpaid work experience leads to consistent employment, earnings effects, or reductions in welfare receipt. None of the Welfare-to-work programs evaluated by Manpower Demonstration Research Corporation to date would have achieved the level of participation proposed by the Administration. Yet the effect of the Administration's Plan would be to force states to increase the use of work experience programs at the cost of losing the successful mixed-strategy and job search programs.

It is difficult to say why the Administration seeks to change the TANF program in a way that undermines the very part of the program that led to its success: states' flexibility. Why does the administration want to abandon proven policies? The prescriptive measures the Administration proposes may be the result of a combination of the factors: a 34%⁸ participation rate and the belief that this rate indicates that families are not sufficiently engaged due to exceptions in the law. Unfortunately, reliance on the participation rate as a measure of families' involvement is misguided. It is not an accurate indicator of families' participation in activities related to achieving self-sufficiency. The participation rate measures only the percentage of families who are engaged in and meeting the full federal work requirement.

Families who are working at levels below the federal requirements or actively engaged in activities to overcome physical, emotional and other barriers to work are not included in the rate. In fact, there is no true measure of family engagement because states are not required to report, nor do they derive any benefit from reporting on family participation in state-approved activities that are different from federal work activities. The data is incomplete. It would be a travesty to substantially modify a successful program based on inaccurate or at best incomplete data.

Families in need have heard and heeded the message of the past five years of welfare reform; public assistance no longer means income maintenance. Now families seek TANF assistance for temporary financial support and services to put them in a position to rely on themselves instead of public benefits. Congress should let the states continue down the successful path already charted. The best way to do this is to maintain or broaden the states' flexibility to craft programs that serve their families and the goals of the TANF program - the Administration's Plan does not do this.

¹ 42 U.S.C §601(a).

² Freedman, Stephen, Daniel Friedlander, Gayle Hamilton, JoAnn Rock, Marisa Mitchell, Jodi

Nudelman, Amanda Schweder, and Laura Storto. 2000. *Evaluating Alternative Welfare-to-Work Approaches: Two-Year Impacts for Eleven Programs*. Washington, DC: U.S. Department of Health and Human Services and U.S. Department of Education.

³ U.S. General Accounting Office, *Welfare Reform: More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients With Impairments Toward Employment*, GAO-02-37, (Washington, DC, October 31, 2001), 3. Available online: <http://www.gao.gov>; Amanda Barusch, Mary Jane Taylor, and Soleman Abu-Bader, *Understanding Families with Multiple Barriers to Self-Sufficiency*, (Salt Lake City: University of Utah, Social Research Institute, 1999), 21; Sandra K. Danziger, Ariel Kalil, and Nathaniel J. Anderson, "Human Capital, Physical Health, and Mental Health of Welfare Recipients: Co-occurrence and Correlates," *Journal of Social Issues*, Vol. 56, (4), (Malden, MA: Blackwell Publishers, 2000), 635-654; Rukmalie Jayakody, Sheldon Danziger, and Harold Pollak, "Welfare Reform, Substance Use and Mental Health," *Journal of Health Politics, Policy and Law*, Vol. 25(4), (Durham, NC: Duke University Press, 2000); Gretchen Kirby & Jacquelyn Anderson, *Addressing Substance Abuse Problems Among TANF Recipients: A Guide for Program Administrators*, Final Report, (Washington, DC: Mathematica Policy Research Inc., July 2000).

⁴ The data represent those individuals who had a completed assessment on file during the initial 6-month start-up period for Reach Up, Vermont's TANF program that was implemented on July 1, 2001.

⁵ *Ibid.*

⁶ Heidi Goldberg, *Improving TANF Program Outcomes for Families with Barriers to Employment*, (Washington DC: The Center on Budget and Policy Priorities, January 2002) available online at <http://www.cbpp.org>

⁷ Article, Pear, Rober, *Study by Governors Calls Bush Welfare Plan Unworkable*, NY Times (April 4, 2002)

⁸ Article, Pear, Rober, *Study by Governors Calls Bush Welfare Plan Unworkable*, NY Times (April 4, 2002)

Responses to Questions Submitted by Senator Hatch

1) I have reviewed the survey results from the National Governor's Association and the American Public Human Service's Association. After reading through the comments from the states, reacting to the Administration's plan it strikes me that what has the states MOST concerned is the 40 hour a week requirement. Based on the comments I read, states seem less concerned about the 70% participation rate. Do you share that observation? What concerns YOU most about the President's proposal - the 24/16 work requirement or the 70% participation rate?

1) I believe that the results of the survey from the National Governor's Association and the American Public Human Services Association reflect the states' reaction to the President's proposal as a whole because the proposed changes are interrelated. The 40-hour requirement and the 70% participation rate may appear to be the focus of concern because, if adopted, they would cause the most significant changes to the current law and how states currently operate their programs.

It is difficult to separate the elements of the Administration's proposal and rate them independently without consideration for their interplay with the other elements. I do share your observation that the survey results appear to indicate that states' greatest concern is with the 40-hour work requirement proposal. The increased work requirement coupled with the proposed reduction in countable activities may be the focus of states' concern because they are dramatic changes that would have immediate and negative consequences on both states' ability to operate and develop effective programs and the participating families' ability to achieve the TANF goals. On the other hand, while the increased 70% participation rate and elimination of the caseload reduction credit would also affect states these changes may be viewed as secondary to the work requirement changes. This is probably because some of the difficulty associated with the rate change is a direct consequence of the proposals for increased work requirement hours and restrictions on work activities.

In responding to your question about what concerns me most about the president's proposal, I find it difficult to limit my response to making a choice between the 24/16-hour work requirement and the 70% participation rate. Generally, what concerns me most about the President's proposal is how the proposed changes coalesce into a general rollback of state flexibility. The proposed changes are so entwined that the severity of one proposed change's impact is exacerbated, rather than moderated, by its interaction with the other elements in the aggregate.

That being said, if I must choose which of the two elements (24/16 work requirement or the 70% participation rate) would be more problematic, I would have to say it is the increased hours of the work requirement. As I indicated in my initial testimony before the Finance Committee, the related costs associated with the work requirement changes (child care, transportation, and work site development and maintenance) would be substantial. In our rural state of Vermont parents

will need to participate in no fewer than two activities and struggle with complex transportation and child care arrangements to have a chance of meeting the 40-hour requirement.

Compliance with the 70% participation rate seems to be a more attainable goal, especially if the proposed increase in work requirement hours is rejected. An expansion of the list of countable activities to include activities TANF families must engage in to become employable, such as substance abuse and mental health counseling and vocational rehabilitation, would make the 70% rate even more achievable and acceptable to the states.

2) As you know, the administration proposes to treat single and two parent families the same when it comes to a work requirement. As you know, two parent families have work rates higher than individual TANF recipients, but fall short of what is required by law.

As I understand it, many states move these two-parent families in separate state funded activities in order to free them of TANF work and time limit rules. If the Congress adopts the administration's proposed 24/16 work requirement, do you have a sense of how including those two-parent families would affect the participation rate in your state?

In Vermont the work requirement for two-parent families is 40 hours per week or no fewer than 35 hours per week in a job that the employer defines as fulltime. While Vermont law authorizes the creation of separate state programs, we do not have a program especially for two-parent families. Our two-parent families have been included in Vermont's TANF-funded caseload and participation rate calculation.

Adoption of the administration's proposed 24/16-work requirement and elimination of the two-parent participation rate as they pertain only to inclusion of two-parent families in the rate would have a minimal effect on Vermont's participation rate. This is because our two-parent families are already subject to a 40-hour work requirement and included in the all-family rate. The affect on our participation rate these proposals would have as they pertain families other than two-parent families would be significantly different.

Senator Christopher J. Dodd
Senate Finance Committee Hearing
“Issues in TANF Reauthorization: Building Stronger Families”
May 16, 2002

Good morning. I want to thank you for inviting me to talk about S. 2117, the Access to High Quality Child Care Act, cosponsored by Senator Snowe, Senator Jeffords, Senator Breaux, Senator Rockefeller, and Senator Daschle on this Committee and Senator DeWine, Senator Reed, Senator Harkin, Senator Collins, and Senator Clinton on the HELP Committee. We have a bipartisan group representing members on both the Finance and HELP Committees joining together to improve and expand our nation’s child care system.

All of us have spent a lot of time, in a bipartisan manner, identifying the current problems with the child care system. In a bipartisan manner, we have worked to propose ways to improve the system while also recognizing that we need to expand assistance among working poor families – families just above the poverty line who are struggling every day to make ends meet. They’re not on welfare. They are working. But, they are earning low wages living paycheck to paycheck.

Only one out of seven eligible children receive child care assistance. It’s better to receive assistance than not, but the current system with low state reimbursement rates – that is, low subsidies compared to the actual costs of care in any given community – and high co-payments relative to income, leave too many parents with too little choice among child care providers.

If we really care about the environment children are in, we need to do better.

As you know all too well, child care in too many communities is not affordable. And, in too many more, it’s not available, or even worse, of questionable quality.

About 14 million children under the age of 6 are in some type of child care arrangement every day. This includes about 6 million infants. The cost of care averages between \$4,000 and \$10,000 a year – more than the cost of tuition at any state university.

Every week, about 7 million children go home alone after the last school bell rings. Some are as young as 6 or 7. I am concerned as you think about whether to increase the work requirements from 30 hours a week to 40 whether more children will go home alone. As you know, most elementary school children are only in school for 30 hours a week and many communities report shortages in the availability of after-school care.

Nearly 20 states currently have waiting lists for child care assistance. But, every state has difficulty meeting child care needs. No state serves every eligible child. A number of states, including my own state of Connecticut, do not authorize the use of waiting lists. That doesn’t mean that these states are serving all eligible children, it just means that the state does not keep waiting lists.

A report recently released by the Urban Institute describes in detail the difficulties eligible families face in accessing and retaining child care assistance. Too many states do no outreach to eligible families to let them know about the availability of child care assistance. Too often there is no coordination between the local TANF and child care offices. Caseworkers give no information about child care or equally frustrating – wrong information.

Parents have to take off from work, often repeatedly, to physically go to the TANF agency or child care agency or both to fill out paperwork. Many have to wait all day to see a caseworker and then have to come back the next day – all time taken off from work. Parents who don't bring in the right paperwork experience additional delays and frustration. In one state, parents are required to provide eight different pieces of documentation to qualify for assistance.

As if qualifying for assistance is not hard enough, the recertification process – what's needed every few months or in some states once a month – to keep child care assistance is equally daunting -- more in person visits requiring parents again to take off from work, often requiring parents to show the very same documentation yet again to hold onto their child care. It's no wonder that failure to recertify is the biggest reason that parents lose child care assistance.

While on paper it looks like parents transitioning from welfare to work are guaranteed child care assistance, in practice, retaining child care assistance is anything but a guarantee. In fact, in reading the Urban report, it's a miracle. It's amazing that a program designed to help the working poor requires parents to take off from work so often to retain their child care assistance.

Our bill strengthens the coordination between TANF and child care offices. We simplify the recertification process. We encourage states to find ways to make the process of obtaining and retaining child care assistance more in sync with the needs of low wage workers.

For the hearing record, I ask that a copy of a chart from the Urban Institute study detailing the steps parents must take to get and keep child care assistance be included.

In recent weeks, I have listened to members both on and off this committee talk about child care. What I have heard is that members want to make sure that whatever the work requirements are under welfare reform, that sufficient child care funds are available to meet those work rates.

I commend you on those statements and applaud your efforts. I totally agree with you. At the same time, meeting the needs of those required to work under welfare reform is only part of the picture.

When Senator Snowe and I first began outlining the principles behind our legislation, we agreed to 4 basic points:

One, that whatever the work rates are agreed to under welfare reform, there must be sufficient child care funds to help parents required to work.

Two, that we need to maintain our commitment to helping those who are transitioning from welfare to work;

Three, that given the large number of working poor families struggling to pay child care costs, we need to continue expanding assistance to the working poor; and,

Four, given the number of hours every day, every week that children are spending in child care, we need to improve the quality of care.

Why the emphasis on the working poor? Because the Child Care and Development Block Grant is not a welfare program. This program was designed to meet the needs of working families struggling to find and pay the cost of child care while they work.

In March, the HELP Committee heard from a young woman from Maine, Sheila Merkison, who works at an insurance company. She earns about \$18,000 a year and is eligible for child care assistance, but is on the waiting list. In the meantime, she pays half her income each week to child care so that her 2 year old son has the care he needs. She told us she's only able to do that because she and her child live on her grandmother's couch.

At a joint hearing a few weeks ago between my Children's Subcommittee and the Family Policy Subcommittee chaired by Senator Breaux, we heard from another parent, Vicky Flamand, from Florida who was lucky to receive child care assistance for 2 years. But, on March 1 of this year although she was only earning \$13,000 a year, her 2 year transitional child care assistance ended. She was told that she would now have to add her name to the bottom of Florida's regular child care waiting list of 47,000 children. Her caseworker told her to go back to welfare. But, she doesn't want to do that. She's working.

If the goal of TANF is to gear parents up to work, then we ought not pull the rug out from underneath them when they are working.

An equally compelling challenge both of our committees face is the quality of child care. As I said, about 14 million children under 6 are in some type of child care arrangement every day.

A recent survey found that 46 percent of kindergarten teachers report that a least half of their students enter kindergarten not ready to learn. This has long been a problem, but it is a far greater problem now in the wake of federal education reform.

The education bill that passed the Congress just a few short months ago will require schools to test every child every year from third through eighth grade, and the results of those tests will be used to hold schools accountable.

If we expect children to be on par by third grade, we need to look at how they start school. The learning gap doesn't *begin* in kindergarten, it is first *noticed* in kindergarten. If we are serious about education reform, we need to look at the child care settings children are in and figure out how to strengthen them.

Our bill, the Access to Quality Child Care Act, helps states address the biggest challenges to improving the quality of child care—whatever the setting.

We set aside 5 percent of the block grant to work in partnership with the states to increase provider reimbursement rates for child care. Higher rates will enable parents to have real choices among child care providers. Currently, about half the states set their rates below the level recommended by HHS.

We set aside 5 percent of the block grant to work in partnership with the states to promote child care workforce development. These funds will go toward helping states improve child care provider compensation and benefits, offer training in partnership with community colleges and Resource & Referral organizations, offer scholarships for training in early childhood development, training for providers caring for children with special needs, so that more child care providers—regardless of setting—will have an opportunity to learn about the social, emotional, physical, and cognitive development of children, including preliteracy development.

If we don't improve the quality of the child care workforce, we can't improve the outcome for children.

With the hours that children spend in child care, we cannot close our eyes to the environment that children are in. Therefore, the quality of care that children receive is as important as the availability of assistance. The two go hand-in-hand.

As you think about child care funding, think about those who are transitioning from welfare to work and those who have never been on welfare but who struggle to pay their child care bills. Think about the quality of care children receive and whether or not they will start school ready to learn or fail.

We have a chance here to make a difference, but only if we provide the resources.

**Getting and
Retaining Child
Care Assistance:
How Policy and
Practice Influence
Parents'
Experiences**

Gina Adams
Kathleen Snyder
The Urban Institute

Jodi R. Sandfort
The McKnight Foundation

Occasional Paper Number 55



**Assessing
the New
Federalism**
*An Urban Institute
Program to Assess
Changing Social Policies*

Figure 8-1. What “Leslie” Might Have to Do to Get and Keep Her Subsidy





John Engler
Governor of Michigan
Chairman

Paul E. Patton
Governor of Kentucky
Vice Chairman

Raymond C. Scheppach
Executive Director

WRITTEN STATEMENT OF
GOVERNOR JOHN ENGLER, MICHIGAN, CHAIRMAN AND
GOVERNOR HOWARD DEAN, M.D., VERMONT, CO-LEAD
GOVERNOR ON WELFARE
ON BEHALF OF THE NATIONAL GOVERNORS ASSOCIATION

BEFORE THE SENATE FINANCE COMMITTEE
ON WELFARE REFORM REAUTHORIZATION

APRIL 10, 2002

Mr. Chairman, Senator Grassley, and Members of the Committee:

Thank you for the opportunity to testify today on the reauthorization of welfare reform. We are here today on behalf of the National Governors Association (NGA) as well as our home states of Michigan and Vermont.

Six years ago, we came to you as a bipartisan group of Governors and asked for the opportunity to make broad, nationwide changes to a flawed welfare system. You gave us that opportunity through a bipartisan agreement forged among Governors, Congress, and the Administration called the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), more commonly referred to as welfare reform. This agreement gave us, as Governors, the opportunity to develop innovative approaches to helping low-income families work toward self-sufficiency through a system based on work requirements and time limits.

We thank you for the opportunity to make these sweeping changes and for devolving the authority to administer welfare programs so that we could make decisions at the state and local level. We are here today to renew the bipartisan federal-state partnership that was forged in 1996 and to give you our recommendations for how we can work together toward the next stage of welfare reform. The agreement to enact federal welfare reform was built on a strong bipartisan basis, and we strongly urge the committee to make a commitment to once again reach a bipartisan consensus on how to reauthorize this law.

Governors are proud of the success we've achieved in welfare reform. As a result of the changes we've made in our states, unprecedented numbers of single women with children have moved into the workforce. Welfare caseloads are down by over 50 percent nationwide. Poverty rates are at their lowest in years. The focus of welfare systems has been transformed from check-cutting to comprehensive employment and support with an emphasis on job placement and retention. Fewer individuals are dependent on cash payments and yet a greater number of families are benefiting from programs to help them enter the workforce, stay employed, advance in their jobs, and improve their overall family well-being.

We recognize, however, that the job of helping families attain long-term self-sufficiency is far from over and that many challenges remain. The nation operated under the Aid to Families with Dependent Children (AFDC) program for more than 60 years. Over time, this program grew less effective as families became more reliant on public assistance. In just a few short years of operating Temporary Assistance for Needy Families (TANF) programs, states have dramatically changed their system of public assistance—yet it still very much a program in development. We urge the committee to build on the success that has been achieved thus far and to reject any proposals that would alter the course that states have followed in implementing welfare reform.

NGA Policy on Welfare Reform

At the NGA Winter Meeting, the Governors adopted a policy making specific recommendations for the reauthorization of welfare reform. We will highlight a few of these recommendations and we encourage you to review the complete written policy as well. A copy of the NGA policy is attached and we ask that it be submitted for the record.

We will highlight policy recommendations in three specific areas: flexibility, funding, and program alignment.

Flexibility

The flexibility of the TANF block grant was the cornerstone of the 1996 reforms. The four broad statutory purposes for TANF provide states with significant flexibility to develop and implement innovative approaches to providing assistance to low-income families. This flexibility has allowed 50 different states and territories to operate 50 different programs—and even greater than that—it gave states the ability to allow local communities to develop their own unique approaches to addressing families' needs at the community level. This flexibility has provided states the ability to use TANF funds for a broad range of services and programs designed to improve the well-being of low-income families.

In addition to the work-based services such as job placement, retention, and advancement assistance, states use the flexibility within TANF for work supports such as child care and transportation, education and training programs, substance abuse and mental health treatment, after-school

programs and teen pregnancy prevention efforts, and family counseling and fatherhood programs—just to name a few. This flexibility must be maintained in reauthorization.

Emphasis on work should continue. One area where state flexibility is critical is within work requirements. Governors believe that the emphasis on work should continue to be paramount in welfare reform. This emphasis on work began years before federal welfare reform was enacted in 1996 through the dozens of waivers requested by Governors that allowed states to develop innovative welfare-to-work initiatives. States continue to build on their proven success of promoting work—as well as retention and advancement strategies—and urge the federal government to build on this success as well.

While states may now know more about what helps prepare individuals for work and succeed in the workplace, the importance of work has not shifted and should continue in reauthorization. Governors support the notion that TANF clients should be engaged in work preparation or employment activities but believe that states should have greater flexibility to define what counts as a work activity. As states work with families on a more individualized basis, many states are finding that a combination of activities on a limited basis, such as work, job training, education, and substance abuse treatment, leads to the greatest success for some individuals. We believe the federal government should recognize the success of these tailored approaches to addressing an individual's needs.

In addition, we believe that states that were afforded flexibility through waivers should have the option to continue or renew these waivers under TANF reauthorization. Restricting this flexibility could greatly curtail the progress made in some states' welfare reform initiatives.

While we have not yet reached a consensus on the specific provisions of the pending proposed changes to the work requirements, we will each speak briefly on how these proposals would impact our individual states. In addition, NGA, jointly with the American Public Human Services Association (APHSA), recently conducted a survey of states to learn more about the potential implications the proposed work requirements would have on current welfare reform systems. Close to 50 states have responded to this survey, and we ask that the document summarizing the results be submitted for the record.

Family formation. We appreciate the approach taken by the Administration to encourage—rather than mandate—state innovation related to family formation. States should continue to have the flexibility to decide how to best develop innovative approaches to strengthening families—through marriage promotion, teen pregnancy prevention, and/or fatherhood initiatives—within the context of their own unique state welfare reform initiatives. Governors would oppose any proposals that would use set-asides to mandate the use of TANF funds for any specific purposes, and we appreciate that the Administration also rejected these proposals.

Other key areas of flexibility. A number of provisions included in pending reauthorization proposals demonstrate the recognition in Congress and within the Administration that the flexibility afforded to states must continue.

Specifically, we support:

- The provision included in the Administration’s proposal that would eliminate the restriction on the use of carry-over TANF funds.
- The provision included in the Administration’s proposal that would provide states the ability to maintain rainy-day funds.
- The provision included in the Administration’s proposal providing states the ability to continue the transfer of funds from TANF to the Social Services Block Grant and the Child Care Development Block Grant (CCDBG).

We also appreciate the inclusion in some proposals’ provisions that would provide states the option to serve legal immigrants with TANF funds.

Funding

We appreciate the Administration’s recognition of the need for continued funding for the TANF block grant. Welfare is no longer simply about providing cash payments to poor families. While we are proud of the significant decline in the welfare caseloads, the untold story is about the significant federal and state resources that are now dedicated to non-cash assistance for low-income families such as child care and transportation assistance—assistance designed to keep individuals working and to prevent their return to the cash caseload. The continued investment from the federal

government is imperative to our ability to sustain this new construct of delivering services to broad populations of low-income families. NGA policy calls for an inflationary adjustment in the TANF block grant. Without an increase, the continued reduction in the real dollar value of the TANF block grant could cause states to shift their focus away from the non-cash assistance services that directly related to the success of welfare reform.

TANF supplemental grants, contingency fund. We also support provisions in the Administration's proposal that would continue funding for both the TANF supplemental grants and the TANF contingency fund. We encourage the committee to consider making changes to the existing contingency fund so that it becomes a viable option for states in times of economic downturn.

Bonuses. We encourage the committee to consider the importance of investing in bonuses as a means to encourage and reward positive outcomes in welfare reform. Governors support the continuation of funding for bonuses and believe that bonuses, rather than penalties, are an effective tool for the federal government to use to recognize state innovation and progress toward achieving the goals of the welfare reform law.

Child care. It is imperative that the federal government continue to recognize child care as a key component of a family's ability to succeed in their transition from welfare to work. Despite significant increases in both state and federal investments in child care, many states continue to face an unmet need for child care subsidies. States must continue to have the ability to use TANF funds both directly on child care and through the transferability to CCDBG. We also believe that funding for child care should continue to be a priority for the federal government.

Program Alignment

States' ability to coordinate federal programs that serve families in need is critical to the next stage of welfare reform. With the advent of welfare reform, states are working to create a more comprehensive system of supports for families. Yet too many barriers exist in federal law that prevent or complicate this coordination.

Food stamps. One example of a federal program where we believe states should have greater flexibility is the Food Stamp Program. While we recognize that the Food Stamp Program is not

within the jurisdiction of this committee, food stamp benefits are often a key support for families as they move toward self-sufficiency and are directly related to the continued success in welfare reform. Despite significant progress in welfare reform, which has provided Governors the ability to develop innovative approaches through the TANF block grant, rules for administering the Food Stamp Program remain prescriptive and inflexible. We encourage members of this committee to work toward reform of the food stamp program. A number of significant changes have been proposed in the nutrition title of the pending farm bill, and we urge your support for these reforms.

Other key programs and expanded waiver authority. A number of other programs are increasingly interconnected with welfare reform initiatives in states, such as child welfare, child support, housing, Medicaid and the Workforce Investment Act. We appreciate the Administration's recognition of the need to break down these barriers to coordination by proposing expanded waiver authority for states. We look forward to working with the committee to develop the most effective ways to eliminate barriers to, and to create incentives for, greater coordination of related programs. We believe states' ability for greater coordination will ultimately lead to an improved system of delivering assistance to our citizens.

Thank you for the opportunity to testify today. We look forward to working with you to renew the historic, bipartisan partnership as we move to the next stage of welfare reform.



John Engler
Governor of Michigan
Chairman

Paul E. Patton
Governor of Kentucky
Vice Chairman

Raymond C. Scheppach
Executive Director

HR-36. WELFARE REFORM

36.1 Background

The 1996 welfare reform law marked an historic shift in social policy by devolving to the states and territories the authority to develop and implement innovative approaches to welfare reform that would better serve poor families. The nation's Governors led the way for this reform by demonstrating successful implementation of waivers to the former Aid to Families with Dependent Children (AFDC) program, adopting innovative policies related to work requirements and time limits. Governors welcomed the opportunity to make broad, nationwide changes to a welfare system that had operated for more than 60 years. In partnership with Congress and the Administration, Governors reached an agreement to end the federal funding of an individual entitlement to cash assistance, and to instead accept federal funds in the form of the Temporary Assistance for Needy Families (TANF) block grant with work participation requirements and a 60-month federal time limit on cash assistance with state-specified exemptions. In exchange for the ability to administer the program at the state level, Congress and the Administration made a commitment to Governors for guaranteed levels of funding for TANF, and Governors agreed to maintain state expenditures through a maintenance-of-effort (MOE) provision. The TANF block grant has provided Governors the flexibility to implement innovative welfare reform programs based on work requirements and time limits, along with the ability to use TANF funds to provide needed work supports for low-income working families.

36.2 Next Stage of Welfare Reform

Governors are proud of their success in welfare reform. States and territories have enacted policies and programs to help individuals move into work and have provided them with work-related supports, such as child care and transportation assistance. As a result, unprecedented numbers of single women with children have moved into the workforce. The focus of welfare systems has been transformed from check-cutting to comprehensive employment and support with an emphasis on job placement and retention. TANF provides the flexibility to allow caseworkers to better assess recipients' needs and tailor their assistance package on an individual basis. As a result, fewer individuals are dependent on cash payments and a greater number are benefiting from state programs to help them enter the workforce, stay employed, advance in their jobs, and improve their overall family well-being.

Governors recognize, however, that the job of helping families attain long-term self-sufficiency is far from over and that many challenges remain. States continue to face the challenges of the next stage of welfare reform as Congress and the Administration consider reauthorization of the TANF block grant. For example, Governors recognize that achieving self-sufficiency and sustained independence from welfare requires more than just an entry-level job. States are beginning to address the challenges of promoting job retention, job advancement, and increased earnings. Further, many long-term welfare recipients who remain on the welfare rolls struggle with multiple barriers to employment, such as low literacy levels, mental illness, substance abuse, learning disabilities, limited English proficiency, and domestic violence. States face the challenge of working to address these barriers in light of time limits and work requirements. In addition, research indicates that children are better off if they are raised with the active involvement of both parents. Governors recognize that initiatives in areas such as fatherhood programs and teen pregnancy prevention programs can help prevent welfare dependency and result in better outcomes for children.

Balancing priorities and facing increasing demands for assistance in times of economic downturn have become recent challenges to state welfare programs. Since the enactment of TANF, states have used the funding and flexibility provided in the block grant along with significant state investments to develop and implement new innovative work and family support initiatives far beyond the traditional cash welfare system. In fact, a recent study by the General Accounting Office demonstrated that over the past five years many states have substantially increased their own financial investment to address the overall needs of low-income families. With recent rises in unemployment and heightened expectations for the reformed welfare system, however, states may now be faced with significant new fiscal challenges in their TANF programs to maintain a consistent level of assistance to families in need.

36.3 Recommendations for Reauthorization

The ongoing progress of welfare reform is of the utmost concern to the nation's Governors. The nation operated under the AFDC program for more than 60 years. Over time, this program grew less effective as families became more reliant on public assistance. In just a few short years of operating TANF programs, states have dramatically changed their system of public assistance—yet it is still very much a program in development. The success of welfare reform has demonstrated the positive changes that are possible through devolution of authority to the state and local level, and Governors strongly believe this authority should not be rescinded. Any policy changes at the federal level that would alter the course states have followed in implementing their TANF programs could have a detrimental impact on the delivery of assistance. The nation's Governors urge Congress and the Administration to reject any reauthorization proposals that would hinder the continued progress of welfare reform.

36.3.1 Funding

36.3.1.1 Overall funding levels should include an inflationary adjustment. Governors believe the federal government must maintain the financial commitment to the TANF block grant and allow for inflationary increases in the program. Welfare is no longer simply about providing cash payments to poor families. While Governors are proud of the significant decline in the number of people receiving cash assistance, the untold story of welfare reform is the amount of federal and state funds that are now being dedicated to non-cash assistance, such as child care, transportation, training, and family support services for families transitioning from welfare to work. Failure to provide an inflationary increase, coupled with a continued reduction in the real dollar value of the TANF block grant, could cause states to shift their focus away from, or reduce their investment in, non-cash assistance services that directly relate to the success of welfare reform. The continued financial commitment from the federal government is imperative to states' ability to sustain the new construct of delivering services to broad populations of low-income families.

36.3.1.2 Supplemental funds should continue. The original TANF statute provided supplemental funding to qualifying states with high population growth or historically low welfare spending. Governors believe such supplemental funds to states should be included in the qualifying states' base grant amounts in reauthorization. If Congress determines that additional states and/or territories qualify for TANF supplemental funds, all such funds should be in addition to the current total TANF funding as adjusted for inflation. These funds should be in addition to those that have been historically paid to states through the TANF supplemental grants in fiscal 2001.

36.3.1.3 Contingency fund should be strengthened. Governors support strengthening the existing TANF contingency fund to make it a viable source of federal support in times of economic crisis. The uncertainty of the current economic situation speaks to the need to develop a workable TANF contingency fund. Specifically, Governors are interested in working with Congress and the Administration to develop more appropriate triggers for eligibility. In addition, the high match requirement imposed on states that access the contingency fund is not reasonable during an economic downturn, and Governors believe this requirement should be eliminated.

36.3.1.4 Ability to maintain state "rainy day" funds should be enhanced. The TANF statute explicitly allowed states to carry funds forward from year to year—in part to allow states to prepare for a "rainy day." Unfortunately, Congress has often viewed carryover funds as dollars no longer needed by the states, making them vulnerable to cuts. Rather than creating an incentive for states to spend federal funds in a rush—the "spend it or lose it" mentality—the federal government should create incentives

for states to “save” funds so that states are better equipped in times of economic difficulty. Governors believe Congress and the Administration should consider new incentives for states to “save,” such as allowing states to count state “rainy day” funds for welfare toward some portion of their TANF MOE requirement.

- 36.3.1.5 Bonuses should be used to reward high performance.** States are currently eligible for financial bonuses through the TANF High Performance Bonus and the out-of-wedlock birth reduction bonus. Governors believe that bonuses, rather than penalties, are an effective mechanism for the federal government to use to encourage and reward innovative state approaches to welfare reform, and support the continuation of these bonuses.
- 36.3.2 Flexibility.** Governors believe that states’ ability to implement innovative approaches to assist low-income families must continue. The flexibility of the TANF block grant was the cornerstone of the 1996 reforms. The four broad purposes for TANF currently contained in the federal welfare law provide states with significant flexibility to develop and implement innovative welfare reform initiatives and to serve a broad population of families in need. States are directed to use TANF funds “in any manner that is reasonably calculated to accomplish the purpose(s).” Governors strongly believe that this flexibility must be maintained.
- Further, Governors would oppose any effort to establish set-asides or further restrictions on the use of TANF funds. The 1996 welfare reform agreement was based on providing states the flexibility to design unique welfare reform initiatives, and proposals to require states to spend specified levels of TANF funds for a specific purpose would violate the basic tenets of this agreement. Any added emphasis the federal government places on a specific area of TANF spending, such as family formation, fatherhood, or poverty reduction, should come in the form of additional federal spending for state demonstration projects that can be rigorously evaluated.
- In addition, Governors believe there are a number of areas in which additional flexibility could enhance state welfare reform initiatives.
- 36.3.2.1 Focus on work should remain paramount.** Governors believe that the emphasis on work should continue to be paramount in welfare reform. While states may now know more about what helps prepare individuals for work and succeed in the workplace, the importance of work has not shifted and should continue in reauthorization. Governors support the notion that TANF clients should be engaged in work preparation or employment activity but believe that states should have greater flexibility to define what counts as a work activity. As states work with families on a more individualized basis, many states are finding that a combination of activities on a limited basis, such as work, job training, education, and substance abuse treatment, leads to the greatest success for some individuals. Governors believe the federal government should recognize the success of these tailored approaches to addressing an individual’s needs by providing states greater discretion in defining appropriate work activities.
- In addition, Governors believe two-parent families and single-parent families should be subject to the same work participation rates and encourage Congress to eliminate the separate two-parent work participation rate.
- Consistent with the goals of welfare reform, states also should continue to receive credit for helping to move families off welfare.
- 36.3.2.2 Time limits should continue.** Governors believe time limits on assistance have an important signaling effect to both recipients and to caseworkers about the urgency of addressing a family’s needs and strongly support their continuation. As more states approach the time when long-term welfare recipients will begin to reach their limit on federally-funded cash assistance, Governors believe that, at state option and under certain limited circumstances, individuals who are working in unsubsidized employment consistent with the purposes of the law should have the ability to earn additional months of eligibility for federally-funded assistance.
- 36.3.2.3 Ability to work with faith-based providers should continue.** States have a long history of working with faith-based organizations, and these organizations play an important role in improving the lives of families in need. The 1996 welfare reform law provided states with the option to contract with religious organizations within the TANF program. Governors believe this is a sound approach to collaboration with faith-based organizations and the option should be continued.
- 36.3.2.4 Immigrant benefits should be restored.** Although some benefits to some legal immigrants have been restored in recent years, states should have the option to serve legal immigrants with TANF funds.

- 36.3.2.5 Waiver policies should be continued.** Many states have continued to operate under waivers even after the enactment of TANF. States that were afforded enhanced flexibility through waivers should have the option to continue or renew some or all of these waivers under the TANF reauthorization legislation. Restricting this flexibility could greatly curtail the progress made in some states' welfare reform initiatives.
- 36.3.2.6 Transferability should be enhanced.** The 1996 welfare reform law allowed states to transfer up to 30 percent of their TANF funds into the Child Care Development Block Grant (CCDBG) and the Social Services Block Grant (SSBG). In recent years, however, the transferability to SSBG has been restricted. Governors believe the authority to transfer funds to both CCDBG and SSBG should be maintained and the amount states can transfer to SSBG should be restored to 10 percent. In addition, Congress and the Administration should consider enhancing states' abilities to use TANF funds toward the Access to Jobs transportation program through transferability.
- 36.3.2.7 Definition of qualified state expenditures should be expanded.** Differences between allowable uses of TANF funds and state expenditures that are a "countable" qualified state expenditure under the state MOE requirement are unnecessarily complex and burdensome. For example, even though both state and federal funds can generally be used in ways that are consistent with the purposes of the act, state funds can be used only when a needs test is met. In effect, this means that the federal legislation restricts state spending more than it does federal spending. Governors support removing the restrictions on state funds so that states have at least as much flexibility in their spending of MOE funds as they do with TANF funds.
- 36.3.2.8 Restrictions on the use of carry-over funds should be eliminated.** The TANF statute explicitly provides states with the authority to carry funds forward from year to year to encourage long-range planning and to prepare for economic downturns. However, states are currently restricted to using funds from previous years on cash assistance only, essentially limiting states' ability to use carryover funds for work supports, such as child care and transportation. Since states are now spending a much higher proportion of their TANF funds on work supports and benefits other than cash assistance, Governors believe this restriction should be eliminated.
- 36.3.3 Program Alignment.** Governors believe the federal government should explore ways to simplify and align rules for related programs in order to enhance states' abilities to create a cohesive system of support for low-income families. With the advent of welfare reform, states are working to create a more comprehensive system of assistance for families in need. The system of programs and benefits for individuals and families in need is becoming increasingly interconnected, and the federal government should consider eliminating barriers to this progress. Just as families' needs do not distinguish between different federal funding sources, neither should the federal government address families' needs with cumbersome and disjointed funding streams, eligibility rules, and reporting requirements. Governors believe states and territories should be provided greater flexibility to coordinate federally funded state-administered programs. A federal-state task force should be established to provide formal recommendations to Congress and the President on ways to increase coordination among federal programs serving families in need.
- 36.3.3.1 Food stamps.** Food stamp benefits are often considered a key support for families transitioning from welfare to work. Unlike welfare reform, however, which has allowed states to develop innovative approaches for addressing families' needs, rules for administering the Food Stamp Program remain prescriptive and inflexible. Governors believe reforming the Food Stamp Program is a critical component of the next stage of welfare reform. Specific recommendations for food stamp reform can be found in the NGA food stamp policy (HR-22).
- 36.3.3.2 Child care.** It is imperative that the federal government recognize child care as a key component of a successful TANF program. For many families, a successful transition from welfare to work is based on the reliability of child care assistance. Despite significant increases in both state and federal investments in child care, many states continue to face an unmet need for child care subsidies. Governors believe that states must continue to have the ability to use TANF funds both directly on child care and through the transferability to CCDBG. Governors also believe that funding for child care should continue to be a priority for the federal government.

- 36.3.3.3 Child welfare.** Governors recognize that in many states, TANF funds are used for a variety of child welfare services, such as kinship care and family preservation initiatives, and this flexibility should continue. Governors also believe that additional flexibility within the child welfare system, including expanded waiver authority, could greatly enhance states' abilities to serve families in need. Specific recommendations for additional flexibility in child welfare programs can be found in the NGA child welfare policy (HR-26).
- 36.3.3.4 Child support.** As a result of reforms enacted as part of the 1996 welfare reform law, states have a number of new tools to collect and distribute child support payments, which have greatly strengthened the overall child support enforcement program. Recognizing that child support payments are often a key component of a family's economic security, states are continuing to work to improve the collection and distribution of child support for low-income families. Governors are supportive of the federal government providing states with the option and the incentive to passthrough a greater share of child support collections to families—bearing in mind that in many states the financial stability of the child support enforcement system depends, in part, on retained collections. Specific recommendations for creating options for passthrough can be found in the NGA child support policy (HR-14).
- 36.3.3.5 Housing.** Even though affordable, convenient housing is critical for a family to have a successful transition from welfare to work, there is too often a disconnect between agencies administering housing and welfare programs. Governors are interested in working with Congress and the Administration to develop proposals within the TANF reauthorization to help improve the interaction between welfare and housing systems.
- 36.3.3.6 Workforce Investment Act.** Coordination between the TANF system and the workforce system continues to be a significant challenge in many states. Despite the enactment of the Workforce Investment Act in 1998, complex rules attached to various funding streams continue to make effective coordination between agencies unnecessarily difficult. Governors are committed to continuing to work toward better coordination and are interested in working with the federal government to explore ways to improve this relationship.
- 36.3.3.7 Medicaid.** Governors recognize Medicaid as a key component of a family's transition from welfare to work. Without access to regular health care, health problems of a new worker or the worker's family members are likely to lead to greater absenteeism and possibly to job loss. Because access to health insurance is a crucial work support, Governors believe that Transitional Medicaid Assistance (TMA) should be continued. In addition, Governors acknowledge the importance of administrative funds for all health and human service programs, including Medicaid. While shared Medicaid administrative funds may have been incorporated into some states' TANF block grant base allocation, Governors believe that any reduction in the federal commitment to the administration of these programs will result in a loss of vital health and human service assistance to families in need.

*Time limited (effective Winter Meeting 2001–Winter Meeting 2003).
Adopted Winter Meeting 1997; revised Winter Meeting 1999, Winter Meeting 2001, and
Winter Meeting 2002.*

**Welfare Reform Reauthorization:
State Impact of Proposed Changes in Work Requirements
April 2002 Survey Results**

The National Governors Association (NGA) and the American Public Human Services Association (APHSA) recently conducted a joint survey of Governors and state TANF administrators to assess the impact proposed changes to the work requirements would have on current state welfare reform initiatives. This document represents the compilation and summation of the survey results and in no way represents NGA/APHSA policy or position on any legislative proposal. The suggested modifications included in this document represent the views of individual states and have not been developed in collaboration with NGA/APHSA staff.

The goal of the survey is to help inform the welfare reform reauthorization debate, especially around work-related and overall funding issues. NGA and APHSA plan to use the information gathered in the surveys to complement the current work participation data which is reported by HHS, and to provide both quantitative and qualitative data to key policymakers on Capitol Hill and in the Administration about current state policies related to work, and about how state programs would be affected if proposed changes were enacted.

This survey did not address other provisions of the Administration's welfare reform reauthorization plan, many of which are consistent with NGA and APHSA policy positions on welfare reform. NGA and APHSA chose to focus the survey primarily on the impact of work-related provisions proposed by the Administration since this was the one area of the proposal that marked a significant change from the current TANF law. A total of 48 states responded to the survey, representing a broad range of states from all regions of the country. A list of the states who responded is attached. Not all states that submitted a completed survey responded to all 20 questions included in the survey. The results are summarized in this report.

NGA/APHSA Policy Related to Work

The current NGA policy on welfare reform (HR-36) makes the following statement on work:

“Governors believe that the emphasis on work should continue to be paramount in welfare reform. While states may now know more about what helps prepare individuals for work and succeed in the workplace, the importance of work has not shifted and should continue in reauthorization. Governors support the notion that TANF clients should be engaged in work preparation or employment activity but believe that states should have greater flexibility to define what counts as a work activity. As states work with families on a more individualized basis, many states are finding that a combination of activities on a limited basis, such as work, job training, education, and substance abuse treatment, leads to the greatest success for some individuals. Governors believe the federal government should recognize the success of these tailored approaches to addressing an individual's needs by providing states greater discretion in defining appropriate work activities.”

The current APHSA policy on TANF, as written in the APHSA document *Crossroads*, includes the following statement in regard to work requirements:

"Recognizing that each state is unique and at different phases of welfare reform, at state option, measures of job placement, job retention and earnings progression could replace the current work participation rates."

Overall TANF Funding

Proposal

Under the Administration's proposal, the TANF block grant would be funded at \$16.6 billion per year over 5 years. States would receive a block grant allotment equivalent to the amount received in FY 1997. TANF supplemental grants would be funded at \$319 million during federal fiscal year 2003.

Current law

Current law provides states with TANF block grant allotments equivalent to the federal payments received under the former AFDC program in FY 1992-94, 1994 or 1995, whichever higher. Baseline funding for the block grant is \$16.5 billion annually. Seventeen states received annual supplemental grant allotments during federal fiscal year 1997 through 2001 due to high population growth and high poverty. Each state received a 2.5% increase in their annual TANF block grant allotment each year. The authorization for the supplemental grants expired in FY 2002.

Survey results

According to the survey, the majority of states are spending at levels above their annual block grant allotment. States reported programming prior year funds in the current year while others also noted expending high performance and other bonus funds. Based on the 40 states that responded to the question concerning TANF spending levels in the current fiscal year, **29 reported spending at levels in excess of their grant allotment, 8 reported spending their full allotment, and 3 reported spending below their grant allotment.**

States expressed concerns over the impact of level funding of the TANF block grant; citing inflation having reduced the purchasing power of the block grant, making it unlikely that the block grant will keep pace with the rising costs of services, such as case management, employment and training, transportation and child care.

"Although caseloads for cash aid have gone down dramatically since the 1996 law, the cost of providing employment and other services to those remaining on aid has increased...Without sustained support for these services, dependence on cash aid could increase."(CA)

"Over the five year period that the TANF block grant has been in place, inflation has reduced purchasing power by 2-3 percent each year...and because we are spending in excess of our annual allotment, we will have to cut spending." (MI)

"Any shifts in caseload size, ever increasing child care rates and additional services to populations who are harder to service will compete for existing funds already committed on a regular basis. The state would have to redesign program eligibility and services or face potential waiting lists if the block grant was level funded or the state would have to commit additional state dollars to maintain existing programs and services at current levels."(ME)

"Level funding does not cover administrative expenses for contractors, staff or child care providers. Our funding priorities would have to shift and could include a cut in financial assistance benefits, child care or support services." (VT)

"We have built in program sunsets that will bring our future spending within our current block grant level. Getting to that level will be painful. It will require paring back benefit levels and eligibility leaving unfunded a major intervention program for the hardest to employ and not renewing benefits to families that are outside of our core TANF program." (MN)

Implications of Proposed Work Requirements on Current Welfare Reform Strategies

Proposal

The Administration's proposal would increase work participation rates for state TANF programs each year by 5 percent until states achieved a 70 percent work participation rate by FY 2007. The proposal also increases the required number of hours of work to 40-hours per week and requires clients to work 24 hours in unsubsidized employment, subsidized public sector employment, subsidized private sector employment, on the job training, community work experience or community service. States would have the flexibility to use the remaining 16 hours to engage families in activities that do not qualify as work but serve to "achieve a TANF purpose". Welfare waiver demonstration programs would be discontinued, the caseload reduction credit would be eliminated and replaced with a provision allowing states to count for 3 months the number of clients who left the cash caseload for earnings when calculating the work participation rate.

Current law

States are required to meet a 50% work participation rate; 30 hours is required for single head of households; for families with children under age six, 20 hours satisfies the requirement. States may engage clients in any of twelve different activities defined in law, including vocational education and job search on a limited basis. In addition, states are permitted to operate their work programs under the terms of their approved welfare waiver demonstration program. States also may use a caseload reduction credit to reduce their required work participation penalty. States have the flexibility to design programs with higher participation standards, different work definitions and additional hours.

Survey results

States were asked if the proposal would require them to shift their current approach to working with TANF families and to elaborate on any redirection of resources or major policy changes that would occur. **Of the 47 states that responded to this question, 41 states indicated that the proposal would cause them to make fundamental changes to their state welfare reform strategies and/or redirect resources; 2 states stated that no change would be necessary and 4 states described some changes that would be required.**

Several states noted that evaluations of their programs have given them evidence that they are pursuing successful strategies that would require fundamental change if the Administration's proposal became law.

"The independent evaluation of the pilot version of Minnesota's approach found it to be perhaps the most successful welfare reform effort in the nation, resulting in increased work effort, lower dependence on welfare, reduced poverty, more stable marriages and better outcomes for children. This approach will be jeopardized by more stringent work participation requirements...This would require us to shift away from our investments that are aimed at reducing poverty and helping hard-to-employ families. Instead we would have to invest in public work programs and focus on keeping families involved in many hours of activity, regardless of individual need...This would represent a dramatic shift in the course for welfare reform in Minnesota, a course we have spent more than a decade developing, and would needlessly jeopardize an approach that is considered a national model." (MN)

A number of states noted that their welfare to work approach has been tailored to meet the individual needs of the TANF clients served by the program and that the proposed changes in work requirements would require them to redesign their strategies.

"Yes, a major redirection of resources and policy would occur. Utah would likely have to abandon the universal participation approach based on individualized employment planning. Employment counselors would become worksite developers and monitors instead of negotiating individualized employment plans tailored to meet the customer's needs to be employed." (UT)

States that have devolved administration of the TANF program to local or county-based administrators expressed concern that the proposed changes in work requirements would limit state and local flexibility. As a result, local agents and community partners would need to redirect resources to meet new program requirements.

"One of the major focuses of Maryland's Family Investment Program is to provide flexibility to its local department of social services to design and implement programs that meet the unique needs of our customers...since no additional funds are included in the proposal, local departments would be forced to dismantle effective programs that reduce non-marital births, improve job retention, encourage completion of secondary education by teenagers and young adults and reduce substance abuse. In essence we would replace a program geared toward helping people leave welfare for work (or avoid welfare altogether) for one geared toward making those on welfare participate in "work-like" activities." (MD)

"By expanding work requirements, and simultaneously restricting California's ability to meet those requirements, the President's proposal would significantly limit state flexibility to design programs that move families from welfare to work. One example is the proposal to narrow the allowable work activities, which will limit current flexibility to design programs according to each counties' need." (CA)

"This would cause a major shift in how we run our programs. We currently have contracts with many state and community partners to provide work readiness activities for our TANF client. These contracts would have to be ended or severely modified. Additionally, we would have to seriously look at the probability of including a community service component to our program which we currently do not have." (OK)

States indicated that under the proposed changes in work requirements, the ability to continue to offer education related programs to TANF clients would be diminished.

"...our case managers are encouraged to assign clients to a combination of work and educational activities that best meet the client's needs and will lead to the most productive outcomes for that client...we will no longer be able to offer this...since 40 hour per week jobs are not widely available, it would be to the state's advantage to place clients in subsidized employment or preparation for employment activities rather than unsubsidized work which would seem to defeat the whole purpose." (AL)

"Our concern has been and will continue to be one what is best for the family. However, with the increased participation rate and the likelihood of a penalty for failure to meet the new rate, we may no longer be able to support this philosophy as fully or support education-related activities that in the long run may help families actually move out of poverty." (NC)

"A 70% participation rate with a 40-hour a week requirement will probably require two things. First, creation of a number of make work activities or greater use of current ones, whether or not warranted, just to fill the requirement. Second, a near total abandonment of allowing any client that is able to work at all to participate in such things as GED programs or post-secondary education. Near 30% of the caseload could soon be cases with multiple barriers to any kind of useful activity, meaning all the rest will have to be in work activities." (IL)

A number of states noted that due to the significant caseload reduction that has occurred over the past five years, the clients remaining on the cash assistance rolls have multiple barriers to employment and that the proposed requirements would limit states' ability to work with these families as they have done in the past.

"Under the President's proposal, states would have less flexibility to help clients access needed domestic violence counseling, vocational rehabilitation services and family stabilization resources that are sometimes necessary in successfully finding employment. We believe that our approach is likely to be more successful in helping clients retain the jobs that they get (and we believe that the recent NEWWS study that reviewed Oregon's program confirms this) because our staff and partners take the time to help clients remove barriers to employment." (OR)

In order to meet the proposed rates and hours, many states noted that they would need to create work experience and community service slots to meet required rates in part because the recent downturn in the economy means fewer unsubsidized jobs are available to meet the increased requirements.

"To meet these increased rates, New York would have to significantly increase the number of recipients in other allowable activities such as work experience and community service. TANF resources directed to support working recipients and other low-income individuals will need to be redirected to help meet the increased rates to perform the additional referral and tracking functions associated with increased hours and numbers of participants." (NY)

Rural states described structural challenges in meeting the proposed work rates, such as availability of jobs, transportation, availability of community work positions and tribal populations.

"It is extremely unlikely that we could do so (meet the work requirements). Challenges include lack of work sites in out many rural areas (8.5% of the adult included caseload live in Native Villages exempt from the time limit; 43% live in small communities with populations under 10,000.) We already 'compete' with the Dept. of Corrections for the limited number of work experience slots in rural Alaska." (AK)

States with waivers noted that there would be significant changes necessary with the discontinuation of waivers as proposed.

"With the flexibility provided to the state under the federal waiver process, New Hampshire has been able to customize the program to meet the needs of our disadvantaged families. It is these waived activities that were created to meet the specific needs of each family that has made this program so successful to date." (NH)

A few states also noted that the proposed changes in the work requirements were consistent with current programs.

"President Bush's welfare proposal furthers and strengthens a central feature, which explains the success of Connecticut's welfare reform program, Jobs First. It's the notion that welfare recipients must be engaged in the direction of self-sufficiency. Increasing work requirements has been successful when it's part of an overall approach to reform that includes incentives to transition from welfare to work by providing families with services and benefits including, strong employment services, child care assistance, food stamps, income supplements, transportation assistance, and other non-cash work support services. The President's welfare reform proposal provides states with the flexibility to use innovative solutions to help welfare recipients achieve self-reliance and independence." (CT)

Specific Factors Contributing to States' Ability to Meet Proposed Requirements

States were asked to describe any circumstances that could complicate the state's ability to comply with the proposed work requirements. States were not limited to the number of factors they could list. Of the 47 states responding to this question, two states did not identify any circumstances that could complicate their ability to meet proposed requirements. Responses varied widely, but could be generally categorized into four areas: rural issues, employment/economic factors, state/federal policies, and client characteristics.

- **The majority of states (33) responding cited concerns about meeting the proposed work requirements in rural areas where the economy is often lagging and employment opportunities are limited.** Four states specifically mentioned the lack of employers and/or appropriate infrastructure in rural areas that are able to accommodate expanded work experience or community service initiatives. Fourteen states reported that concerns about employment in rural areas are complicated by a lack of adequate transportation and/or child care providers. Six states mentioned concerns about the ability of large tribal populations on TANF to comply with the proposed work requirements, especially those living on reservations.

- **Many states (27) cited limitations in current state or federal policies that would greatly complicate a state’s ability to meet proposed work requirements.** Thirteen states raised concerns about low benefit levels that would cause clients to lose eligibility for TANF before reaching full-time employment and that would prevent significant placement in subsidized work experience, and one mentioned a similar concern because of a state minimum wage set higher than the federal rate. Seven states specifically mentioned the application of the Fair Labor Standards Act (FLSA) as a limitation to placing recipients in full-time work. Nine states responded that the loss of a waiver would cause them to shift their approach of working with families to overcome multiple barriers in order to comply with the proposed work requirements. Three states cited state laws that require that individuals with certain characteristics, such as pending SSI or caring for a disabled family member, be exempted or deferred from work requirements. One state reported that state law would have to be amended in order to allow subsidized employment which is currently prohibited under state law. One of the state-supervised, county-administered states raised a concern about having to require each county to revisit their local plans for working with families.
- **Many states (21) responded by listing factors related to the condition of the local economy, the employment market, and the willingness of employers to engage welfare recipients in work.** Eleven states cited high unemployment and significant private sector lay-offs that have led to intense competition for job openings as factors that could complicate their ability to meet work requirements. Five states described the mismatch between the nature of the employment market and the skill level of clients—the jobs that are available require specific skills that often welfare recipients have not acquired, and employers are passing up welfare recipients for workers with higher skills. Eight states responded that because most entry-level jobs in industries most likely to hire welfare recipients are part time, or “shift work” (on evenings and weekends), the proposed requirements could require multiple jobs and child care placements. One state raised the concern that employers would not hire recipients who had not had prior vocational training, and two states mentioned that employers often hire less than full-time to avoid providing benefits such as health care.
- **Some states (10) reported that their current caseload has a higher proportion of recipients with multiple and significant barriers to employment which could pose an additional challenge for states.** Barriers mentioned include domestic violence, substance abuse, mental health, low literacy rate, lack of English proficiency, lack of high school credentials, and pending SSI.

Current Hours of Work

States were asked to provide the percentage of their caseload that is engaged in any activity for any number of hours, including those that do not count toward the current work participation rate. **Of the 37 states that responded to this question, an average of 61% of the TANF cases with an adult in the caseload are engaged in some work-related activity—as defined by either the state or the federal government.** According to the most recent HHS data, an average of 34% of TANF cases is engaged in work activities for at least 30 hours a week.

States were asked to provide the percentage of their caseload that is engaged for at least 40 hours a week in an activity that counts toward the current work participation rates. **Of the 24 states that responded to this question, an average of 9% of the TANF cases with an adult in the**

caseload are engaged in a federally-defined work activity for at least 40 hours a week. In addition, one state reported that 60 percent of their caseload was working 40 hours a week because of their waiver which allows them greater flexibility in defining work activities. Some states responded that it would not be possible for a recipient to be working 40 hours a week at minimum wage and still on the caseload because they would no longer be eligible for TANF cash assistance. Five states responded that were not able to answer this question because their systems are not currently equipped to track 40 hours.

States were asked to provide the percentage of their caseload that is engaged for at least 24 hours a week in an activity that counts toward the current work participation rates. **Of the 30 states that responded to this question, an average of 29% of the TANF cases with an adult in the caseload are engaged in a federally-defined work activity for at least 24 hours a week.** The numbers were significantly higher in states with waivers—close to 90% in two states based on the definition of allowable activities under their waivers. States were asked a similar question about percentage of caseload engaged for 24 hours in “work activities” as defined by the Administration’s proposal (which includes a list of 6 specific activities). **On average, 20% percent of the TANF cases with an adult in the caseload are engaged in work for 24 hours as defined by the list included in the proposal.** In all but three states that answered both of these questions, the percentage of cases engaged in work decreased with the limited list of countable activities.

Universal Participation

Proposal

Under the Administration’s proposal, states would be required to develop a self-sufficiency plan for each family within 60 days of opening a case, and to provide a full engagement of all families in such a self-sufficiency plan. This requirement would not apply to child-only cases, but would apply to adults in a household with a partial family sanction, and to families with a child under the age of one. States would be required to ensure that all families are participating in constructive activities in accordance with their plan, to monitor participation and progress toward self-sufficiency, and to evaluate assigned activities.

Current law

Current law provides authority to, but does not mandate, states to develop an individual responsibility plan (section 408(b)) for all recipients that would set forth employment goals and plans for moving the individual into private sector employment. States are provided significant discretion in designing these plans and in deciding who should have such a plan.

Survey results

According to the survey, the majority of states have opted to require TANF recipients to have some version of an employability plan. Of the 41 states that answered this question, 35 states confirmed that they currently work with families to develop plans to move them toward self-sufficiency. The names of these plans vary by state. For example, a “personal responsibility plan”, a “family self-sufficiency plan”, or a “family development plan”. Based on the 33 states that responded to a question about the percentage of a state’s caseload with an employability plan, an average of 88% of all adults receiving cash assistance currently have some version of an employability plan, as defined by the states. Eighteen states responded that 100% of their caseload has some version of an employability plan. States are given broad flexibility to design these plans under current law.

“The President’s universal engagement concept recognizes that moving every welfare family forward means everyone must be engaged in the direction of self-sufficiency.” (CT)

Many states responded that it was difficult to estimate any additional costs associated with the proposal that all families have a “self-sufficiency plan”. State responses relative to additional costs for this proposal varied based on the degree to which their current policy applied to all families receiving TANF. A number of states responded that many families in their TANF caseload are exempt from work requirements—such as those with a child under age one, caring for a disabled child, pending SSI—and the state therefore does not necessarily require an employability plan for all families. In those states where additional costs were expected as a result of this proposal, there was general agreement that the additional and intensified case management would lead to higher administrative costs for the states.

“As an estimate, this would require 15.3 FTEs, resulting in about \$558, 000 in salary and benefit costs.” (TN)

A number of states expressed concern about the extent to which they may have to change what they currently have in place in order to comply with the proposed self-sufficiency plans. Because details of the proposal are not yet available, it was difficult for states to estimate how much of an impact the universal participation requirement would have on existing state programs.

Policies related to providing employability plans for cases in which an adult has been sanctioned off assistance vary greatly among states. Just as states have a broad range of policies related to how sanctions are applied to families, so too are their policies on who must continue to have an employability plan. In general, states with full-family sanctions responded that they do not keep an employability plan for an adult after they have been sanctioned and no longer receive TANF assistance. States that apply partial family sanctions for noncompliance with TANF requirements generally continue to require a family to comply with a modified employability plan.

A number of states expressed concerns about the possible increased child care costs associated with this new universal engagement requirement, which are outlined further in the summary of the survey results on child care.

Capacity for Barrier Removal Activities

Under the Administration’s proposal, certain “non-work” activities could count fully toward the 40-hour work week requirement for up to three consecutive months within any 24 month period. These activities, which are intended to be barrier removal activities aimed toward moving a family to employment, include activities such as substance abuse treatment, rehabilitative services and vocational education. States could also count these activities on a limited basis, up to 16 hours a week, beyond the three month period. States were asked about the capacity to provide these services within the proposed “three month out of 24 month period” time frame and about any challenges with this approach.

Of the 42 states responding to this question, the majority of states (34) raised concerns that the 3-month period would not be adequate to effectively address families’ barriers to employment. Some states reported that while they may have the capacity to provide services, the restriction on the time frame could prove to be problematic. Thirteen states specifically

mentioned that most vocational education programs run longer than 3 months, often operating for either 6 or 12 months. A number of other states reported that the 3-month allowance doesn't take into consideration relapse issues with substance abuse and doesn't recognize the typical stop-start nature of those seeking to receive substance abuse treatment.

"These are not barriers that can be overcome with a cookie-cutter approach of a 3 month time limit... Kansas will be forced to choose between requiring recipients who may not be ready to work for 24 hours a week, knowing they will fail; or placing them in the right activities such as remedial education, learning disability accommodation training, substance abuse, mental health or domestic violence counseling, or basic job skills training, and accepting a penalty for failure to meet the participation rate requirement." (KS)

More generally, some states responded that the approach to addressing these barriers should be integrated and multifaceted, rather than addressed in a set three-month period.

"Rather than trying to deal with these issues in a three month period, we believe that it is more effective to spread them out as a part of a more integrated strategy that mixes work activities and family stabilization activities." (OR)

Community Service/Work Experience

Of the 43 states that responded to questions about community service and work experience programs (CS/WEP), 40 reported that they currently operate one, or both, of these types of programs. The majority of states reported that they do so on a limited basis because of the high costs associated with running these programs, and because of the challenges of finding employers/supervisors and developing appropriate work sites.

"We do not have many community services/work experience programs as have found it more productive, and less expensive, to place people in work preparation, then unsubsidized jobs with supports". (AK)

"With our low benefits, even with food stamps added in, paid community service will cost more than the benefits. It would cost a minimum of \$15 million simply for wages for a community service program for 3000 clients" (AL)

"We would need to expand these opportunities significantly to meet the proposed work requirements. Providing supervision at a group work site cost approximately \$40,000 to \$45,000. At 15-20 slots per site, this translates to a state expense of \$3000 per slot (filled or unfilled)" (VT).

Kentucky purchases liability insurance for work experience participants and estimates these costs would increase by \$15,000 a year in order to meet proposed work requirements. (KY)

Other states report they have not used these programs extensively because they have focused on preparing recipients to leave the caseload for private sector employment and have found CS/WEP to be less effective than other approaches.

"Local jurisdictions that do not operate CS/WEP would be loath to do so in that the work first philosophy has and continues to be extremely successful and has resulted in a 66.9% caseload decline." (MD)

"We have never relied on any significant volume of placements in community service or work experience, and in fact have been philosophically opposed, preferring to focus on private sector employment." (MI)

"Washington currently operates both an unpaid work experience program (WEX) and a subsidized public service job program (community jobs). We are in the process of ending our contracts for WEX placements as our data show it has not been as effective as other services in helping clients find employment". (WA)

Two states with a significant tribal population reported that they use community service or work experience especially in remote areas or on reservations.

Many of the states that responded indicated they would be inclined to expand these programs in order to meet the proposed work requirements, including those who do not currently operate CS/WEP. Some states, including those with low benefit levels and/or high state minimum wages, contend they would be willing to expand community service/work experience but that they would be somewhat limited by the number of hours a recipient can work at minimum wage before losing eligibility for TANF. Eight states specifically mentioned that the application of the Fair Labor Standards Act could complicate their ability to expand CS/WEP because of the need to meet minimum wage requirements.

"Indiana is a low benefit state that to date has emphasized placements in unsubsidized employment opportunities. Under existing TANF work requirements, in the event of an economic downturn, like the current one, community work experience activities cannot be used to fully replace unsubsidized employment for many adult recipients without violating the Fair Labor Standards Act". (IN)

One state reported that minimal changes would be required to expand these programs since they are already included in their welfare reform strategy. Others reported the need to develop or expand infrastructure to accommodate such expansions.

"The costs and challenges associated with developing a brand new program would be significant. New policies, procedures, and forms, as well as computer system changes would be necessary." (OK)

"Resources would have to be diverted from current services such as pregnancy prevention, training programs, marriage initiatives, fatherhood programs, and other child well being initiatives in order to meet the cost of providing worksites to meet the work requirements". (UT)

Suggested Modifications to Proposed Work Requirements

States were asked to suggest one or two specific modifications to the proposed work requirements that would better accommodate their existing state programs. Most states made a number of suggestions. **Of the 47 states that responded to this question, 35 suggested broadening the list of activities that are countable toward work and/or allowing the states greater flexibility to define what is considered a countable activities. Six states specifically mentioned greater**

flexibility around the inclusion of job search and/or job readiness activities, and three states specifically mentioned education (e.g. vocational education, high school proficiency/GED).

29 of the 45 states that responded to this question suggested decreasing the proposed required number of hours a recipient must work in order to be counted toward a state's work participation rate, and many of these states suggested maintaining the current TANF requirements on both hours and types of activities that could be counted.

"California recommends that policymakers resist the urge to fix what isn't broken, especially around the work provisions—which have proven successful nationwide. Specifically, given the success that states have shown in the implementation of welfare reform, we would maintain current law work requirements, including required hours of work, work participation rate, allowable work activities, etc." (CA)

"While there are numerous provisions in the new proposal that build on this success, CO would like to see a continued respect for state flexibility to promote the best practices to ensure a 'work first' approach.." (CO)

Six states suggested making states more accountable for outcomes by providing states the flexibility to design programs to meet state-defined self-sufficiency goals.

"Our recommendation is to make states accountable for true outcomes (successful diversion, placement into real jobs, retention, and advancement) rather than the proposed process measures." (AK)

Ten states mentioned the importance of developing a workable employment credit. Four states suggested allowing states to retain existing waivers. Other suggestions included: maintaining the 50 percent work requirement, allowing exemptions for certain tribal populations, allowing partial credit for partial hours, lifting the 3-month cap on "non-work activities", and a slower phase-out of the caseload reduction credit.

Child Care

Proposal

Under the Administration's proposal, mandatory funding for child care would be set at \$2.7 billion in FY 2003 and discretionary funding for the Child Care and Development Block Grant (CCDBG) would be set at \$2.1 billion in FY 2003. States would continue to have the ability to transfer up to 30 percent of their TANF block grant allotment to the CCDBG.

Current law

The proposed funding levels reflect the funding level approved for FFY2002. States are permitted to transfer up to 30 percent of their TANF block grant allotment to the CCDBG.

Survey results

States were asked to estimate the annual increase in child care costs associated with the proposal to require 70 percent participation in activities totaling 40-hours per week. **Of the 32 states responding to the question, 30 states indicated that the costs would increase and two states indicated that there would be no additional costs associated with the proposal. The estimated annual increase in child care expenditures in 30 states totals more than \$770 million.** States also indicated that there would be increased costs associated with the proposed

universal participation requirement, infant and toddler care, sick child care, non-traditional hours care, etc.; these costs are excluded from the estimate. Some states used forecasting models, while others used administrative data to calculate their estimates. Examples are listed below:

"Based on a forecasting model developed by RESI of Towson University, we estimate that the total additional child care costs by 2005 will be \$10,777,725. This is based on both the increase in the total TANF participants in work activities and the increased hourly requirement proposed by the Administration. This represents a 32.5% higher rate of expenditure than we currently forecast for child care subsidies." (MD)

"We estimate that we will have to work with an additional 9,872 families toward meeting the work requirement. The average family receiving cash assistance in North Carolina is one adult and two children. The average cost per month of childcare is \$268 per child. This amounts to approximately \$5.3 million a month more and more than \$63 million per year in additional child care dollars needed." (NC)

"This is not easy to estimate. This estimate is based upon current expenditures and the project FIP caseload for SFY 2003. The estimated amount needed for 70% of the projected caseload (2nd parent added in and child only cases factored out) to work or participate 40 hours a week is approximately \$48.3 million. For SFY 2002 there is budgeted \$3.6 million for non-working, but participating FIP participants plus a projected expenditure of \$11.5 million for working participants. The difference between the projected need for full time participation/ work for 70% of the FIP caseload and current anticipated expenditures, would be an increase need for child care of \$33.2 million." (IA)

"The proposed level of funding would be adequate to cover any additional childcare associated with the proposed changes in work participation requirements for families receiving TANF services. Even so, increases in CCDF funding may be needed in 2005-07 to maintain 'At Risk' childcare at current levels." (TX)

Thirty-nine states responded to the question asking the percentage of the states' cash assistance caseload receiving child care benefits. The average percentage was 20 percent.

Caseload Reduction Credit

Proposal

The Administration's proposal would phase-out the TANF Caseload Reduction Credit over two years and replace the credit with a provision that allows states to count cases that left cash assistance due to earnings for a period of three-months. In FFY 2003, the full Caseload Reduction Credit would apply as under current law; in FFY 2004 the credit will be halved; beginning in FFY 2005, the credit will be eliminated. In FFY 2005 and thereafter, states will be allowed to count cases that left assistance due to earnings for a period of three months.

Current law

States can reduce the work participation rates by the percentage their cash assistance caseload has declined since 1995.

Survey results

States were asked to estimate whether they would face penalty status if the caseload reduction credit were replaced with the ability to count cases that left TANF due to earnings for three

months. The question was asked assuming no change in the current work definitions or hours of work, but assuming a 5 percent annual increase in work participation requirements. **Of the 35 states responding to this question, 26 states indicated they would be in penalty status at 50 percent and above. Five (5) states would face penalty at 55 percent and above. One (1) state indicated they would be in penalty status at 60 percent and above and two (2) states said they would be in penalty status at 65 percent and above. One state said they would never be in penalty status.**

For more information about the results of this survey, please contact Gretchen Odegard of the National Governors Association at 202-624-5361 or godegard@nga.org, or Elaine Ryan of the American Public Human Services Association at 202-682-0100 or eryan@aphsa.org.

States responding to the NGA/APHSA survey

Alabama
Alaska
Arizona
Arkansas
California
Colorado
Connecticut
Delaware
District of Columbia
Georgia
Hawaii
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Missouri
Montana
Nebraska
Nevada
New Hampshire
New Jersey
New Mexico
New York
North Carolina
North Dakota
Ohio
Oklahoma
Oregon
Rhode Island
South Carolina
South Dakota
Tennessee
Texas
Utah
Vermont
Virginia
Virgin Islands
Washington
West Virginia
Wyoming

**Questions from Senator Hatch
Posed to Governor John Engler
Follow-Up to April 10 Senate Finance Committee Hearing**

- 1. I have reviewed the survey results from the National Governor's Association and the American Public Human Services Association. After reading through the comments from states reacting to the Administration's plan, it strikes me that what has the states MOST concerned is the 40 hour a week requirement. Based on the comments I read, states seem less concerned about the 70% participation rate. Do you share that observation? What concerns YOU most about the President's proposal – the 24/16 work requirement or the 70% participation rate?***

The Administration is attempting to raise the bar of expectations for welfare reform. This is entirely appropriate, and I support it. I do think it is important to recognize that we should all share the goal of helping these families achieve and enjoy the benefits of a 40-hour workweek. However, it is also important to recognize that not all families are equipped to accomplish this.

Some adults have pending SSI applications, and those can take months and even years before approved. Others are caring for disabled children in the home, and while they could work during the school day, they may not be able to work the same number of hours as others. Current federal law "assumes" that some individuals aren't as employable, and thus up to 20 percent of a caseload can be exempted from the lifetime time limit. Yet others are getting their first job in an industry where the standard workweek is only 26, or 30, or 32 hours.

It is important that whatever finally passes provides states with flexibility to identify those special exceptions and not be penalized for achieving less than 40 hours with certain families. Also, it is imperative that we value paid employment above all others, regardless of whether it is 10, 20, 30, or 40 hours per week.

I have suggested that one alternative would be to set the standard at 24/16, and allow up to 16 hours of "other" activities, but if the state can fill up the time with paid employment, give the state a 2 for 1 credit. For example, if someone works 30 hours (6 more than 24), the state would get credit for 36 (24 plus [6 x 2]) and have to fill in with only 4 hours of "other" activities. There may be other creative ideas to ensure that paid employment is valued.

2. *As you know, the Administration proposes to treat single and two-parent families the same when it comes to a work requirement. As you know, two-parent families have work rates higher than individual TANF recipients, but fall short of what is required by current law. As I understand it, many states move those two-parent families in separate state funded activities in order to free them of TANF work and time limit rules. If the Congress adopts the Administration's proposed 24/16 work requirement, do you have a sense of how including those two-parent families would affect the participation rate in your state?*

Michigan has not moved two-parent families into a separate state program. We have met the work rates for two-parent families, in part due to the historic caseload reduction credit. Some two-parent families use welfare for only very temporary time periods due to financial or economic problems they face. However, many of these two-parent families are not what the public views as typical families; they have greater barriers and challenges, both in terms of employability and often in terms family functioning. Therefore, I support aligning the two-parent work rates with the single-parent families. In addition to recognizing the barriers they face, I think it also sends a tremendous message that we are trying to encourage having two involved parents in the home. One of the first things many states, including Michigan did, was eliminate the old, tougher eligibility standards under AFDC for two-parent families, because it discouraged these families from remaining intact. While I cannot provide specific numbers at this time, aligning the two-parent rates should help us meet our work participation rates (as opposed to those families having to meet a higher or tougher standard).

United States General Accounting Office

GAO

Committee on Finance,
U.S. Senate

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WELFARE REFORM

States Provide TANF- Funded Work Support Services to Many Low- Income Families Who Do Not Receive Cash Assistance

Statement of Cynthia M. Fagnoni, Managing Director,
Education, Workforce, and Income Security Issues



Mr. Chairman and Members of the Committee:

Thank you for inviting me here today to discuss the extent to which states are using welfare dollars to provide work support and other services to welfare recipients and other low-income families. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) significantly changed federal welfare policy for low-income families with children, building upon and expanding state-level reforms. It ended the federal entitlement to assistance for eligible needy families with children under Aid to Families With Dependent Children (AFDC) and created the Temporary Assistance for Needy Families (TANF) block grant, designed to help needy families reduce their dependence on welfare and move toward economic independence. The TANF block grant, which is administered by the Department of Health and Human Services (HHS), makes \$16.5 billion available to states each year, regardless of changes in the number of people receiving benefits. To qualify for their full TANF allotments, states must spend a certain amount of state money, referred to as maintenance-of-effort (MOE) funds.

My testimony today will focus on three key issues: (1) the extent of caseload decline since welfare reform was implemented and the status of families who have left welfare, (2) the extent to which states are spending TANF and MOE funds for cash assistance and noncash services and how this compares to welfare spending in fiscal year 1995, and (3) the extent to which states are using TANF and MOE funds to provide services to low-income families not included in the welfare caseload reported by states to HHS. To address the first key issue, we used information from our 1999 review of state studies and more recent studies. To address the second key issue we analyzed information on spending by all 50 states. To address the third key issue, we visited 5 states (California, Indiana, Pennsylvania, Texas, and Wisconsin) and telephoned 20 other states. Together, these are the 25 states that receive the most TANF dollars. We conducted our work from August 2001 through March 2002 in accordance with generally accepted government auditing standards.

In summary, as states implemented work-focused reforms during a period of strong economic growth, cash assistance caseloads dropped by more than 50 percent from 1996 through mid-2001. Our work and other studies have shown that most former welfare recipients who left the welfare rolls were employed at some point after leaving welfare, typically with earnings that did not raise them above the poverty level. This emphasis on work was accompanied by changes in welfare spending, with the focus of welfare spending shifting from monthly cash payments to services, such as

child care and transportation to help working families. This shift reflects two key features of reform. First, many states have increased spending to engage more welfare families in work or work-related activities and to provide more intensive services for some of these families. Second, many states have increased their efforts to provide services to low-income families not receiving welfare. Services for these families include child care, case management, and job retention and advancement services for families who have recently left welfare for employment and for other low-income working families. In addition, some states provide a broad range of services to some low-income families, including family literacy and after school activities and substance abuse prevention services. While states have the flexibility under TANF to use their federal and state welfare-related funds to provide services to families not receiving monthly cash assistance, these families are not reflected in caseload data reported by states to HHS. As a result, TANF caseload data regularly used by program administrators and policymakers do not provide a complete picture of the number of families receiving benefits and services through TANF. In the 25 states that we studied, we estimated that—at a minimum—830,000 families received a service funded at least in part with federal or state welfare funds in addition to the 1.8 million families who received cash assistance.¹ With the sweeping changes in federal and state welfare policies, it is important to look beyond the traditional measure of the TANF caseload to better understand the role of TANF in supporting the work efforts of low-income families.

Background

TANF was designed to give states the flexibility to create programs that meet four broad goals:

- Providing assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- Ending the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- Preventing and reducing the incidence of out-of-wedlock pregnancies; and
- Encouraging the formation and maintenance of two-parent families.

The amount of the TANF block grant was determined based on pre-PRWORA spending on (1) AFDC, a program that provided monthly cash

¹ These counts are based on 2001 monthly averages or the most recent month for which data on service recipients were available from each surveyed state.

payments to needy families; (2) Job Opportunities and Basic Skills (JOBS), a program to prepare AFDC recipients for employment; and (3) Emergency Assistance, a program designed to aid needy families in crisis situations. To meet the MOE requirement, states must spend 80 percent or 75 percent of their pre-PRWORA share of spending on AFDC, JOBS, Emergency Assistance, and AFDC-related child care programs.

States have considerable flexibility in what they spend TANF and MOE funds on. In addition to spending on cash benefits—that is, monthly cash assistance payments to families to meet their ongoing basic needs—states can spend TANF/MOE funds on services for cash assistance recipients or other low-income families. States are allowed to transfer up to 30 percent of their TANF funds to the Child Care and Development Fund² (CCDF) and the Social Services Block Grant (SSBG).

TANF regulations require states to report to HHS data on families receiving “assistance”³ under the TANF program. These reported families are referred to as the TANF or welfare caseload. Typically, these families are receiving monthly cash payments. Therefore, families who receive TANF/MOE-funded services but do not receive monthly cash payments are typically not included in the reported TANF caseload.

Caseloads Declined by 50 Percent after PRWORA Implementation and Many Former Welfare Families Are Working

The states' implementation of more work-based programs, undertaken under conditions of strong economic growth, has been accompanied by a dramatic decline in the number of families receiving cash welfare. The number of families receiving welfare remained steady during the 1980s and then rose rapidly during the early 1990s to a peak in March 1994. The caseload decline began in 1994 and accelerated after passage of PRWORA, with a 53 percent decline in the number of families receiving cash welfare—from 4.4 million families in August 1996 to 2.1 million families in July 2001. Caseload reductions occurred in all states, ranging from 16 percent in Indiana to 89 percent in Wyoming. Between July and September 2001, however, the nationwide welfare caseload increased 1 percent. Between July and December 2001, the welfare caseload in many states

² The Child Care and Development Fund provides federal funds to states to subsidize child care for low-income families and to address child care quality issues.

³ TANF regulations define assistance as benefits designed to meet a family's ongoing basic needs. With rare exceptions, we found that families receiving assistance were those receiving monthly cash payments.

increased, with a 5 percent average increase across 18 of 23 surveyed states.⁴ While economic changes and state welfare reforms have been cited as key factors to explain nationwide caseload changes, there is no consensus about the extent to which each factor has contributed to these changes.⁵

Given the large decline in the number of families receiving cash assistance in recent years, attention has been focused on learning how these families are faring. Studies show that most adults who left welfare had at least some attachment to the workforce. Our 1999 review on the status of former welfare recipients based on studies from seven states found that from 61 to 71 percent of adults were employed at the time they were surveyed.⁶ Studies measuring whether an adult in a family had ever been employed since leaving welfare reported employment rates from 63 to 87 percent.⁷ A 2001 review of state and local-level studies conducted by the Congressional Research Service (CRS) shows similar patterns.⁸ In addition, the Urban Institute, using data from its 1999 National Survey of America's Families (NSAF)—a nationally representative sample—finds that 64 percent of former recipients who did not return to TANF reported that they were working at the time of follow-up, while another 11 percent

⁴ Caseload data were collected through December 2001 from states surveyed for this review. Twenty-three of the 25 states surveyed were able to provide caseload data through December 2001. Data from California and Pennsylvania were not available.

⁵ For a summary of studies on caseload changes, see Stephen H. Bell, *Why Are Welfare Caseloads Falling?* (discussion paper) (Washington D.C.: Urban Institute, 2001).

⁶ See U.S. General Accounting Office, *Welfare Reform: Information on Former Recipients' Status*, GAO/HEHS-99-48 (Washington, D.C.: Apr. 28, 1999). In this report we identified 18 studies about former recipients and summarized the findings from eight of these studies (representing seven states) based on whether the results could be generalized to most families who left welfare in the state at the time of the study. The states we studied are Indiana, Maryland, Oklahoma, South Carolina, Tennessee, Washington, and Wisconsin. Because the seven states' studies differed in time periods covered—from as early as 1995 to as late as 1998—and categories of families studied, the results are not completely comparable.

⁷ Employment rates in various studies generally excluded families who returned to welfare. Removing families who return to welfare from the employment rate calculations results in higher employment rates, because many former recipients who return to the welfare rolls are not employed.

⁸ Christine Devere, *Studies of Welfare "Leavers"*, (Washington, D.C.: Congressional Research Service, 2001).

reported working at some point since leaving welfare.⁹ Studies also show that not all families who leave welfare remain off the rolls. For example, the Urban Institute study using 1999 NSAF data reported that 22 percent of those who had left the rolls were again receiving benefits at time of the survey follow-up.

Although most adults in former welfare families were employed at some time after leaving welfare, many worked at low-wage jobs. Of those who left welfare, former recipients in the seven states we reviewed had average quarterly earnings that generally ranged from \$2,378 to \$3,786 or from \$9,512 to \$15,144 annually.¹⁰ This estimated annual earned income is greater than the maximum annual amount of cash assistance and food stamps that a three-person family with no other income could have received in these states.¹¹ However, if these earnings were the only source of income for families after they leave welfare, many of them would remain below the federal poverty level.¹² On the basis of additional information from the NSAF, a 2001 Urban Institute study estimated that about 41 percent of those who left the welfare rolls were below the federal poverty level, after including an estimate of the earned income tax credit and the cash value of food stamps and subtracting an estimate of payroll taxes.¹³ While some former welfare recipients are no longer poor, others can be considered among the working poor. Nationwide, about 16 percent of the nonelderly population lives in families in which adults work, on

⁹ Pamela Loprest, *How Are Families Who Left Welfare Doing Over Time? A Comparison of Two Cohorts of Welfare Leavers* (Washington, D. C.: Urban Institute, 2000). Respondents had been off TANF from between 3 months to more than 12 months at time of follow-up interview.

¹⁰ We estimated annual incomes by extrapolating quarterly earnings; states did not provide information on annual earnings. Using this method may overestimate the annual earnings, as a former recipient may have worked fewer than four quarters.

¹¹ In these seven states, for a single-parent, three-person family with no income, the maximum annual amount of cash assistance and food stamps combined ranged from \$6,000 in Tennessee to \$9,744 in Washington as of January 1997.

¹² For 1998, the federal poverty level for a family of three was \$13,650.

¹³ Pamela Loprest, *How Are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers*, Series B, No. B-36 (Washington, D.C.: Urban Institute, 2001).

average, at least half of the time yet have incomes below 200 percent of the federal poverty level.¹⁴

The Focus of Welfare Spending Has Shifted from Monthly Cash Payments to Services

Prior to welfare reform, states focused their welfare spending on providing monthly cash payments. However, since welfare reform, states are spending a smaller proportion of welfare dollars on monthly cash payments and a larger share of welfare funds on services. Rather than emphasizing income maintenance among welfare families, under TANF, states are focusing their welfare spending on work support services that help both welfare families and other low-income families find and maintain employment. In addition to using welfare dollars to support work, the flexibility of TANF also allows states to use these funds to provide other services designed to promote self-sufficiency among low-income families.

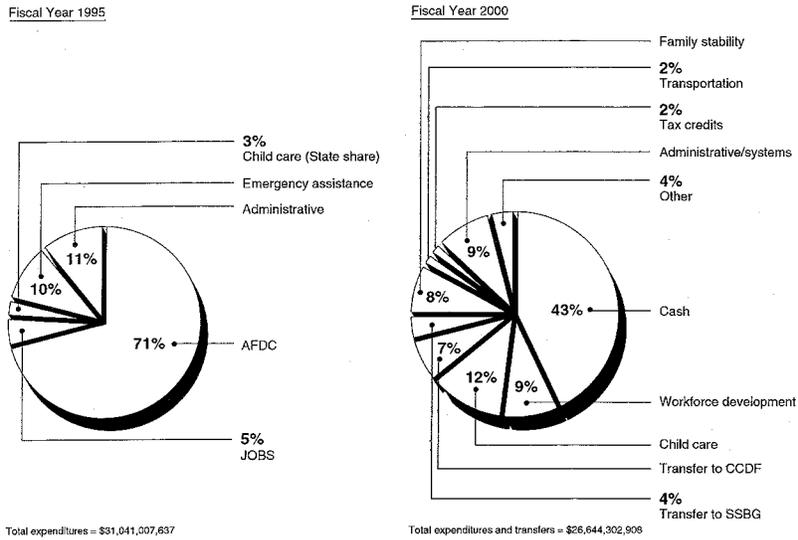
Most Welfare Dollars Are No Longer Spent on Monthly Cash Payments

As shown in figure 1, in fiscal year 1995, spending on AFDC—a program that primarily provided monthly cash payments—totaled 71 percent of welfare spending. In contrast, in fiscal year 2000, spending on cash assistance totaled only 43 percent of welfare spending. During that same period, the percent of total welfare dollars spent on other benefits and services increased from 18 percent to 48 percent. Overall, welfare spending declined from fiscal year 1995 to fiscal year 2000, in part because (1) states chose to leave part of their TANF block grant allotments for fiscal year 2000 as unspent reserves in the U.S. Treasury, as allowed under PRWORA¹⁵ and (2) MOE requirements for states are only 80 percent or 75 percent of states' pre-PRWORA share of welfare spending.

¹⁴See Gregory Acs, Katherine Ross Phillips, and Daniel McKenzie, *On the Bottom Rung: A Profile of Americans in Low-Income Working Families*, Series A, No. A-42 (Washington, D.C.: Urban Institute, 2000).

¹⁵For more information on this issue, see U.S. General Accounting Office, *Welfare Reform: Challenges in Maintaining a Federal-State Fiscal Partnership*, GAO-01-828 (Washington, D.C.: Aug. 10, 2001).

Figure 1: Nationwide Comparison of Fiscal Year 1995 Expenditures for Welfare Programs Used to Determine the Amount of the TANF Block Grant and MOE and Fiscal Year 2000 TANF and MOE Expenditures and Transfers



Note 1: Categories shown for fiscal year 2001 but not for fiscal year 1995 (such as tax credits) could have existed in fiscal year 1995 but been paid for with nonwelfare dollars not included in this chart.

Note 2: The chart does not include the \$8,625,779,575 (36%) of available TANF funding that was left unspent at the end of fiscal year 2000.

Note 3: TANF funds transferred to the CCDF and SSBG may not have been expended in fiscal year 2000; rather, these funds may have been reserved in the CCDF and SSBG for future use.

Source: GAO analysis of fiscal year 1995 data from the Congressional Research Service and fiscal year 2000 data from HHS.

Also indicative of the shift from cash to service spending is that in fiscal year 1995, no state spent more than 50 percent of its welfare dollars on services or benefits other than monthly cash payments, compared to fiscal year 2000 when 26 states used more than 50 percent of their TANF/MOE expenditures for services. Nationwide, child care was the noncash service for which the greatest proportion of TANF/MOE funds were used. Overall, in fiscal year 2000, states spent 19.2 percent of their TANF/MOE funds on child care. Among all of the welfare service categories, 32 states spent the greatest proportion of TANF/MOE funds on child care.

States Are Providing More Work Support Services for Welfare Families

Unlike AFDC, which focused on income maintenance for welfare families, federal and state welfare policies under TANF have focused on helping welfare families secure and maintain employment. To achieve this objective, states have expanded and intensified their provision of work support services. Officials in all five of the states we visited said their states are providing employment services to more welfare families under their current TANF programs than they were under pre-welfare reform employment programs.

The types of work-support services that many states provide for their welfare recipients include

- job search, job placement, and job readiness services;
- intensive case management services to assess individual clients' barriers to work and provide referrals for support services aimed at removing those barriers; and
- services to help clients obtain and maintain employment, including subsidized child care, transportation, and short-term loans for work-related supplies.

States Offer Many Services to Low-Income Families Not Receiving Welfare

Prior to welfare reform, welfare spending was generally focused on families receiving monthly cash payments. Since welfare reform, states have more flexibility in how and on whom they spend welfare dollars. As a result, states are providing more services to low-income families who are not on welfare, including those who have recently left welfare. For example:

- Most of the surveyed states use TANF/MOE funds to provide child care subsidies to the general low-income population.
- Wisconsin uses TANF/MOE funds to provide employment, education, and training services to low-income families not receiving cash assistance.

- Pennsylvania uses TANF/MOE funds to provide job retention, advancement, and rapid reemployment services to persons not receiving TANF cash assistance.

The flexibility of TANF/MOE funds has also allowed states to establish services aimed at protecting and developing children, strengthening families, and promoting self-sufficiency. For example:

- Orange County, California, uses TANF dollars to help fund centers that provide after school activities, literacy programs, domestic violence services, and substance abuse prevention programs.
- Indiana uses TANF/MOE funds for child development programs and to subsidize textbook rental fees for low-income children.
- Texas uses TANF funds to provide high-risk parents with intensive services, beginning prior to the birth of a child, to prevent low birth-weight and child abuse and to promote school completion for teen parents.

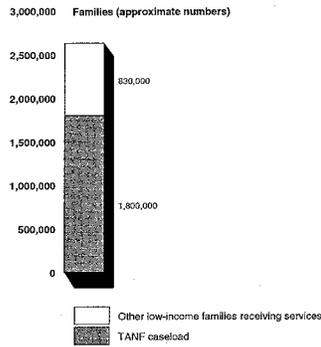
Many Low-Income Families Receiving TANF/MOE-Funded Services Are Not Reflected in TANF Caseload Data

While states are using TANF/MOE dollars to provide services to many families who do not receive monthly cash assistance payments, these families are not included in the reported TANF caseload, and the actual number of these families is unknown. Based on our survey of 25 states, we estimate that at least 46 percent more families than are in the reported TANF caseload are receiving TANF/MOE-funded services. Data available from most states give an incomplete picture of the number of families served with TANF/MOE dollars, and state officials raised concerns about the possibility of additional TANF reporting requirements being imposed to provide more complete data on these families.

At Least 46 Percent More Families than Are in the TANF Caseload Receive a Service Funded with TANF/MOE Dollars

As shown in figure 2, we found that in addition to the approximately 1.8 million families counted in the TANF caseload for 25 surveyed states, at least another approximately 830,000 families were receiving a TANF/MOE-funded service but were not included in the reported TANF caseload. These approximately 830,000 families are not included in the reported TANF assistance caseload because they do not receive monthly cash assistance payments and the services they receive do not fall under the definition of assistance in the TANF regulations.

Figure 2: Estimated Minimum Number of Low-Income Families Receiving TANF/MOE-Funded Services Who Are Not in the TANF Caseload and Families in the TANF Caseload for 25 Surveyed States



Note 1: Chart includes the largest unduplicated count of service recipients for each state.

Note 2: Services covered by the chart were funded with at least 30 percent TANF/MOE dollars.

Note 3: Data are the 2001 monthly averages or the most recent month for which data on service recipients were available from each state.

Note 4: Data used for all states were on families, except Wisconsin, for which data on individuals were used.

Source: GAO analysis of data provided by 25 states.

Our estimate likely understates the number of families receiving TANF/MOE-funded services that are not part of the reported TANF caseload. For most states, our estimate only takes into consideration a single TANF/MOE-funded service being provided to low-income families who are not included in the TANF caseload. Usually, this single service is child care because states have extensive data on child care, and because child care is often the TANF/MOE-funded service that serves the most families not receiving cash assistance. Our estimate does not take into consideration many of the services offered by states to low-income families who are not in the TANF caseload because the states could not provide the type of data on those services that we needed to include them

in our estimate. For additional information on how we developed our estimate and on data obtained from states, see appendixes I and II.

Many of the families included in the counts of "other low-income families" in figure 2 are receiving a service that is only partially funded with TANF/MOE dollars. This is because states often mix TANF/MOE funds with funds from other sources to provide a single service. Although TANF/MOE dollars may not have paid for 100 percent of the cost of providing a service, the TANF/MOE portion of the cost can be significant. For example, for states included in our review, the TANF/MOE portion of monthly child care subsidies averaged approximately \$266 per family out of a total average subsidy of \$499 per family.¹⁶ The average child care subsidy per month per family compares to an average cash benefit per month per family of \$407.¹⁷

Few States Have More Comprehensive Data on the Number of TANF/MOE Service Recipients

Two of the 25 states we surveyed—Indiana and Wisconsin—had more comprehensive data than could be provided by other states on the number of low-income recipients being served with TANF/MOE dollars. Indiana and Wisconsin had these data because they have information systems that can sort through recipients of subsidized child care and other TANF/MOE-funded services to produce one unduplicated count of recipients across several services.¹⁸

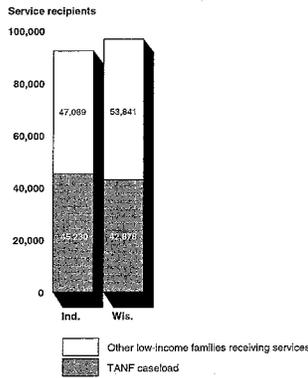
As shown in figure 3, Indiana and Wisconsin found that at least 100 percent more families than are in the states' reported TANF caseloads received TANF/MOE-funded services.

¹⁶ This estimate is for 22 of the surveyed states where data were available and the child care subsidy program was at least 30 percent TANF/MOE-funded.

¹⁷ This average cash benefit per family per month is for a family of 3 in 22 surveyed states. Cash benefit data are for July 2001, and these data are provided in Gene Falk, *Cash Welfare Benefit Amounts* (Washington, D.C.: Congressional Research Service, Nov. 2001), <http://www.congress.gov/brbk/html/ebwlf12.html> (downloaded March 13, 2002).

¹⁸ That is, Indiana and Wisconsin could count recipients across several services and ensure that, regardless of the number of services received by a recipient, the recipient would only be counted once. North Carolina was also able to provide an unduplicated count of recipients across several services, but its count did not cover child care. For more information on the role of automated information systems in state welfare reform programs, see U.S. General Accounting Office, *Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort*, GAO/HEHS-00-48 (Washington, D.C.: Apr. 27, 2000).

Figure 3: Indiana's and Wisconsin's Estimates of the Number of Low-Income Recipients of TANF/MOE-Funded Services Who Are Not in the TANF Caseload



Note 1: Chart includes, for each state, an unduplicated count of recipients across several different services, including subsidized child care.

Note 2: Indiana's count of other low income families receiving services includes most of the services funded with TANF/MOE dollars; whereas, Wisconsin's does not.

Note 3: Services covered by the chart were funded with at least 30 percent TANF/MOE dollars.

Note 4: Data are for September 2001.

Note 5: Indiana's data are for families, and Wisconsin's data are for individuals.

Source: GAO analysis of data provided by Indiana and Wisconsin.

The data that are available from most states we surveyed give an incomplete picture of the number of families being served with TANF/MOE dollars. TANF reporting requirements have focused on families who are receiving monthly cash assistance, that is, families in the TANF caseload. Therefore, most states we surveyed have not developed data on families receiving TANF/MOE-funded services who are not in the TANF caseload. During our review, some state officials raised concerns about the possibility of additional TANF reporting requirements being imposed on states to collect information on families not included in the

TANF caseload. These concerns included that (1) states lack the information systems that would be needed to fulfill additional requirements, (2) fulfilling additional requirements will increase administrative costs, (3) additional data collection requirements could deter states and service providers from offering services because they would not want the administrative burden associated with them, and (4) requiring all service recipients to provide personal identifying information for every service may deter some people from accessing services because of the stigma associated with welfare.

Concluding Observations

Since the Congress passed welfare reform legislation in 1996, states have taken steps to implement a work-based, temporary assistance program for needy families. As cash assistance caseloads declined in recent years, freeing up resources for other uses, states used some of these funds to involve increasing numbers of welfare families in welfare-to-work activities and to provide services to other low-income families in keeping with the goals of TANF. The increased emphasis on work support and other services for recipients of cash assistance and those not receiving cash assistance represents a significant departure from previous welfare policy that focused on providing monthly cash payments. While the goals and target populations of welfare spending have changed, the key measure of the number of people served remains focused solely on families receiving monthly cash assistance. Although this measure provides important information for administrators and policymakers, it does not provide a complete picture of the number of people receiving benefits or services funded at least in part with TANF/MOE funds. While a more complete accounting of people receiving services could be helpful to understanding how states are using TANF/MOE dollars, requiring states to provide a more complete accounting raises concerns from state officials, including concerns about creating a reporting burden and discouraging people from accessing services.

Mr. Chairman, this concludes my prepared statement. I will be happy to respond to any questions you or other Members of the Committee may have.

GAO Contacts and Acknowledgments

For future contacts regarding this testimony, please call Cynthia M. Fagnoni at (202) 512-7215 or Gale Harris at (202) 512-7235. Individuals making key contributions to this testimony included Kathy Peyman, Kristy Brown, and Rachel Weber.

Appendix I: Basis for Estimate Shown in Figure 2

Basis for Estimate of Minimum Number of Low-Income Families Receiving TANF/MOE-Funded Services Who Are Not in the TANF Caseload

To be included in our estimate of the number of low-income families receiving TANF/MOE-funded services who were not in the TANF caseload, a service or the data on the service had to meet each of the following criteria:

Service had to be funded with at least 30 percent TANF/MOE dollars—If a service was funded with at least 30 percent TANF/MOE dollars (and the other criteria were met for our estimate), we included all service recipients not receiving monthly cash payments.

Data could distinguish between cash and non-cash families—We only included counts of families who were not receiving monthly cash assistance payments and were not on the TANF caseload.¹

Data represented an unduplicated count of recipients—If counts for different services could not be combined without ensuring that families receiving more than one service were only counted once, we used the count for the largest single service. If a state had information systems that could sort through recipients of various services and develop an unduplicated count of recipients across those services, we used that count for our estimate.²

Other aspects of our estimate include the following:

Number of families—We used data on the average number of children per family receiving subsidized child care in each state to convert data on child care recipients into estimates of the number of families receiving subsidized child care. When services were determined to have only adult recipients, data for these services were treated as family counts.³

Time period—We used the most recent available data on service recipients from each state. These were either for a month in 2001 or a

¹ Families who receive monthly cash payments under separate state programs funded with MOE dollars are not included in the TANF caseload. However, we did not include these families in our estimates.

² North Carolina was able to provide an unduplicated count of recipients across several services but could not include subsidized child care in that count. Because its count of low-income families receiving subsidized child care was larger than its count across several services we used its count for child care in our estimate.

³ For one state—Wisconsin—the unduplicated count across several services is of individuals, not families.

monthly average for 2001. For our comparison with TANF caseload, we used the TANF caseload count for the same time period covered by the data on service recipients.

Table 1: TANF/MOE-Funded Service(s) for Which Recipients Are Included in Figure 2, by State

State	Service(s)
Arizona	Child care
California	Child care
Connecticut	Child care
Florida	Child care
Georgia	Child care
Illinois	Child care
Indiana	Child care, two child development programs, Individual Development Accounts, subsidized textbook fee program, student grant program, vocational rehabilitation services, short-term crisis services, care support program for disabled children, and utility assistance
Kentucky	Child care
Louisiana	Child care
Maryland	Child care
Massachusetts	Child care
Michigan	Child care
Minnesota	Child care
Missouri	Child care
New Jersey	Child care
New York	Child care
North Carolina	Child care
Ohio	Child care
Oregon	Employment services program
Pennsylvania	Child care
Tennessee	Child care
Texas	Family planning program
Virginia	Child care
Washington	Child care
Wisconsin	Child care, case management program, noncustodial parent program, and employment services program

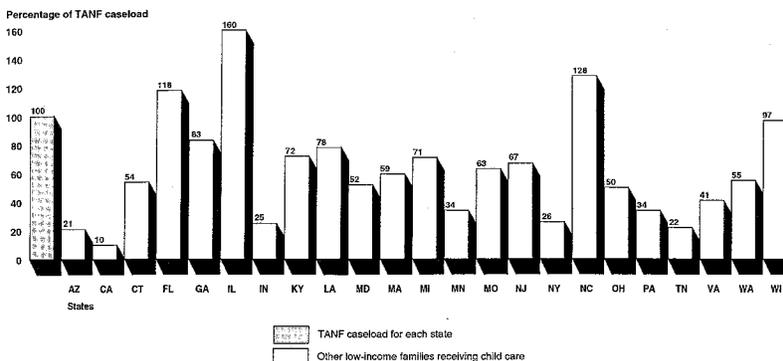
Appendix II: Data from States on Families Receiving TANF/MOE-Funded Services Who Are Not in the TANF Caseload

The surveyed states varied in their ability to provide data on low-income families receiving TANF/MOE-funded services. States were able to provide these data for families receiving subsidized child care. However, only 11 states were able to provide these data for at least one TANF/MOE-funded service other than child care.

Child Care Data

Figure 4 shows the data we obtained from states on child care. To show how the number of these families compares to the TANF caseload, each state's count is shown as a percentage of the state's TANF caseload.

Figure 4: Low-income Families (Not in the TANF Caseload) Receiving Subsidized Child Care in States That Fund Child Care with at Least 30 Percent TANF/MOE Dollars



Note 1: Data are the 2001 monthly averages or the most recent month for which data on child care recipients were available for each state.

Note 2: Percentages for Oregon and Texas are not included in the chart because their child care programs are not funded with at least 30 percent TANF/MOE dollars.

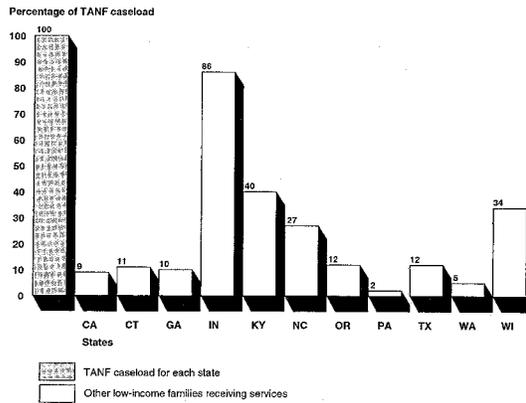
Note 3: Wisconsin's data are for individuals; other states' data are for families.

Source: GAO analysis of data provided by 23 of 25 surveyed states.

Data on Services Other than Child Care

Although officials from all surveyed states said the states were providing TANF/MOE-funded services other than child care to low-income families who are not in the TANF caseload, they usually did not have data on the number of these families. Only 11 states were able to provide data on at least one service other than child care. Figure 5 shows the data we obtained from states. To show how the number of these families compares to the TANF caseload, each state's count is shown as a percentage of the state's TANF caseload.

Figure 5: Low-income Families (Not in the TANF Caseload) Receiving Services Other than Child Care Funded in Part with TANF/MOE Dollars



Note 1: Data are the 2001 monthly averages or the most recent month for which data on child care recipients were available for each state.
 Note 2: North Carolina's and Wisconsin's data are for individuals; other states' data are for families.
 Source: GAO analysis of data provided by 11 of 25 surveyed states.

Table 2 shows the services included for each state in figure 5.

Table 2: TANF/MOE-Funded Service(s) for Which Recipients Are Included in Figure 5, by State

State	Service(s)
California	Emergency assistance program
Connecticut	School readiness program
Georgia	Transportation assistance
Indiana	Two child development programs, Individual Development Accounts, subsidized textbook fee program, student grant program, vocational rehabilitation services, short-term crisis services, care support program for disabled children, and utility assistance
Kentucky	Job retention services
North Carolina	21 services, including: adoption services, home management services, foster care services, family support services, child protective services, child welfare services, pregnancy prevention programs, and other services
Oregon	Employment services program
Pennsylvania	Employment services program
Texas	Family planning program
Washington	Job retention and advancement services
Wisconsin	Case management program, noncustodial parent program, and employment services program

Related GAO Products

Welfare Reform: States Are Using TANF Flexibility to Adapt Work Requirements and Time Limits to Meet State and Local Needs GAO-02-501T. Washington, D.C.: March 7, 2002.

Welfare Reform: More Coordinated Federal Efforts Could Help States and Localities Move TANF Recipients with Impairments Toward Employment GAO-02-37. Washington, D.C.: October 31, 2001.

Welfare Reform: Moving Hard-to-Employ Recipients Into the Workforce GAO-01-368. Washington, D.C.: March 15, 2001.

Welfare Reform: Work-Site-Based Activities Can Play an Important Role in TANF Programs GAO/HEHS-00-122. Washington, D.C.: July 28, 2000.

Welfare Reform: Improving State Automated Systems Requires Coordinated Federal Effort GAO/HEHS-00-48. Washington, D.C.: April 27, 2000.

Welfare Reform: State Sanction Policies and Number of Families Affected. GAO/HEHS-00-44 Washington, D.C.: March 31, 2000.

Welfare Reform: Assessing the Effectiveness of Various Welfare-to-Work Approaches GAO/HEHS-99-179. Washington, D.C.: September 7, 1999.

Welfare Reform: Information on Former Recipients' Status GAO/HEHS-99-48. Washington, D.C.: April 28, 1999.

Welfare Reform: States' Experiences in Providing Employment Assistance to TANF Clients GAO/HEHS-99-22. Washington, D.C.: February 26, 1999.

Welfare Reform: Status of Awards and Selected States' Use of Welfare-to-Work Grants GAO/HEHS-99-40. Washington, D.C.: February 5, 1999.

Prepared Statement of Senator Chuck Grassley

Mr. Chairman, thank you for organizing today's hearing that focuses on work. I am glad for the chance to hear from our very distinguished guests, including Governors Engler and Dean, both of whom are clearly dedicated to the success of welfare reform and to promoting successful work policies.

We are just about six years into the implementation of comprehensive welfare reform. We are fortunate to have successes to point to on many fronts, including impressive gains made from increased work participation.

At the same time, I think it's fair to say that we are still perfecting our national reform efforts. We can and should look at ways to improve access to jobs, job retention, and income gains for individuals leaving welfare. We should also take steps to encourage states to promote policies that strengthen families. We know that financial stress and other challenges of family life present threats to family economic stability.

The President has offered good suggestions on how to enhance policies that strengthen families. He has put forth new ideas for demonstrations to promote healthy marriages as well as improved child support enforcement policies. The President's proposal to make improved child well-being a new, overarching goal provides important guidance as we deliberate over individual policies.

Today's hearing is part of the committee's activities related to the reauthorization of the welfare reform act. The way I see it, our goal for reauthorization is to incorporate improvements into a program that is largely succeeding in its mission. Today's hearing is especially important to our process because it deals with the central theme of work.

As we will hear today, welfare reform varies not only state by state, but community by community. The characteristics of welfare recipients, the availability of jobs, and access to support services such as transportation and child care can differ greatly from one county to the next. In my rural state of Iowa, a high percentage of families on welfare live in rural areas where jobs, transportation, and child care are harder to come by than in the more populated regions of the state.

Our work-centered welfare policies rely on the coordination of jobs, support services, and individuals' willingness to work. The work readiness of an individual can vary dramatically based on one's educational background as well as one's physical and emotional well-being.

In other words, an individual who has a high school diploma and has had work experience at some time is generally more employable - at least immediately - than someone without a high school degree who might also be dealing with a substance abuse problem and/or a mental health problem. Logic tells us that these two individuals will have different work experiences, although I'd like to believe that both individuals have the potential for finding meaningful employment and providing for a family.

I want to extend my thanks to each of our witnesses for your thoughtful testimony, and I'd like to urge each one of you to continue to dialogue with this committee. Your insights are important and help us to understand the intricate workings of our welfare policies.

**Testimony of Howard H. Hendrick
Oklahoma Cabinet Secretary of Health and Human Services and
Director, Oklahoma Department of Human Services**

Mr. Chairman and members of the committee, thank you for the privilege of appearing today to share the genesis and status of Oklahoma's strategy to strengthen marriages and reduce divorce. In Oklahoma, we are spending TANF funds for this purpose because the research clearly shows that child well-being is enhanced when children are reared in two parent families where the parents have a low conflict marriage.

1. The Beginning

In 1998, Governor Frank Keating asked economists from the University of Oklahoma and Oklahoma State University to conduct a joint study on what Oklahoma needed to do to become a more prosperous state. He got the usual economic analysis relating to tax issues and regulatory reform, but there were also some surprising results. The economists also found certain social indicators hurting Oklahoma's economy. They mentioned Oklahoma's high divorce rate and high rates of out-of-wedlock births. One OSU economist wrote in an editorial, "Oklahoma's high divorce rate and low per-capita income are interrelated. They hold hands. They push and pull each other. There's no faster way for a married woman with children to become poor than to suddenly become a single mom."

The study prompted Governor Keating to unveil a strong social agenda in his 2nd Inaugural (1999) and his 1999 State of the State address, in which he said:

"There's something wrong with a good people in a good society when it is easier to get a marriage license in Oklahoma than it is to get a fishing license and it is easier to get out of a marriage with children than it is to get out of a Tupperware contract. We have to take significant steps to change our culture of divorce."

Governor Keating followed up. He hosted the nation's first "Governor and First Lady's Conference on Marriage" in March, of 1999. Based on the information learned there, Oklahoma's Marriage Initiative was launched. The Governor took key steps to ensure that the goal of reducing divorce and strengthening marriage was more than simply a political statement. Specifically the governor:

- Took the bold step of setting a specific, measurable goal - to reduce divorce in Oklahoma by 1/3 by the year 2010.
- Committed to broad public involvement through a multi-sector strategy.
- Requested and secured an allocation of significant TANF funding.
- Provided on-going leadership, operational management, and education to keep marriage on the public agenda.
- Committed to delivering meaningful and relevant services that provide couples with the skills needed to form and sustain healthy relationships.

2. The Multi-Sector Strategy

After the 1999 Governor and First Lady's Conference on Marriage, several sectors were identified as necessary to the development of a strategy for improving marriage and reducing divorce. The sectors identified were: religious, business, education, government, legal, media and providers. The religious community focused primarily on the need for premarital counseling. To date, over 800 ministers have signed a commitment that they will uphold certain minimum standards for the marrying of couples in their religious institutions. Those standards include:

- a. Requesting a four to six month preparation period
- b. Conducting four to six marriage preparation sessions during the preparation period
- c. Encouraging the spiritual formation of the couple

- d. Encouraging the training of mentoring couples to assist younger couples during the first years of marriage.

Other sectors took on other initiatives with varying degrees of success. Over time, a consensus was developed that research should play a more prominent role in the development of the strategy. It was believed that we would benefit from a panel of researchers who had already reviewed the literature, evaluated curriculum, studied data and knew the subject from a researched perspective.

3. Research and the Beginnings of a Service Delivery System

a. The value of research

For a subject about which most of us has an opinion or an anecdote from personal experience, it is remarkable how much is known, but unused, in understanding how to make better marriage choices, to strengthen existing marriages, to cope with stress and reduce conflict, and to avoid divorce.

As our efforts to confront this problem have matured (and they are still very young), we resolved to hold ourselves to some fairly high standards for our work. First, we agreed to measure the effectiveness of our combined efforts in improving marriage and reducing divorce. The way we chose to measure our effectiveness is to construct a baseline of the current attitudes toward and demographic characteristics of marriage, divorce and family formation in Oklahoma. We intend to measure these factors over time to determine whether we are in fact being effective.

b. The Oklahoma Marriage Initiative Statewide Baseline Survey

In partnership with Oklahoma State University's Bureau for Social Research, the first, comprehensive, state-of-the-art statewide survey on marriage was designed and completed. This survey consisted of 123 questions delivered in an approximately 15-minute phone interview with Oklahoma households, with a margin of error of +/- 3%. To

ensure that the data were representative of low-income families, additional interviews were completed with state Medicaid clients. Residents of neighboring states were also surveyed, to form a comparison group. It will provide a baseline for long-term evaluation. The survey has four major themes: (i) provide reliable demographic data on marriage, divorce, patterns of cohabitation, and intent to marry/remarry; (ii) learn Oklahomans' attitudes about intimate relationships, marriage, family, and divorce; (iii) obtain qualitative information on couples' relationship; and (iv) assess the knowledge and acceptance of prevention education. The full survey report will be released in late June or early July, but preliminary findings include:

- A large majority of Oklahoma adults (82%) feel a statewide initiative to promote marriage and reduce divorce would be a good or very good idea.
- A majority of currently married and romantically involved Oklahomans (65%) said they would consider relationship education to strengthen their relationships.
- Over 2/3 of Oklahoma adults (69%) think divorce is a very serious national problem.

c. The Beginnings of a statewide Marriage and Relationship Education Service Delivery System

One of the challenges that seemed apparent almost from the beginning was the lack of access to marital education with a curriculum that had been thoroughly researched and the efficacy of which was documented. Our research of marriage education materials led us to conclude that marriage is a skill-based relationship with certain core values. To deliver relationship education services to couples, both married and unmarried, we needed a curriculum that is skills-based and research-based. We believe that marriage success can be learned, and that there are tools available that will help couples

communicate effectively, resolve conflict constructively and handle other problems that, if unchecked, can lead to divorce. We selected PREP® (the Prevention and Relationship Enhancement Program) as the state's curriculum because of its research basis and its evaluation record. It is a curriculum that has been used in the military for many years. PREP can be tailored to a variety of constituencies and the long-term efficacy of the twelve hours of education has been validated in a variety of research settings.

We are presently in the training stage of implementing the service delivery system. These skills are beginning to be offered in workshops throughout Oklahoma. The training includes identifying substance abuse risks and presentations by the Oklahoma Coalition against Domestic Violence. The ultimate goal is to have services available in all 77 counties. Health Department guidance counselors, OSU Cooperative Extension educators, service professionals, pastors, and others are being trained to deliver workshops. Staffs with the Department of Human Services, Head Start, and other referral sources or gatekeepers are being trained to make appropriate referrals to the services. Our goals are to increase the stability and quality of these relationships.

Low-income families, including TANF recipients, benefit from these relationship workshops. A curriculum advisory group has been formed to make the sessions helpful and relevant to a variety of populations. Participation in these marriage education workshops should provide Oklahomans with the tools and encouragement they need to build stronger and healthier marriages, improve child and parental well-being, and reduce divorce and the negative consequences that often follow.

4. Conclusion

Oklahoma has demonstrated its ability to implement welfare reform. We have received two TANF bonuses for our efforts in getting TANF recipients to work. We believe our

strategy to strengthen marriages and reduce divorce will strengthen Oklahoma families, and help couples form and sustain healthy marriages. Based on what we've learned so far, we continue to support the use of TANF funds to fund activities that strengthen families by growing healthy marriages.



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES
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STATEMENT BY

WADE F. HORN, Ph.D.

**ASSISTANT SECRETARY
FOR CHILDREN AND FAMILIES**

DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE

COMMITTEE ON FINANCE

UNITED STATES SENATE

MAY 16, 2002

Mr. Chairman, Senator Grassley and members of the Committee, I am honored to appear before you today to discuss healthy marriage and family formation in the context of the next phase of welfare reform. Together our work has had a profound impact on our nation's most vulnerable families. We have exceeded the most optimistic expectations by assisting millions of families in moving from dependence on welfare to the independence of work. I am confident that by focusing on critical issues like family formation and healthy marriages that directly impact child well-being, our work will lead to even better outcomes for vulnerable children in the future.

President Bush has laid out a clear path for addressing all of the programs impacted by the historic, comprehensive Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). That path begins with a commitment to work supported by a renewed focus on strengthening healthy marriages and families. As the President has stated,

"My Administration is committed to strengthening the American family. Many one-parent families are also a source of comfort and reassurance, yet a family with a mom and dad who are committed to marriage and devote themselves to their children helps provide children a sound foundation for success. Government can support families by promoting policies that help strengthen the institution of marriage and help parents rear their children in positive and healthy environments."

While we may spend some time debating the proper role for government in promoting healthy marriages, I do not think any of us would argue with the President's underlying premise—that all things being equal marriage is the most stable and healthy environment for raising children. I would like to spend my time with you today providing a brief overview of our welfare reform proposal, with a more lengthy discussion of the provisions related to marriage and family formation, as requested by this Committee.

The Next Phase of Welfare Reform

As you have heard recently from Secretary Thompson, the Temporary Assistance for Needy Families program, or TANF, has been a remarkable example of a successful Federal-State partnership. States were given tremendous flexibility to reform their welfare programs and as a result, millions of families have been able to end their dependency on welfare and achieve self-sufficiency.

But even with this notable progress, much remains to be done, and States still face many challenges. The Administration's proposal to reauthorize TANF would build upon our stunning success by:

- Strengthening the Federal-State partnership by maintaining the Federal financial commitment to the program and by making policy changes on the use of funds that will provide States increased flexibility in managing their programs;

- Requiring States to help every family they serve achieve the greatest degree of self-sufficiency possible through a creative mix of work and additional constructive activities;
- Enabling far broader State welfare and workforce program integration by establishing new State program integration waivers to improve the effectiveness of these programs; and
- Supporting efforts to improve child well-being by promoting healthy marriage and family formation.

Promoting Child Well-Being and Healthy Marriages

Promoting healthy marriages is not a new issue to the welfare discussion. Rather, PRWORA included promoting marriage as a major goal in addition to the economic goals such as work and self-sufficiency. Indeed, three of the four original goals of TANF directly or indirectly concerned promoting marriage. Despite this, since PRWORA was enacted, the focus of Federal attention and the bulk of States' activities to implement the law have emphasized the goals associated with work and have, until recently, largely ignored the family formation goals.

It is time to step back and focus on what still needs to be done. In so doing, I am not suggesting that we undercut the focus on work, a focus that is retained and strengthened in the Administration's welfare reform proposal. But rather, we must all work to find ways to strengthen our focus on healthy marriage and family formation efforts. The concerns that motivated the Congress to include TANF goals related to the importance of families in 1996 remain critical as we contemplate reauthorization today.

The empirical literature is quite clear that healthy marriages convey a multitude of benefits for children and adults. Men and women who are married and stay married have been shown to be happier and healthier, and create more wealth over time, than their single counterparts. Moreover, communities with a large percentage of households headed by married couples are beset by fewer social ills, such as crime and welfare dependency, than communities where marriage is less prevalent. For children, growing up in the context of a healthy marriage is associated with better school performance and reduced likelihood of dropping out, fewer emotional and behavioral problems, less substance abuse, less abuse or neglect, less early sexual activity and fewer out-of-wedlock births.

From the research we know that children who grow up in healthy marriages do better than those who grow up in unhealthy marriages. What we seek to do in our proposal is increase the number of children who grow up in healthy marriages, and decrease the number of children who grow up in unhealthy marriages. Because healthy marriage is so

strongly correlated with child well-being, we ought to establish a clear mechanism for promoting healthy marriages as part of welfare reform reauthorization. Before describing how the Administration proposes building such a mechanism, let me make clear what promoting marriage should not be about, and is not about under our proposal.

First, promoting healthy marriages is not about forcing anyone to get married. Choosing to marry is a private decision. The government should not and will not get into the business of ordering people who, or even whether, to marry.

Second, promoting healthy marriages cannot, intentionally or otherwise, result in policies that force people to enter into, or remain in, abusive relationships. We must be clear on the distinction between the benefits of a good marriage and the consequences of a bad marriage. Healthy marriages are good for children and adults but abusive marriages are not good for anyone. Indeed, abuse of any sort -- by a spouse or parent -- cannot be tolerated under any circumstance.

Finally, and critical to the welfare reform discussion, healthy marriage does not mean withdrawing supports and services from single-parent families. Many single parents make heroic efforts, often with great success, to raise their children well. Promoting healthy marriages and supporting single parents are not, and must not, be mutually exclusive. Rather, together they are part of an integrated effort to promote child well-being.

Healthy Marriage and Family Formation Proposal

That said, what is supporting healthy marriage about? **First, it is about securing an environment that fosters child well-being.**

We must find ways to focus attention on child well-being and actions that ensure their well-being. Our proposal would accomplish this task in several ways. First, we would establish improving the well-being of children as the overarching purpose of TANF and we would clarify and underscore that the fourth goal of TANF is to encourage the formation and maintenance of healthy, two-parent, married families and responsible fatherhood. Again, our emphasis is on "healthy" marriages -- not marriage for the sake of marriage, not marriage at any cost -- but healthy marriages that provide a strong and stable environment for raising children.

Second, it is about the government striving to remove disincentives to marriage.

In our proposal we seek to remove disincentives to marriage under the welfare system that punish rather than support low-income couples who choose to marry. We would, for example, require States to describe in their State TANF plans their efforts to provide equitable treatment for two-parent married families.

We also would remove the current disincentive to equitable treatment of two-parent families by eliminating the separate two-parent family work participation rate. Under our proposal the same participation rate would apply to both single- and two-parent families. In two parent families, either adult's creditable work activities would count toward the proposed 40-hour requirement.

Finally, it is about providing funds dedicated to supporting activities that promote healthy marriage and family formation efforts.

While acknowledging that there is much to learn about effective strategies for promoting healthy marriage, government ought not to be paralyzed by a lack of perfect knowledge. Indeed, there is much we do know now.

Recent research has shed more light on what we know about marriage. For example, research is debunking the myth that low income, inner-city men and women who have children out-of-wedlock are not linked romantically and have no interest in marriage. A recent study by researchers at Princeton and Columbia Universities revealed that at the time of an out-of-wedlock birth, 80 percent of these unmarried, urban couples were involved in an exclusive romantic relationship. And half believed their chances of marrying each other were "certain" or "near certain." Marriage is clearly important to low income couples, and we have to support activities that will help couples who choose marriage to develop the skills necessary to form and sustain healthy marriages.

We also know that pre-marital and marital education services work. We know for example, that couples who receive premarital education services report having happier more satisfying marriages and are less likely to divorce. In addition, pre-marital education diverts 10-15 percent of couples from marrying; thus preventing bad marriages from starting. Further, research tells us that the level and frequency of conflict in marriages that last 25 years is the same as those that end in divorce. The difference is how couples deal with the conflict. The good news is that we can teach these conflict resolution skills and negotiations skills.

Together we should support efforts to implement what we know works while continuing to build on this knowledge base. Therefore, our proposal requests funding for States to develop and implement innovative programs to support healthy marriage and family formation activities. First, we would target the \$100 million from the proposed elimination of the Illegitimacy Reduction Bonus for broad research, evaluation, demonstration and technical assistance, focused primarily on healthy marriage and family formation activities.

Second, we redirect \$100 million from the current-law High Performance Bonus to establish a competitive matching grant program for States and Tribes to develop innovative approaches to promoting healthy marriages and reducing out-of-wedlock births. Expenditures would be matched dollar for dollar and Federal TANF funds could

be used to meet the matching requirement. Given the matching requirement, this proposal would make available a total of \$200 million for these activities.

Conclusion

I would like to close with a personal perspective. I am a child psychologist by training. I have devoted my professional life to promoting child well-being. Healthy marriages are important for many reasons, but most importantly, they are good for children. Enhancing child well-being is the bottom line for measuring the success of welfare reform. Indeed, it is the bottom line for measuring our success as a society.

I look forward to working with the members of this Committee in reauthorizing the TANF program, addressing the key issues described in my testimony today, and enacting legislation addressing the other important programs included in PRWORA that made welfare reform a success -- child care and child support.

Thank you for inviting me to testify before you today on this extremely important issue, and for your abiding interest in improving the lives of all our children. I would be happy to answer any questions you have.

RESPONSES TO QUESTIONS FROM CHAIRMAN BAUCUS

Question: Dr. Horn, I'm glad you say that the Administration is not interested in forcing people to get married. However, I'm concerned that under the House bill language there is no requirement that participating in the marriage promotion program be voluntary. I think it needs to be made clear that these are totally voluntary activities, if we fund any of these programs. For one thing, I don't think anyone forced to go to a course would have the right attitude. But more importantly we don't want a victim of domestic violence who goes to ask for financial help so she can leave her abuser to be told she has to attend a "divorce prevention" class with him. Don't you agree, Dr. Horn, that these should be totally voluntary activities?

Answer: I agree that marriage programs and activities such as pre-marital education, marital enrichment and divorce prevention services should be voluntary. The choice to marry and who to marry is—and ought to remain—a private decision. Promoting healthy marriages is not about forcing anyone to get or stay married and government should not get in the business of telling people whether or who to marry. And as I've often said, promoting healthy marriages cannot result in policies that force people to enter into, or remain in, abusive relationships. Healthy marriages are good for children and adults, but abusive marriages are not good for anyone, least of all children. That's why the emphasis of the President's proposal is on promoting healthy marriages that provide a strong and stable environment for raising children, not marriage for the sake of marriage.

At the same time, we expect that some components of an integrated, healthy marriage effort will entail broad public outreach and information dissemination to explain the benefits of marriage and enhance skills that improve a couple's ability to deal with conflict and succeed in marriage. With this information, clients can then freely choose whether they want available services as well as the types of services into which they may want to enroll. We also want States to examine policies that may punish, rather than support, low-income couples who choose to marry. By removing disincentives for marriage, states would provide more equitable treatment for two-parent married families than may currently exist.

Question: Dr. Horn, I'm puzzled by what I think are some contradictions in the Administration's proposals. You say that you want to promote marriage. There is a widely known welfare reform program which actually was found to result in more couples staying together and more single mothers getting married—Minnesota's MFIP ("em-fip"). It also appeared to reduce domestic violence. It's just one study but it was rigorously evaluated by MDRC. Yet the House bill language for the "healthy marriage promotion" grants—which we assume the Administration supports—does not appear to allow for funding for demonstrations along the lines of MFIP. Why not follow up on it?

To go further, according to Governor Ventura, your reauthorization proposal would cripple MFIP and require the state to "focus on make-work activities." How does "crippling" the one broad welfare reform which has actually been found to promote family stability make sense?

Answer: With respect to Minnesota's MFIP program, I would respond with three points:

First, the tremendous success we've had in engaging clients in work grew out of over twenty years of innovation, research and learning about participation requirements, training and work supports. Minnesota's MFIP program is a perfect example of good research of a work and work support demonstration. While the positive marriage results were certainly encouraging, they were largely an unexpected and unintended outcome. Indeed, MFIP was neither designed to be a marriage promotion program nor did it include any marriage promotion activities.

For the most part, we don't need demonstration authority for States to do MFIP-like programs. States already have the flexibility under TANF to continue or design such programs for themselves. For example, MFIP eliminated the AFDC "100 hour" and "work history" rules that limited availability of aid for some young married couples and cut off aid as soon as the principal earner in a two-parent family worked more than half time. In addition, for both single-parent and two-parent families, MFIP was much more generous in the treatment of earnings compared to AFDC. All these things can be done under TANF without waivers or special demonstrations. Indeed, with one exception, the significant features of MFIP have been widely adopted.

The one exception is that Minnesota "cashed out" food stamps and added the value of the food stamp benefit to the MFIP grant. The Administration's proposal, however, includes cross-program waiver authority which would enable States to develop comprehensive and integrated programs for low-income families. It is designed

precisely to address the needs of those states that can make the case for imitating Minnesota in this respect or have other program integration ideas.

Second, we fully intend to follow up on the results of MFIP. The positive effects on family stability discovered in the original MDRC evaluation were limited to families already receiving welfare at the time the project was initiated. MDRC didn't study the effects on new applicants because they were unable to locate enough people to support a reliable comparison group. We've funded a follow-up study that uses state divorce and marriage records to find out whether the effects discovered in the original report endure and if what was found for on-going recipients shows up for new cases as well. When this follow-up study is completed, we will disseminate this information to the states.

Finally, the proposed marriage promotion funds devoted to research, demonstration and technical assistance are intended to support activities and programs specifically designed to achieve healthy marriage and family formation outcomes. What we've heard from States is that the modest investment they have made to date in marriage and family formation does not reflect disagreement with or a lack of interest in these goals. It is more a matter of inadequate knowledge about effective ways to promote healthy marriages. Separate marriage promotion funds are thus needed to encourage State innovation, evaluation and the sharing of effective practices.

With respect to Governor Ventura's comments, I think he has it wrong on two counts.

First, Minnesota decided not to continue the MFIP program as evaluated by MDRC years before President Bush advanced his TANF re-authorization proposals. In 1998, Minnesota implemented a modified version of MFIP called MFIP-S. The new program has slightly less generous work incentives, more rigorous sanctions for noncompliance with work rules, and places much more emphasis on work-first. Emphasizing work as the ticket to all other benefits is what the Administration's legislative proposal is all about.

Second, MFIP raised the rate that recipients moved into actual work. Both now and under the President's reauthorization proposal, participation in unsubsidized employment counts as satisfying the participation requirement. What we want to see is more engagement among those who aren't working. For some, the first step toward unsubsidized work is to gain work experience in a welfare employment program. The message of MFIP and the Administration's proposal is simple: Self-sufficiency is about getting to work.

Question: Dr. Horn, in your statement you were quite clear that you do not want marriage promotion efforts to lead to more domestic violence. When I review the House bill language, however, I see no requirement at all that recipients of the marriage promotion grants address domestic violence in their programs. Would you support adding such a requirement?

There's also no requirement that programs consult or collaborate with local domestic violence prevention groups. Would you support adding such a requirement? That would help make your stated commitment to prevent domestic violence more real.

Answer: As you noted, in my testimony before the Committee—indeed, in all my public comments—I have emphasized that promoting healthy marriages cannot, intentionally or unintentionally, result in policies or practices that force people to enter into or remain in abusive relationships. In announcing and awarding research, evaluation, demonstration and technical assistance funds that promote healthy marriage and family formation activities, we will ensure that similar assurances are included. Also, pre-marital and marital education programs are designed to help couples constructively deal with conflict, thereby reducing domestic violence and break-up.

Moreover, the marriage promotion grants proposed by the President do not affect the Family Violence Option under TANF, a provision that requires States to screen all clients for domestic violence and to provide counseling and supportive services and waive any program requirements to victims of domestic violence and their families. Nearly all States have adopted this provision and are already screening for and providing services to victims of domestic violence. These TANF provisions, in combination with assurances through the grant-making process that our healthy marriage demonstration projects delineate how they intend to address domestic violence, will ensure that this set of issues is addressed in all of our TANF-funded marriage promotion activities.

Question: Dr. Horn, I am troubled by reports of a proposal under consideration at HHS to promote marriage in the child support program. Our child support enforcement program is under financial pressure in many states. I understand the Administration believes marriage promotion is important. But I don't see why we should divert child support money to marriage promotion. I also don't see how you

can do this, absent a clear congressional authorization. What is the status of this proposal? Will you seek congressional approval for it?

Answer: You express concern that HHS may seek to divert funds from child support collections to promote marriage. Both Secretary Thompson and I are strong supporters of the child support program. Indeed, the Secretary has directed staff to launch a major effort to increase collections. Given our strong commitment to ensuring parental support for children, we would not divert funds being used for child support enforcement to marriage promotion activities.

Some States, however, may be interested in pursuing policies that could reduce the growing need for child support enforcement activities. Section 1115 waivers have been used over the years to promote a variety of state innovations not only in Child Support Enforcement, but also Medicaid and Temporary Assistance for Needy Families. Some of these State initiatives have focused on prevention strategies. If we receive any Child Support Enforcement waiver requests concerning this issue we will carefully consider whether each meets the criteria in the law before approving or otherwise acting on them.

Prepared Statement of Kate Kahan

My name is Kate Kahan, I am the executive director for WEEL, Working for Equality and Economic Liberation, a Montana based organization focused on poverty issues. WEEL works with people in poverty across Montana, in the western region and nationally. I am here today with one of our allies, the National Campaign for Jobs and Income Support. WEEL has been a strong presence in the national arena surrounding welfare reauthorization, specifically utilizing the state experience with welfare reform to contribute information, lessons learned and model policy to the national debate. Given that focus, I am pleased to have the opportunity to testify before you regarding building stronger families not only from the state perspective, but from a personal one as well. The testimony I offer you today comes from experience, both my own experience living in poverty and receiving welfare, and the experience of the many low and no income families we work with.

When I first applied for welfare at 6 months pregnant, with little to no job experience, I was denied assistance due to the fact that I had \$7 too much in my bank account. I married the father of my child and even married, with two incomes we were poor. My family qualified for food stamps and Medicaid. After a year of being belittled, manipulated, harassed, physically assaulted and verbally abused, I fled a violent home. The day my ex-husband hit me and shoved me across the room while holding our son, I left and never went back. I wanted my son to grow up in a healthy and safe home so he could thrive, I didn't want him to witness violence and despair every day of his life. I began receiving welfare and going to college. While in college I had a work-study job in a field that I knew I wanted to pursue employment in after completing my degree. The education and experience I gained ultimately helped me move out of poverty. Marriage was not

the solution to my poverty or my son's poverty. If I had not left that violent home, I can assure you I would not be here today, I would have died.

This story is reflective of many other women on welfare today. In the past 12 months, over 50% of WEEL's advocacy calls, which are specifically focused on welfare, have been domestic violence related. Welfare offices are focused on case load reduction and keeping people off of welfare and that puts women attempting to leave violent homes in a situation no-one should ever have to face. Women facing violence should never have to make the choice between the security of food on the table for their children and continued violence. Far too many women in poverty are facing this devastating situation. National statistics reflect Montana's experience, as many as 60% of women on welfare have experienced domestic violence in their adult lifeⁱ. Marriage promotion will not help these women in crisis leave, it will only serve as yet another barrier to leaving and that will not, under any circumstances, solve the poverty they face. Similarly, diverting welfare funds away from direct assistance for families into marriage promotion classes in high schools, abstinence only education, divorce and pre-marital counseling and advertising campaigns touting the benefits of marriage targeted at low-income families will not reduce poverty. Such efforts merely sidestep the very real and complex issues surrounding poverty in our country. For example, along with the rise in domestic violence, Montana, one of many rural states represented on this committee, also has a child poverty rate of 21%, the fastest growing poverty rate in the country. Our wages are 48th in the nation and we have the highest number of people working more than one job to make ends meet in the countryⁱⁱ. People are working 2 and 3 jobs and they are still poor. Marriage is not the solution to poverty in Montana, women are facing domestic violence at alarming rates and wages are so low in Montana that two parent households are just as poor as single parent households. Nationally, the situation is similar, 40% of women on TANF are or have been married and 40% of children in poverty are in two parent families.ⁱⁱⁱ These factors point out that there is no cookie cutter approach to welfare reform and building stronger families.

It is time to move beyond oversimplified, band aid approaches to welfare reform like marriage promotion and increased work hours for families in need and start focusing on family strengthening by ensuring reasonable work participation goals, rather than diverting resources to 'keep families busy',^{iv} supporting the work families are engaged in with supports like child care, housing and Medicaid, and protection from domestic violence. In addition, the time clock MUST be suspended when families are doing what they are supposed to. When I was on welfare, doing everything I was supposed to and then some, every time I met with my case worker he asked me if I could afford to be more poor this month than next because my time clock was ticking. The result was more discouragement than encouragement to continue meeting my requirements. Time clocks are counterproductive and must be stopped when families are working to meet their requirements for assistance. These are the measures that will provide needed assistance and support for families working to move out of poverty. Poverty is complex, welfare reform must include policies that address that fact to strengthen families.

Polling data shows that the American public is in favor of such supportive policies. A recent poll conducted by the National Campaign for Jobs and Income Support found that 62% of Americans surveyed cited work support for people moving from welfare to good jobs as the top priority for Congress in reauthorizing TANF. In contrast, merely 5% cited marriage promotion as a priority^v. Similar findings have been reported in the PEW Forum on Religion & Public Life^{vi}, the Packard Foundation^{vii}, the Ms. Foundation^{viii}, and Annie E. Casey^x. The public clearly supports expansions in access to education and training, adequate income supports and poverty reduction rather than legislating marriage.

Coming from a rural state, one that has recently experienced a dramatic rise in our welfare rolls after a drastic drop in 1996, it is clear that we need to take a more comprehensive approach to welfare reform, one that will support families to move out of poverty rather than encourage low-wage employment that keeps people coming back to welfare to make ends meet. TANF Reauthorization is the perfect opportunity to create policy that addresses this dynamic by ensuring that

families have access to quality education and training programs, support while engaged in such programs, options to secure care for their young children and proven paths to jobs that pay well. Such measures will build stronger families. States need support to address the needs of their poor citizens, not a boost in bureaucracy and over simplified approaches like marriage promotion. Policies must ensure families have options and protection when leaving violent homes and approach family strengthening through actual poverty reduction measures that have been proven to work, rather than involving government in our private lives through economically coerced marriage.

Finally, I appreciate the opportunity to testify here today. It is essential to hear from the people who have been directly impacted by poverty. Our experience as a group that creates poverty alleviation policy in Montana certainly speaks to the fact that policies created with the input of the people that will be most impacted by them are the most successful. Thank you.

ⁱ Richard M Tolman & Jody Raphael, "A Review of Research on Welfare and Domestic Violence"
ⁱⁱ Northwest Job Gap Study, Montana Department of Labor, Montana Department of Health and Human Services
ⁱⁱⁱ United States Census Bureau, Current Population Reports, Series No. P20-514, Marriage Status and Living Arrangements: March 1998 (Update 2000)
^{iv} Children's Defense Fund. Gordon Berlin March 12 testimony.
^v Peter D. Hart Research Associates. "TANF/Welfare Survey Findings." National Campaign for Jobs and Income Support Memo, April 12, 2002.
^{vi} The PEW Research Center for People and the Press and the PEW Forum on Religion & Public Life, "Americans Struggle with Religion's Role at Home and Abroad," News Release, March 20, 2002
^{vii} Lake Snell Perry & Associates, Inc. "Public Views on Welfare Reform and Children in the Current Economy"
^{viii} Ms. Foundation for Women. "Americans Say Welfare Should Provide Self-Sufficiency Skills, Move People Out of Poverty-Not Promote Marriage". February 6, 2002.
^{ix} Peter D Hart Research Associates, Inc. "Memorandum to Advocates for Low-Income Families"

Opening Statement

SENATOR BLANCHE LINCOLN

“Welfare Reform: What Have We Learned?”

Tuesday, March 12, 2002

Thank you, Mr. Chairman, for calling for this very important hearing today.

Welfare reform has been largely a success story. Nationally, welfare rolls have dropped by 52%. Enrollment in Arkansas's welfare program has dropped by 43 percent between June 1997 and January 2002. That means that more than 9,000 Arkansas families have moved from welfare to work during this time period.

I am proud of the role I played as a House conferee, representing Arkansas's First Congressional District in 1996 and helping to craft the final version of welfare reform legislation that President Clinton signed into law.

One reason welfare reform has worked so well is because we've remained true to the original aim of welfare policy – to serve as a safety-net in difficult times and to help families become self-sufficient. These successes are a true testament to how effective this policy can be.

However, we still have some obstacles to overcome before we complete this success story. For instance, lack of access to child care and dependable transportation continue to be the primary barriers that many families face. These problems are particularly acute in rural areas.

We need to be creative in helping develop ways to transition people off welfare to work, because in remote, rural areas there is no public transportation infrastructure and child care for working families is practically nonexistent.

We also need to recognize that many people remaining on welfare have greater barriers to work, requiring more attention and resources.

I plan to work on the Finance Committee to ensure that the debate reflects a rural perspective, and I also want to make sure that we make it possible for families to become more self-sufficient.

We can help families become more self-sufficient by rewarding states for placing workers in better-paying jobs, and I'm working to design an employment credit to accomplish this. In 1996, our message was "work first." Today, people are working. Now our message should be, "making work pay." But if we are going to place an even greater emphasis on work, we must give states more resources for child care and other work-support services.

Another issue I want to emphasize is the importance of continuing to fund supplemental grants to states. These grants provide extra funds to states meeting criteria of high population growth and/or low grants per poor person. These additional funds expired at the end of FY 2001, unlike most TANF funds that will expire at the end of FY 2002.

I am pleased to say that funding for supplemental grants was just re-authorized as part of the stimulus package and that the Bush Administration's proposed budget includes funding for these grants. It is imperative that funding for these supplemental grants be tied to the full five-year re-authorization, so these grants to states will not be delayed, as they have been since October 1, 2001.

I look forward to today's testimony. Thank you, Mr. Chairman.

PREPARED STATEMENT OF ARLENE MCNAMEE

Mr. Chairman, Senator Grassley, and members of the Senate Finance Committee: My name is Arlene McNamee, and I serve as Executive Director of Catholic Social Services in Fall River, Massachusetts. I would like to thank you for the opportunity to testify before this Committee on the subject of requiring and supporting work among TANF recipients.

Catholic Social Services' mission is to serve those in need. Our programs include:

- **Housing services:** We provide transitional housing for homeless women and children, transitional housing for women who have been newly released from prison, long term affordable housing for women, permanent housing for homeless families, and housing counseling services to first time homebuyers. In addition, we assist families dealing with foreclosure.
- **Emergency Financial Assistance:** In 2001, we provided approximately \$65,000 in emergency financial assistance to needy families.
- **Programs for the Working Poor:** Our food pantry, located in New Bedford, is the largest in the Commonwealth of Massachusetts. We also provide a furniture program that last year alone provided furniture to over 1,200 families.
- **Immigration services:** We provide legal and advocacy services, English as a Second Language training, literacy programs, Spanish language GED programs, citizenship education, and elderly support groups for Portuguese speakers.
- **Domestic Violence services:** We provide counseling, advocacy, outreach and education for domestic violence victims, as well as education to clergy. Our counseling services target only the working poor who are uninsured, providing individual, groups and family counseling.
- **Adoption and pregnancy counseling programs.**

As someone who works on a daily basis with families who are struggling to make the transition from welfare to self-sufficiency – and who would like nothing more than to be able to survive without government assistance – I believe proposals to increase current work requirements, however well-intended, are *inflexible, impractical, and unfair*. This is true *even if* calls to increase the work requirements are accompanied by additional resources to support TANF mothers as they move into the workforce. If Congress is interested in seeing even more TANF families make the successful transition to work, we recommend that you focus on providing the work supports that are necessary to support low-income women as they move to employment.

I. Work Requirements for TANF Recipients:

Under current law states are required to have 50 percent of their TANF caseload engaged in work activities for 30 hours each week within two years of receiving cash assistance.¹ States can reduce the work requirement to 20 hours for mothers with young

¹ In practice, the actual work participation rates are much lower due to the caseload reduction credit, which reduces a state's overall work participation requirement by the percentage point drop in the state's welfare caseload. For example, a state that reduced its welfare caseload by 45 percent would have a work participation requirement of five percent.

children. As Congress begins work on reauthorizing the TANF program, there have been calls to substantially increase the hours that TANF recipients must spend in work activities each week and to drastically shorten the time for recipients to find jobs, day care, and transportation so they can work. In summary, the proposals would

1) Require *all* TANF recipients to work *40 hours per week*. Even parents with children under the age of six would have to meet the same 40-hour work requirement;

2) Prohibit the states from counting education and training toward the first 24 hours of the weekly requirement – only paid or *unpaid* employment could be used to satisfy the requirement;²

3) Require mothers to full-time work *within 60 days* of receiving their first welfare checks; and

4) Penalize states unless *70 percent* of mothers on welfare meet these requirements by FY 2007.³

1. The proposed increases in the work requirements are impractical:

Since the creation of TANF in 1996, states have focused a tremendous amount of time, attention, and resources into moving families from welfare to work. Yet many states have fallen far short of the target 50 percent employment rate, even during the recent economic boom and its record low unemployment. In 2001, the work participation rate for all families across the country was 34 percent.

Requiring TANF recipients to work 40 hours would present an enormous undertaking for states, particularly if they are coupled with 1) an *increase* in the percentage of TANF recipients who must work full-time and 2) a *reduction* in the amount of time that states have to transition TANF recipients into work.

The combination of a 40-hour work requirement and a requirement to move TANF recipients into a job within 60 days would cripple the best welfare-to-work programs. For those recipients who can't secure at least 24 hours of unsubsidized employment, states will need to create "workfare" or community service programs, diverting resources from programs that provide valuable work supports for low-income working families. A recent survey of 38 states reported "states believe the stiffer work requirements would deprive them of freedom to spend [resources] on other kinds of help:

² One proposed exception would allow states to count full-time education and training for three months in any two-year period.

³ Two features will slightly ease the difficulty states may have meeting the 70 percent work requirement: 1) states will be allowed to count workers who have left welfare for work toward the work requirement for three months; and 2) states can exclude a case for the first three months it is open.

training programs, and services such as transportation and child care for people who already are employed.”⁴

Under the Administration’s proposal, if a TANF recipient falls short of the 24-hour work requirement by any amount – even an hour – in any given week, the state would receive *no credit* for the work performed by the individual that week. If the worker meets the 24-hour requirement, but not the 40-hour requirement, the state would receive only *partial credit* for work performed.

In effect, caseworkers will become glorified timekeepers, tracking the most detailed information about exact hours performed in specified categories of activities every week. And sadly, this will undermine what many caseworkers are beginning to learn to do – to truly assess the needs of low-income families and help them develop the tools that they will need to make the transition from TANF to gainful employment. Indeed, the same survey of 38 states indicated that the Administration’s work requirements “would create incentives for states to keep people on welfare, in ‘make work’ jobs, rather than to move people from welfare into wage-paying jobs in private industry.”⁵ Such an incentive benefits no one, least of all the moms and kids that TANF is designed to help. States currently have the flexibility to create workfare programs for their TANF recipients. Most have chosen *not* to do so. If states don’t believe that mandatory workfare is the best way to help their clients move to work, it makes little sense for the federal government to design a system that will effectively require states to do this.

More significantly, given what we know about the work patterns of low-wage workers, states are likely to require TANF recipients to work far more than the minimum 24 hours each week in order to protect against hours lost when TANF recipients must stay home to care for sick children, or if they have problems getting to work due to lack of transportation, or need time off work to go to the welfare, food stamp, or Medicaid office.

Consider the case of “Joan,” a divorced mother of five children. Joan was employed at a fish house, but it did not provide her with consistent work hours so she left the job. She has been working as an assembly line worker for the past three months earning \$6.25 an hour. She has recently been sanctioned from receiving TANF benefits because she didn’t keep her appointment with her TANF worker. While Joan had been faithful in meeting with the worker in the past, her new boss is less tolerant in letting her leave work early or extending her lunch hour so that she can meet with the worker. The demands of a system that mandates visits to welfare offices (that are only open from 9-5) to meet with caseworkers to verify incomes, and apply for food stamps and other benefits, makes the task of keeping a job that much more difficult for these moms. Of course, if state caseworkers are required to track all recipients to ensure that they are working in paying jobs or workfare 24 hours *every week*, and performing 16 additional

⁴ “States Resist Bush’s Welfare Work Plans: Rules Viewed as Harmful, Study Finds,” *The Washington Post*, April 4, 2002.

⁵ “Study by Governors Calls Bush Welfare Plan Unworkable,” *The New York Times*, April 4, 2002.

hours of activity *every week*, working moms will be required to have even more frequent meetings with caseworkers, reporting on which shifts they have worked and for how many hours – which would only add to the challenge of staying employed.

Joan and her family have now been without TANF benefits for three weeks while she appeals the action taken by the welfare worker. Last week her hours at work were reduced from 30 to 20 per week. This reduction in hours was completely outside of her control, or the control of her state caseworker. Yet under proposals to increase the work requirements, Joan's 20 hours of work on the assembly line would no longer count toward the state's work participation rate. Again, it is foreseeable that states may require women like Joan to work more than one job, in order to ensure they work 24 hours each and every week. As for Joan, she is now behind in her rent and her payments to day care. She risks losing her daycare slot if her arrearages aren't brought up to date, which will make it virtually impossible to continue her employment.

Or, consider the case of three families who arrived at "Donovan House," our transitional housing program for homeless women and children, on Christmas Eve. One week later, all the women applied for childcare assistance. Their experience was typical; it took three months for the state to determine their eligibility for daycare. How are these women supposed to begin work within 60 days of receiving assistance if they have nowhere to put their kids?

Even with our help, these women are having difficulty finding jobs because there aren't any "mother's hours" jobs available and, in our small communities, there is little or no public transportation. Mothers have to use costly taxi services in order to get to job interviews and keep appointments at the welfare department. This additional cost cuts into resources that would be available for other necessities that are not covered by food stamps: diapers, paper products and personal hygiene items.

2. *The proposed increases in the work requirement are inflexible:*

The combined effects of the increased work requirements would undermine many existing state programs. Under current law, states can allow mothers to participate in vocational education full-time for up to *12 months*.⁶ Given all we know about the value of education and training for helping workers move up the income ladder, and into secure jobs that can keep them off welfare for a lifetime, states should continue to have the flexibility to design programs that help qualified TANF recipients (or a portion of their TANF recipients) pursue education full-time.

I would like to share the story of "Lisa," a 29-year old mother of four. Lisa has been participating in a marine hazardous waste vocational educational program that will certify her to work in the environmental industry. The program is a 12-month program that, upon completion, will enable her to earn \$17.00 – \$20.00 starting hourly wage, with benefits. Clearly, Lisa and her family – and society – will be much better served by

⁶ Only 30 percent of a state's TANF caseload can be involved in full-time vocational education at any time.

allowing her to obtain a higher-paying, more secure job than by placing her in a low-paying service-sector or retail job, or by warehousing her in workfare or community service. The nature of this work is dangerous, as it necessarily involves exposure to hazardous material. Lisa is more than willing to take on this challenge, because she feels it will allow her to move off TANF and out of poverty for the first time in her life. If Lisa is willing to do what it takes to pursue this training, in order to provide a better life for her family, why should federal law prohibit Massachusetts from helping her?

3. *The proposed increases in the work requirement are unfair:*

A 40-hour workweek is no longer the standard in the U.S. February 2002 data from the Bureau of Labor Statistics (BLS) show that the average number of hours worked per week by production or non-supervisory workers was 34.1. For the kinds of paid employment that TANF recipients can qualify for in the service industry and retail sector, average weekly work hours are even lower (32.7 and 29 respectively). At Catholic Social Services, our full time workers work 35 hours per week.

Most American workers get at least some paid time-off – legal holidays, sick leave, vacation or personal days. Relatively few TANF recipients obtain jobs with paid benefits. In addition, low-income mothers must shoulder family obligations that can lead to them missing work, including the illness of a child, unreliable child care or transportation, requirements to appear in person to apply for food stamps or Medicaid, or problems associated with financial hardship, including disconnected utilities or lack of housing.

We believe it is fundamentally unfair to ask the poorest parents in our society – women who already have many strikes against them – to meet standards that other workers are not expected to achieve.

We know that many in Congress believe that increasing the work requirements does not make sense absent a significant increase in resources for programs that serve the poor. We agree that more resources are needed. Funding for the TANF block grant has remained flat since 1996, decreasing its value *by more than nine percent since 1996*. Even though caseloads have declined, the TANF block grant provides inadequate funding for the education, training, child care, transportation, and other work supports that low-income families need to make the successful transition to self-support.

The Social Services Block Grant (SSBG) is also underfunded – currently, it operates well below the \$2.8 billion level promised to states in the 1996 welfare law. SSBG funds allow faith-based and community organizations to provide a wide range of services to the poorest and most vulnerable Americans, and helps to fund programs for many families who would otherwise need TANF assistance.

II. Work Supports for Low-Income Families:

Rather than forcing the states to adopt new and impractical work requirements, Congress should focus on expanding work supports to help families get off and stay off welfare.

A. Child Care: Lack of affordable, quality child care is perhaps the biggest obstacle to retaining a job and advancing in the workplace. Parents lacking job experience or skills frequently have to accept jobs on weekends or the night shifts, when office buildings need to be cleaned or fast food positions need to be staffed. In addition, state subsidy rates are often below the local fair market rates. Inadequate subsidies deprive parents of genuine options in choosing day care providers, keep poor children out of existing quality child care programs, and limit providers' ability to attract qualified staff with fairer salaries or improved benefits. Child care workers are seriously underpaid; the average salary is \$14,000, often without benefits. These salaries contribute to a high rate of staff turnover, which is difficult on the children in care. And, finally, there are not enough child care dollars to serve all who are eligible for assistance.

Congress should increase the CCDBG budget by *at least* \$1 billion each year as part of TANF reauthorization. This increase should be part of an annual Congressional commitment to narrowing the gap between the children who receive CCDBG aid and the number who need it. And CCDBG funds must be used to address the urgent need for improvements in child care quality, including increases in reimbursement rates and child care provider salaries and incentives for child care facilities to provide non-traditional hours of service. A number of bills have provisions to increase CCDBG funding. S. 2052, the "Personal Responsibility and Work Opportunity Reconciliation Act Amendments of 2002" (introduced by Senator John D. Rockefeller), would provide an additional \$1 billion annually in mandatory child care funding. H.R. 3625, the "Next Step in Reforming Welfare Act" (introduced by Rep. Ben Cardin),⁷ would increase funding for the entitlement portion of the Child Care and Development Block Grant by \$11.25 billion over five years.

B. Health Care: Subsidized health insurance for low-income families is a critical need. Families leaving welfare for work *are currently eligible for up to one year of* Transitional Medicaid Assistance (TMA) but unfortunately, all too often these families don't get the coverage to which they are entitled. A study by the Urban Institute found that 41 percent of welfare leavers were without health insurance within the year after leaving welfare.⁸ Families don't receive TMA for a variety of reasons: they aren't told that they are eligible, the eligibility rules are complex and confusing, and families are

⁷ H.R. 3625 has 30 additional cosponsors, including Representatives Pete Stark, Sander Levin, Jim McDermott, Lloyd Doggett, George Miller, Xavier Becerra, Corrine Brown, Sherrod Brown, Eva Clayton, Joseph Crowley, Elijah Cummings, Diana DeGette, Lane Evans, Martin Frost, Marcy Kaptur, John Lewis, Robert Matsui, Cynthia McKinney, Michael McNulty, Carrie Meek, Richard Neal, Eleanor Holmes Norton, Charles Rangel, Ciro Rodriguez, Janice Schakowsky, Hilda Solis, Karen Thurman, Diane Watson, Henry Waxman, and Albert Wynn.

⁸ "Welfare Leavers, Medicaid Coverage, and Private Health Insurance," Bowen Garrett and John Holahan, Urban Institute, March 2001.

often unable to satisfy burdensome application requirements, which can include frequent in-person interviews during normal business hours. In addition, the TMA program is set to expire this year.

Senators John Breaux and Lincoln Chafee have introduced S. 1269, the “Transitional Medical Assistance Improvement Act of 2001,”⁹ which would reauthorize and improve TMA to ensure that families who leave TANF for work don’t lose access to health care programs that can make a critical difference in whether or not a family can succeed in the workplace. Provisions to reauthorize and improve TMA have also been incorporated into S. 2052.

Continuing TMA is important not only for low-income workers, but for their children, too. Recent evidence has demonstrated that providing public health coverage to parents leads to increased enrollment in public health programs by their children. When parents are included in state health programs, their kids benefit – often dramatically. As a study by the Center on Budget and Policy Priorities showed, states that expanded their public health programs to parents saw children’s participation rates increase significantly, from 51 percent to 67 percent, compared to an increase of 51 percent to 54 percent in states without similar expansions.¹⁰ By ensuring that all eligible parents automatically receive Medicaid benefits in the year following welfare, we can expect to see improvements in the rate of health insurance among children as well.

C. Food Stamps: Almost two-thirds of families leaving TANF *do not receive food stamps* in the six months after leaving welfare, although numerous studies show that the great majority still fall within the Food Stamp Program’s income limit (130 percent of the poverty level).¹¹ The two main reasons for the lack of participation in the Food Stamp Program are: (1) lack of outreach and (2) burdensome administrative procedures. To address this, *states should provide families with one year of food stamps during this transition period automatically.*

States now have the option to provide TANF-leaving families with only three months of transitional food stamp benefits before families are required to travel to the food stamp office for a full recertification. Most newly employed parents cannot afford to lose time and pay from work to spend another day reapplying for food stamps every

⁹ S. 1269 has 5 additional cosponsors, including Senators Jeff Bingaman, Bob Graham, Mary Landrieu, Joseph Lieberman and Zell Miller. A companion bill, H.R. 2775, has been introduced in the House of Representatives by Representatives Sander Levin and Michael Castle, and is cosponsored by Representatives Robert Brady, John Conyers, Dennis Kucinich, Major Owens, Pete Stark, Martin Frost, James Oberstar, Lynn Rivers and Henry Waxman.

¹⁰ “The Importance of Family-Based Insurance Expansions: New Research Findings about State Health Reforms,” Leighton Ku and Matthew Broaddus, Center on Budget and Policy Priorities, September 4, 2000.

¹¹ See “National Food Stamp Conversation 2000,” U.S. Department of Agriculture, Food, Nutrition and Consumer Services at 12 (Summer 2000); HHS Assistant Secretary for Planning and Evaluation (ASPE), “A Cross-State Examination of Families Leaving Welfare: Findings from the ASPE-Funded Leavers Studies,” August 1, 2000 at aspe.hhs.gov/hsp/leavers99/cross-state00 (Note Tables 6A& 7A); Urban Institute, “Declines in Food Stamp and Welfare Participation: Is There a Connection?,” October 1999, at 21.

three months. The transition period under the Food Stamp Program should be extended to cover the 12 months after a household leaves TANF. Catholic Charities USA has drafted legislation to give states the option of providing one year of automatic food stamps to TANF leavers, and it is attached to my testimony as attachment A.

D. Child Support: Under current law, a family receiving cash assistance under TANF is required to assign to the state its right to child support payments during the assistance period. This can be discouraging for non-custodial parents who pay support for their children, only to see the money retained by the state instead. For families that are struggling to become self-sufficient, child support payments can provide a critical boost. Indeed, studies have shown that when households headed by single mothers receive child support payments, their poverty rate drops from 33 percent to 22 percent.¹² By allowing for a child support pass through, Congress can ensure that child support paid by non-custodial parents, primarily fathers, reaches the children who need it, and can give low-income families the help they need to succeed without welfare.

We were pleased to see the Administration include in its TANF reauthorization proposal provisions to give states the option of passing more child support through to current and former TANF families, and we encourage members of the Senate Finance Committee to ensure that child support pass through provisions are part of any final TANF reauthorization law. A number of other bills would give states the option of passing additional child support to current and former TANF recipients, including H.R. 3625; S. 918, the “Child Support Distribution Act of 2001,” introduced by Senators Olympia Snowe and Herb Kohl;¹³ and S. 685, the “Strengthening Working Families Act of 2001,” introduced by Senators Evan Bayh and Olympia Snowe.¹⁴

E. Earned Income Tax Credit: The EITC is the only individual tax credit that provides a federal payment when a filer’s tax credit exceeds income tax liability, lifting 2.6 million children out of poverty while encouraging work. While middle income and affluent families get the full benefit of the personal exemption for all of their children, low-income working parents receive the EITC for only a maximum of two children. Child poverty rates are significantly higher among families with three or more children (28.6 percent) than families with two children (12.4 percent).¹⁵ Given the EITC’s proven role in lifting families out of poverty, expanding the credit for families with more than two children is an important way for Congress to support work. S. 685, the “Strengthening Working Families Act of 2001,” would expand the EITC for families with more than two children.

¹² Testimony of Vicki Turetsky, Senior Staff Attorney, Center for Law and Social Policy, before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, May 18, 2000.

¹³ S. 918 has 9 additional cosponsors, including Senators Evan Bayh, John Breaux, Christopher Dodd, Bob Graham, Tim Johnson, Mary Landrieu, Joseph Lieberman, Blanche Lincoln, and John Rockefeller.

¹⁴ S. 685 has 14 additional cosponsors, including Senators Jeff Bingaman, John Breaux, Thomas Carper, Hillary Clinton, Thomas Daschle, Christopher Dodd, Bob Graham, Tim Johnson, John Kerry, Herb Kohl, Mary Landrieu, Joseph Lieberman, Blanche Lincoln and John Rockefeller.

¹⁵ “Should EITC Benefits be Enlarged for Families with Three or More Children,” Center on Budget and Policy Priorities, July 10, 2000.

F. Restoration of Benefits For Legal Immigrants: It isn't possible to talk about supports for working families without mentioning an entire segment of working families that have been severed from federal work supports: Under current law, individuals who are legal residents and arrived in the United States after August 22, 1996, are barred for five years from receiving publicly means-tested benefits, including TANF, Medicaid, the State Children's Health Insurance Program (SCHIP), and food stamps. States should be allowed the option of restoring eligibility for these benefits to legal immigrants. New immigrants come to this country for the opportunity to improve their lives, and those of their families. They are looking for opportunity, not a handout, and they contribute a great deal to our economy and our society. Our economy could not function without them. And, research conducted by the National Academy of Sciences shows that the average immigrant contributes \$1,800 each year more in taxes than he or she costs federal, state and local governments.

In addition, 85 percent of immigrant families contain at least one U.S. citizen. Restrictions on immigrants can have a negative impact on citizens in immigrant families, particularly citizen children. More than one in five children in poverty has at least one immigrant parent. We cannot address the problem of children in poverty without ensuring that legal immigrant parents have access to important programs – including welfare-to-work programs and work supports – that can help them improve their economic mobility. Several bills have been introduced to give states the option of providing TANF benefits to legal immigrants, including S. 2052 and H.R. 3625.

III. Child and Family Well-Being

Ideas for promoting child well-being and family stability need attention as Congress works to reauthorize the TANF program.

Catholic Charities USA has developed a proposal to give low-income parents access to programs to help them form strong and stable families, including marriage counseling, relationship skills classes, marriage preparation programs, premarital counseling, and family budget counseling – programs that might otherwise be cost-prohibitive for them.

We also believe that a critical component of any effort to promote strong families must be ending 65 years of discrimination against two-parent families in the welfare system. We have drafted legislative language to eliminate federal guidelines that require significantly higher work participation rates for two-parent families, and *requiring* states that continue to discriminate against two-parent families in their TANF program to eliminate those barriers. Copies of both proposals are attached to this testimony as Attachment B and C.

Finally, we support the Administration's call for focusing on promoting child well-being as a purpose in TANF. As part of promoting child well-being, we urge Congress to eliminate the "family cap" option that allows states to restrict or deny cash

assistance when a TANF family's size increases due to the birth of an additional child. Along with the U.S. Conference of Catholic Bishops, Catholic Charities USA strongly opposed the family cap option. Denying benefits to families based on the birth of an additional child sends the wrong signal about the value that the government places on human life, and punishes all the children in the family.

The family cap sacrifices the lives of some unborn children, and it sacrifices the health of others. A study conducted by Rutgers University found that the family cap in New Jersey has led to an increase in the number of abortions performed in the state. Moreover, Dr. Deborah Frank, Director of the Grow Clinic for Children at Boston Medical Center, has reported on her experiences treating children affected by the family cap:

My colleagues and I have been alarmed by the discovery that one in three of the 75 malnourished children under age four, that we are actively treating this month, are either children excluded from the mother's TANF benefits by family cap provisions or siblings of such children.¹⁶

Conclusion

Mr. Chairman, I know that many members of this Committee are proud of the jobs that their states have done in moving TANF recipients to work, and proud of the way that moms receiving TANF have responded to the challenges of the 1996 law. Single moms are moving from welfare to work in record numbers. Unfortunately, all too often the supports that were promised to these mothers – supports like child care, food stamps, Medicaid and transportation assistance – are not being provided.

As you begin work to reauthorize the TANF program, I urge you not to make the jobs of the states, and more importantly of the mothers who are trying so hard to provide for their families, more difficult. Rather than imposing costly and impractical work requirements on the states, Congress should work to expand and improve the support systems that allow mothers to make the successful transition from welfare to self-support.

I would be pleased to answer any questions you may have.

¹⁶ "Children First: An Illustrative Profile of How the Children and Families of Catholic Charities are Coping with Welfare Reform in Massachusetts," Catholic Charities, Archdiocese of Boston, December 8, 2000.

Attachment A
Transitional Food Stamp Program for TANF Leavers

§X. Transitional Food Stamps for Families Moving From Welfare.

(a) In General- Section 11 of the Food Stamp Act of 1977 (7 USC 2020) is amended by adding at the end the following:

“(s) Transitional Benefits Option. -

(1) In General. - A State may provide transitional food stamp benefits to a household that is no longer eligible to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 USC 601 et seq.).

(2) Transitional Benefits Period. - Under paragraph (1), a household may continue to receive food stamp benefits, without the need for reapplication, for a period of up to 12 months after the date on which cash assistance is terminated.

(3) Amount. - During the transitional benefits period under paragraph (2), a household shall receive an amount equal to the allotment received in the month immediately preceding the date on which cash assistance is terminated. A household receiving benefits under this subsection may apply for recertification at any time during the transitional benefit period. If a household reapplies, its allotment shall be determined without regard to this subsection for all subsequent months.

(4) Determination of Future Eligibility. - In the final month of the transitional benefits period under paragraph (2), the State agency may--

(A) require a household to cooperate in a redetermination of eligibility to receive uninterrupted benefits after the transitional benefits period; and
(B) renew eligibility for a new certification period for the household without regard to whether the previous certification period has expired.

(5) Limitation. - A household sanctioned under section 6 (7 USC 2015), or for a failure to perform an action required by Federal, State, or local law relating to such cash assistance program, shall not be eligible for transitional benefits under this subsection.”.

(b) Conforming Amendments –

(1) Section 3(c) of the Food Stamp Act of 1977 (7 USC 2012(c)) is amended by adding at the end the following: “The limits in this section may be extended until the end of any transitional benefit period established by a State under section 11(s) (7 USC 2020).”.

(2) Section 6(c) of the Food Stamp Act of 1977 (7 USC 2015(c)) is amended by striking “No household” and inserting “Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s) (7 USC 2020), no household”.

§XX. Simplified Application And Eligibility Determination Systems. Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by inserting at the end the following:

“(I) The Secretary shall expend up to \$10 million in each fiscal year to pay 100 percent of the costs of State agencies to develop and implement simple application and eligibility determination systems, including systems to facilitate the provision of transitional food stamp benefits to households that are no longer eligible to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et. seq.) pursuant to section 11.

Attachment B
Language to Create State Grants to Support Marriage

§X Grants to States to Support Marriage.

(a) In General. - Title IV of the Social Security Act (42 U.S.C. 601 et. seq.), is amended by adding at the end the following:

“Part F. Grants to States to Provide Support to Married Couples or Those Seeking to Marry. (42 USC 680). For the purpose of encouraging and enabling each state to develop and operate a program to promote the well-being of children by providing support services to married couples or those seeking to marry, the Secretary is hereby authorized to make grants in accordance with the provision of this subchapter.

§681. Grants to States to Provide Support Services to Married Couples or Those Seeking to Marry.

(a) Definitions - In this section:

- (1) **Eligible Services.** – The term ‘eligible services’ means services that are made available to persons who are married or those voluntarily seeking to marry that support healthy marriages through such activities as marriage counseling, marriage mentoring programs, relationship skills classes, marriage preparation programs, premarital counseling, marital inventories, skills-based marriage education, family budget counseling, and divorce education and reduction programs, including mediation and counseling.
- (2) **Eligible Entity.** – The term ‘eligible entity (or entities)’ means any public or private nonprofit entity, including faith-based organizations, and Indian tribes and tribal organizations, with experience in providing eligible services to married couples or those seeking to marry, or who employ or contract with individuals who have experience in providing such services.
- (3) **Low-income Individual or Family.** – The term ‘low income individual’ or ‘low-income family (or families)’ means an individual or family whose average gross monthly earnings (less such cost for such child care as is necessary for the employment of the caretaker relative) does not exceed 185 percent of the poverty line applicable to the individual or the size of the family involved.
- (4) **Poverty Line.** - The term ‘poverty line’ has the meaning given such term in section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (including any revision required by such section) that is applicable to a family of the size involved.
- (5) **Secretary.** - The term ‘Secretary’ means the Secretary of Health and Human Services.
- (6) **State.**- The term ‘State’ means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern

Mariana Islands.

(b) State Certifications. - Not later than October 1 of each of fiscal year for which a State desires to receive an allotment under this section, the chief executive officer of the State shall submit to the Secretary a certification that the State will--

- (1) use such funds to provide eligible services to married couples, or those seeking to marry, in accordance with subsection (d);
- (2) return any unused funds to the Secretary in accordance with the reconciliation process under subsection (e); and
- (3) require each eligible entity or individual provider offering eligible services to certify that they have consulted with representatives of a State or local domestic violence assistance center and representatives of State or local child protective services about the specific steps that the entity or providers will take in order to help prevent or to address domestic violence and child abuse.

(c) Payments to States. - For each of fiscal years 2002 through 2006, the Secretary shall pay to each State that submits a certification described in subsection (b), from any funds appropriated under subsection (g), for the fiscal year an amount equal to the amount of the allotment determined under subsection (f).

(d) Programs to Support Married Couples or Those Seeking to Marry.-

(1) Facilitation of Services.- Except as provided in subsection (4), a State shall use at least 90 percent of its allotment received under this section to facilitate eligible services through grants, contracts, or cooperative agreements with eligible entities who have met the requirements of paragraph (2).

(2) Administrative Costs. - Not more than 10 percent of the funds allocated to the State to carry out this section shall be expended on administrative costs of the State in carrying out the provisions of this section.

(3) Application Requirements.- In order to be eligible for a grant under this section, an eligible entity shall submit an application to the State containing the following:

(A) Experience and Qualifications. - A demonstration of the eligible entity's experience (or the experience of its staff) in providing the eligible services, by means such as demonstration of experience of the entity or its staff in providing services of similar design and scope, and such other information as the Secretary may find necessary to demonstrate the entity's capacity to carry out the project.

(B) Addressing Child Abuse and Domestic Violence. - A description of how the entity will assess for the presence of,

and intervene to resolve, domestic violence and child abuse, including how the entity will coordinate with State and local child protective services and domestic violence programs.

(C) Service to Low-Income Individuals and Families. – A demonstration of how the entity serves or will serve low-income individuals and families.

(4) Optional Voucher Program.- States have the option of using a percent of the allotment received under this section to issue vouchers to low-income individuals or families that can be used to obtain the eligible services described in this section.

(A) Use of the Vouchers. – Low-income individuals or families who receive vouchers under this subsection shall redeem the vouchers with eligible entities for eligible services as defined in this section or with individual providers, in accordance with subsection (B), for eligible services.

(B) Individual Provider Selection Criteria.- Within six months of the enactment of this section, the Secretary shall set standards for determining the eligibility of individual providers to receive vouchers to provide eligible services. In setting such standards, the Secretary shall require that such providers serve, or be willing to serve, low-income individuals and families.

(5) Preference for Entities Serving Low-Income Individuals and Families.- In allocating funds to eligible entities under paragraph (1), the State shall give preference to entities that can demonstrate that they serve or will serve low-income individuals and families.

(6) Supplement Not Supplant. - Amounts allotted to a State under this section shall be used to supplement and not supplant other Federal, State, or local funds provided to the State under this part or any other provision of law that are used to support programs and activities similar to the eligible services described in this section.

(e) Reconciliation Process. -

(1) 3-Year Availability of Amounts Allotted. - Each State that receives an allotment under this section shall return to the Secretary any unused portion of the amount allotted to a State under this section for a fiscal year not later than the last day of the second succeeding fiscal year, together with any earnings on such unused portion.

(2) Procedure for Redistribution of Unused Allotments. - The Secretary shall establish an appropriate procedure for redistributing to States that have expended the entire amount allotted under this section any amount that is--

(A) returned to the Secretary by States under paragraph (1); or
(B) not allotted to a State under this section because the State did not submit a certification under subsection (b) by October 1 of a fiscal year.

(f) Amount of Allotment to States.-

(1) In General.- Except as provided in paragraph (2), of the amount appropriated for the purpose of making allotments under this section for a fiscal year the Secretary shall allot to each State that submits a certification under subsection (b) for that fiscal year an amount equal to the amount that bears the same ratio to the percent of funds allocated to the state under section 403(a)(1) and 403(a)(4) of this title (42 USC 603(a)(1) and (a)(4)) as bears to the total amount appropriated for grants to states under section 403(a)(1) and (4).

(2) Minimum Allotments. - No allotment for a fiscal year under this section shall be less than--

(A) in the case of a State other than the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 1 percent of the amount appropriated for the fiscal year under subsection (g); and

(B) in the case of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, 0.5 percent of such amount.

(3) Pro Rata Reductions. - The Secretary shall make such pro rata reductions to the allotments determined under paragraph (1) as are necessary to comply with the requirements of paragraph (2).

(g) Authorization of Appropriations. - There is authorized to be appropriated \$100,000,000 for each of fiscal years 2002 through 2006 for purposes of making allotments to States under this section.

Attachment C
Langue to Require the Elimination of State Barriers to
Two-Parent Families Accessing TANF

Prohibits states from imposing barriers on two-parent families accessing TANF. Penalizes states by a five percent decrease in the amount of grant money they receive if they do impose barriers. States will have to make up the difference in their Maintenance of Effort (M.O.E.) funds. (PRWORA already includes provisions that require states to make up penalties by increasing their M.O.E. contributions.) A state cannot be excused from the penalty for reasonable cause, and the state will not be given a chance to correct the offense before the penalty is imposed. (PRWORA provides for reasonable cause exemptions and the opportunity for states to come into compliance for some, but not all, of the existing penalty categories.)

§XX: Ban on Imposition of *Different* Eligibility Criteria for 2-Parent Families.

(a) Prohibition. - Section 408(a) (42 U.S.C. 608(a)) is amended by adding at the end the following:

“(12) Ban on Imposition of Different Eligibility Criteria for 2-Parent Families. –
 (A) In General. – In determining the eligibility of a 2-parent family for assistance under a state program funded under this part, the state shall not impose a requirement that does not apply in determining the eligibility of *any other* family for such assistance.

(b) Penalty. – Section 409 (42 U.S.C. 609) is amended -

(1) in subsection (a) by adding at the end the following:

“(15) Penalty for Imposition of Different Eligibility Criteria for 2-parent Families.–

(A) In General. – If the Secretary determines that a State to which a grant is made under section 403 for a fiscal year has violated section 408(a)(12) during the fiscal year, the Secretary shall reduce the grant payable to the State under section 403(a)(1) for the immediately succeeding fiscal year by an amount equal to 5 percent of the State family assistance grant.”; and

(2) in subsection (b) by striking paragraph (2) and inserting the following:

“(2) Exception. – Paragraph (1) of this subsection shall not apply to any penalty under paragraph (6), (7), (8), (10), (12), (13), or (15) of subsection (a) of this section.”; and

(3) in subsection (c) by striking paragraph (4) and inserting the following:

“(4) Inapplicability to certain penalties. – This subsection shall not apply to the imposition of a penalty against a state under paragraph (6), (7), (8), (10), (12), (13), or (15) of subsection (a) of this section.”.

PREPARED STATEMENT OF LAWRENCE M. MEAD

I am a Professor of Politics at New York University, currently on sabbatical at Princeton. I am a longtime student of welfare reform and the author of several books on the subject.¹ I have just finished a book on welfare reform in Wisconsin. I appreciate this chance to testify on the reauthorization of Temporary Assistance for Needy Families (TANF).
The Success and Future of Reform

Welfare reform is unquestionably a success. Welfare rolls have plummeted while work levels among the poor have soared and poverty has fallen, among other good effects. The achievement is mostly due to social policy, although good economic conditions helped. The key policies were (1) stronger work requirements, coupled with (2) generous funding for the EITC, child care, and other support services. The results refute those who say the poor face too many "barriers" to work, but also those who think welfare can never succeed. Mostly, welfare reform is the achievement of a new, less permissive aid system. Support is still being given to needy families, but many more adults have to function in return.

I fear that reauthorization will get bogged down in issues going back to the creation of TANF in the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. Clear problems in the old law should be fixed, but reauthorization should not seek to restore entitlement, end the time limits, undo "work first" or restore coverage for aliens. The main purpose of PRWORA was to end the old system. The agenda now should be more constructive. We should ask how to rebuild welfare around work—on the other side of entitlement.

Alone of the American states, Wisconsin has totally redesigned welfare. This state asked, not just how to change AFDC, but what an ideal work-based aid system would be. Congress and other states should now ask that same question.

My recommendation is to continue down the road we are on: (1) strengthen work requirements further, and (2) provide additional income and supports to low-income working families, especially but not only those that have left welfare.

A secondary goal should be to improve the performance of state governments as the chief implementers of reform. TANF banked heavily on the idea that states could innovate in welfare and then carry out their decisions. In fact, TANF implementation has gone smoothly chiefly in states with strong good-government traditions—not only Wisconsin, but Michigan, Minnesota, and Oregon, to name a few. Many urban states that traditionally had large caseloads, such as California, Massachusetts, or New York, have been seriously divided about how to reform welfare. And many states, especially in the South, have encountered serious administrative problems.

Although the main goal of reauthorization is to fine-tune national policy, Congress should do this in ways that promote a fuller implementation of reform at the state level. The best ways to do that are (1) to set strong enough work standards so that the more hesitant urban states have to accept a serious work test, and (2) to set ongoing performance standards that will promote better state programs over time. While state choice is an integral part of TANF, the nation has an interest that states choose *some* clear goals for their programs and then work to achieve these.

Most of what the Administration has proposed for reauthorization would advance these ends. Wade Horn, Ron Haskins, and the other drafters are highly qualified. The plan is well judged overall, although I would change some details. I will comment only on the work and management provisions, which are the areas I know best.

Work Provisions

Full engagement

The Administration would require that all recipients be fully engaged in constructive activities within 60 days of going on aid. I support this. The essence of effective reform programs is that recipients *must* participate. To demand universal engagement is a way to obtain this. Otherwise, recipients and their families cannot obtain the benefits that, on average, participation brings. And the more conflicted urban states can continue to avoid a full reckoning with the work test.

However, the proposal does not clearly define what full engagement means. The idea that recipients must be in activities or "in the process of being assessed or assigned" within 60 days looks like a loophole. What actually will be demanded of states? How will engagement be measured and enforced? These details must be nailed down in the law or regulations, or this requirement will remain a platitude.

Caseload fall credit

TANF demanded that states raise the share of their cases where adults were in work activities by increments,

¹ Lawrence M. Mead, *Beyond Entitlement: The Social Obligations of Citizenship* (New York: Free Press, 1986); idem, *The New Politics of Poverty: The Nonworking Poor in America* (New York: Basic Books, 1992); idem, *The New Paternalism: Supervisory Approaches to Poverty* (Washington, DC: Brookings, 1997).

until 50 percent were so engaged by 2002. But the law also allowed states to count against those targets any percent by which their caseloads have fallen since 1995. Because the fall was unexpectedly great, it knocked the bottom out of the new work standards. This freed the big urban states from serious pressure to build the work mission into welfare. In 1999, for example, states were supposed to have 35 percent of their cases working, but the caseload fall credit cut the standards that most states actually faced to trivial levels—in 23 cases to zero. Virtually all states met these lowered standards, but 23 failed to reach the original 35 percent.² The Administration proposes to withdraw this credit over two years. Some conservatives argue that the credit should be kept or, perhaps, benchmarked on caseloads later than 1995. In their view, driving the caseload down is equivalent to enforcing work on the rolls. But to do this does not force states truly to reform welfare itself. Withdrawing the credit would do more to accomplish that than anything else. *This is the most important single change that reauthorization must make.*

Work participation rates

The Administration also recommends that the work participation levels required of states be raised from the 50 percent required in 2002 to 70 percent by 2007. This strikes me as too ambitious, especially if it is combined with an end to the caseload fall credit. In effect, the Administration would require that the single-parent caseload work at close to the levels TANF mandated for two-parent cases—standards the states had great difficulty meeting.

The Administration's proposals as a whole are bound to have a strong diversion effect, causing a further deflation of the caseload. This means that the remaining recipients are bound to be the less employable. Wisconsin's W-2 program has been able to achieve very high work rates among the least employable clients, but only through intense case management and lavish support services. Most other states do not yet have administration of this quality. It may be best to keep the current 50 percent standard but make it real by ending the caseload fall credit.

Some also object that the Administration has not provided the funding needed to realize the higher level, particularly for child care. Here I am less doubtful. The Administration has kept TANF block grant and child care funding at roughly constant levels in nominal terms. While that is a fall in real terms, one might have expected cuts, given the drastic fall in the caseloads. And Congress should remember that much of the transitional child care offered by states to families leaving welfare has not been claimed. Many people are making informal arrangements for their children rather than claiming care from government. The need and cost of child care may well have been overestimated, as it has been throughout the history of welfare reform.

Work levels

Compared to TANF 1996, the Administration would be more definite about work for part of a recipient's activities, but less definite about work for the rest of the time. Twenty-four hours of effort in actual work or community service would be expected. That level strikes me as reasonable and practicable for most recipients.

Some have objected that the new rule would force localities to create community jobs on a large scale. I doubt that. The real purpose is to make the states get serious about placing recipients in private jobs. Public jobs operate as a backstop for that effort. Recipients take job search more seriously if they know they will be going to work in *some* job in any event. To date, New York City and Wisconsin are the only localities that have created public positions on a large scale. In both cases, the work-enforcing effect has been considerable.

A fairer criticism of public employment is that it makes no provision, by itself, for job search to get a real job outside government. The Administration's plan allows localities to place recipients in remedial activities for three months before the work norm kicks in, and this time might be used for job search. Congress might stipulate, as well, that public employment positions allow for 6 hours a week of private-sector job search, provided it was supervised as closely as the work assignment.

How does one achieve public jobs for meaningful hours in low-benefit states? Community service typically requires that one "work off" one's benefits at an hourly rate. With a low grant, only a few hours of work would suffice to defray the grant each month, at least if one pays the minimum wage. To require more hours would effectively raise the grant. Congress may have to stipulate a form of work experience where there is no correspondence between the grant and hours worked.

Activity levels

In addition to 24 hours of work, the Administration would demand 40 hours a week in total activity. While this effort would be more loosely defined than the work activities, this level strikes me as unrealistic. Very few recipients participate in programs at this level, even in Wisconsin, with its intense administration. In practice, many recipients would be exempted. I would accept 30 or 35 hours, the current standard.

² U.S. Administration for Children and Families, *Temporary Assistance for Needy Families (TANF) Program: Third Annual Report to Congress, August 2000* (Washington, DC: U.S. Administration for Children and Families, August 2000), table 3-1.

It is more important to achieve high participation for limited hours than to achieve lower participation for more hours. The former does the most to transform the culture of welfare, so that work is universally expected.

Additional Steps

I would take these additional steps, not mentioned by the Administration, either to strengthen work requirements or to build up support for low-income working families. I realize that not all of these recommendations fall under the purview of this committee.

Full-family sanctions

TANF allows states to reduce the grant only partially if an adult refuses to cooperate with the work test. In states with high benefits but partial sanctions, notably California and New York, thousands of cases have come to subsist on the rolls indefinitely in sanctioned status.

This seems to happen in many cases because, with a partial sanction, recipients fail to grasp that there is a work test. When they fail to show up for work assignments, their grants are reduced, but they think their benefits have just been recalculated. Others recipients know about the work test and choose not to comply, but realize they can still stay on welfare. They can give up their own share of the cash grant, but keep the children's share and all in-kind benefits, and henceforth be free of the work test.

The culture of welfare cannot truly be changed until the right to do this is ended. Only then will many recipients take the work requirement seriously. Congress should mandate that families get no cash grant at all unless the adults comply with the work test. Grants are already closed for many other reasons; they should be for this one.

Child-only cases

These are cases where the children but not the caretaker is on the grant. They have grown rapidly to comprise a third of the TANF caseload, yet are exempt from the work test. Some of this relative growth is due to the departure of regular cases from the rolls. Yet child only cases, like weak sanctions, seem to have become a major loop-hole that undercuts work enforcement.

While the problem is little-analyzed, the child-only cases appear to fall into several groups. In one type, the mother is too impaired to function, often due to substance abuse, so a grandmother takes over the children and is given aid. Or the mother transfers the children to a relative in order to avoid the work test, then receives support from this relative informally. The mother may be an alien, legal or illegal, while the child is native-born and thus a citizen. Or she may be on SSI or Disability Insurance, so that TANF for the children operates as a kind of caretaker supplement.

The idea that only the children receive support in these cases is a fiction. Congress should find a way to bring at least some of these groups under the work test, perhaps by putting the caretakers on the grant. A lesser reform would be to include these cases in the denominator for the work participation rate calculation.

Child support enforcement

The Administration would help fund higher pass throughs of child support to welfare families. This is desirable. The 100-percent pass through in Wisconsin has been shown to have positive effects on collections and on the involvement of absent fathers in the legal economy. Unless absent fathers see their payments going to their families and not to the state, solutions to the child support dilemma will be impossible.

The proposals, however, do little more to improve payment of child support. The Administration proposes to fund the development of marriage and unwed pregnancy programs. I think Congress should also fund further development of child support enforcement programs. Low-income fathers who have failed to pay their child support judgments are referred to these work programs. They either have to pay up or participate regularly, on pain of going to jail. The goal is to raise collections and also work levels for the fathers, much as welfare work programs have raised employment for welfare mothers.

Two such programs have been evaluated--Parents' Fair Share, which was a national demonstration, and Children First in Wisconsin. Both programs showed a power to raise fathers' payment of child support. Both "smoked out" hidden earnings and forced the fathers to pay up. Neither, however, showed clear impacts on the employment or earnings of the fathers.³ It may be too soon to mandate such programs, but states should get federal funding to develop them further.

Alternatively, one could set definite performance standards for child support enforcement. Currently, states receive financial incentives to do better in child support, but they face no definite standards, despite substantial federal funding. Just as states have to achieve specified participation levels in welfare work programs, so they might have to achieve support payment in some percentage of child support cases where the family was on welfare. This might well cause them to implement enforcement programs.

³ Fred Doolittle, Virginia Knox, Cynthia Miller, and Sharon Rowser, Building Opportunities, Enforcing Obligations: Implementation and Interim Impacts of Parents' Fair Share (New York: Manpower Demonstration Research Corporation, December 1998); Ron Blasco, Children First Program: Final Evaluation Report (Madison: Department of Workforce Development, November 2000).

The Food Stamp work test

Work standards in Food Stamps are more lenient than in TANF. Adult recipients without children under 6 are supposed to work or participate for at least 30 hours a week. Yet the rules are not well enforced in most places, in part because TANF's work tests take precedence for families subject to both programs. The Food Stamp Employment and Training program (FSET) is supposed to enforce the work rules, but it seems to exist more on paper than in reality. Often, eligibles are required to do little more than sign up for possible work with the Job Service. PRWORA made no important change other than to limit nonworking single people to three months on the rolls at a time.

Now that Food Stamp rolls are much larger than TANF, enforcing these requirements should get more attention. Work enforcement should probably be less stringent than in welfare work programs, since many families that draw Food Stamps are already working, at least to some extent. Congress in the past has treated Food Stamps as an entitlement, not to be conditioned seriously on the behavior of claimants.

Congress needs to reconsider the standard. The work tests should become real for at least part of the Food Stamp caseload, especially principal earners in two-parent families. And FSET should become more like a real program, with an administrative presence of its own.

Work thresholds for EITC

One reason why welfare leavers often remain poor is that they do not work steady hours once off TANF. This means they do not reap all the benefit they could from the Earned Income Tax Credit and other work supports. EITC currently subsidizes low earnings regardless of the number of working hours. However, the most successful work incentive programs, such as the Minnesota Family Investment Plan, required that recipients work at least 30 hours to get any benefits.⁴

If such a threshold were attached to EITC, the result might be more working hours and higher incomes from both wages and wage subsidies. The threshold should probably be lower than in welfare work programs like MFIP, perhaps 20 hours rather than 30. This minimum might apply, not to the existing benefit, but to the enhancements which Congress may consider, or to state tax credits. It might have to be run through the welfare system, which is more able to track working hours, than the tax system, which runs the existing EITC.

Management
The Administration has suggested some changes in the management of welfare reform where I have different views. These matters are especially critical for improving TANF in the states that have faced administrative difficulties, especially in the South. A paternalistic structure that promotes work must be maintained even after families have left cash welfare. Congress should also look ahead and ask how to fund and manage welfare when that task can no longer be associated with clear caseloads.

Performance standards

The Administration proposes to hold states accountable by expecting them to manage their programs using performance measures. But it would let them define those measures. I find this unrealistic. Unless Washington creates the measures, they will not be comparable across the country, nor they be clearly enough measured. It will then be impossible to hold the states accountable. States should have choice about the specific goals of TANF, but the way to assure this is to have multiple measures. These could cover employment outcomes, such as job entries, wages, or job retention, but also poverty reduction, nonmarital births, and perhaps other outcomes. States could choose which goals to emphasize, but then they would be seriously accountable for results.

The JOBS programs never had performance measures other than participation rates. While TANF has the measures used to award its unwed pregnancy and high-performance bonuses, these apply only to the states that apply for the bonuses. It is time to define comprehensive performance measures for TANF, applying to all states, even if this requires a regulatory process following reauthorization.

Program integration

The Administration proposes to create a new waiver process under which states could combine the administration of a wide range of social programs. The integration could go far beyond what was previously allowed under TANF or the Workforce Investment Act (WIA). Critics fear that this would allow states to apply full-family sanctions or time limits to Food Stamps or Medicaid, programs that PRWORA left as entitlements. My question rather is about the administrative implications. Even the program reorganization permitted under PRWORA has created serious implementation problems for TANF. Many states have turned over the administration of welfare work requirements to the WIA agencies, either the Job Service or the voluntary training programs previously run under the Job Training Partnership Act. That change has worked well in a

⁴ Virginia Knox, Cynthia Miller, and Lisa A. Gennetian, *Reforming Welfare and Rewarding Work: A Summary of the Final Report on the Minnesota Family Investment Program* (New York: Manpower Demonstration Research Corporation, 2000); Gordon L. Berlin, "Welfare that Works: Lessons from Three Experiments that Fight Dependency and Poverty by Rewarding Work," *The American Prospect*, June 19-July 3, 2000, p. 7.

few states. But in most, it has created serious confusion, to the detriment of TANF.⁵

Historically, the WIA agencies have served welfare recipients poorly. The Job Service and JTPA are accustomed to serving voluntary jobseekers, so they usually do not understand the role of enforcing work required by welfare reform. They are also unaccustomed to providing the complex support services that recipients often require in order to work. In short, they are unwilling to be paternalistic. In an era of declining welfare caseloads, to turn welfare work over to WIA can look like an administrative economy. But it has seldom worked, simply because the WIA agencies are ill-suited to the welfare mission.

The TANF mission is demanding enough for the agencies already involved. This suggests that, at least for the immediate future, program integration should go no further than welfare and WIA. If the "superwaiver" is enacted, states that seek to combine a wider range of agencies should have to demonstrate that they have already handled TANF-WIA integration well.

Paternalism

It is too easy to think the welfare task is over once families have left cash aid. But we find that many have trouble working, or working consistently, off welfare, much as they did on the rolls. This is why, as many experts are saying, welfare needs to provide services to promote job retention and advancement for former welfare families after they are on the job.

I would go further. The most effective welfare work programs are those that combine generous benefits with close staff oversight of clients. Some structure like that is probably still necessary to achieve steady work after families have left cash aid. Staffs must still be available to people to work out problems that may block them working. And to be effective, they must still possess the capacity to influence behavior. They might speak for the administrative work tests that clients would still have to satisfy in Food Stamps or other non-cash benefits. Or they might persuade families to satisfy the hours thresholds that might be attached to EITC.

In the New Hope project in Milwaukee, a generous package of benefits—jobs, child and health care, and a poverty-level income—was offered to clients provided they worked 30 hours a week. Program staff helped recipients work out practical problems about participating, such as child care. They also actively persuaded people to put in the 30 hours so that they could claim the benefits. This combination of "help and hassle" was warmly appreciated by most of the recipients.⁶

New Hope is a model for the welfare administration of the future. I find it unlikely that WIA or other non-welfare agencies are willing or able to perform these functions. This is another reason for caution about program integration.

Beyond caseloads

We are accustomed to thinking of welfare as a caseload, and welfare reform as a reduction in caseloads. But the very success of reform has tended to merge the welfare population with the broader low-income population, most of which is employed. The major point of reform was to achieve this, but it has made managing welfare in the old way outdated.

We now have legions of welfare leavers who are working and no longer on cash aid, but who continue to receive subsidized child care, Food Stamps, or Medicaid. This has made them less distinct from the higher-income population, which also is employed but occasionally dependent on Unemployment Insurance or other social insurance benefits.

Even within welfare, caseloads do not indicate the size of the task as well as they once did. Formerly, many cases stayed continually on TANF for years. Today, short-term receipt is more usual. Large numbers of families cycle rapidly on and off the program. The rolls in a given month only suggest the broader population that may draw aid at some point in a year. And many families who have left cash aid continue to look to TANF agencies for short-term help of various sorts, not only benefits. Accordingly, administrators say that their work loads have dropped much less than caseloads.

One practical result is that it is no longer sufficient to fund welfare in terms of caseloads. The low numbers that some states today have on TANF do not begin to account for their actual responsibilities. In extreme cases like Wisconsin, the near-extinction of traditional welfare has led to a funding crisis. Spending on cash benefits has plummeted, while subsidized child care has soared. But some counties no longer receive from the state the administrative funding they say they need to continue to serve the families who look to them.

The time is coming when welfare funding must be based more on populations than caseloads. Welfare is changing from a system that serves "cases" to one that seeks to maintain an entirely low-income community

⁵ I base this on the examination of case studies of TANF implementation in 24 states. Most of these studies were done as part of the Assessing the New Federalism project at the Urban Institute or the State Capacity Study at the Rockefeller Institute of Government.

⁶ Thomas Brock, Fred Doolittle, Veronica Fellerath, and Michael Wiseman, Creating New Hope: Implementation of a Program to Reduce Poverty and Reform Welfare (New York: Manpower Demonstration Research Corporation, October 1997), chap. 7.

in work. The correct model is not traditional welfare but an HMO, where a provider gives health care to an entire population on an as-needed basis. Funding is based on capitation fees for the population rather than the number of patients served actively at a given time.

This suggests that TANF allocations among the states should eventually be shifted from their current basis in historic AFDC spending patterns to a basis in relative needy populations. The basis for funding ought to be not how many people a state has or once had on welfare but how many it has in principle agreed to serve by the way it sets its eligibility for cash aid or other benefits.

A focus on populations also reinforces the need for national performance measures. As caseloads drop, mere reduction in dependency ceases to be a reasonable criterion for success in welfare. We must instead ask how well welfare functions to achieve a range of outcomes for the population as a whole—not only lower dependency but higher employment and earnings, lower unwed pregnancy and poverty, and so on.

RESPONSES TO QUESTIONS FROM SENATOR HATCH

Dear Senator Hatch,
Senator Baucus, chairman of the Committee on Finance, has forwarded to me two questions that you posed to me following my testimony before the committee on April 10. Here are the questions and my replies;
1. Dr. Mead, you stated in your testimony that you did not think that if work requirements were strengthened that states would move towards a large scale work-fare type program. Can you elaborate on why you believe states will not move in that direction and offer examples of areas you believe that states WILL move into.
The higher work requirements proposed by the Administration and included in the House bill would require that more recipients engage in work activities than before. These activities are defined by the Administration to include several kinds of private- and public-sector employment.
Faced with these requirements, I think most states would act first to build up job search in the private sector, especially for new applicants for welfare and the more employable existing cases. Recipients leaving the rolls for jobs count as participants for three months. Meanwhile, on a smaller scale, states would institute government employment for some of the less employable existing cases. These measures should allow most states with sizable caseloads to satisfy the participation standards for several years without having to create massive public jobs programs.
To be sure that public jobs promoted employment outside welfare, I would also recommend, as I said in my testimony, that these positions include an element of job search.
Meanwhile, both policies would, on past experience, have strong diversion effects. That is, many people would leave welfare, or never apply for it, knowing that they would be expected to work if they went on aid. This would reduce the rolls and, thus, the number of cases that would have to satisfy tougher participation rules on a long-term basis. It is only this much smaller number of cases that a state might eventually have to put in government jobs.
It is well to remember that most states have not been subject to the full participation standards set in PRWORA, due to the caseload fall credit. It would be two years before that credit was withdrawn. Only then would they start to be subject to the higher participation standards to be set in the new legislation. So they would have time to adjust.
Wisconsin is an exemplar here. This state combines a severe and immediate work test with government jobs for those families who cannot avoid aid. Due to strong diversion effects, the state in fact needs to finance public positions for only a few thousand cases statewide.
In New York City, the role of public employment has been much larger. But this is because past policies were more permissive and the city has had more difficulty in building up private-sector job search.
Nevertheless, public jobs have helped drive the caseload down by several hundred thousand cases-a result that I would say was worth the expense. For most states, the experience under the new rules will probably fall somewhere between the Wisconsin and New York extremes.
The role of government jobs is not to be the universal experience of everyone on welfare but to serve as an ultimate enforcement device for

policies that really stress work in the private sector.

2. Dr. Mead, you stated in your testimony that you felt the combination of eliminating the caseload reduction credit AND raising the work participation rate to 70% was too ambitious. If the Congress acted to REPLACE the caseload reduction credit with an employment credit, would you continue to believe that the 70% work participation rate was too high?

I stated that the 70 percent standard was unrealistically high. For practical reasons, states cannot sustain participation levels this high, especially among the more troubled cases that will dominate the caseload as it falls. But states can and should achieve the 50 percent specified in current law, following the elimination of the caseload fall credit. I'm not sure what an "employment credit" is. If it left the 70 percent in effect, that standard would still be impracticable. But if an employment credit operated like the caseload fall credit, it might continue to allow states to achieve participation far less than 50 percent, which would also be a mistake. That would spare states the struggle to build work into the welfare experience. That effort I think is indispensable to reforming welfare seriously.

I realize that conservatives would prefer to replace welfare with work rather than reform it internally. I also favor an intense effort to place recipients in private jobs. But dependency is unavoidable for some families. For them, the goal must be meaningful effort of some kind, rather than self-sufficiency. So a thorough reform also requires raising participation in worthwhile activities within the welfare system.

This is what a meaningful participation standard can achieve, and I would not want any credit to threaten that.

With best regards,

Lawrence M. Mead

PREPARED STATEMENT OF MIRIAM A. ROLLIN

Mr. Chairman and Members of the Committee:

My name is Miriam Rollin, and I am the Federal Policy Director for the anti-crime group FIGHT CRIME: INVEST IN KIDS, which is made up of more than 1,500 police chiefs, sheriffs, prosecutors and victims of violence from across the country who have come together to take a hard-nosed look at the research about what really works to keep kids from becoming criminals. I am also a former prosecutor. I hope my testimony will help this Committee make decisions on welfare reform that will help give kids a good start in life, build stronger families, and prevent crime now and down the road.

Government's most fundamental responsibility is to protect the public safety. In many cases, this requires capturing, trying and imprisoning those who have committed a crime. There is no substitute for tough law enforcement. But once a crime has been committed, lives have already been shattered. Families have already been destroyed. Those on the front lines in the fight against crime understand that we'll never be able to just arrest, try and imprison our way out of the crime problem. We can save lives, money – and families – by investing in programs that can keep children from growing up to become criminals in the first place.

The members of FIGHT CRIME: INVEST IN KIDS have come together to issue a “School and Youth Violence Prevention Plan” that lays out four types of programs that research proves – and law enforcement knows – can reduce crime and strengthen families. The violence prevention plan calls for more investments in:

- after-school programs;
- quality educational child care programs;
- activities that get troubled kids back on track before it's too late; and
- services that can treat and prevent child abuse and neglect.

These investments are overwhelmingly supported by law enforcement. A poll of police chiefs nationwide conducted by George Mason University professors in 1999 showed that 86 percent of chiefs believed that expanding after-school programs and educational child care would greatly reduce youth crime and violence. When asked to rate the value on a scale of 1 to 5 of parent coaching programs for high-risk families, which are proven to reduce child abuse and neglect, 79 percent gave such programs a 1 or a 2 (with 1 being “very valuable” and 3 being “valuable”).

The chiefs were also asked which of the following strategies they thought was most effective in reducing youth violence:

- providing more after-school programs and educational child care;
- prosecuting more juveniles as adults;
- hiring more police officers to investigate juvenile crime; or
- installing more metal detectors and surveillance cameras in schools.

Expanding after-school and educational child care was picked as the top choice by more than four to one over any other option. In fact, more chiefs chose “expanding after-school programs and educational child care” as “most effective” in reducing crime than chose the

other three strategies combined. Of course, that doesn't mean they're against those other strategies. But police chiefs are clear that these preventive approaches will have a greater impact than the others.

These chiefs are not alone. Dozens of state and national law enforcement associations have adopted resolutions highlighting the crime-fighting importance of quality child care, after-school programs, and programs that prevent abuse and neglect, including the Fraternal Order of Police, the Major Cities Chiefs organization, the National District Attorneys Association, the National Sheriffs Association, and the Police Executive Research Forum.

I would now like to discuss a few of the ways welfare reform legislation can reduce crime and strengthen families. Welfare dependency is bad for children and families. The welfare reform legislation passed by Congress in 1996 has been an extraordinary success at helping parents leave welfare and enter the workforce – something necessary to improve the lives of children, strengthen families, and make our communities safer.

Welfare reform now offers us the opportunity to fight one of the most egregious crimes of all – child abuse and neglect. Child abuse and neglect is a crime that keeps on hurting. It hurts innocent kids immediately. And it too often starts a cycle of violence that leads to more crime, and sometimes more child abuse. Most kids who are abused or neglected grow up to become law-abiding citizens despite what they have gone through. But too many don't. Being abused or neglected multiplies the risk that a child will grow up to become a criminal – a tragedy for the child, and also a tragedy for us all. The abuse and neglect occurring in a single year results in tens of thousands of extra arrests for violence committed by some of those victimized as children.

The welfare reform legislation passed in 1996 increased funding for the Social Services Block Grant – a program that is actually the federal government's single largest support for child abuse and neglect-related services. This block grant helps states and communities fund a variety of activities – including family strengthening approaches, foster care, adoption and child protective services. Unfortunately, the level of funding for this important program has been cut by almost 40 percent from what it was promised in 1996. Welfare reform proposals that restore SSBG to its previously-set funding level will provide communities with much-needed help for efforts to prevent and treat child abuse and neglect, and therefore reduce later crime.

Another child abuse and neglect-related issue in welfare reform is kinship care. I'm sure we'd all agree that, whenever possible, we want children to be raised by their parents. But when that either is not desirable because the parents are abusive or is simply not possible, the next best scenario is for that child to live with another family member, often a grandparent. About 420,000 children who are raised by relatives receive TANF support from child-only grants, and another 80,000 children receive support because the relatives who care for them are on TANF. It is critical that these relatives be able to care for these children. I hope Congress makes sure that these children are not returned to dangerous settings or placed in expensive foster care because their relative caregivers – many of whom are grandparents and are unable to work – have lost their TANF support due to time-limits or work requirements.

Now I'd like to talk about the program through which I believe welfare reform legislation can make the biggest impact on families, and on crime – the Child Care and Development Block Grant (CCDBG). As I mentioned earlier, the success of welfare reform has helped millions of parents into the workforce. With that success comes the reality that most parents, even parents of very young children, are working.

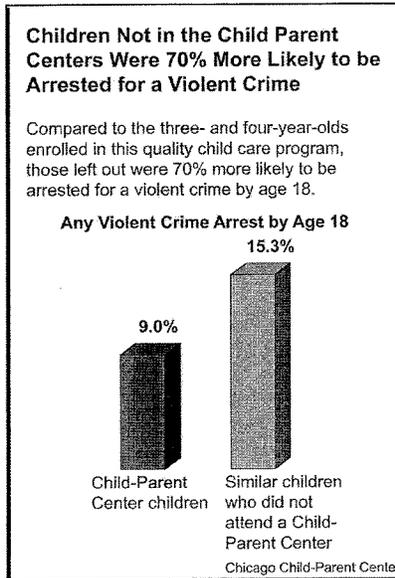
While these parents are at work, their kids will be in someone else's care. As the President recently pointed out, 62 percent of young children –13 million kids – are in the care of someone other than their parents during the work-day. The question is: will it be stimulating, nurturing care that helps kids develop, or "child storage" with too few adults – who have too little training – and too many kids?

To quote President Bush's new early childhood initiative, "early childhood is a critical time for children to develop the physical, emotional, social, and cognitive skills they will need for the rest of their lives." The good news is that numerous studies of quality early childhood programs have shown that participants have better self-esteem, achievement motivation, social behavior, academic achievements, cognitive development, grade retention and other benefits than similar children who did not participate in such programs.

What is equally important but less well-known is that quality educational child care programs can also significantly reduce the chances of a child growing up to become a criminal. A study published in the Journal of the American Medical Association last year demonstrated this fact.

Over the last 30 years, Child-Parent Centers have provided school readiness child care to 100,000 3- and 4-year-olds in Chicago's toughest neighborhoods. The study published in JAMA examined outcomes at age 18 for 1,000 of these children, and a matched group of 500 similar children who had not been enrolled in the Child-Parent Centers. The study showed that kids who did not receive the Child-Parent Centers' quality child care were 70 percent more likely to have been arrested for a violent crime by the time they reached adulthood. Kids left out of the program were also more likely to be held back in school, more likely to drop out, and less likely to graduate.

The researchers estimated that the program will have prevented 33,000 crimes—including 13,000 violent crimes—by the time all 100,000 participants reach age 18. Clearly hundreds of thousands of crimes would be prevented each year if all families nationwide had access to programs like this. When our fight against crime starts in the high chair, it won't end in the electric chair.



In addition to saving lives, these programs also save money. Counting only savings to government, the Chicago Child-Parent Centers returned almost three dollars for every dollar invested. Counting those government savings, savings to crime victims, and benefits to the participants in the program, the results are \$7 saved for every dollar invested.

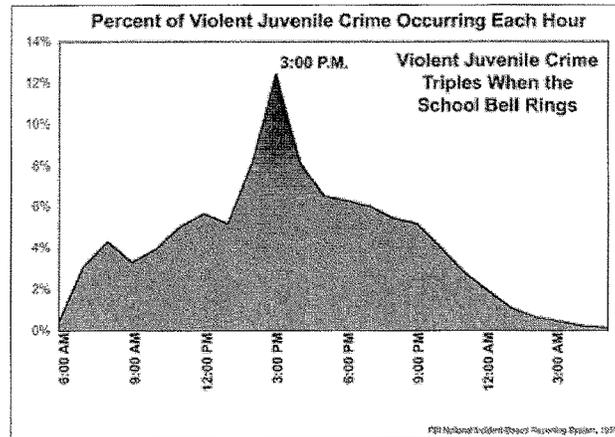
Unfortunately, millions of children are being left out of these types of programs. Without government help, such programs are just too expensive for low- and moderate-income families. In every state, the cost for an infant to attend a good child care center is higher than the cost of tuition at a public university. Adequate care for two children in a child care center can easily cost over \$12,000 a year – about \$2,000 more than a minimum-wage worker earns working full-time.

Many working parents can't possibly pay these costs, any more than they could pay private school tuition if public schools were eliminated. Unfortunately, the crime-reduction and other benefits I described earlier only occur when children are able to participate in quality programs – not programs that are simply “child storage.” We can no more afford to accept child care that is merely “custodial” than we could accept assigning some children to public schools that are “custodial” rather than “instructional.” Clearly that is not what Congress or the President desires, given the recent enactment of the No Child Left Behind Act.

To make sure child care is not simply “child storage,” it is imperative that CCDBG legislation provides for quality improvements to child care programs. A substantial increase in the

CCDBG “quality set-aside,” currently at a mere four percent, would help facilitate this improvement by supporting: scholarships to enhance the levels of educational attainment for child care providers; training that includes approaches through which providers can enhance children’s cognitive, social, emotional and physical development; and increased compensation levels that attract and retain qualified providers. Enhanced standards, an area that President Bush addressed in his recent early childhood education proposal, can also help to improve quality. However, all such quality initiatives require additional resources.

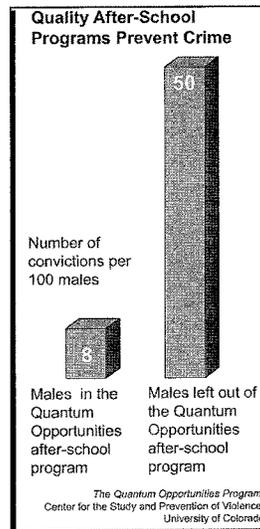
In addition to helping families send their young children to safe and stimulating environments while the parents work, CCDBG also helps families send their school-age children to safe and stimulating settings after school. As you probably know, the prime time for violent juvenile crime is in the after-school hours, from 3 to 6 p.m. These are also the peak hours for teens to commit other crimes, have sex, smoke, drink, use drugs, or become a victim of a crime. As more and more parents enter the workforce because of welfare reform, many teenagers are left in unsupervised environments. Already more than 10 million children and teens – including 7 million 5-14 year-olds – are unsupervised after school on a regular basis. In fact, 31 percent of school-age children of recent welfare leavers – and even higher proportions of school-age children of welfare recipients and other poor parents – do not participate in extracurricular activities. This rate is more than three times higher than the non-participation rate of children in families with incomes greater than 200 percent of the poverty line.



After-school programs can cut crime immediately by keeping kids safe and out of trouble during these dangerous hours. They can also cut later crime by helping participants develop the values and skills they need to become good, contributing citizens. In one study, students whose families were on welfare were randomly divided into two groups when they started high school. One group was enrolled in the Quantum Opportunities after-school program,

which provided tutoring, mentoring, recreation, and community service programs and some monetary incentives to keep attendance up. The second group was left out of the program.

When studied two years after the four-year program ended, the group of boys left out of the program had six times more convictions for crimes than those provided with the program. In addition, every dollar invested in this program produced three dollars in benefits to government and the recipients. That doesn't even count the savings that result from a lowered crime rate. Our choice is simple: we can either send our children to after-school programs that will teach them good values and skills, or we can entrust them to the after-school teachings of Jerry Springer, violent video games or the streets.



In conclusion, investing in quality educational child care and after-school programs are among the most significant steps Congress can take to stop kids from growing up to become criminals. That is why substantial increases are needed in the Child Care and Development Block Grant. Unfortunately, this program is so under-funded that – according to recent estimates by HHS Secretary Thompson – 70 percent of eligible children do not receive benefits (counting CCDBG, TANF and SSBG child care expenditures, combined). If increased work requirements are added to welfare reform, without a significant increase in CCDBG, then the unmet need will only increase. The new work requirements proposed by the President would necessitate an estimated \$7.95 billion over 5 years in additional child care funding; another \$4.2 billion over 5 years would be needed to avoid reductions in child care assistance to non-TANF low-income working parents.

I hope that you will provide a substantial increase in funding for CCDBG to allow more of the eligible children to participate – and to improve the quality of programs. Families with low-income working parents – and their children – deserve no less, and every day we fail to help working families afford quality educational child care and after-school programs, we increase the risk that you or someone you love will fall victim to violence. We need to invest in America’s most vulnerable kids now, so they won’t become America’s Most Wanted adults later.

Thank you for the opportunity to submit testimony on welfare reform legislation that can strengthen families and reduce crime.

Statement
Sen. Rick Santorum
Senate Finance Committee Hearing
May 16, 2002

Welfare and Marriage

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to testify before the Committee today along with my other colleagues. Congress has an important opportunity and responsibility to build on the significant successes of the 1996 Welfare Reform Act. Since the bipartisan reforms of 1996, poverty has dropped substantially. For example, some 2.3 million fewer children live in poverty today than in 1996. Decreases in poverty have been greatest among black children. Hunger among children has been cut almost in half. The welfare caseload has been cut nearly in half. Employment of single mothers has increased greatly. The explosive growth of out-of-wedlock childbearing has come to a virtual halt. Yet more can be done.

President Bush's welfare reform initiative is trying to put an end to one of the greatest social tragedies in the past thirty years: the collapse of marriage. As a result of the soaring rates of divorce and illegitimacy, the percentage of children growing up without a father nearly tripled between 1960 and the early 1990's. This has grave economic repercussions. Eighty percent of all poverty in the United States is linked to the breakdown of the family. The child poverty rate for intact married families who remain married is 7%. For children in households where their mother was never married the poverty rate is 51%. A child raised by a never-married mother is more than 7 times more likely to be poor than a child raised in an intact marriage. A child born and raised outside of marriage will receive some type of means-tested welfare aid (TANF, food stamps, Medicaid, WIC, or SSI) during 71% of his childhood; by contrast, a child born and raised inside marriage will receive some form of welfare assistance during 12% of his childhood.

Unfortunately, the old welfare regime compounded this problem by penalizing marriage. The program was based on a faulty system whereby benefits were reduced as non-welfare income increased. Single mothers received greater benefits if they remained single than if they married a working husband. The father's earnings were used against the mother's welfare eligibility. This caused the couple's welfare benefits to be reduced dramatically, thus decreasing the couple's combined income. The single mother was forced either to choose the child's emotional well-being (living with a father) or financial security.

President Bush's plan builds on the historic 1996 Welfare Reform Act. The Welfare Reform Act (P.L. 104-193) included purposes to "end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage." A number of states including Oklahoma and Arizona have experimented in the years since with practical efforts to encourage the formation and maintenance of two-parent families through marriage initiatives. The President's initiative seeks to build on these successful efforts to promote marriage and

strengthen family relationships among low-income Americans. He proposes to devote \$300 million dollars a year to this effort to help state and local initiatives. The plan will also address the restrictions that keep poor women from marrying the fathers of their children. It will encourage poor parents to develop healthy and long-lasting marriages. Pre-marital counseling and responsible fatherhood programs are among the efforts to achieve this end. For every marriage that succeeds, a child is more likely to avoid welfare dependence.

We also have an obligation to continue providing the states resources and flexibility for other critical support efforts. Marriage is not a panacea for poverty--or a short-term fix--but the statistics bear out that it is a long-term solution for many families and children. However, some opponents believe that President Bush's plan encourages women in particular to marry for the wrong reasons--or worse--encourages them to remain "enslaved" in unhappy or abusive marriages. Kim Gandy, President of the National Organization for Women (NOW), argues that it's an outrage to say that the path to economic stability for poor women is marriage. This protest is surprising since statistics have shown that marriage provides women with more than just financial security; it also decreases domestic violence. Research indicates that women who cohabitate with their boyfriends are twice as likely to experience domestic violence than married women.

Yet, not all feminists are opposed to the proposal. Tammy Bruce, former president of NOW's Los Angeles chapter, approves of President Bush's plan. She believes it empowers poor women by giving them more options: "The more choices poor women have, the better decisions they will make." The critics of Bush's plan fail to see the social ramifications of absentee fathers. The breakdown of the American family is a greater social problem than the national debt, Social Security insolvency and budget deficits--*precisely* because of the effects it has on children. According to *The Positive Effects of Marriage: A Book of Charts* by Patrick Fagan, Robert Rector, Kirk Johnson, and America Peterson (The Heritage Foundation, 2002), children who grow up in never-formed or broken families are at a greater risk of dropping out of school, experimenting with drugs, and engaging in violent behavior. Fatherless children are five times more likely to be poor, three times more likely to fail at school and two times more likely to experience emotional or behavioral problems requiring psychiatric treatment. The welfare of children should be society's main concern. As President Bush stated: "Strong marriages and stable families are incredibly good for children, and stable families should be the central goal of American welfare policy."

Despite the critics, welfare reform is strongly supported by both Republicans and Democrats. The president's initiative has attracted such broad-based approval because there is a widespread realization--among conservatives and liberals--that promoting marriage and family stability is essential to overcoming poverty and ending the degrading cycle of welfare dependency. Government should not be neutral on the question of whether or not healthy marriages are beneficial for the well-being of children. The evidence shows that marriage benefits children.

I thank the Committee for its time and commend the members of the Finance Committee who have already articulated their support for additional resources and incentives to promote healthy marriages and families for the benefit of children and look forward to working together.

The Washington Post

The Left's Marriage Problem

IT'S NO SLIGHT to single mothers to point out that, on average, their children face a rougher go of it than those of married couples. Children of single parents face greater risk of problems at school or work, in part because they are so much more likely to grow up poor: In 2000, 40 percent of children of single mothers were poor. That's five times the poverty rate of children with married parents.

So there's something puzzling about the reflexive hostility among some liberals to the not-so-shocking idea that for poor mothers, getting married might in some cases do more good than harm. Why not find out whether helping mothers—and fathers—tackle the challenging task of getting and staying married could help families find their way out of poverty? This is the question raised by the Bush administration's proposals for welfare reform's next stage, and it seems to us a useful debate could be had about its merits: about why kids in two-parent marriages do better, and whether government could provide any appropriate incentive that reasonable people could accept.

But much of the left, and particularly the feminist left, doesn't seem interested in such a conversation. The administration, in its reauthorization plan for the 1996 welfare reform bill, would allocate \$300 million yearly to state programs that "reduce nonmarital births and increase the percentage of children in married-couple families." It would be up to states to decide what sort of programs to implement. The possibilities are broad, yet the liberal reaction has been narrow: "Shotgun welfare betrothals" is how Robert Kuttner put it in the *American Prospect*. The antipathy was perhaps quickest and most insistent from the National

Organization for Women. "I think back to when I was a teenager, and I would hear my grandmother's friends say, 'Honey, when are you going to get married?'" says NOW President Kim A. Gandy. "I would no more say to someone else: 'You ought to get married,' as though I knew what's best for them."

Excuse us, but helping poor people navigate marriage is not the same thing as putting old-fashioned pressure on middle-class girls to get hitched. It's true there are possibilities under the Bush plan that give pause; is it fair, for example, to pay married recipients more than single ones? But it's wrong to suggest that any marriage promotion is equivalent to pushing women into abusive marriages. The Bush document specifically seeks to encourage "healthy marriage," a qualifier inserted in recognition that children in high-conflict marriages do not, in fact, do better.

For decades, welfare discouraged marriage among the poor. With few exceptions, before the 1996 reforms welfare payments were made only to unmarried recipients, giving men an incentive to walk away. Many states have eliminated this disincentive, and the rest should be pushed to follow suit. Beyond that return to neutrality, maybe government shouldn't meddle. But imaginative state programs may be worth a try, particularly if conducted rigorously enough to evaluate results. "Right now we really don't know what it takes to build positive relationships among high-risk couples, and this is something that does need new research," says Kristin Moore, president of the nonpartisan research group Child Trends, who believes that small state programs could yield useful models. What, beyond tired ideology, is the argument against that?

Testimony of Steve Savner

Mr. Chairman and Members of Committee:

Thank you for inviting me to testify. I am a Senior Staff Attorney at the Center for Law and Social Policy (CLASP). CLASP is a nonprofit organization engaged in research, analysis, technical assistance, and advocacy on a range of issues affecting low-income families. Since 1996, we have closely followed research and data relating to implementation of the Personal Responsibility and Work Opportunity Reconciliation Act. In addition, we often talk and visit with state officials, administrators, program providers, and individuals directly affected by the implementation of welfare reform efforts.¹

Today's hearing focuses on reauthorization of the 1996 welfare law and issues concerning the law's work requirements and access to supportive services for low-income families, particularly former welfare recipients.

The main points I wish to make are:

- The 1996 law strongly signaled a national priority for increasing employment among poor families and allowed states broad flexibility in meeting that employment goal. States have used that flexibility to take a range of approaches but with a common focus of increasing employment.
- Since 1996, there has been substantial growth in employment among welfare recipients, and more broadly, among low-income single parent families. Temporary Assistance for Needy Families block grant (TANF) work requirements and the broadened availability of supportive services and work supports to low-wage families have both contributed substantially to these employment trends.
- There are three important challenges that Congress should address in reauthorization:
 - helping low-income families get better jobs;
 - helping those with serious barriers to employment prepare for and secure stable employment; and
 - helping low-income families, including those leaving welfare, gain improved access to work supports, such as child care, child support, Food Stamps, and Medicaid.
- To address these concerns, Congress should:
 - Provide states with the option of using employment outcome measures in lieu of the participation rate process measures in TANF;
 - Assuming participation rates are maintained in some form, there are four important modifications to the current structure that should be made:
 - Replace the "caseload reduction credit" with a new employment credit that rewards states when families leave welfare for employment. Give extra credit to states that help families obtain higher-paying jobs.
 - Eliminate the law's current limits on vocational educational training.
 - Allow states broader discretion to count "barrier removal activities" toward participation rates.
 - Eliminate the separate two-parent participation rate.
 - Create a new Transitional Jobs Block Grant to provide funding to states and localities that want to develop and expand these innovative programs.

- Create a Career Ladders Fund to enable low-wage workers to upgrade skills and to demonstrate and replicate effective practices for serving them.
 - Modify child support assignment and distribution rules so that families receive more child support.
 - Allow states to use federal TANF funds to provide ongoing assistance to low-earning working families, without needing to apply a time limit against working families.
 - Improving funding for child care and for the basic TANF block grant.
- The Administration’s proposal would raise TANF participation rates, require 40 hours of participation to fully count toward participation rates, and limit the activities that could count toward the first 24 hours of participation to a set of “direct work” activities. This approach is unwise and unworkable for several reasons:
 - It would significantly restrict state flexibility and compel states to adopt a program model that no state has chosen to implement;
 - The proposal runs counter to what is known about what works;
 - While the Administration has articulated an overarching goal of improving child well-being, the proposal risks having the opposite effect;
 - The absence of any new funding would force states to cut other programs supporting low-earning working families in order to meet the new costs imposed by the proposal.

TANF Block Grant Emphasis on Employment

While much of the current political debate centers around participation rates, the 1996 welfare law sought to promote work by a number of key features:

- TANF block grant levels were frozen and states received substantial flexibility in the use of both federal and state maintenance of effort (MOE) funds that became available as cash assistance caseloads fell;
- Child care funding was increased, and, in addition, states were allowed to transfer up to 30% of TANF funds to the Child Care and Development Block Grant;
- Medicaid was “delinked” from TANF ensuring that low-income families could receive Medicaid without participating in welfare;
- States received broad discretion to create financial incentives for employment through earned income disregards, and to impose sanctions, including full termination of cash assistance, for noncooperation with work activities requirements;
- Time limits were imposed on the use of federal funds for assistance; and
- States were required to meet participation rates for families receiving assistance, backed up by the threat of significant financial penalties.

In implementing TANF, states continued a trend begun in the early 1990s of fundamental change in the basic orientation of state systems, as the principal focus shifted from providing income support to an emphasis on requiring and supporting employment.

Employment Outcomes Since 1996

During the 1990s, there was a historically unprecedented increase in employment among low-income single mothers. Studies of families who have left welfare have consistently found that about 60% of leavers are working. The share of adults working while receiving TANF assistance increased from 8% in 1994 to 28% in 1999.ⁱⁱ And, ample available evidence points to the dramatic increase in employment among low-income single mothers in recent years. In announcing its welfare reform proposal, the Administration reported that after a decade in which the annual employment rate for single mothers hovered around 58%, the rate had increased every year through 2000, and reached over 73% of mothers heading families in 2000. Moreover, employment rates for never-married mothers increased from under 46% in 1995 to nearly 66% in 2000, an increase of over 40% in just five years. The Administration observed: “These employment increases by single mothers and former welfare mothers are unprecedented. By 2000, the percentage of single mothers with a job reached an all-time high.”ⁱⁱⁱ TANF played an important role in the growth of employment among single mothers, but was not the only factor. The “TANF effect” involved both additional requirements and federal block grant funds that became available because of caseload declines, making it possible to increase services.

Beyond this overarching result, however, there are a number of ongoing challenges that need to be addressed.^{iv}

- Much of the employment has been in low-wage jobs, often without employer-provided benefits.
- There is some earnings growth over time, but so far, earnings remain low for most of the affected families.
- Many exiting families have low earnings underscores the importance of access to “work supports” — Food Stamps, Medicaid, child care assistance, and child support services — for families leaving assistance. However, participation in Food Stamps and Medicaid sharply declines after families leave assistance, most working leavers do not receive child care assistance, and most leavers do not receive child support.
- Families still receiving assistance often have serious and multiple barriers to employment.
- It is not yet clear how TANF implementation has affected children, but research on pre-TANF programs suggests that positive effects may depend on improved family income, and that there may be negative effects on adolescent children that result from increased maternal employment.

Future Directions to Better Meet the Need for Financial Security

These results suggest that, in reauthorization, Congress should continue TANF’s strong focus on work but should also communicate to states the importance of:

- helping low-income families get better jobs;
- helping those with serious barriers to employment prepare for and secure stable employment; and

- helping low-income families, including those leaving welfare, gain improved access to work supports, such as child care, child support, Food Stamps, Medicaid.

The following proposals would advance these goals:

States should have the option of using employment outcome measures in lieu of the participation rate process measures in TANF. It is widely agreed that the principal goal of TANF is to increase employment among low-income parents, yet there is no evidence that simply maximizing “participation” is the best way to improve employment outcomes. Participation rates are process measures, and many administrators would greatly prefer to manage programs focusing on desired outcomes. Accordingly, we recommend that states should have the ability to elect to be accountable for meeting a set of employment outcome measures, e.g., employment entries, initial wages, employment retention, earnings gains, rather than participation rates.

Assuming participation rates are maintained in some form, there are four important modifications to the current structure that should be made:

Replace the “caseload reduction credit” with a new employment credit that rewards states when families leave welfare for employment. Give extra credit to states that help families obtain higher-paying jobs.

We recommend phasing out the caseload reduction credit and replacing it with a credit based on the extent to which families leaving welfare include a working adult. The participation rate structure should not reward states for caseload reduction whether or not the caseload reduction is attributable to employment. Replacing the caseload reduction credit with an employment credit would reward states for helping families find work, an outcome that is consistent with current TANF goals. Giving states extra credit for placing families in higher-paying jobs would be an important step in reorienting TANF toward the additional goals of poverty reduction and financial security.

Eliminate current limits on vocational educational training.

Since TANF was adopted, new research findings have made it increasingly clear that the most effective welfare-to-work programs have offered a mix of job search, education, job training, and work activities.^v Some of these mixed-strategy programs have not only increased employment but have also helped welfare recipients find better jobs than they would have on their own. The best example is Portland’s Steps to Success program in the National Evaluation of Welfare-to-Work Strategies, (NEWWS.)^{vi} Portland provided a mix of services, including job search, life skills, work-focused basic education, and occupational training. Among the eleven NEWWS sites, Portland increased employment and earnings more than the three “work first” programs while also increasing receipt of occupational licenses or certificates and GEDs by as much as the seven education-focused sites.^{vii} This research suggests that there is ample basis for states to make greater use of education and training, and under the TANF structure states have no incentive to allow such activities unless they are thought to be effective. States should have the flexibility to make these choices without federal limitations.

States should be allowed to have broader discretion to count "barrier removal activities" toward participation rates.

As states have begun working with families with multiple barriers (e.g., health, mental health, disability, substance abuse, domestic violence, lack of English language proficiency), they have typically been unable to count involvement in individualized, barrier removal activities toward the rates. Again, a state has no incentive to allow or pay for such activities unless the state believes it will be an effective means to help a family move toward employment.

The separate two-parent participation rate should be eliminated.

The current 90% participation rate for two-parent families has created a strong disincentive against assisting two-parent families in state TANF programs, because a state subjects itself to a greater risk of penalties by assisting such families. There is no need for a separately-calculated rate for two-parent families.

A new Transitional Jobs Block Grant should be created to provide funding to states and localities that want to develop and expand these innovative programs. Since 1997, several states (including Washington, Pennsylvania, Minnesota, and Georgia) and more than 30 cities have implemented transitional jobs programs to help increase employment and earnings of TANF recipients who have been unable to find stable, unsubsidized employment. Such programs generally combine wage-paying jobs with skill development activities and related support services. CLASP has worked extensively with a number of these programs and has provided intensive technical assistance in their development and implementation since 1997. Over 30 programs responding to a CLASP survey reported promising results, two of the largest programs in Washington State and Philadelphia reporting that individuals who complete the program have employment rates in excess of 75%. However, transitional jobs are typically not used in state TANF programs, in part because they are more expensive than other alternatives. While we do not recommend requiring states to adopt such programs, we do recommend providing additional funding to encourage their replication and expansion.

Create a Career Ladders Fund to enable low-wage workers to upgrade skills and to demonstrate and replicate effective practices for serving them. As described earlier, those leaving welfare for work have typically found jobs at below-poverty wages, and the majority of them are not receiving key benefits, such as health care, through their employers. Like other low-wage workers, however, many welfare recipients cannot qualify for higher-quality jobs without intensive services to upgrade their skills and address barriers to employment. Legislation should include additional, dedicated funding directed at research, evaluation, and replication of best practices to improve employment outcomes for families with the most serious employment barriers, as well as to support employment retention and advancement initiatives. Funding should be focused on programs that operate in partnership with employers, especially those in which services are provided at or near the worksite.

Federal funding for child care should be increased. Child care assistance is important to help parents sustain employment, pay for basic needs, and ensure that children are in environments

promoting education and healthy development while their parents are working. While the number of families receiving subsidy assistance has grown since 1996, so has the number of low-income working families. As a result, there remains a tremendous gulf between the number of families eligible for and the number actually receiving subsidy assistance: the federal government estimates that, in 1999, only 12% of potentially eligible families were receiving assistance through the federal Child Care and Development Fund. The share of eligible families receiving help has probably grown since that time, but not enough to change the basic picture: the great majority of potentially eligible low-income families do not receive child care assistance. Since 1996, the principal source of growth in child care funding has come from TANF, as states were able to redirect TANF funds freed up as welfare caseloads fell. However, it seems clear that states will not be able to rely on continued rapid TANF caseload decline as a funding source for child care in the coming years. Accordingly, we believe that Congress should significantly expand the dedicated funding for child care available through the Child Care and Development Fund, with an ultimate goal of making subsidy help available to all eligible low-income families.^{viii}

Child support assignment and distribution rules should be changed so that families receive more child support. Consistent and reliable receipt of child support can be an important work support, as well as play a key role in strengthening the relationship between a noncustodial parent and child. However, when families apply for TANF assistance, they are required to assign (or turn over) to the government their rights to child support. The child support is used by the government to reimburse assistance costs. The basic rule established by the 1996 law is that the government keeps child support owed while a family receives assistance, while the family keeps child support owed when the family does not receive assistance. Congress should eliminate the two exceptions to this basic rule: the tax offset exception and assignment of pre-assistance arrears. In addition, states that decide to pass through support to families receiving assistance should not have to repay the federal share of the support. States should be given assistance in converting their distribution rules so that program fiscal stability is maintained, for example, by enacting an appropriate effective date, providing systems funding, and allowing use of TANF funds and credit toward TANF maintenance of effort requirements.

States should be allowed to use federal TANF funds to provide ongoing assistance to low-earning working families, without needing to apply a time limit against working families. Under current law, work policies and time limits policies work at cross-purposes with each other. On the one hand, states are often seeking to encourage families to take any available job, and want to provide help to families who are working in low-wage jobs. But, if federal TANF funds are used to provide that assistance, the month counts against the federal time limit and potentially disadvantages the family in the long run. States should not be restricted in their ability to use TANF funds to help working families.

The Administration's Proposal

A common theme of our work-related proposals is that states have made progress on an employment agenda in many areas, but that there are several important challenges that lie ahead. By and large, the specific proposals we make call for changing signals, incentives, and resources to help move state activities in directions that seem most likely to affect more positive outcomes

for individuals with barriers to employment and for those who have moved into the low-wage labor market, including those who continue to receive aid, and those who do not. At the same time, our proposals reflect an appreciation of the critical role of allowing state flexibility in determining the most appropriate strategies to accomplish national goals in the TANF structure.

By contrast, the Administration's recently announced framework for reauthorization takes as its starting point that states have failed to implement policies and procedures consonant with the goals and provisions of the 1996 law. Notwithstanding the employment outcomes achieved during the past five years, the Administration apparently has focused on the fact that, according to current federal reporting, a significant number of families are not "engaged" in work-related activities while receiving assistance: according to FY 2000 participation data, 42 percent of adults are reported to have some hours of participation in work-related activities in an average month. And, despite the strong state employment outcomes, the Administration is apparently concerned that most states have generally not opted to operate large-scale unpaid work experience programs.

The 42 percent figure is, at best, incomplete for two reasons. First, states have been required to report engagement in activities counting toward federal participation rates but were not required to report engagement in other activities, and at least half of states clearly have not done so; accordingly, the true number of engaged individuals was surely higher. Second, in any given month, states would never reach 100 percent engagement because some number of families are newly entering or leaving assistance, some are awaiting assessment or assignment to or the start of an activity, some families are under sanction for failing to participate, and some are unable or not expected to participate because, for instance, they have an infant, or illness, or a severe disability restricting participation.

It is certainly true that most states have not elected to run large-scale unpaid work experience programs under TANF. This was their choice, and it reflected their best judgment about the most effective ways to accomplish the work goals of TANF. Given states' success in increasing employment participation, it is hard to see any basis for second-guessing this choice. While we believe that a different mix of program activities with more emphasis on job quality might have helped families attain better jobs, there is no basis for saying that states have not been extraordinarily successful in increasing employment.

The premise that the principal lesson since 1996 is that the states have not taken seriously the challenge of transforming welfare is simply not borne out by the results that have been achieved to date (as described above), and the directions in which the Administration's specific proposals will push states are both unwise and unworkable.

The Administration has proposed an extensive set of new requirements, and the full details are not yet available. However, key provisions would:

- Increase the monthly participation rate from 50% to 70% by 2007, while phasing out the caseload reduction credit. Instead, states could count individuals who left assistance due to employment for up to three months.

- Increase weekly participation requirement from 20 hours for single parents with children under 6 and 30 hours for other parents to 40 hours for all families with children age 1 or older.
- Provide that in meeting the 40-hour requirement, at least 24 hours must be in “direct” work activities – unsubsidized or subsidized employment, supervised work experience or community service programs, on-the-job training, and school completion for teen parents. Vocational training and barrier removal activities would generally not be countable toward the first 24 hours each week. For up to 3 months in a 24-month period, states could count participation in short-term substance abuse treatment, rehabilitation, and work-related training toward meeting the 24-hour direct work requirement.

The Administration’s proposed approach is troubling for a number of reasons:

- **The proposal would force all states to adopt a program model that no state has chosen to implement.**

It is widely acknowledged that states have been successful in refocusing the welfare system on work and in increasing employment among single parents. States have done so with a range of approaches, but no state has elected to operate a program that looks like the model the Administration now seeks to impose on all states.

The Administration’s approach reflects a particular program model, and every state has been free to adopt that model under TANF, but no state has elected to do so. In structuring TANF programs, some states have placed strong emphasis on job search efforts aimed at connecting families with employment as rapidly as possible. Some have greatly liberalized their policies to broaden support to families who enter low-wage jobs. Most states significantly reduced the role of education and training in their programs (at least in part due to federal participation rate rules), but education and training remains a significant component in some states. Generally, most states have made only limited use of unpaid work experience and community service programs, and even more limited use of subsidized employment and on-the-job training.

- **The proposal runs counter to what is known about what works.**

The clearest finding from two decades of research is that the most effective welfare-to-work strategy is to provide a range of work-focused employment and training services tailored to individual needs, not a one-size-fits-all model. In these “mixed-strategy” programs, the range of services provided typically included assessment, job search, life skills, work-focused basic education, work experience, and job training, with recipients generally participating in only one activity at a time.^{ix} Many other programs that have been studied relied primarily on either job search or basic education and were much less effective.^x None of the successful, mixed-strategy programs described earlier had large work experience components.

As discussed above, the most successful site by far in the NEWWS evaluation — Portland, Oregon — stressed moving individuals into the workforce quickly, but it also emphasized finding good jobs and allowed the first activity for each person to vary depending on skills, work history, and other factors. Portland’s impacts on employment and earnings are among the largest

ever observed in welfare-to-work programs,^{xi} yet states would not be able to adopt the Portland model under the Bush plan. Most of the activities provided by Portland and other such mixed-strategy programs would not count toward work requirements after the first three months. Yet nearly half (49.5%) of recipients in Portland participated longer than three months; about ten percent (9.9%) participated longer than 12 months. Further, there was no standard hourly participation requirement; while staff worked intensively with recipients to help them participate as much as possible, expectations for participation were tailored to each individual.

Moreover, there is no research base for compelling all states to implement large-scale work experience programs, or restricting the use of stand-alone barrier removal activities or vocational training to only three months. The rationale for work experience programs has traditionally been that when the principal barrier to employment faced by an individual is lack of work place experience, an opportunity to gain such experience can affect subsequent employment and earnings. However, research to date has not revealed that these programs have the expected effects.

There is only limited recent research on unpaid work experience programs, because states have generally not opted to implement large-scale programs, so work experience tends to be, at most, a component within a larger program. However, in a review of research conducted in the 1980s, the Manpower Demonstration Research Corporation (MDRC) concluded, “there is little evidence that unpaid work experience leads to consistent employment or earnings effects.”^{xii} More recently, researchers in Washington state,^{xiii} were able to isolate the employment and earnings impacts of six different work activities in Washington’s “WorkFirst” (TANF) program, including unpaid work experience.^{xiv} The study assessed the impact of these components on employment and on earnings. Work experience (together with Job Skills Training and Community Jobs, a Transitional Jobs program offering subsidized employment) was one of three components serving recipients who were relatively less job-ready. The study determined that work experience increased employment among participants but the impacts were substantially less than either of Job Skills Training or Community Jobs. The work experience program had no earnings effects, whereas both of the other two programs serving less job-ready participants had significant positive earnings effects, with the Community Jobs program being the strongest of the three on both measures. Based on the weak performance of the work experience component, in the current budget for the WorkFirst programs, the \$3,000,000 allocated for the program was cut, and the program eliminated.

None of this is to say that work experience cannot contribute in important ways to improving the employability of individuals with little labor market experience. The research suggests that when appropriate skill development and barrier removal activities are added to paid work experience, there can be significant impacts. However, there is simply no basis for saying that all states should be compelled to use unpaid work experience programs in instances in which they believe that other program approaches would be more effective.

Further, many of the families still receiving assistance face barriers that make employment more difficult, and programs aimed at reducing these barriers to work will frequently not fit within the three months allowed under the Administration plan for alternatives to “direct work” activities. For example, recent non-experimental findings from a substudy of three NEWS sites found that, among recipients without a high school diploma, those who participate in adult education

and go on to job training or college see a substantially greater increase in their longer-term earnings, earning an additional \$1,542 in the third year of follow-up compared to those who participate in basic education only. Similarly, Portland's strong results in increasing earnings of those without high school diplomas are likely connected to its substantially increasing the percentage of high school nongraduate sample members who attained both a GED certificate or a high school diploma *and* a second education or training credential (such as a trade license or college degree) over the follow-up period.^{xv} Yet for those who begin the program without even a high school diploma, it is unlikely that they can complete both basic education and job training within the space of three months.

Similarly, a review of model substance abuse programs found that 14 of 20 typically involved participation for longer than three months.^{xvi} Further, some individuals will need to move in small, incremental steps toward fuller participation in combinations of activities to reduce barriers and to work. This strategy has proven successful in a rigorous evaluation of the National Supported Work Demonstration, which provided a year of subsidized, structured employment (with gradually increasing levels of hours and responsibility) together with on-the-job training and intensive supportive services. The program resulted in large increases in earnings, which persisted even eight years later. And Supported Work was most successful with the most disadvantaged recipients — those who had received welfare the longest, lacked a high school diploma/GED, or had never worked.^{xvii} Recent reports on best practices for serving those with barriers highlight the importance of combining work with other activities in flexible ways.^{xviii} In contrast, no research suggests that the Administration's formula of 24 hours of work and 16 hours of other activities would be effective for most individuals with barriers.

- **While the Administration has articulated an overarching goal of improving child well-being, the proposal risks having the opposite effect.**

The Administration has proposed modifying TANF's goals to articulate an overarching purpose of improving child well-being. And, the Administration has suggested that under its work proposal, a state would be free to treat structured activities that promote child well-being as countable toward meeting the 40-hour requirement, so long as the 24-hour requirement in direct work activities is satisfied.

In many ways, imposing a 40-hour requirement and then allowing activities *related* to child well-being to count as participation seems unresponsive to the central issues that states must address in efforts to simultaneously promote work and advance child well-being. There is a broad consensus that a central goal of TANF is to expect work by those parents capable of engaging in employment. At the same time, much recent evidence indicates that parents are often entering into jobs with low wages, limited advancement, and lacking key benefits such as health care coverage or paid sick and vacation leave. Moreover, working leavers are frequently in jobs with night or weekend schedules or with varying, irregular schedules. And, research evidence suggests that simply going to work or substituting earnings for welfare income does not, in itself, enhance child well-being; rather, it is important for the work to translate to increased family income. Accordingly, one key way to advance the well-being of children should be to help parents get jobs with better wages, health care benefits, and greater potential for advancement; with schedules that allow parents to be at home at night and on weekends; and with paid sick

leave and vacation leave and sufficient flexibility to respond to children's needs. Moreover, as parents move into work, it is essential that they have access to a broad range of child care choices, including access to early education programs that can promote the development of younger children and appropriate after-school activities for older children. Therefore, another key aspect of advancing a child well-being agenda ought to include efforts to ensure that TANF recipients and other low-income working families have access to needed child care assistance.

To be clear, we think it would be a positive development if all parents were better able to volunteer at their children's schools or participate in structured activities with their children. But, we also think that it is particularly important that working parents be able to see their children at night, or be able to take time off when a young child is ill, and that allowing parents to count structured activities as work participation is no substitute for helping parents find jobs responsive to family needs.

Moreover, one of the most troubling findings in the recent research is that increased participation in work-related programs by low-income parents appears correlated with adverse impacts on teens' behavior and school performance. At this point, it is unclear whether this adverse impact is principally a function of decreased supervision, increased stress on parents, or increased responsibilities for teens with working parents. This should not be an argument against work requirements and expectations, but, at a minimum, it would counsel for the importance of helping parents find jobs that are consistent with family responsibilities, and against simply mandating 40 hours of out-of-home participation.

- **The absence of any new funding would force states to cut other programs supporting low-earning working families in order to meet the new costs imposed by the proposal.**

It seems clear that the combination of increased numbers of participants and 40-hour participation requirements would result in billions of dollars of increased costs for state efforts, but the Administration is seeking no new funding. Without additional funds, states would face pressure to cut child care and other benefits for low-income working families in order to meet the requirements. Adding new funds won't solve the problems of the basic design, but, without new funding, states would be forced to dismantle many of the innovative initiatives that they've developed in the last five years.

Apparently, the rationale for seeking no additional funding is that TANF caseloads have fallen significantly since 1996, so there is "enough" money to pay for these and other new initiatives within existing funding. However, making such an assertion essentially dismisses the choices that states have made in committing TANF funds as their cash assistance caseloads fell. Nationwide, as cash assistance spending fell, states increasingly redirected their TANF funds to services and supports for low-income families outside the traditional welfare system. The single biggest redirection of TANF funds has been to child care for low-income working families, but the funds have also been used for a broad array of initiatives, such as transportation assistance, state earned income tax credits, employment retention and advancement programs, services for families at risk of entering the child welfare system, help for homeless families and victims of domestic violence, assistance to immigrants ineligible for federal benefits, and others. By FY

2001, states were spending TANF funds at a rate higher than their basic block grant allocations: such allocations are about \$16.5 billion, and state TANF spending in FY 2001 reached \$18.6 billion.

Since states are currently spending TANF funds in excess of their annualized block grant levels, it seems fundamental that, if one is asking states to do more things with the same amount of money, one must be prepared to articulate what they should stop doing. Yet the Administration has not identified a single area in which it asserts that states are misspending TANF funds. To the contrary, the argument is also being made about the importance of doing more to address marriage and family formation and child well-being. However, any given dollar can only be spent once, and it would literally be impossible for states to redirect existing TANF funds without cutting other low-income benefits and services. And, since many of those benefits are playing an integral role in helping working families sustain work and avoid welfare, cutting such benefits would be both harmful and counter-productive.

Similarly, there are no “extra” child care funds that could simply be redirected to meet the welfare work requirements. It is certainly true that child care funding has grown substantially since 1996, with states’ redirection of TANF funds playing a key role in that growth. However, most federally eligible children still do not receive child care subsidy assistance. The precise percentages may be in dispute, but it is clear that, at current funding levels, only a fraction of eligible families are receiving help, and it surely follows that it would be impossible to redirect existing child care funding to meet welfare work requirements without cutting back current funding that is being used to help low-income working families outside the welfare system. Moreover, the Administration has proposed to provide no new federal child care funding in reauthorization. So, even if there were no changes in TANF work requirements, states would still face the specter of needing to cut existing child care slots for low-income working families in order to manage with funding that would remain frozen despite inflationary pressures.

Thank you for providing me with this opportunity to testify.

ⁱ This testimony reflects ongoing collaborative work with a number of CLASP colleagues, including Mark Greenberg, Julie Strawn, Elsie Richer, and Nisha Patel.

ⁱⁱ U.S. Department of Health and Human Services, *Temporary Assistance for Needy Families (TANF) Program, Third Annual Report to Congress* (August 2000). Available online: <http://www.acf.dhhs.gov/programs/opre/annual3.doc>.

ⁱⁱⁱ *Working Toward Independence*, pp. 6-7.

^{iv} Steve Savner, Julie Strawn, Mark Greenberg, *TANF Reauthorization: Opportunities to Reduce Poverty by Improving Employment Outcomes*. (Washington, DC: Center for Law and Social Policy, January 2002). Available online: <http://www.clasp.org/pubs/TANF/tanf%20reauthorization%20opportunities%20to%20reduce.pdf>

- ^v Stephen Freedman et al., *Evaluating Alternative Welfare-to-Work Approaches: Two-Year Impacts for Eleven Programs*. (New York: Manpower Demonstration Research Corporation, June 2000).
- ^{vi} See also George Cave, Hans Bos, Fred Doolittle, and Cyril Toussaint, *JOBSTART: Final Report on a Program for School Dropouts*. (New York: Manpower Demonstration Research Corporation, 1993); Daniel Friedlander and Gary Burtless, *Five Years After: The Long-Term Effects of Welfare-to-Work Programs*. (New York: Russell Sage Foundation, 1996); Amy Zambrowski and Anne Gordon, *Evaluation of the Minority Female Single Parent Demonstration: Fifth Year Impacts at CET*. (Princeton, New Jersey: Mathematica Policy Research, Inc., December 1993).
- ^{vii} Stephen Freedman et al., *Evaluating Alternative Welfare-to-Work Approaches: Two-Year Impacts for Eleven Programs*. (New York: Manpower Demonstration Research Corporation, June 2000).
- ^{viii} *Comments to the U.S. Department of Health and Human Services Regarding the Reauthorization of the Child Care Development Fund (CCDF)*. (Washington, DC: Center for Law and Social Policy, November 2001). Available online: <http://www.clasp.org/pubs/childcare/CCDFcomments1101.pdf>
- ^{ix} Stephen Freedman, Daniel Friedlander, Gayle Hamilton, JoAnn Rock, Marisa Mitchell, Jodi Nudelman, Amanda Schweder, and Laura Storto, *Evaluating Alternative Welfare-to-Work Approaches: Two-Year Impacts for Eleven Programs*. (Washington, DC: U.S. Department of Health and Human Services and U.S. Department of Education, 2000).
- ^x Julie Strawn, *Beyond Job Search or Basic Skills: Rethinking the Role of Skills in Welfare Reform*. (Washington, DC: Center for Law and Social Policy, April 1998). Available online: <http://www.clasp.org/pubs/jobseducation/beyond.pdf>
- ^{xi} Hamilton et al., 2001.
- ^{xii} Thomas Brock, David Butler, and David Long, *Unpaid Work Experience for Welfare Recipients: Findings and Lessons from MDRC Research*. (New York: Manpower Demonstration Research Corporation, September 1993, p. 3).
- ^{xiii} Marieka Klawitter, *Effects of WorkFirst Activities on Employment and Earnings*, "Evans School of Public Affairs." (University of Washington, September 2001, p. 4-5). Available online: <http://www.wa.gov/WORKFIRST/about/studyActiv.pdf>
- ^{xiv} The other activities included Job Search, Job Search Workshop, PreEmployment Training, Jobs Skills Training, and Community Jobs.
- ^{xv} Hamilton et al, 2001.
- ^{xvi} *Steps to Success: Helping Women with Alcohol and Drug Problems Move from Welfare to Work*. (New York: Legal Action Center, May 1999).
- ^{xvii} Judith M. Gueron and Edward Pauly. *From Welfare to Work*. (New York: Russell Sage Foundation, 1991; U.S. Department of Labor). *What's Working (and What's Not)*. (Washington, DC: U.S. Department of Labor, January 1995).
- ^{xviii} Michelle K. Derr, Heather Hill, LaDonna Pavetti, *Addressing Mental Health Problems Among TANF Recipients: A Guide for Program Administrators, Final Report*. (Washington, DC: Mathematica Policy Research Inc., August 2000); Gretchen Kirby and Jacquelyn Anderson, *Addressing Substance Abuse Problems Among TANF Recipients: A Guide for Program Administrators, Final Report*. (Washington, DC: Mathematica Policy Research Inc., July 2000); LaDonna Pavetti et al., *Work-Based Strategies for Hard-to-Employ TANF Recipients: A Preliminary Assessment of Program Models and Dimensions, Final Report*. (Washington DC: Mathematica Policy Research Inc., May 2001).

Prepared Statement of Isabel V. Sawhill

I am pleased to have the opportunity to testify today on proposals to reauthorize the 1996 welfare reform law. As President of the National Campaign to Prevent Teen Pregnancy I especially want to address the family formation goals of the legislation. The National Campaign is a nonprofit, nonpartisan organization, chaired by former Governor Tom Kean. We are fortunate to have a Congressional Advisory Panel that includes several members of this Committee (Senators Breaux, Conrad, Jeffords, Kyl, and Snowe.). The mission of the National Campaign is to improve the well being of children, youth, and families by reducing teen pregnancy by one-third over a decade. I also serve as a Co-Director of the Brookings Institution's Welfare Reform and Beyond Initiative. I should emphasize, however, that my testimony today reflects my own views and not the views of any organization with which I am affiliated.

Over the past six years, the National Campaign has been working on a variety of fronts to reduce teen pregnancy in the United States. We work with states and communities, with the entertainment media, with faith based organizations, with schools and other youth-serving and parent organizations. We reach out to these entities in a wide variety of ways such as offering technical assistance to community coalitions, commissioning and publishing research, sponsoring conferences, designing and launching national media campaigns, and training and working with youth leaders from around the country.

The National Day to Prevent Teen Pregnancy

Our primary focus in recent months has been creating and promoting an online quiz for teens designed to get them to stop and think about the consequences of sex and to make a personal connection to the risk and reality of teen pregnancy. Launched on May 8th, 2002, as part of the first-ever National Day to Prevent Teen Pregnancy, the quiz has already attracted over 37,000 teens and is being used to catalyze additional activities and discussion of this issue throughout the month. The National Day and online quiz have succeeded with the help of our 80 National Partners, including such organizations as the National Conference of State Legislatures, Big Brothers, Big Sisters, The American Medical Association, and *Teen People* Magazine. In addition, Governor Engler of Michigan has sent a letter to every Governor in the country (Appendix A), and at least seven states have already issued proclamations, recognizing the National Day. Finally, both the U.S. Senate and House have introduced resolutions in support of the National Day. Appendix B includes a more detailed list of examples of activities catalyzed by the National Day.

Teen Pregnancy Rates

So far, our work seems to be paying off. Teen pregnancies have been on the decline since 1991. Most experts agree these declines are due to both less sex and more contraception among teens. However, there is still much work to be done. Approximately 4 in 10 teenage girls get pregnant at least once before age 20, and the United States still has the highest rates of teen pregnancy and births among comparable nations. The most recent federal data show that teen birth rates went up in 11 states between 1999 and 2000. Teen pregnancy and childbearing costs the taxpayers a minimum of \$7 billion a year yet we are investing very little to prevent it.

Emerging Answers

The good news is that we now know how to address this problem. This past May, the National Campaign to Prevent Teen Pregnancy released a comprehensive research review written by Douglas Kirby, called *Emerging Answers: Research Findings on Programs to Reduce Teen Pregnancy*. Kirby identified several rigorously evaluated programs that have reduced teen pregnancy rates by as much as one half. He found that in addition to sex and HIV education programs that help delay sex or increase contraceptive use, youth development programs that involve teens in community service with good supervision are also very effective.

The Campaign has always supported what could be called an 'abstinence first' message. Abstinence is the first and best choice for young people, but we also favor educating teens about contraception as well. This approach is consistent with the views of the majority of adults and teens in this country. We suspect that some of the abstinence education programs that are currently funded may eventually prove to be effective (although there is little evidence of this so far), but in the meantime we urge the Congress to support a broader range of efforts in keeping with the philosophy of state flexibility that was the hallmark of the 1996 legislation. Congress may wish to signal its support of abstinence as a value. But it makes little sense for the federal government to dictate the content of the curriculum in this or any other area.

Link Between Preventing Teen Pregnancy & Marriage

Two of the goals of the 1996 law were reducing out-of-wedlock births and encouraging the formation of two-parent families. If we are serious about achieving these goals, the teenage years are the right place to start. For although 70 percent of all births outside of marriage are to women over the age of 20, half of *first* non-marital births are to teens. Thus the pattern tends to start in the teenage years, and, once teens have had a first child outside of marriage, many go on to have additional children out of wedlock at an older age.

For these reasons, the decline in teen pregnancy and birth rates during the 1990s has contributed directly to a leveling off of the proportion of all children born outside marriage. The relationship between the two is shown in **Figure 1**.

The decline in out-of-wedlock childbearing leads in turn to fewer people going on welfare, to fewer single parents, and to less child poverty. These relationships are depicted in **Figure 2**. They are based on research indicating that 8 out of 10 teen births take place outside marriage, that 8 out of 10 young unwed mothers ends up on welfare, and that 65 percent of all those families started by a teen mother are poor.

The Administration and many in the Congress are eager to experiment with programs that encourage marriage. One problem with this strategy is that most teens are not ready to get married. In fact, teenage marriages are twice as likely to end in divorce as marriages among people in their mid-twenties. So unless we can prevent early childbearing, efforts to encourage marriage are unlikely to achieve their ultimate objective of producing stable families.

In addition, research shows that once a woman has had a child outside of marriage, her chances of marrying plummet. Daniel Lichter of the Ohio State University finds that the likelihood that a woman of a given age, race, and socioeconomic status will be married is almost 40% lower for those who first had a child out of wedlock (and 51% lower if we exclude women who marry the biological father within the first 6 months after the birth). By age 35, only 70 percent of all unwed mothers are married in contrast to 88 percent among those who have not had a child. (7) The reasons unwed mothers are less likely to marry are unclear. They may be less desirable marriage partners, may be less likely to spend time at work or in school where they can meet marriageable men, or may simply lose interest in marriage once they have children. Moreover, having had one child out of wedlock, they appear to be relatively uninhibited about having additional children in the same way. In short, early unwed childbearing leads to less marriage and more illegitimacy. Thus, one clear strategy for bringing back marriage is to prevent the initial birth that makes a single woman less marriageable throughout her adult years. Most young women aspire to marry and publicizing their reduced chances of marrying once they have a baby might make them think twice about becoming unwed mothers.

Encouraging marriage is an important social goal, but one of the most effective and least controversial ways to accomplish this goal is to insure that more young women reach the normal age of marriage having finished school, established themselves in the workplace, and done both without having a child. The chances that they will then have children within marriage, that the marriage will be a lasting one, and that their children will receive good parenting will be much greater. At the same time, as Wade Horn notes, too many teen pregnancy prevention programs may have left the impression that it's fine to have a baby without being married as long as you wait until you're age 20. What needs to be stressed is not just preventing teen pregnancy but accomplishing various life tasks, such as completing one's education and finding a lifetime partner before becoming a parent. Young people accomplish these tasks at different ages but few are ready before their early twenties at best.

What Congress Can Do to Help

If Congress is serious about curbing the growth of single parent families and encouraging strong marriages, there needs to be a serious effort to reduce early, out-of-wedlock childbearing. Specifically, the National Campaign recommends the following as part of welfare reform reauthorization:

- Make sure teen pregnancy prevention is prominently mentioned in key parts of the law such as the purposes, grants related to family formation and healthy marriage, and state plans. Messages matter and Congress needs to signal strongly to the states that teen pregnancy prevention is a priority.
- As part of any family formation fund, provide explicit funding for programs to prevent teen pregnancy. This money should support programs that have proven to be effective based on strong research. We should be spending at least \$100 million to help save some of the \$7 billion that teen childbearing costs the nation each year. These investments in prevention are a cost-effective use of taxpayer dollars. While states have increased their efforts to reduce teen pregnancy in recent years, available data show states are spending less than one percent of their

TANF funds on teen pregnancy prevention-related activities and this is likely to go down as TANF funds are needed to meet increased work requirements.

- Establish a teen pregnancy prevention goal. For example, legislation could call for a 25% reduction in teen pregnancy over the next decade and provide rewards to states that achieve the greatest success.
- Support a national resource center to collect and disseminate research and best practices to states and communities about effective and promising programs.
- Fund a national media campaign and efforts to work in concert with the entertainment industry to change the messages embedded in popular culture.

Unlike encouraging marriage, reducing early, non-marital births is something we actually know how to do. Although some of what needs to be done is controversial, it is much less so than the pro-marriage agenda that some now tout. According to the Pew Research Center for the People and the Press, the American public is not in favor of the government developing programs that encourage people to get and stay married. Indeed, 79% prefer that the government “stay out” of such activities. Only 18% favor the idea. The group most in favor of this agenda is highly committed white evangelicals but only 35% of this subgroup favors government involvement in encouraging marriage while 60% remain opposed. In contrast, in polling done in April, 2001, the National Campaign found that over 90% of American adults believed that the number of teen pregnancies in the United States was a serious problem. Teen pregnancy prevention is clearly a problem that the public wants Washington to address. It’s a problem that we know how to prevent. I urge Congress to provide the resources that states and communities will need if we want more children to grow up in stable two-parent families.

³ Daniel T. Lichter and Deborah Roempke Graefe, “Finding a Mate? The Marital and Cohabitation Histories of Unwed Mothers,” *Out of Wedlock: Trends, Causes and Consequences of Nonmarital Fertility*, eds. Lawrence L. Wu and Barbara Wolfe (New York: Russell Sage Foundation, 2001) 329.

Figure 1: Contribution of Teen Birth Rate to OWB Ratio, 1991-1999

Source: Brookings analysis of data from the National Center for Health Statistics, *National Vital Statistics Reports*, Vols. 48 (2000), 49 (2001).

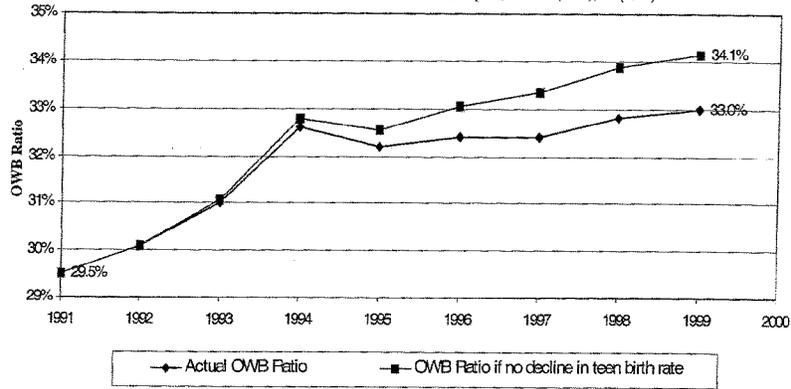


Figure 2: Teen Pregnancy Prevention's Connection to Other Issues

- If we have fewer teen pregnancies (100 ↓)
 - There will be fewer teen births (55 ↓)
 - and fewer abortions (45 ↓)
 - Which means fewer nonmarital births (44 ↓)
 - Which leads to fewer single parents (44 ↓)
 - fewer welfare cases (35 ↓)
 - and fewer poor kids (56 ↓)
- Why conservatives should care: 45 fewer abortions and 35 families avoid welfare dependency.
- Why liberals should care: 56 children and their mothers avoid poverty.

Appendix A: Please see attached letter.

Appendix B: Excerpted from the Kaiser Family Foundation's Newsletter, May 8:

In an attempt to persuade teenagers to "stop, think and decide" what actions they will take to avoid unintended pregnancy, the National Campaign to Prevent Teen Pregnancy, in collaboration with Teen People magazine and Teen People Online, has declared today the first National Day to Prevent Teen Pregnancy. The event, which coincides with National Teen Pregnancy Prevention Month, has been endorsed by more than 80 organizations and features an online effort to get teenagers to "make a personal commitment" to postpone pregnancy and parenthood until they are adults. According to the NCPTP, more than one million American teenagers get pregnant each year, and although the U.S. teen pregnancy rate is now at its lowest in 20 years, it remains the highest among industrialized nations (NCPTP Web site, 5/6). NCPTP communications director Bill Albert noted that "[fewer teens are having sex, and those that are use contraception a bit more carefully." However, he continued, "Is it still true that we should be concerned about this issue? The answer is, absolutely" (Bragi, San Francisco Chronicle, 5/6). Today, teenagers are being encouraged to visit the National Campaign to Prevent Teen Pregnancy's Web site to take a short online quiz, which asks teens to determine the optimal responses to various "realistic" situations involving peer pressure, "out of control" parties and gossip (NCPTP release, 5/1). Twenty-two teenagers on the Campaign's Youth Leadership Team proofread the quiz to make sure that the wording and situations would be "believable" to teens (Wendland-Bowyer, Detroit Free Press, 5/6). The quiz's purpose is to help teenagers foresee "risky" situations and to make a plan ahead of time to help them avoid pregnancy.

Getting the Word Out

Sponsors of the day chose to create an online event because about 73% of U.S. youth ages 12 to 17 use the Internet, meaning that e-mails and instant messaging could allow for "widespread dissemination" of information about the online quiz. Actress and talk show host Ricki Lake, who is also an event partner, today will host a special episode of The Ricki Lake Show focusing on "the challenges of teen pregnancy and parenthood." Lake is also launching a new teen pregnancy prevention public service announcement today, and she will discuss teen pregnancy prevention as a guest on the ABC talk show The View (NCPTP release, 5/1). Channel One, a television-based news service whose educational programs are viewed in many U.S. high school classrooms, and Fox's family comedy "Grounded for Life," will both air episodes today relating to the issue of teenage pregnancy (NCPTP Web site, 5/6). Teen-related Web sites Sex, Etc., Katrillion Media and YouthNOISE are also featuring content on their Web sites related to the day (NCPTP newsletter, Spring 2002).

Legislative Support

NCPTP Senate Advisory Panel Co-Chairs Sens. Joe Lieberman (D-Conn.) and Olympia Snowe (R-Maine) have introduced a Senate resolution declaring today National Day to Prevent Teen Pregnancy and "urging" Congress to do more to prevent teen pregnancy in the United States. "We know that teen mothers are less likely to complete high school, and more likely to end up on welfare. We know that children of teenage mothers have lower birth weights, are more likely to perform poorly in school, and are at greater risk of abuse and neglect. And we know from reliable estimates that teen pregnancy is costing the nation \$7 billion a year," Lieberman said. He added that as Congress prepares to rewrite the 1996 welfare reform law, he and his colleagues are examining provisions that will increase teen pregnancy prevention funding and reward states that decrease their teen pregnancy rates (Lieberman release, 5/7). Rep. Eva Clayton (D-N.C.), who co-chairs the NCPTP's House Advisory Panel, is sponsoring a House resolution in support of the day (NCPTP Web site, 5/6). In recognition of the day, U.S. Rep. Juanita Millender-McDonald (D-Calif.) has drafted a letter encouraging all female Democratic members of the Congressional Caucus on Women's Issues to "take action" to prevent teen pregnancy in their districts, and the National Conference of State Legislatures Executive Committee has endorsed the day and other efforts to highlight teen pregnancy prevention in the media (NCPTP Web site, 5/6).

Prevention Events Around the Nation

The following is a list of some of the city- and state-sponsored activities that are scheduled today in observance of the National Day to Prevent Teen Pregnancy:

*Arizona: Child & Family Resources, Inc. in Sierra Vista, Ariz., is creating an "abstinence only" display at an area high school to provide information on the National Day to Prevent Teen Pregnancy and abstinence "incentives" and to showcase teen pregnancy prevention posters created by local teenagers (NCPTP newsletter, Spring 2002).

*Massachusetts: During the month of May, Planned Parenthood League of Massachusetts is providing to all interested parents or guardians a free copy of Robie Harris' book, "It's Perfectly Normal," which is designed to "foster" conversation about sex between parents and their teenagers (PPLM release, 5/1).

*Michigan: Teenagers from the Wayne-Westland Community Teen Pregnancy Prevention Project today will visit local places where their peers "hang out" to tell them about the online quiz and to encourage them to sign an "abstinence pledge" or to practice safe sex (Detroit Free Press, 5/6). In addition, Michigan Gov. John Engler (r), chair of the National Governors' Association, has sent a letter to all governors encouraging them to recognize and promote the day in their states (NCPTP Web site, 5/6).

*Nebraska: The Lincoln-Lancaster Teenage Pregnancy Prevention Coalition is

sponsoring "Lunch & Learns" at area businesses to better equip adults to communicate with teenagers, and it is sponsoring displays at the State Capitol advertising the day. Throughout the month, the organization is mailing postcards with information about teen pregnancy and parent-teen communication strategies to more than 85 government, business and school leaders in the area (NCPTP newsletter, Spring 2002).

*New Mexico: At its annual meeting today, the New Mexico Teen Pregnancy Coalition will honor New Mexico counties that achieved a 20% reduction in teen birth rates during 2000. The NMTPC will also release a new report, titled, "Bridging Our Past, Present, Future: Teen Pregnancy in New Mexico" (NMTPC Web site, 5/6).

*New York: Planned Parenthood of New York City will provide computer access at two sites for teens who wish to take the online quiz (NCPTP newsletter, Spring 2002).

*North Carolina: In recognition of the day, a Wake County school board committee scheduled a meeting yesterday to discuss its School Health Advisory Council's recommendation that health educators be allowed to teach about "a variety of sex-related topics," including the use of contraceptives, in addition to encouraging abstinence among teenagers (Fulton, Raleigh News & Observer, 5/6).

*Ohio: Cincinnati Children's Hospital's Postponing Sexual Involvement (PSI) program will issue a press release today on the sex education responsibilities of adult family members and will sponsor an adult roundtable on teen sexuality in recognition of the day (NCPTP newsletter, Spring 2002).

*Texas: Planned Parenthood of Houston and Southeast Texas is hosting a day of teen pregnancy prevention activities, including a presentation to be held tonight at a Houston church (Houston Chronicle, 5/6)



STATE OF MICHIGAN
OFFICE OF THE GOVERNOR
LANSING

JOHN ENGLER
GOVERNOR

March 20, 2002

The Honorable John Engler
Governor of Michigan
P.O. Box 30013
Lansing, Michigan 48909

Dear Governor Engler:

As you may know, I have made reducing teen pregnancy and birth rates one of my highest state priorities over the past few years. In addressing this issue, I have had the good fortune to enjoy the support and active participation of many individuals, agencies, and organizations. *I am writing today to alert you to an exciting new national event that is being spearheaded by one of those organizations, the National Campaign to Prevent Teen Pregnancy, and to urge you to promote this event to your colleagues and constituents.*

The first annual *National Day to Prevent Teen Pregnancy* will be held on May 8, 2002. The goal for the National Day is for thousands of teens to participate in an online activity through an interactive quiz that makes them stop, think about the consequences of sex, and make a personal connection to the risk and reality of teen pregnancy. Teens so often say, "It won't happen to me," and this National Day is an effort to begin breaking through that wall of denial. The plan is for teens not only to take the quiz themselves but also to pass it on to their friends by e-mail so that the whole activity spreads nationwide. The National Day will only be successful if we reach teens and engage them in this activity. To that end, we, who are in leadership positions in states, have a critical role to play.

By way of background, the National Campaign to Prevent Teen Pregnancy is a private, nonpartisan organization dedicated to improving the well being of children, youth, and families by reducing teen pregnancy. The organization's goal is to reduce the rate of teen pregnancy by one-third between 1996 and 2005. As you know, high rates of teen pregnancy burden not only teenagers but also their children, families, and communities, while imposing large costs on taxpayers as well. To reduce teenage pregnancy, the Campaign provides a national presence and leadership to raise awareness of the issue and to attract new voices and resources to the cause, such as business leaders, policy makers, faith communities, and the entertainment media. It also provides concrete assistance to those already working in the field. The Campaign is organizing the National Day in a manner that is non-controversial, nonpartisan, and deeply respectful of the many sensitivities that the teen pregnancy issue engenders. The message of the National Day is straightforward: teens need to think about the importance of postponing pregnancy and parenthood until they are adults, and they should make a personal commitment to do so.

The Honorable John Engler
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March 20, 2002

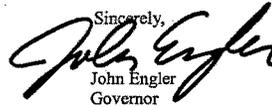
To date, the Campaign has lined up an impressive list of more than 65 partners, including founding partners, *Teen People* magazine and *Teen People* Online, and national organizations such as the National Conference of State Legislatures, the American Medical Association, the American Academy of Pediatrics, the National Council of La Raza, the WB Network, Big Brothers, Big Sisters of America, the March of Dimes, Goodwill Industries, the National 4-H, the National School Boards Association, the National Education Association, and the National Practitioners Network for Fathers and Families (a complete list is enclosed).

I believe the National Day to Prevent Teen Pregnancy provides a wonderful platform for Governors to remind our colleagues and constituents about the importance of continuing our efforts to reduce teen pregnancy and birth rates. Indeed, we cannot afford to become complacent when four in ten teen girls still become pregnant at least once before turning 20! I urge you to promote the National Day in your state by taking action in one or more of the following ways:

- Designate May 8, 2002 as National Teen Pregnancy Prevention Day in your state with a proclamation or resolution.
- Send letters to your colleagues in the state legislature urging them to mention the National Day on the House or Senate Floor.
- Post information on your web page about the National Day, including links to the on-line quiz.
- Contact your local media and offer to submit an op-ed or be interviewed regarding the National Day and teen pregnancy prevention issues.
- Contact your colleagues in the state health agency, department of education or other offices that serve teens and urge them to plan activities for the National Day.

The National Campaign to Prevent Teen Pregnancy has myriad fliers, generic op-eds and press releases, and other materials available to National Day participants. For more information and to obtain those materials, please contact Ellen Fern, Director of National and Corporate Partnerships, at (202) 478-8519 or visit the Campaign website at www.teenpregnancy.org. The National Campaign will also be publicizing state and local activities in its materials, on its website and to the media, so please share your plans with Ellen as well.

This letter comes with best regards and my thanks in advance for your participation in this important event.

Sincerely,

John Engler
Governor

Enclosures

Opening Statement of Senator Olympia Snowe
Senate Finance Committee
“Welfare Reform: What We’ve Learned”
March 12, 2002

Good morning. I would like to express my appreciation to the Chairman and Ranking Member of the committee, Senator Baucus and Senator Grassley for holding this hearing today on Welfare Reform and what we’ve learned over the past six years. Given that the reauthorization of welfare will be a major focus of this Committee in the months ahead, today’s hearing is both well-timed and the proper starting point for our deliberations.

Mr. Chairman, as you know, the 1996 enactment of the landmark Personal Responsibility and Work Opportunity Reconciliation Act shifted the focus of welfare from the old entitlement system, to a temporary assistance program, emphasizing on the transition from welfare to work.

One of the most important features of the 1996 Act is that the TANF block grant now allows states to shape their programs to meet the unique needs of their state’s population. As a result, we have a basic federal standard, but have allowed states to go above and beyond that standard, whether it be through providing child care and transportation subsidies to more lower-income working families, or by providing more child support income to reach the family – this flexibility is important in creating a flexible local and not a rigid national, solution.

Thanks to the successful formula laid out in 1996, we have witnessed dramatic decreases in welfare caseloads – from 5.3 million individuals receiving assistance in 1996, to 2.1 million today – decreases more

dramatic than any of us probably had dared to hope for. However, as with any reauthorization, it is critical that we examine the successes and the shortcomings of the 1996 reforms.

As we set out to reauthorize the welfare program, it is important to remember that there is more to the welfare system than cash benefits. What we do with the rules governing “work supports” – including child care subsidies, access to child support payment income, and access to transitional benefits like food stamps and Medicaid – will play critical role in determining whether a family will successfully make this pivotal transition.

Therefore, one of my top priorities will be to help ensure we are adequately assisting states in providing the necessary work supports – as well as continuing assistance for those who have successfully completed that transition but are still working hard to *stay* employed – that are *absolutely* essential to making this transition successful. After all, as welfare reform continues to focus on work, Congress must not ignore that meeting the work requirement is impossible without access to quality and affordable child care.

This need is highlighted by a recent survey of people in Maine who had been on TANF in 1997, 42 percent of these people are currently unemployed. When asked to list the reasons for being unemployed, 26 percent of respondents listed as the number two reason – second only to health problems – the lack of affordable child care.

Since 1996, there have been significant efforts on the parts of states and private industry which have joined in partnerships and are committed to the task of providing work opportunities to this population. There have been some extraordinary examples of initiatives which have met with great success and

that are important models for other efforts nationwide and I am glad the Welfare to Work Partnership, is here to share those success stories with us. I know I look forward to sharing the experiences of my own state of Maine that has, in many instances, gone above and beyond just meeting the letter of the law, to help its citizens.

I also look forward to working with the Committee, with you Secretary Thompson, and the Administration, to reauthorize the landmark 1996 welfare reform effort. The experience of the witnesses today will be of tremendous value as the Congress begins this endeavor. This reauthorization is one of the most important tasks before Congress this year, and it is my sincere hope that the Senate will work in a bipartisan way to complete this effort.

As we begin to explore these and other issues, I would like to thank today's witnesses for joining us. I am especially pleased that Secretary Thompson is here today... I know welfare reform is one of your personal passions and your input is valued.

Thank you, Mr. Chairman.

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STATEMENT BY
TOMMY G. THOMPSON
SECRETARY
DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE
COMMITTEE ON FINANCE
UNITED STATES SENATE

MARCH 12, 2002

Mr. Chairman, Senator Grassley and members of the Committee, I am honored to appear before you today to discuss the next phase of welfare reform. Together our work has had a profound impact on our nation's most vulnerable families. We have exceeded the most optimistic expectations by assisting millions of families in moving from dependence on welfare to the independence of work; we have provided a strong commitment to child care to ensure parents can go to work without worrying about the safety and well-being of their children; and we have succeeded in collecting record amounts of child support on behalf of children with a parent absent from the home. I am confident that together our work in reauthorizing the Temporary Assistance for Needy Families (TANF) program and the Child Care and Development Block Grant and Child Care Entitlement Programs, coupled with several critical changes to Child Support Enforcement, will lead to even greater achievements in the future.

President Bush has laid out a clear path for reviewing all of the programs impacted by the historic, comprehensive Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). The President made a commitment to pursue four important goals to continue transforming welfare in the lives of those that it helped: strengthen work, promote strong families, give States more flexibility and show compassion to those in need. These goals formed the guideposts in shaping the Administration's proposals for TANF, child care and child support.

I would like to spend my time today sharing information with you on the important progress we have made in strengthening families under these three critical programs and highlighting the specific areas the President has targeted for improvement. I will begin with TANF, the cornerstone of our welfare reform efforts.

Temporary Assistance for Needy Families

As a former governor, I can tell you that the Temporary Assistance for Needy Families program – or TANF – has been a remarkable example of a successful Federal-State partnership. States were given tremendous flexibility to reform their welfare programs and as a result, millions of families have been able to end their dependency on welfare and achieve self-sufficiency.

Since 1996, welfare dependence has plummeted. As of September 2001, the number of families receiving assistance, which represents the welfare caseload, was 2,103,000 and the number of individuals receiving assistance was 5,343,000. This means the welfare caseload and the number of individuals receiving cash assistance declined 52 percent and 56 percent, respectively, since the enactment of TANF. Between January and September of last year national caseloads actually declined about two percent, and while the July to September statistics indicate a slight increase, the figures are still well below the previous year's caseload levels. The general trend suggests the national caseloads are not rising but, instead, have stabilized.

In New York City, where we are understandably most concerned about job opportunities, the city achieved more than 53,000 job placements for welfare recipients from September through December 2001. While the number of TANF recipients increased briefly as a direct result of the tragedy of September 11, by January there were about 18,000 fewer TANF recipients on the rolls than there were in August. Indeed, in December New York City had its lowest number of persons on welfare since 1965.

Some other positive outcomes we have seen since the law's passage include:

- Employment among single mothers has grown to unprecedented levels.
- Child poverty rates are at their lowest level since 1979. Overall child poverty rates declined from 20.5 percent in 1996 to 16.2 percent in 2000. The poverty rate among African American children declined from 39.9 percent to 30.9 percent – the lowest level on record. The poverty rate among Hispanic children declined from 40.3 percent to 28.0 percent – the largest four-year drop on record.
- The rate of births to unwed mothers has stabilized.

But even with this notable progress, much remains to be done, and States still face many challenges. Last year, my Department held eight listening sessions throughout the country to discuss the TANF program and understand the new challenges ahead. The States overwhelmingly support this program. States, administrators, recipients, employers, and advocates have provided valuable insight into how we could make the program even more responsive to the needs of families, while keeping the basic structure and purpose of the program.

The Administration's proposal to reauthorize TANF would build upon our stunning success by:

- strengthening the Federal-State partnership;
- asking States to help every family they serve achieve the greatest degree of self-sufficiency possible through a creative mix of work and additional constructive activities;
- helping States find effective ways to promote healthy marriages and reduce out-of-wedlock childbearing;

- improving the management and, therefore, the quality of programs and services made available to families; and
- allowing States to integrate the various welfare and workforce assistance programs operating in their States.

I would like to offer some detail on each of these elements.

Strengthen the Federal-State Partnership

Our proposal seeks to strengthen the Federal-State partnership by maintaining the Federal financial commitment to the program and by making some key policy changes to increase State flexibility. We provide \$16.5 billion each year for block grants to States and Tribes and an additional \$319 million for annual Supplemental Grants to States that have experienced high population growth and had historically low funding levels. We will also reauthorize and improve the \$2 billion Contingency Fund. Authorization for both the Supplemental Grant program and the Contingency Fund expired in 2001, but one year extensions for both were recently enacted into law as part of the economic stimulus package signed by President Bush this past Saturday. We continue the current maintenance of effort (MOE) requirement to retain States' contribution to assistance for children and families. Finally, we will restore over five years the policy permitting the transfer of up to 10 percent of TANF funds to the Social Services Block Grant.

In addition to these basic funding provisions, we propose a number of policy changes on the use of funds that will provide States increased flexibility in managing their programs.

- We ease limitations on services for the unemployed by clarifying the definition of "assistance" so that rules tied to such spending would not apply to child care and

other non-cash support services.

- We allow States to designate “rainy day funds” and clarify that such funds would be reserved by States for future TANF use.
- Further, we revise current restrictions on carried-over funds by allowing such funds to be spent on any service or benefit that achieves a TANF purpose.

Maximize Self-Sufficiency Through Work

The second element of our reauthorization proposal is to maximize self-sufficiency through work. First and foremost, States would be required to engage all TANF families with an adult in self-sufficiency activities. States must approve activities as part of self-sufficiency plans and regularly review case progress.

And in addition to the requirement for universal engagement, we will increase the direct work requirement. In order for a case to be counted as participating, our proposal requires a full 40 hours per week participation in monitored, simulated work activities by welfare recipients. Cases counted as participating would be required to average at least 24 hours per week (of their total required 40 hours) in direct work, including employment, on the job training, and/or supervised work experience. States will have the flexibility to decide which activities should make up the remaining 16 hours. These could include a variety of services the States determine are needed by the family.

On a temporary basis, certain cases could be counted as participating even when they are not averaging did not average 24 hours per week in direct work. These cases would still be fully participating – defined as 40 hours per week – but could be in work-related training, short term substance abuse treatment, or rehabilitation for up to three months within any 24-month period. When calculating participation rates States will be allowed

to exclude parents with children under 12 months of age. As in current law, teen parents who are heads of households and maintain satisfactory school attendance will be deemed as meeting all participation requirements.

We will also gradually increase minimum participation rate requirements. In FY 2003, at least 50 percent of all TANF cases headed by a parent will be required to participate in combined work and other activities designed to help them achieve self-sufficiency. This percentage will increase five percent each year until reaching 70 percent in 2007. Calculation methods will be improved to recognize practical challenges States face in keeping recipients involved and participating in the program. There will be no separate standard for work participation for two-parent cases.

The current penalty structure will apply when a State fails to meet either, or both, of the universal engagement or participation rate requirements. Potential penalties will be limited to a maximum of five percent of a State's TANF grant, as under current law. States subject to a penalty will have the opportunity to develop a corrective compliance plan and no penalty will be assessed as long as they are making progress toward meeting the requirements. The current caseload reduction credit will be phased out so that States still receive full credit against participation targets in the first year, 50 percent of credit in the second year and no credit thereafter. The five-year cumulative lifetime limit for TANF cash assistance will be retained. States may also continue to exempt up to 20 percent of their cases from this limit.

Finally, understanding the significant barriers that tribes face to self-sufficiency, HHS will undertake a major new technical assistance effort for tribal organizations to help them build and administer effective Tribal TANF programs.

Promote Child Well-Being and Healthy Marriages

Our proposal embraces the needs of families by promoting child well-being and healthy marriages. To this end, we establish improving the well-being of children as the overarching purpose of TANF. This meaningful change recognizes that the four current goals of TANF are important strategies for achieving this purpose. Similarly, we clarify and underscore that the fourth goal of TANF is to encourage the formation and maintenance of healthy, two-parent, married families and responsible fatherhood.

In addition, we will target \$100 million from the discontinued Illegitimacy Reduction Bonus for broad research, evaluation, demonstration and technical assistance, focused primarily on healthy marriage and family formation activities. Funds previously used for the Illegitimacy Reduction Bonus could be spent far more effectively on developing innovative approaches to support family formation and healthy marriages. Strong and stable families are good for children and must be a central goal of our next steps in welfare reform.

Research shows that both adults and children are better off in two-parent families. It is no criticism of single parents to acknowledge the better outcomes for children of married-couple families. Rather it supports the underlying principles to redirect our policies to encourage healthy marriage especially when children are involved. Our approach to promoting healthy marriage is to provide financial incentives for States, often working together with private and faith-based organizations, to develop and implement innovative programs to support family formation and healthy marriages. Those demonstration programs will be carefully evaluated and information about successful programs will be broadly disseminated.

Along those lines, we also redirect \$100 million from the current-law High Performance Bonus to establish a competitive matching grant program for States and Tribes to develop innovative approaches to promoting healthy marriages and reducing out-of-wedlock births. State expenditures will be matched dollar for dollar and TANF funds may be used by States to meet their matching requirement.

We require States to discuss in their State plans the efforts they will make to accomplish the family formation goals of the TANF program, including the promotion of healthy marriages, and their efforts to provide equitable treatment for two-parent married families.

And finally within the context of our goals to strengthen family formation and reduce illegitimacy, we will reauthorize the Abstinence Education grant program to States and territories at \$50 million per year.

Improve Program Performance

Our fourth reauthorization element focuses on improving program performance. We will replace the current High Performance Bonus with a \$100 million Bonus to Reward Employment Achievement for meeting the employment goals of TANF. We also will require States to establish and report on performance goals related to each of the four major goals of TANF and to describe in their State plans how they are addressing each. Likewise, States will be required to describe particular strategies and programs they are employing to address critical TANF challenges. We will research the best ways to construct performance measures that relate to the TANF goals, collaborate with States to identify key performance measures, and build uniform data support and reporting methodologies.

Program Integration

For any organization to succeed, it must never stop asking how it can do things better. Using the flexibility under programs such as TANF and the One-Stop Career Center system, States have made great strides towards transforming and integrating their public assistance programs into innovative and comprehensive workforce assistance programs. But, with greater flexibility even more can be accomplished. The final key element of our TANF proposal seeks to enable far broader State welfare and workforce program integration.

In our proposal, we establish new State program integration waivers to permit States to further integrate welfare and workforce development programs in order to improve the effectiveness of these programs. Broad flexibility to design new strategies and approaches will be provided. The proposed waivers could apply to all aspects of selected Federal programs, including funding and program eligibility and reporting rules, enabling States to design fully integrated welfare and workforce development systems that could revolutionize service delivery.

I would like to turn now to another program that offers a vital connection to a family's ability to achieve self-sufficiency: child support enforcement.

Child Support Enforcement

Child support is a critical component of Federal and State efforts to promote family self-sufficiency. For the low-income families who receive child support, it makes up a significant portion of the family budget (26 percent).

PRWORA instituted a number of important child support enforcement measures. Tools such as increased automation, the National Directory of New Hires and Federal Case Registry, the passport denial program, the financial institution data match, and license revocation have made a tremendous difference in improving State performance and strengthening child support collection efforts. Equally important, PRWORA streamlined paternity establishment, particularly voluntary paternity establishment, to encourage fathers to take the first step toward providing their children with financial and emotional support. The impact of these changes has been dramatic. The number of paternities established or acknowledged has reached almost 1.6 million. Of these, nearly 700,000 paternities were established through in-hospital acknowledgement programs. In FY 2001, with a caseload of 17.4 million cases, a record of nearly \$19 billion in child support was collected.

Like TANF, our proposals for child support enforcement build on our success under PRWORA. These proposals will increase child support collections and direct more of the support collected to families, moving the child support program toward a focus on families and away from the historic purpose of recoupment of Federal and State outlays.

Directing More Support to Families

Under current law, States and the Federal government can keep some of the child support collected on behalf of current or former TANF recipients to defray costs of welfare. We are proposing to change that law and give States an incentive to give more of the child support directly to the family. Families and children will benefit financially and, equally important, the children will see that their parents support and care for them.

Today, more families receiving assistance are working and the assistance they receive is more temporary. The Wisconsin W-2 waiver demonstration has shown that when TANF families receive the child support paid on their behalf, fathers are more likely to pay child support and to pay *more* child support.

Currently, half the States pass through a portion of child support collections to TANF families, entirely out of State funds. Under our proposal, the Federal government would share in the cost of amounts above a State's current pass-through up to the greater of \$100 per month or \$50 over current State efforts. Federal contributions to passthrough of collections to TANF families will provide a strong incentive to States to begin to pass through additional support to these families, or increase the amount of the current passthrough. Effective October 1, 2004, this proposal would increase collections going to families by \$280 million over five years.

Under a similar proposal to increase support reaching families, States would be given the option to adopt simplified distribution rules under which all support collected would be sent to families that have transitioned from welfare. This proposal would increase collections going to families by \$810 million over five years and eliminate the need for States to explain and support complex distribution decisions. This provision would also be effective October 1, 2004.

Increasing the Amount of Child Support Collected

The second prong of our strategy for child support enforcement is to increase the amount of support collected by adding to our existing cadre of enforcement tools.

First, we would expand our successful program for denying passports to parents owing \$2,500 in past-due support. The passport denial program, run jointly by HHS and the

Department of State, currently works to deny passports to delinquent parents owing more than \$5,000 in past due support. In FY2000 alone, individuals with child support arrearages paid \$3.6 million in lump sum child support payments to avoid losing their passports. An additional number of these individuals have entered into payment agreements under which support payments are made regularly to children. Currently, passports are being denied to 60 delinquent parents per day.

We know of many examples of payments by parents who could pay but don't until threatened with the loss of their passport. One parent who had never made a voluntary payment paid \$67,000 in order to travel for work. Another parent paid over \$10,000 to obtain his passport to go to a family reunion. And a parent in New York paid his account in full -- \$27,328 -- in order to go on a vacation. Under our proposal, approximately one million cases could be added to the passport denial program.

We also are proposing to expand the Federal administrative offset program by allowing certain Social Security benefits to be offset to collect unpaid child support in appropriate cases selected by the States. Currently under the Federal Debt Collection Act, Old Age, Survivors and Disability (Social Security) benefits can only be offset for Federal debt recovery. Our proposal would provide a limited expansion to include child support debts and would be subject to the same offset thresholds, or safeguards, as current law.

Our final enforcement proposal would ensure that child support orders are fair to both custodial parents and children as well as the noncustodial parents by requiring States to review and adjust child support orders in TANF cases every three years, reinstating a pre-PRWORA policy.

Typically, the ability of obligors to pay child support increases over time. Periodically reviewing and adjusting child support awards to reflect current income can result in increases in the amount of the support provided and the economic security of single parent families. The five-year limit on receipt of TANF creates a substantially different environment than that which existed prior to PRWORA. At least one review of a support order during a family's receipt of TANF will help ensure that families leave the welfare rolls knowing that they will continue to receive child support at an appropriate level.

There also are legitimate reasons to reduce an existing award, for instance, if the obligor has lost his job or suffered a major decline in income. In those cases, periodic review and adjustment means that the award amount is fair and that the child support agency is assisting a low-income father who does not have the current ability to pay support, by helping the father avoid building up a large and unmanageable arrearage.

Processing Fee

In addition to our proposals for increasing support and directing more of the support collected to families, we will require States to impose a \$25 annual processing fee on families that have never used public assistance in cases where the State has been successful in collecting support on their behalf. Because the fee is collected only when the State is successful in collecting support and represents a fraction of the cost of the services families receive, we are confident it will not pose a barrier to families seeking child support enforcement services.

As States and the Federal government struggle to serve all the needs of its citizens, it is imperative that we find innovative ways to finance the program. This minimal step toward contributing to the costs of the program is reasonable and represents a firm step toward changing the perception that the purpose of the child support program is to recoup

welfare benefits, building on the positive message of our child support distribution proposals. While it will raise expectations of customer service, I am confident that these expectations will be met.

I would like to turn now to child care, a key support service.

Child Care

In 1999, 20 million families in the United States had one or more children under the age of 13 with an employed mother. Thirty-two percent of these families were low-income. For a number of reasons, including the high cost of child care, many of these families have difficulty finding care arrangements that they can afford. I can tell you from my experience as Governor of Wisconsin, access to child care assistance can make a critical difference in helping low income families find and retain jobs.

Further, studies measuring the impact of child care subsidies on employment in several communities and States across the country show that receipt of subsidies substantially increases the likelihood of employment. Eighty-three percent of all families who received child care subsidies in 1999 did so because the parents were employed (with most of the other parents receiving subsidies while in training or education).

As we approach reauthorization of our child care authorities, the Administration is committed to preserving the key aspects of the program: parental choice; administrative flexibility for States and Tribes; support for work and job training; inclusion of faith-based and community-based organizations; and healthy development and literacy skills for children in care. The major restructuring of the Federally funded child care programs under PRWORA remains an effective and efficient method for distributing child care

funds to States. States were given flexibility to determine the best use of those funds to meet the varying needs of their low-income populations. Therefore, our proposed reauthorization of the discretionary Child Care and Development Block Grant (CCDBG) and mandatory Child Care Entitlement programs, does not seek any changes to the underlying structure and financing of these essential programs. Rather, we enthusiastically support maintaining the historically high level of funding for child care.

Our proposal includes \$2.1 billion for the Child Care and Development Block Grant and \$2.7 billion for Child Care Entitlement -- a total of \$4.8 billion for what is referred to as the Child Care and Development Fund or CCDF. When combined with TANF and other Federal funding sources, over \$17 billion is available for child care and related services for children.

Under our proposal, States continue to have flexibility to use Temporary Assistance for Needy Families (TANF) funds for child care both by transferring up to 30 percent of TANF funds to CCDF and by spending additional TANF money directly for child care. In recent years, States have used significant amounts of TANF funds for child care, including \$2.3 billion for transfers to CCDF and \$1.4 billion in direct spending in FY 2000. In addition to CCDF and TANF, other programs in my Department also fund early childhood care and education, including the Social Services Block Grant and Head Start. And the Administration's education bill, recently passed by the Congress and signed by President Bush, includes additional flexibility and funding for school age care and literacy programs. Taken together, all of these funding opportunities have substantially increased the amount of resources available for quality child care and related programs.

Funding available through our child care programs and TANF transfers alone will provide

child care assistance to an estimated 2.2 million children in FY 2003. This is a significant increase over the number served just a few years ago; in 1998 about 1.5 million children received subsidized care.

The overall goal of TANF reauthorization is child well-being. Child care supports this goal as well as being a vital work support. Our child care reauthorization proposals complement our expectation that all families will be fully engaged in work and other meaningful activities by ensuring that resources are available to support safe, affordable child care when necessary.

Promoting Child Development and Literacy through Child Care

In addition to supporting working parents, quality child care promotes early childhood development and literacy skills. To improve quality and support the child development component of child care, States support a range of strategies and the Department manages a broad portfolio of training and technical assistance activities to support their efforts. According to the latest plans submitted by States, the most common approaches include grants and loans to providers for specific quality improvements, training and technical assistance for providers and staff, monitoring of compliance with regulatory requirements, strategies to improve retention and compensation of child care providers, and a special focus on improving the quality of care for infants and toddlers.

The President's budget maintains funding for quality child care. A minimum of four percent of the CCDF must be spent on activities to promote quality. In addition, the budget proposes to retain set-asides for infant and toddler care, school-age care and resource and referral services, additional quality expenditures, and ongoing research to identify and promote effective child care practices. My Department is providing technical assistance to equip States to make the best use of their quality funds, including activities

that promote literacy. At the same time, we are promoting systemic partnerships between child care, Head Start, family literacy, and other school readiness and reading programs.

State Flexibility

States have significant flexibility to decide how child care funds will be used and what will be emphasized in achieving the overall goals of improving access to care and the quality of care. For example, within basic Federal requirements, States determine eligibility criteria and co-payments for families as well as provider reimbursement rates. The Department convenes State child care officials and other experts to assess needs within the child care system and to plan remedies where they are needed and improvements where they are possible. Further, to add to this dialog, this year we are funding the first federally sponsored child care policy demonstrations that will be rigorously evaluated.

Promoting Parental Choice

Along with State flexibility, parental choice is a key element of a successful child care program. Families must be allowed to choose the care that best meets their needs, whether with a relative, neighbor, child care center, faith-based program, or after-school program. In FY 2000, over 78 percent of CCDF subsidy payments were made using certificates or vouchers. Using these vouchers and other child care payments, 56 percent of children were cared for in a child care center, while 31 percent were in family child care homes, four percent were in group homes, and nine percent were in the child's home.

To help parents make these critical child care decisions, CCDF funds parent education and outreach. Nationally, my Department funds the Child Care Aware web-site and toll-free hotline to link parents to information about child care in their local communities.

We are on the right track with CCDF and we must maintain a high level of Federal funding commitment to ensure our child care resources continue to meet the needs of working families.

Conclusion

Mr. Chairman, the proposal I bring before you today contains many different elements. What binds these fundamental elements together is the desire to improve the lives of the people and families protected by America's social safety net. As noted by the President, "We've made progress, there's no question the doors of opportunity that were shut and sealed have now been opened.... Yet there is no acceptable level of despair and hopelessness in America. We will not leave people in need to their own struggle, and we will not leave them to their own fate." The President has publicly stated his commitment to the next phase of welfare reform; and this committee demonstrated its desire to succeed when you made the hard choices on the original precedent-setting PRWORA legislation and in your on-going interest in the impact of these changes. It is time to take the next steps in welfare reform and the President and I stand ready to work with you to achieve even greater successes for America's neediest families.

I would be happy to answer any questions you have.

Responses of Secretary Thompson to Questions From Committee Members**SENATOR BAUCUS' QUESTIONS FOR THE RECORD:**

Q1: As you know, there has been some confusion about the Administration's position on the application of the Fair Labor Standards Act (FLSA) to participants in work experience or "workfare" programs. You cleared up some of this confusion in your remarks at the hearing, but I would like to follow up further.

For purposes of calculating minimum wage, are you including the value of other benefits? Also, would other FLSA protections also apply under the Administration's proposal?

A: The Administration recognizes that the only way to escape poverty is through work and believes that welfare recipients should receive at least the minimum wage for the hours they work. Thus, the President's welfare reauthorization proposal "Working Toward Independence" does not change any aspect of the Fair Labor Standards Act (FLSA) or its applicability to employed workers or welfare recipients in work activities. The minimum wage and other FLSA requirements apply to welfare recipients as they apply to all other workers. If welfare recipients are "employees" under the FLSA's broad definition, they must be compensated at the applicable minimum wage.

A definitive answer on what benefits may be included to calculate the minimum wage would have to be provided by the Department of Labor, which administers the Fair Labor Standards Act.

Q2: The Administration's ambitious welfare proposal involves higher and longer work requirements while continuing TANF funding at the FY 2001 level and the child care block grant at the FY 2002 level. It proposes ending current state waivers on the ground that they give some states an unfair advantage. As you are well aware, however, state TANF allocations are based on prior AFDC spending patterns, rather than objective measures such as child poverty. As a consequence, Wisconsin's TANF allocation "per poor child" is twice that of Montana's, three times that of Louisiana's, and five times that of Arkansas. The TANF supplemental grant helps address this disparity but only to a limited degree.

If the Administration's goal is to motivate all states to achieve such high levels of work participation, don't you think that Congress should revisit the TANF funding levels to ensure that poorer states will actually be in a position to meet those new requirements?

A: Continuing funding at \$16.5 billion per year for the basic TANF grant when caseloads have been reduced by over half reflects a significant commitment of this Administration to address the needs of low-income families. We are convinced that this funding is sufficient for states to engage all families in appropriate work activities, maintain their progress in moving people into

jobs and off welfare, and provide appropriate post-employment supports, like child care, transportation, training and education, so that families can retain employment, enhance their skills and advance their careers.

As Congress enacted the welfare reform legislation in 1996, the TANF block grant amount for each State was based on the highest level of Federal dollars it received for the AFDC, Emergency Assistance, Job Opportunities and Basic Skills (JOBS) and related child care programs in FYs 1992-1994 (annual average), FY 1994 (adjusted), or FY 1995 (estimated). This funding distribution among States closely relates to the spending patterns that States exercised under the former federally matched AFDC program.

As you have noted, the formula by which TANF block grant allocations were determined did not eliminate the historical disparity in State spending per eligible child. Under the funding formula designed by Congress and widely supported by Governors, the prior, disparate spending patterns among the states affect the amount of the annual block grant. Congress made an effort to address these disparities in funding per poor child among states through supplemental grants to states that had both substantial population growth and low per capita welfare spending.

The President's Budget proposes to retain both the existing block grant formula and annual funding for supplemental grants at the FY 2001 level of \$319 million.

In our reauthorization listening sessions with States and in response to our request for written comments, there were very few comments recommending a change in the current funding formula. Nevertheless, we recognize your concern and want to work closely with you and other Members on reauthorization to ensure that the next phase of welfare reform continues to promote work and strengthen families working toward independence.

Q3. The Administration's proposal calls for "full engagement." It says that states should have every TANF family "engaged" in some sort of activity within 60 days of going on the rolls. This is a noble goal. However, the Administration's proposal also involves a financial penalty for states that fail to meet this standard.

Is the Administration proposing to reduce a state's TANF funding if it fails to achieve a 100% funding level of performance on this test? With no margin of error?

Your proposal also appears to require substantial new monitoring of states to gauge whether they have managed to get 100% participation of every recipient who has been on the rolls longer than 60 days. Could you describe how the Administration would enforce this new requirement?

A: The Administration is not proposing a new penalty for states that fail to achieve "universal engagement." It would fold the expectation for "universal engagement" into the existing penalty provisions. The penalty structure under current law for states failing to meet work participation

rates would apply when a state fails to meet either or both the universal engagement or full participation rate requirements. Penalties will be limited to a combined maximum of five percent of a state's TANF grant for a fiscal year. Under current law, the penalty is based on the degree of non-compliance, and the Secretary may also reduce the penalty if the noncompliance is due to circumstances that caused the state to become a needy state, as defined in the law, or if the noncompliance is due to extraordinary circumstances such as a natural disaster.

States will be given a transition period to develop self-sufficiency plans for those families currently on the welfare rolls. Additionally, the proposed phase-out of the current caseload reduction credit, which reduces the states' minimum required work participation rates, will afford states time to implement the new universal engagement and work participation requirements. Currently states receive credit toward meeting participation rates for caseload declines since 1995. With national caseloads declining by more than half, many states have no work participation standards. In FY 2003 the full caseload reduction credit will apply as under current law; in FY 2004 the credit will be halved; beginning in FY 2005, the credit will be eliminated. During this phase-out period the credit will be based on reductions since 1995, as in current law.

In the Administration's proposal, states are given complete discretion in how they approach the full engagement requirement. Our goal is not to take money away from states or to create a major new federal regulatory and reporting structure, and we are not proposing to do so. Rather, we want to ensure that states take seriously the expectation of performance and that they set up the structures and procedures they need to ensure that they work with, and monitor the progress of, all families.

Q4: The Administration has proposed a new "super waiver" across several programs, which would allow states to "establish or modify eligibility criteria and program rules." The proposal includes a general list of programs but explicitly says it is not limited to that list. I'd like to get a clearer idea what the Administration has in mind.

Does the super waiver involve any of the following programs or benefits? If so, which ones?

The school lunch program
 Head Start
 Pell grants
 Child nutrition programs
 Section 8 housing vouchers
 Job Corps
 SSI
 Foster Care
 Medicaid
 Violence Against Women grants for shelters
 Student loans

A: The waiver provision would encompass a broad range of programs that provide public assistance and workforce services to individuals and families. The Administration continues its discussions about the specific programs that would be most appropriate to include under this provision, but has not finalized a list. After some consultation, the Administration now favors an approach that would specify the programs that would be eligible for waivers. The list of programs under consideration does not include school lunch, child nutrition programs, Pell grants, SSI, Medicaid or student loans. We are interested in hearing the thoughts of this committee and others in Congress and would be happy to engage in discussions with you on this issue.

Q5: I'd like a better understanding of the Administration's super waiver proposal. Through the annual appropriation process, Congress often directs funding to a specific program in a specific community. For example, an appropriations bill will allocate funding for a homeless shelter or an adult literacy program. Reading through your proposal, it appears that the super waiver program allows a governor to redirect such appropriated funds to other programs or purposes of the governor's choosing -- subject to the approval of the relevant cabinet secretary.

Can you confirm that my interpretation of this proposal is true? If so, I believe that this provision represents a significant infringement on congressional authority.

A: The purpose of this waiver proposal is to give state and local program administrators the flexibility they need to implement public assistance and workforce development programs more effectively and thereby better serve their clients. The current multitude of funding streams and categorical requirements often makes it difficult for clients to access benefits and for agencies to deliver services in a manner that best serves their clients and the goals of the programs. Many of these programs are intended to complement each other, but state and local administrators could greatly improve their ability to meet program goals if given the flexibility to do so.

However, through the annual appropriations process, Congress does often direct funding to a specific program in a specific community. These congressional "earmarks" are normally identified in appropriations language and, as appropriate, the Department will initiate funding in those cases directly at the Federal level to the specified grantee. We intend for the waiver authority to cover a specific set of ongoing Federal programs that would be listed in the reauthorization bill, and as such we do not intend to include congressional earmarks to specific community programs.

Q6: There was much discussion at the hearing about employment credits. As I read your proposal, you grant a state credit for those who leave welfare for work toward the participation requirement of only three months. I believe that this means a state would receive more credit for a TANF participant who participates in a workfare slot for three

days a week for six months than for moving a recipient off the rolls and into a paying job in six weeks.

Isn't that a mistaken weighting of a performance measure? Since real employment is a better goal than workfare, shouldn't we give a state credit for a longer period?

A: The proposed employment credit needs to be looked at in its broader context. The participation rate is primarily a measure of how successful the state has been in engaging welfare recipients in work and work-related activities. While it is appropriate to give some credit to states that successfully move families into employment and off the caseload, such adjustments should not obviate the need for states to engage those families who require more assistance in moving from welfare to work.

We would also note that, beyond the participation rate, states have very strong incentives to move families into gainful, sustainable employment. If families get jobs that enable them to leave the rolls, the state no longer has to pay out cash benefits to that family, manage the family's continued participation in work activities, or make decisions when the family nears its time limit. The state may earn bonus money through the TANF Employment Achievement Bonus, which gives a state credit for employment entries (and recipient success in work). In addition, the state can give itself credit through the performance measures it will be developing on its own and reporting to the Federal government under our proposal.

SENATOR ROCKEFELLER'S QUESTIONS FOR THE RECORD:

Q1: Despite language in the Bush Administration's original TANF reauthorization proposal to the contrary, you have now said that you and the Bush Administration will make sure that TANF recipients who are engaged in work activities, including work experience and community service, will receive at least the minimum wage for their hours of work. That was an important clarification, and I applaud you for reaching the right policy decision on this important issue.

Does the Administration take the same position with regard to job safety and health protections for TANF recipients engaged in work activities, including community service and work experience? In other words, is it the Administration's position that TANF recipients who are engaged in work activities should be covered by the same safety and health laws and protections under the Occupational Safety and Health Act as other workers?

Will OSHA coverage include specific OSHA protections provided to other workers, including, for example, the right to health and safety training; the right to file complaints with OSHA if they believe their working conditions are unsafe, and to have OSHA inspect their workplace and potentially cite and fine their employer for health and safety violations; and protection against discrimination or retaliation for exercising their rights under OSHA?

A: We recognize that the issue of what protections are available to welfare recipients is an important question. Under the Administration's proposal, workplace protections for welfare recipients would apply just as they do under current law. Employers who participate in providing work activities under TANF are not exempt from meeting OSH Act requirements, and therefore OSHA coverage applies to welfare recipients in the same way that it applies to other workers. However, I would suggest that you consult the Department of Labor (DOL) with specific questions you may have about the protections available under the Occupational Safety and Health Act (OSHA) and other Federal employment laws, since these laws fall under the jurisdiction of the DOL.

Q2: In 1995 and 1996, debating welfare reform, the Senate took a strong position. We did not want a block grant of food stamps or school lunch. We did not want a block grant of child welfare and foster care. We did not want a block grant of Medicaid. What is the "intent" of your super waiver? It says that States will be allowed waivers to integrate funding and program rules across a broad range of public assistance and workforce programs. The Administration plan gives a short list, but clearly states that other programs can be included. Mr. Secretary, will the "super waiver" allow

A block grant of Medicaid or CHIP?

A block grant of child welfare and foster care?**A block grant of food stamps and child nutrition?**

A: The “super waiver” is not a block grant proposal, but rather a mechanism to improve program integration and service delivery. The authority would permit states to propose waivers to integrate programs and promote innovative approaches to help families escape welfare dependency, promote child well-being, and build stronger families. The intent is to address the concerns of state and local administrators about their ability to effectively serve individuals and families in need. In the extensive discussions we had with state and local administrators prior to submitting our proposal, they repeatedly expressed concerns about how the multitude of federal funding sources and the variable program rules negatively affect their ability to deliver services efficiently and effectively. The proposal would help administrators develop and test approaches for integrating and simplifying the delivery of program benefits and services. The Administration favors an approach that would specify the programs that would be eligible for waivers. The list of programs under consideration does not include Medicaid, SCHIP or child nutrition.

Prepared Statement of Vicki Turetsky

Mr. Chairman and Members of the Committee:

Thank you for inviting me to testify. I am a Senior Staff Attorney at the Center for Law and Social Policy (CLASP). CLASP is a non-profit organization engaged in analysis, technical assistance and advocacy on issues affecting low-income families, including child support. I have worked in the child support and welfare field for twenty years, both as a state human services administrator and as an advocate for low-income families. CLASP places a special emphasis on understanding what is actually happening at the “ground level” through on-going dialogue with state and county administrators, grassroots organizations, and low-income mothers and fathers directly affected by the implementation of welfare reform efforts.

My testimony today will focus on needed reforms to child support distribution rules. CLASP strongly supports child support legislation sponsored by Senator Snowe and included in the tri-partisan recommendations made by Senators Snowe, Breaux, Jeffords, Hatch, Lincoln, and Rockefeller to the Senate Finance Committee. I commend Senator Snowe for her steady commitment to enacting child support provisions that will directly increase the income of many low-income families, improve child well-being, and encourage low-income fathers who live apart from their children to remain involved.¹

In addition, my testimony raises concerns about a plan proposed by HHS to use child support funds to pay for marriage demonstration programs.

The Child Support Distribution Provisions Proposed by Senator Snowe Should Be Included in TANF Reauthorization Legislation.

- **Increased income helps strengthen families.**

One key part of any effort to build stronger families, improve child well-being, and strengthen marriage has to be increasing family income. The Minnesota Family Investment Program (MFIP), a welfare waiver demonstration program, broadened eligibility for assistance for two-parent families and allowed working families to combine higher earnings with cash assistance; MFIP produced substantial increases in employment, earnings, and income for long-term welfare recipients. Increasing the income of these families led to a series of important changes in family life and improvements in child well-being—a dramatic decline in domestic violence, increased marriage rates, increased marital stability, and reduced incidence of divorce.² In addition, MFIP and a number of other rigorously-evaluated welfare-to-work demonstration programs show that raising family income improves child outcomes, such as school performance. Simply putting parents to work is not enough to help children. If the goal is stronger families and improved child well-being, then increasing family income is an essential part of the effort.

- **Child support is an important source of family income when parents live apart.**

When the parents do not live together, child support can be a substantial and long-term source of income for low-income working families. Next to the mother’s earnings, child support is the second largest income source for low-income families receiving child support. When a single

parent with income at the poverty level receives child support but not cash assistance, her earnings typically are 48 percent of the family budget, child support is 35 percent, and income from other sources is 17 percent.³

Research indicates that single parents who receive regular child support payments are more likely to find work more quickly and to hold jobs longer than those who do not receive child support. When families receive regular child support, they are less likely to return to welfare.⁴ Receipt of child support is especially critical to help families stabilize their incomes in the first few months after they leave TANF. There also is evidence that child support is an alternative to cash assistance— families are less likely to use cash assistance when they receive child support.⁵

The likelihood that parents living apart from their children will pay child support has significantly improved since 1996. In 1996, Congress passed major reforms to the child support program, including computerized data matching, enforcement tools, and other improvements to the program. The 1996 welfare reform law recognized that child support is a significant source of income for working families, and a key to helping families become more independent from welfare.

Since implementation of the 1996 reforms, the child support collection rate has doubled. However, despite substantial improvements, child support is collected for only 44 percent of welfare leavers participating in the child support program. This percentage is roughly comparable to the proportion of welfare leavers that receive food stamps (33%-57%), Medicaid (41%-57%), and child care (one-third or less). Once a child support order has been put in place, about 66 percent of welfare leavers receive about \$2,000 in child support per year.

Low-income families eligible for child support are significantly more likely to receive child support if they have participated in the child support program. The child support program has particularly benefited the lowest income families, with never-married mothers experiencing a four-fold increase in their child support receipt rate since the program's inception. A growing body of research links effective child support programs to reduced poverty, welfare caseloads, divorce rates, and non-marital and teen birth rates.⁶

- **However, when low-income parents pay child support, their children often do not see the money.**

Families receiving TANF assistance are required to assign (or sign over) to the state their rights to child support. Child support distribution rules determine whether the state or the family keeps child support when it is collected. While the family is receiving TANF assistance, the state keeps most of the child support to reimburse welfare costs. State and federal governments share child support collections according to the state's Federal Medical Assistance Percentage (FMAP), with states having higher FMAP rates returning more child support to the federal government.

Even after families leave welfare, much of the child support that is collected for the family is kept by the state as recovered welfare costs. Slightly more than half of support retained by the government is collected for families who have left welfare, while the remaining half is collected for families currently receiving assistance. And about half of child support arrears collected on behalf of former TANF families are not paid to families, but instead are kept by the government.

In 2000, the child support program collected a total of \$17.9 billion in child support, with \$8.2 billion collected for current and former TANF families and the remainder collected for working families who never received welfare. Of the \$8.2 billion, federal and state governments kept \$2.4 billion as recovered welfare costs (\$1.23 billion for former TANF families and \$1.16 billion for current TANF families), or nearly a third of child support payments paid on behalf of current and former TANF families.

Most states allocate their share of collections to their state human services budget, using the revenues to meet their state Maintenance of Effort (MOE) obligation required to draw down federal funds under the TANF program. At least one-third of the states use some or all of their welfare collections to help pay for the state share of matching funds for the child support program.

- **Current child support distribution rules prevent low-income parents from using their own resources to support their children.**

Regular payment of child support is linked to increased paternal involvement and improved child outcomes. Children who receive child support are more likely to do better in school, have better health outcomes, and stay out of the juvenile justice system.⁷ While domestic violence is a serious problem for some families, many mothers report that they encourage their children's emotional relationship with their father and his family, and try to keep the father involved in their children's lives when feasible.

Yet child support rules that emphasize welfare cost recovery discourage low-income fathers from paying child support and staying connected to their children. Low-income mothers and fathers both know that unless they earn enough money to keep their children completely off of TANF, child support payments will be kept by the state as recovered welfare costs, and will not directly benefit their children. In a number of studies, mothers and fathers of children receiving TANF assistance say that the child support distribution rules undercut their ability to work together in the best interests of their children, and often drive fathers underground.⁸

For the most part, low-income mothers and fathers want to do right by their children. Yet low-income fathers and mothers who want to improve their children's lives, but can not fully support their children without some public help often find themselves in an untenable situation. Many TANF mothers and fathers repeatedly re-negotiate their financial arrangements. Sometimes she holds back on formal enforcement. Sometimes, he pays informal financial support for the children. Sometimes, he does not pay regular support, but makes irregular in-kind contributions, such as diapers, school clothes, and Christmas gifts. Sometimes, he pays out of both pockets -- he pays off the state a little and he pays her a little. Sometimes she settles for non-financial support. Sometimes, they fight about the money and the children. Sometimes, he enters the underground economy to avoid the formal child support system. Sometimes, he walks away.

The research indicates that low-income mothers and fathers sometimes agree to informal contributions that by-pass the formal child support system. Yet no one is well served when parents agree to under-the-table payments and avoid the formal child support system. If a TANF mother accepts informal support from the father, she is vulnerable to a welfare fraud prosecution. In addition, informal payments are made at the discretion of the father. Informal payments are

likely to be smaller and less regular, and there may be more disputes about the amounts paid. Payments are likely to decrease as the child gets older and the parents' relationship deteriorates. If a TANF father pays the mother informal support, his payment will not be credited through the formal system, and he will be liable for a growing arrearage balance.

Some fathers of TANF children are themselves low-income and face many of the same employment barriers faced by many low-income mothers. For many low-income children, there is not enough money to go around. Low-income fathers are not going to be able to create stable environments for children--in or out of marriage--if they are unemployed, incarcerated or have substance abuse problems. These fathers need help maintaining employment, participating in job training, securing housing, and accessing substance abuse treatment before they can provide significant financial support for their children. If children are to benefit from the ongoing support and involvement of both parents, it is important to develop strategies to improve the limited economic prospects of low-income fathers. New funding for fatherhood programs included in TANF reauthorization should be squarely focused on the employment and training needs of low-income fathers.

- **Evidence from Wisconsin and Vermont child support pass-through demonstrations indicates that fathers pay more support when it is passed through to their children, and that children may benefit in other ways.**

Early findings from child support pass-through demonstration waiver projects conducted in Wisconsin and Vermont to pass through all current support to families receiving TANF assistance indicate that more fathers paid support, and fathers paid more, when they were in the full pass-through group. In Vermont, early results indicated that the state's pass-through policy increased the percentage of parents paying child support and the average amount of child support paid.⁹ In Wisconsin, researchers found a substantial difference in payments among parents who were new to the welfare system, and had not paid support under the old rules: among those cases in which the mother had not received AFDC during the prior two years, 58 percent of fathers in the full pass-through group paid child support, compared to only 48 percent of fathers in the partial pass-through group.¹⁰

There is evidence in the Wisconsin study that fathers were substantially less likely to work in the underground economy when all of the support was passed through to their children. Researchers also found that fathers established the paternity of their children more quickly. In addition, there was some evidence of higher informal support payments made by fathers in the full pass-through group, suggesting the formal and informal support are complements rather than substitutes.

Researchers in the Wisconsin study found intriguing suggestions in the data that passing through all child support may help families in a variety of ways. For example, the evidence suggests that for some subgroups, there was less serious conflict between the parents, families were able to secure better child care arrangements, children had fewer health problems, and teenagers did better in school and were more likely to stay out of trouble.

Wisconsin researchers found that there was no difference in overall government costs—the costs of passing through child support were offset by more support paid by fathers and reduced TANF use by mothers. And, the full pass-through was considerably easier for the state to administer. According to researchers, reported findings “are likely to understate” expected effects of a full

pass-through in Wisconsin and other states, in part because of limited caseworker and parent understanding of the experimental policy.

- **While the 1996 welfare reform law increased the amount of child support going to former welfare families, it resulted in a complex and difficult to administer set of rules.**

In 1996, the child support distribution rules were amended to allow former TANF families to keep more of the child support owed before the family went on welfare. The 1996 law modified the old AFDC requirement that families give up all rights to support owed before and during a family's stay on welfare. The basic approach adopted in the 1996 law is that support owed while the family is on welfare belongs to the government, while support owed while the family is not receiving welfare belongs to the family. However, there are two statutory exceptions to this basic approach, which have created enormous complexity in the system:

- *Federal tax offset exception.* The main exception is that support recouped from federal tax refunds due to noncustodial parents are kept by the state, even if collected after the family has left welfare. If the support is collected through a state tax offset, bank account seizure, or other collection method, the money goes to the family. But if the support is collected through a federal tax offset, the money is kept by the state. (If the family is currently receiving assistance, the state can keep the money regardless of collection method.) Support collected through the federal tax offset procedure totals more than half of the welfare arrears collected by the state.
- *Assignment of pre-assistance arrears.* Under the rules, the government has a claim on support that was owed before the family went on welfare. Families applying for welfare have to sign over their rights to support owed while they receive assistance, but also their rights to unpaid support owed from the months and years before they went on welfare. This means that families who tried to hold out the longest before going on welfare can lose all the support owed to them once they start receiving assistance. Requiring families to assign their pre-assistance arrears reduces the amount of support paid to families when they leave welfare. And if the family has to go back on welfare, even for a couple months, rights to any unpaid support reverts to the state.

The 1996 distribution provisions were intended to get more money in the hands of former welfare families. However, the statutory exceptions are the uneasy result of legislative compromise between contradictory program goals of strengthening families and recovering welfare costs. As a result, the distribution rules are extremely complicated and costly to computerize and administer, requiring states to track several different payment types, depending upon status, time period, and collection method—"assigned" current support; "never assigned" current support; "permanently assigned" arrears; "temporarily assigned" arrears; "conditionally assigned" arrears; "unassigned pre-assistance" arrears; "unassigned during-assistance" arrears; "never-assigned" arrears. (See attached chart).¹¹

One expert, Policy Studies, Inc., estimates that 6-8 percent of all child support program costs--up to \$360 million per year--are attributable to maintaining existing distribution rules. Problems with automating complicated distribution rules have been cited by many federal and state administrators as a contributing cause of computer systems delays and costs. The new rules require disproportionate training and staff time devoted to administering the rules, correcting errors, and explaining hard-to-understand decisions to parents. Because the rules are so difficult to explain and administer, they erode confidence in the program's fairness and accuracy.

The complexity of the distribution rules result in some states improperly keeping child support that belongs to families. The HHS Office of Inspector General (OIG) found that in half of the six study sites, about 30 percent of custodial parents experienced delays in getting child support or were underpaid their support. Eleven of 51 states survey by the OIG cited difficulties accurately transferring child support payments to families who have left TANF cash assistance.¹² The distribution rules heighten the vulnerability of states to audit problems and litigation.

- **While the 1996 welfare law gave states the option to pass through child support to TANF families, the requirement that states pay the federal share of collections has limited state flexibility.**

Before 1996, states were required to pay the first \$50 in collected child support to families receiving welfare benefits. Known as the "\$50 pass-through," the child support income was disregarded, or not counted, in calculating the amount of welfare benefits paid to the family. That meant that families received their full welfare check along with the first \$50 of child support. Because the pass-through was paid before federal and state shares of support were calculated, the cost of passing through support was shared between the federal government and states.

The 1996 welfare reform law eliminated the federal pass-through requirement. Under the 1996 law, states retained the option to pass through support to families receiving TANF assistance. However, states, and not the federal government, now bear the entire cost of any support passed through to families. This is because states must repay a fixed percentage of collections to the federal government, whether or not the state passes through any support to families. In other words, the federal share is paid first, and states must finance any pass-through with their remaining state share. Less than half of states have chosen to continue or increase the pass-through on those terms. (See attached chart)¹³

The pass-through financing problem is particularly acute for states with low per capita incomes and high FMAP rates. These states have to send back a larger share of child support to the federal government under the FMAP formula, and their state share of support is too small to cover the costs of a pass-through without adding new state dollars. Three-fourths of states with an FMAP rate of 70 percent or higher have discontinued the pass-through, while three-fourths of states with a lower FMAP rate continued their policy.

- **The Snowe distribution package (S. 918) would get more support to families, would give states the flexibility to simplify distribution, and should be included in TANF reauthorization legislation.**

The legislation sponsored by Senator Snowe would allow states to get more income directly into hands of low-income families. The support paid by fathers should go to their children, not the government.

Legislation sponsored by Senator Snowe (as well as identical legislation sponsored by Senator Kohl), is widely supported by states and advocates, and should be included in TANF reauthorization legislation. The Snowe provisions would put the authority in place to allow states to enact distribution reforms when they can afford to do so. The Committee should adopt the intact Snowe provisions, because they contain the essential elements needed to allow states to move forward:

- *More support to families who have left TANF.* The Snowe provisions would simplify the rules for families who no longer receive TANF assistance. The proposal would allow states to pay all support to former TANF families by (1) eliminating the requirement that families assign pre-assistance arrears and (2) giving states the option to eliminate the federal tax offset exception.
- *Pass-through to TANF families.* The Snowe provisions would require the federal government to fully participate in the costs of passing through child support to TANF families, by providing that the federal government waive its share of child support collections to the extent that a state decides to pass through the support to families and disregards the support in determining TANF assistance.
- *Funding flexibility.* The Snowe provisions would authorize states to use TANF block grant or maintenance of effort funds to pay for child support collections that the state would provide to families to help states replace lost revenues used to fund the TANF or child support program.
- *Implementation flexibility.* The Snowe provisions would allow states to implement any or all of the distribution provisions early.
- *Bar on collecting Medicaid birthing costs.* The Snowe provisions would bar the recovery of birth-related costs covered by the Medicaid program through the child support program.
- **Child support distribution options should not be financed with new fees imposed on families who have never received TANF assistance.**

The Administration proposes to fund changes to the child support distribution rules through a \$25 annual service fee charged to families who never received assistance and have a successful collection. Under the Administration's proposal, the \$25 annual fee would be charged in

addition to other fees and charges already in place. The Committee should not adopt the fee proposal.

The Administration's proposal to impose a new fee on families who have never received TANF assistance places an unequal burden on low-income working families whose financial circumstances may be indistinguishable from former TANF families. Nearly 80 percent of families participating in the child support program have incomes below 250 percent of poverty. Families who would be subject to the fee include those who have been diverted from cash assistance, but receive child care or other services. Many families who do not receive TANF benefits may receive Medicaid, Food Stamps, SSI, or other needs-based benefits. Other low-income families may be eligible for TANF assistance, but do not apply. In addition, the administrative costs of implementing the fee and reprogramming child support computers will significantly offset revenues.

The HHS Proposal to Use Child Support Funds to Pay for Marriage Demonstration Programs Raise Serious Questions.

- **The status of an HHS proposal to tap into child support funds to pay for marriage programs is unclear.**

HHS documents indicate a plan to initiate 15 marriage demonstration projects with \$22 million in federal and state child support funds under a section 1115 waiver. The documents include a "Request for Task Order" for technical assistance and evaluation research, and a draft concept paper called "Administration for Children and Families Healthy Marriage and Responsible Fatherhood Community Demonstration Initiative." A March 7, 2001 email circulated to outside technical assistance providers requested them to submit a capability statement to HHS by March 22. The request for capability statement seems to be the first step in soliciting proposals from vendors to provide project technical assistance and evaluations.

The marriage demonstration plan appears to be an attempt to open the door to using child support funds to sustain marriage programs operated by community-based and faith-based organizations. The marriage demonstrations would "invest in broad-based, community-level coalitions to engage in comprehensive intervention strategies" to promote and maintain healthy marriages, family formation and responsible fatherhood, and would feature a "saturation approach" at the community level.

While the documents state that the Administration for Children and Families (ACF) plans to use child support funds to initiate a set of marriage programs, they also state that "the demonstrations will integrate marriage, family formation and fatherhood into ACF programs, such as Child Support Enforcement, Head Start, Community Services Block Grant, Child Care, Runaway and Homeless Youth Services, and Temporary Assistance to Needy Families."

- **The HHS proposal to use child support funds for marriage programs raises serious legal concerns.**

There does not appear to be statutory authority to spend federal and state child support funds on marriage programs. Congress authorized the child support program to help single parents collect child support. The statutory purpose of the child support program is quite narrow and specific, authorizing the use of child support funds:

“For the purpose of enforcing the support obligations owed by non-custodial parents to their children and the spouse (or former spouse) with whom such children are living, locating non-custodial parents, establishing paternity, obtaining child and spousal support, and assuring that assistance in obtaining support will be available under this part to all children...for whom assistance is requested[.]” [42 U.S.C. 651]

Any waivers approved by HHS using child support funds must be consistent with the statutory purposes of the child support law. These statutory purposes do not include marriage promotion or family formation. Under the waiver statute, section 1115 of the Social Security Act, HHS may only waive certain requirements of the child support program, and may not use its waiver authority to spend child support funds on purposes not otherwise authorized by Congress.

- **The waiver plan raises serious questions about the role of Executive Branch officials in redirecting funds that Congress appropriated for the child program.**

In its TANF reauthorization proposal, the Administration proposed \$1.5 billion over five years to fund marriage programs. While Congress is considering the Administration’s request, HHS appears to be making a unilateral decision to go forward, using child support funds to pay for marriage programs. By appearing to go beyond the Congressionally-authorized uses of child support funds, the marriage proposal raises a troubling analogy to the Administration’s “superwaiver” proposal, which would allow Executive Branch officials to override statutory provisions related to a range of programs for low-income families and other domestic programs, and to redirect funds from one program to another.¹⁴

- **The waiver plan raises serious questions about how the demonstration would be designed and managed.**

Unlike a normal waiver project, the plan appears to give states little control over the marriage projects. According to the documents, HHS does not plan to publish an announcement of its demonstration plans to states, since selections will not be based on a competitive solicitation. Instead, HHS plans to target certain states, with “input from state leaders.” The documents specify that HHS will design the program and select community and faith-based organizations to receive demonstration funds, but they do not specify how a competitive selection process would be used at the local level. The documents state that decision-making authority over the project is placed with a “coalition” of community-based and faith-based organizations, local, state and federal agencies, rather than the state agency accountable for the use of child support funds. Similarly, authority over the project appears diffused at the federal level, with a committee of Administration for Children and Families program offices responsible for project oversight, rather than the federal Office of Child Support Enforcement.

- **The waiver plan opens the door to paying for marriage programs with child support funds, raising serious concerns about future funding competition between child support and marriage activities.**

Although the child support program is funded through an open-ended funding stream at the federal level, state child support programs have difficulty securing adequate matching funds at the state level. Consequently, the child support program has been chronically underfunded. This funding pressure will likely be exacerbated as state child support programs move to reform their distribution rules, and replace lost child support revenues. If states are encouraged to pay for marriage programs with child support funds, child support program performance could quickly begin to suffer. The research shows that child support performance and funding levels are directly related.¹⁵

Thank you for this opportunity to testify. Please let us know if we can provide any additional information.

¹ Since most custodial parents are mothers and most non-custodial parents are fathers, this testimony uses the term mother interchangeably with custodial parent and father with non-custodial parent. The situation can be, and sometimes is, reversed. About 15 percent of custodial parents are fathers.

² MDRC, *Encouraging the Formation and Maintenance of Two-Parent Families: Experimental Evidence on Welfare Reform*, 2000.

³ Sorensen and Zibman, *Child Support Offers Some Protection Against Poverty*, Urban Institute, 2000.

⁴ Formoso, *Child Support Enforcement: Net Impacts on Work & Welfare pre- & post-PRWORA* (Washington State, 2000)

⁵ Sorensen and Zibman, 2000.

⁶ Sorensen and Zibman, 2000; Sorensen and Halpern, *Child Support Enforcement is Working Better Than We Think*, Urban Institute, 1999; Garfinkel, et al., *Child Support Enforcement: Incentives and Well-being*, Joint Center for Poverty Research, 2000.

⁷ Barnow et al., *The Potential of the Child Support Enforcement Program to Avoid Costs in Public Programs: A Review and Synthesis of the Literature* (2000).

⁸ Meyer and Cancian, *W-2 Child Support Demonstration Evaluation, Report on Nonexperimental Analyses: Fathers of Children in W-2*, Vol. II, Institute for Research on Poverty, March 2002; Knox and Redcross, *Parenting and Providing: The Impact of Parents' Fair Share on Paternal Involvement*, MDRC, 2000.

⁹ Bloom, et al, WRP: Implementation and Early Impacts of Vermont's Welfare Restructuring Project, MDRC 1998.

¹⁰ Daniel R. Meyer and Maria Cancian, *W2 Child Support Demonstration Evaluation: Phase I: Final Report* (Madison, Wisconsin: University of Wisconsin, Institute for Research on Poverty, April 2001).

¹¹ See Turetsky, *Reauthorization Issues: Child Support Distribution Accounting "Buckets,"* CLASP, 2002.

¹² HHS Office of Inspector General, *Distributing Collected Child Support to Families Exiting TANF*, OEI-05-01-00220, Oct. 2001.

¹³ For a list of state pass-through policies, see Paula Roberts, *State Policy re Pass-through and Disregard of Current Month's Child Support Collected for Families Receiving TANF-Funded Cash Assistance*, CLASP, 1999.

¹⁴ Greenstein and Fremstad, "Superwaiver" Would Grant Executive Branch And Governors Sweeping Authority To Override Federal Laws, May 13, 2002.

¹⁵ See, eg., Fishman, et al., *Preliminary Assessment of the Association between State Child Support Enforcement Performance and Financing Structure*, Lewin Group, 2000; Turetsky, *You Get What You Pay For: How Federal and State Investment Decisions Affect Child Support Performance*, CLASP, 1998.

Child Support Distribution Accounting "Buckets"

Current Support

Assigned current support

- Owed + collected during assistance period.

= state keeps

= family gets money

Not assigned current support

- Owed + collected after assistance period.

Arrears

"Permanently assigned" arrears

- Owed during assistance period
- Owed before 1997
- Collected anytime

"Temporarily assigned" arrears

- Owed before assistance period
- Collected during assistance period

"Conditionally assigned" arrears

- Owed before assistance period
- Collected after assistance period
- Federal tax offset collection

"Unassigned pre-assistance" arrears

- Owed before assistance period
- Collected after assistance period
- Collected by any means except federal tax offset

"Unassigned during assistance" arrears

- Owed during assistance period
- Collected when welfare costs are fully reimbursed

"Never assigned" arrears

- Owed after assistance period
- Collected after assistance period

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 February 2002

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REAUTHORIZATION ISSUES

STATE POLICY RE PASS-THROUGH AND DISREGARD
Of Current Month's Child Support Collected for Families
Receiving TANF-funded Cash Assistance

As of February 2002

STATE	STATUS
ALABAMA	State retains all support collected.
ALASKA	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
ARIZONA	State retains all support collected.
ARKANSAS	State retains all support collected.
CALIFORNIA	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
COLORADO	State retains all support collected.
CONNECTICUT	State passes through all support to family. Up to \$100 disregarded for purposes of calculating benefits.
DELAWARE	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits. State also uses fill-the-gap budgeting.
DISTRICT OF COLUMBIA	State retains all support collected.
FLORIDA	State retains all support collected.
GEORGIA	State passes through and disregards some or all support for purposes of fill-the-gap budgeting.
HAWAII	State retains all support collected.
IDAHO	State retains all support collected.
ILLINOIS	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
INDIANA	State retains all support collected.
IOWA	State retains all support collected, except in the case of families which received a \$50 pass-through/disregard pre- PRWORA. Those families receive a \$50 pass-through/disregard until they no longer receive assistance.

KANSAS	Up to \$40 passed-through. Amount disregarded for purposes of eligibility and benefits.
KENTUCKY	State retains all support collected.
LOUISIANA	State retains all support collected.
MAINE	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits. State also uses fill-the-gap budgeting.
MARYLAND	State retains all support collected.
MASSACHUSETTS	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
MICHIGAN	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
MINNESOTA	State passes through all support to families, but does not disregard any for purposes of calculating benefits.
MISSISSIPPI	State retains all support collected.
MISSOURI	State retains all support collected.
MONTANA	State retains all support collected.
NEBRASKA	State retains all support collected.
NEVADA	Up to \$75 passed-through. Amount disregarded for purposes of eligibility and benefits.
NEW HAMPSHIRE	State retains all support collected.
NEW JERSEY	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
NEW MEXICO	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
NEW YORK	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
NORTH CAROLINA	State retains all support collected.
NORTH DAKOTA	State retains all support collected.

OHIO	State retains all support collected.
OKLAHOMA	State retains all support collected.
OREGON	State retains all support collected.
PENNSYLVANIA	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
RHODE ISLAND	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
SOUTH CAROLINA	State passes through and disregards some or all support for purposes of fill-the-gap budgeting.
SOUTH DAKOTA	State retains all support collected.
TENNESSEE	State passes through and disregards some or all support for purposes of fill-the-gap budgeting.
TEXAS	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
UTAH	State retains all support collected.
VERMONT	Under federal waiver state has an experimental group and control group. Experimentals get all child support collected on their behalf; up to \$50 is disregarded for purposes of benefits. Controls get up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
VIRGINIA	Up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
WASHINGTON	State retains all support collected.
WEST VIRGINIA	State retains all support collected. However, TANF grant for those on whose behalf current support is collected is increased by up to \$50 a month.
WISCONSIN	Under federal waiver, state has small control group and large experimental group. For experimental group, state passes through all support to the family. Full amount disregarded for purposes of benefits. Control group gets up to \$50 passed-through. Amount disregarded for purposes of eligibility and benefits.
WYOMING	State retains all support collected.

Information updated based on state survey conducted by Lewin Associates.

For more information, contact: Paula Roberts, (202) 906-8021, proberts@clasp.org

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COMMUNICATIONS

STATEMENT OF

ROBERT D. EVANS

on behalf of

THE AMERICAN BAR ASSOCIATION

submitted to the

COMMITTEE ON FINANCE

of the

UNITED STATES SENATE

on the subject of

TANF REAUTHORIZATION

April 10, 2002

Mr. Chairman and Members of the Committee:

I am Robert D. Evans, Director of the American Bar Association's Washington Office. I submit this statement at the request of the President of the American Bar Association, Robert E. Hirshon of Portland, Maine, to voice the Association's views with respect to reauthorization of the federal Temporary Assistance for Needy Families (TANF) program and related programs.

The American Bar Association, the world's largest, voluntary professional organization with more than 400,000 members, is the national representative of the legal profession, serving the public and the profession by promoting justice, professional excellence and respect for the law.

The reauthorization of the TANF program and related programs this year presents the first opportunity for Congress to comprehensively review progress on the profound changes in those federal assistance programs enacted as part of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. We commend the Bush Administration and Senate leaders for sponsoring proposals to build upon several years of experience under PRWORA, to set new goals, to fine-tune some provisions, to revisit certain issues and to make needed changes in others. The ABA strongly believes that a number of changes in TANF and related programs should be supported by the Subcommittee and incorporated in reauthorizing legislation to strengthen TANF's commitment to basic fairness and better assure the equal application of its provisions to all. These recommendations are set out below.

Assure Due Process of Law in the Application of TANF Sanctions: Prior to 1996, before a sanction could be imposed for failure to meet work-related requirements, the state was required to offer a "conciliation process," which typically involved informing the parent of what she had failed to do, offering a chance to correct the problem, and offering assistance if needed to come into compliance.

In enacting TANF, Congress removed the basic protections of prior law. Under current law, a state may terminate all TANF assistance for failure to comply with work-related (or other) requirements; there is no requirement that there be any conciliation process prior to doing so; and (with one limited exception) there is no requirement that the state provide for good cause exceptions. Specifically, the statute states that if an individual "refuses to engage in work," the state must reduce or terminate the family's assistance, "subject to such good cause and other exceptions as the State may establish." 42 U.S.C. §609(7)(e)(1). There is a limited exception: a state may not reduce or terminate assistance to a single parent with a child under age six if the parent is unable to meet work requirements because of the unavailability of child care. 42 U.S.C. §607(e)(2).

When imposing sanctions, there is no requirement that a state provide an opportunity to resolve the problem, offer assistance in addressing the difficulty, or offer an opportunity for the individual to have assistance reinstated by coming into compliance. There is also no requirement that a state provide an opportunity for a hearing when a sanction is

imposed, although all states have elected to maintain an administrative hearing process. Current law only states that a State's TANF plan shall include "an explanation of how the State will provide opportunities for recipients who have been adversely affected to be heard in a State." This requirement is insufficient to provide basic fairness.

Some states have made extensive use of sanctions in their TANF implementation efforts. Since the comprehensive overhaul of welfare in PRWORA, opportunities for termination or reduction of benefits are more numerous, as work requirements and eligibility conditions have increased. In particular, financial sanctions for noncompliance with program rules have increased dramatically. Studies show that the families who get sanctioned often face serious employment barriers. The heads of these sanctioned families are also more likely to have limited education and work experience and/or serious health or mental health problems; they are also more likely to have been victims of domestic violence. In addition, advocates and lawyers who represent persons subject to sanctions find that state bureaucrats often do not have up-to-date information, and frequently have incomplete or missing data about individual participation in a variety of required program activities.

Given the present absence of due process protections for sanctioned TANF recipients, the ABA urges the implementation of the following protections that are currently lacking:

- the provision of clear, understandable notices;
- the establishment of the principle that a sanction should not be imposed when there is good cause for noncompliance;
- the assurance that sanctions do not continue (or do not continue for an unreasonable period) after a sanctioned individual comes into compliance;
- the requirement for all states to include a conciliation process, and to offer assistance to overcome employment barriers and medical difficulties; and
- provision for follow-up efforts, after states impose sanctions, to attempt to contact the family and offer assistance to help the family enter into compliance.

These changes to strengthen the provisions governing administration of TANF sanctions should be supported by the Subcommittee as part of reauthorizing legislation to assure due process and equal application and enforcement of the law.

Legal Immigrants: In reauthorizing TANF, we support the provisions) to restore or extend TANF protections to legal immigrants and remove the present 5-year ban on access that would be continued in the Administration's proposal. Lawfully residing immigrants work hard and pay taxes, and should have the same access to government benefits as others. Moreover, immigrant children and U.S. citizen children of immigrant parents should not be denied benefits based on the immigration status of the child or the child's parents. Immigrant children should have equal access to basic assistance, food

stamps, health care, foster care and social services, public education and public housing, regardless of the immigration status of the child or the child's parents. Legal immigrants pay taxes, are eligible to serve in the military, and often have children who are citizens.

Marital Status and "After-born" Children: The ABA believes as a general matter that TANF programs should be funded at a level sufficient to meet the need for the basic essentials of life for those eligible for such assistance regardless. The ABA opposes linking public assistance for needy persons to such requirements as marital status or "after-born" children, which infringe on the right to privacy and the right to travel.

The ABA opposes revisiting proposals considered by the 104th Congress, but not adopted in final legislation creating TANF, that would have denied the provision of cash assistance on the basis of characteristics of parents, the family's receipt of such assistance at the time of a child's conception or birth or the mother's age or marital status at the time of a child's birth. We support the provision in the Mink bill, H.R.3113, to prohibit states from denying eligibility to so-called "after-born" children by the use of "family caps." We believe this role for states – to deny eligibility based on family size or marital status – is punitive and without proven effectiveness.

Such "child exclusions" from eligibility for assistance also raise serious constitutional concerns. Such provisions may be regarded under our Constitution as irrationally penalizing poor children for their parent's behavior, violating the most basic principles of fairness.

We are also concerned that such an approach would result in increased out-of-home placement of poor children, a result that we believe no one would desire, and that such placements would put serious additional strains on the child abuse and neglect system, including the courts.

The ABA further supports the consensus that is apparent among the principal sponsors of TANF reauthorization proposals to end the existing "illegitimacy bonus" to the states and to replace it with support for programs to strengthen family formation.

Child Support Enforcement: The ABA supports the consensus among the Administration and other proposals to increase the pass-through of child support from payments made to states to families receiving assistance. In addition, we support amending current law to extend the availability of enforcement remedies currently only available to IV-D agencies (handled by state and territory child support agencies) to cases brought by private attorneys on behalf of custodial parents and pro se parties. We believe this step would strongly supplement the work of IV-D agencies and permit individual parents more opportunity for needed assistance in pursuing enforcement of child support obligations without the potential problems inherent in other proposals for corporate or private agency representation.

Child Care: The ABA supports expanding availability of child care and bipartisan efforts to increase funding under Child Care and Development Block Grant (CCDBG) when it is reauthorized this year. The CCDBG should be funded at substantially higher levels in order to enable parents of young children to work. Child care assistance should be excluded from the five-year time limit for TANF assistance and states should be permitted to carry over unspent TANF funds from previous years for child care and for supporting attainment of minimum health and safety standards for CCDBG-funded child care.

“Super-Waiver” Authority: The ABA has strong concerns about the breadth of the Administration’s proposed new super-waiver provision to grant authority to the Executive branch – the Secretary of HHS in conjunction with state officials – to waive a wide range of program rules legislated by Congress and to reorder spending priorities dramatically among those programs. We believe this proposal must be narrowed and specifically limited to preclude waiver of important program requirements that have been carefully legislated by past Congresses in the areas of child welfare and child care, among others, and that reasonable limits be made by Congress on the numbers of waivers that may be granted.

Equitable Access for Native American Children to Federal Foster Care and Adoption Assistance Programs: The ABA supports amendment of Title IV-E of the Social Security Act to provide equitable access for foster care and adoption services for Indian children under tribal court jurisdiction. The current TANF reauthorization process provides an opportunity to correct this problem directly related to TANF programs by allowing direct tribal administration of the Foster Care and Adoption Assistance Entitlement Program. The ABA believes tribal governments should be able to directly administer the program, and tribal governments should retain the option to enter into tribal-state agreements, in order to correct the preferential treatment of one class of children. Senators Tom Daschle and John McCain are the sponsors of this much-needed reform, as S.550, the Indian and Alaska Native Foster Care and Adoption Services Amendments of 2001.

The purpose of the Title IV-E Foster Care and Adoption Assistance Act is to ensure that children receive adequate care when placed in foster care and adoption programs. The act reimburses states for services provided to income-eligible children who are placed in foster care or adoptive homes through state agencies. Services provided by tribes for income-eligible children placed by tribal agencies are not eligible for reimbursement unless there is a tribal-state agreement. As a result, thousands of Native American children who meet income eligibility criteria who are placed in foster care by tribal courts do not receive foster care and adoptive services to which all other income-eligible children are entitled, and have little federal support in achieving the permanency they need and deserve. This amendment to current law would require that federal programs provide equitable access to foster care and adoption services for Indian children under tribal court jurisdiction.

The ABA appreciates the opportunity to offer its views on this fundamentally important subject. We look forward to working with the Committee to achieve a strengthened TANF as the reauthorization proceeds in coming weeks.

May 16, 2002

**Statement of Congressman Aníbal Acevedo-Vilá before the Senate Finance Committee
pertaining to Welfare (TANF) Reauthorization**

Mr. Chairman:

I am submitting this testimony on behalf of myself, the Honorable Robert Underwood of Guam and the Honorable Donna Christensen. We thank you for this opportunity to submit this written statement for record.

We urge you and the members of your committee to incorporate provisions of H.R. 4236, introduced in the House of Representatives on April 16, 2002, into the Senate Welfare (TANF) Reauthorization process. The provisions of H.R. 4236 address several fundamental flaws in the Temporary Assistance for Needy Families (TANF) and Child Care Development Block Grant (CCDBG) programs as they pertain to the Commonwealth of Puerto Rico, the United States Virgin Islands and Guam. The TANF and CCDBG programs require these U.S. jurisdictions to follow all of the regulations and mandates of these programs, but are denied access to several critical provisions of the programs.

In 1996, our jurisdictions accepted all of the mandates, work requirements, and time limitations established under TANF, but we were not provided access to several programs set up to support moving families from welfare to work. In essence the Commonwealth of Puerto Rico, the Virgin Islands and Guam agreed to the rules of the program, but were not provided access to all of the tools established for this program.

The language in H.R. 4236 corrects this problem by allowing these jurisdictions to gain access to all of the programs available to states and Indian tribal governments. We are dedicated to moving families from welfare to work; we are dedicated to the principles of the TANF and CCDBG programs. However, without adequate tools, families will not have access to the means for a successful transition from dependence to independence.

Therefore, we respectfully request your consideration for the inclusion of the following five provisions from H.R. 4236 in any TANF or CCDBG Reauthorization bill:

Include Puerto Rico, Guam and the Virgin Islands in the TANF Supplemental Grants for population increases and exclude this funding from the Section 1108 cap. TANF Supplemental Grants are specifically intended to assist states with higher than average growth rates and/or lower than average welfare funding per poor person.

Include Puerto Rico, Guam and the Virgin Islands in the TANF Contingency Fund and exclude this funding from the Section 1108 cap. The TANF Contingency Fund was intended to assist states in times of economic downturns when the need for family assistance is greatest, evidenced by either significantly higher unemployment rates or significant increases in the utilization of Food Stamps. Currently, the TANF Contingency Fund excludes the territories.

Provide Puerto Rico, Guam and the Virgin Islands access to all the funding streams under the Child Care Development Block Grant and the Matching Grant, while excluding this from the Section 1108 cap. These territories receive CCDF funding under the General block grant (Discretionary Funds); however, are not authorized to receive funding from two sub programs under Entitlement Grants: Mandatory and Matching Funds.

Take IV-E Foster Care out of the Section 1108 cap. Title IV-E Foster Care is included in the Section 1108 cap, as a result, abused and neglected children in Foster Care Services compete for federal funds with needy families on TANF, poor seniors, and blind and disabled individuals.

Reimburse the territories for providing transitional medical assistance to TANF leavers outside the current Medicaid cap. States receive reimbursement for the medical costs of TANF recipients while they move into work. Currently, the territories are not authorized to participate in this element of Medicaid and even if it were, because of the Medicaid cap, these jurisdictions would not be allowed to receive any reimbursement for these costs. If Puerto Rico and these territories are expected to meet the same work requirements as the states, then it is essential that they be authorized access to receive similar Medicaid reimbursements for TANF recipients.

The Democratic leadership in the House of Representatives, the Congressional Hispanic Caucus and the Congressional Black Caucus are supporting this legislation and have included the TANF Supplementary Grant, TANF Contingency Fund and childcare provisions in the Democratic alternative legislation. However, Foster care was not addressed in the House reauthorization process and the Transitional Medical Assistance program was given a one-year extension, thus not addressed in the House version of TANF Reauthorization. The Welfare Bill before the House today is a partisan bill, which ignores these important and necessary provisions.

We urge the Senate to correct the problems of the 1996 Welfare Reform and grant Puerto Rico, the U.S. Virgin Islands and Guam the necessary resources to successfully aid families in the transition from welfare to work. We are dedicated to providing American families with the tools to move from dependence to independence. We need access to the same programs as the states. We urge to you include these principles in any TANF and CCDBG Reauthorization package passed out of Congress.

Mr. Chairman, we thank you for this opportunity to present our testimony before this Senate hearing on Welfare reauthorization.

The Association of Maternal and Child Health Programs

The Association of Maternal and Child Health Programs is the national organization representing state public health leaders funded through the federal Maternal and Child Health Services Block Grant (Title V of the Social Security Act.) AMCHP and its members work to improve the health and well being of women, children, youth and families, including those with special health care needs. AMCHP's members also have oversight over the Abstinence Education program authorized during welfare reform through the Title V block grant. We appreciate this opportunity to comment regarding the reauthorization of welfare legislation.

As the Senate Finance Committee examines the welfare program, please understand that health and social services are interdependent and must be reauthorized with this in mind. Welfare programs serve as an important outreach tool to the entire safety net system, including Medicaid, SCHIP, and maternal and child health programs. AMCHP has developed ten (10) principles regarding welfare policy and the issues that need to be taken into account for low-income women and children. Our brief principles document is attached. *In our comments, AMCHP would like to highlight three special issues of concern to our members during welfare reauthorization: comprehensive adolescent programs; children with special health care needs; and the need for increased safety net services for low-income women.*

Early childhood programs are crucial in providing a foundation for healthy and sound development throughout a child's life. However, in order to provide such a foundation, programs must be tailored to meet the changing needs of children transitioning into adolescence – a time of rapid growth and development. Many life-long patterns of behavior are established during adolescence including health promotion/disease prevention and care seeking patterns that continue into adulthood. In remarks at a W.K. Kellogg Foundation meeting on the devolution in government, Dr. Wade Horn said that in listening sessions conducted by the Department of Health and Human adolescents were consistently cited as fairsing the worst under current welfare law. However, the administration proposed no programs or additional expenditures for adolescents besides addressing their sexual behavior.

According to the Centers for Disease Control, Division of Adolescent and School Health, risk and protective factors that impact sexual behaviors, as well as behaviors resulting in unintentional and intentional injuries, and alcohol and other drug use are inter-related. Welfare reauthorization should reflect the nature of these inter-related behaviors through a comprehensive approach to healthy development that addresses a range of risk and protective factors through: training programs; school support services; mental health services; mentoring, community service, and recreational opportunities; and other programs that support children, and their parents and families, as they make a successful transition from childhood to productive and capable adults.

Secondly, parents of children with special needs face unique barriers to employment and compliance with welfare rules. Few childcare settings are equipped to meet the needs of children with special needs or chronic illness. In addition, parents frequently must choose between losing a job and attending to their child. **Current TANF time limits do**

AMCHP

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not ensure that parents will have the option to stay home with a disabled or sick child. Although states are allowed to exempt 20 percent of their current caseloads from the time limit restrictions, if the recession deepens, states may exhaust this cap. This could seriously harm those families who need to care for family members with special needs. **States should be given the flexibility by Congress to meet the special needs of these families by adjusting work requirements and increasing funds for childcare providers to accommodate these children. In addition, initiatives that assist these children's transition into adulthood are essential.**

AMCHP is concerned regarding the "superwaiver" proposal contained in the House Republican welfare reauthorization bill (H.R. 4700). We recognize the benefits of continued state flexibility, however AMCHP believes that the super-waiver poses serious dangers to a broad cross-section of federal programs and the people they serve. States currently have the flexibility they need to design innovative TANF programs. The super-waiver would give sweeping authority to cabinet secretaries to override congressional funding decisions and eliminate congressional standards and requirements for federal programs. We are not opposed to state flexibility in federal programs, where appropriate. However, this can be accomplished through state options or through waiver authority that is targeted to areas where it has been demonstrated that waivers may help states operate programs more effectively, rather than allowing sweeping waivers of federal standards across programs. We urge the Committee not to include any such proposal in its bill.

Finally, reauthorization provides an opportunity to evaluate welfare and safety net services simultaneously. Although a two-parent family is the ideal arrangement, due to a variety of circumstances, such as, domestic violence, an irresponsible partner, or simply not wishing to be married, it is important to provide strong safety net/transitional services. AMCHP encourages the Committee to expand funding for important nutritional programs such as WIC, food stamps and other programs, ensuring that parents can provide healthy meals as well as work support services such as transportation and childcare that help adults maintain employment and reduce concerns about their child's well-being. **AMCHP encourages the committee to increase child-care funding as it examines welfare reform.** In addition, Congress can improve health insurance for low-income individuals by assuring access to Medicaid and the state children's health insurance program (SCHIP). The number of Medicaid beneficiaries declined immediately following welfare reauthorization and many believe this was an unintended consequence of de-linking Medicaid eligibility from welfare benefits. People are confused about which services they can receive.

In addition, transitional Medicaid assistance should be available for at least twelve months after a family leaves TANF. Many jobs, regardless of employment level, require a waiting period before a new employee qualifies for medical benefits. Of course, this assumes the job offers health insurance. Allowing families to transition off of Medicaid and not abruptly ending benefits eases the burdens on a family moving off of welfare and increases their likelihood of reaching economic self-sufficiency.

Again, we appreciate this opportunity to comment on the welfare reauthorization process and look forward to working with you and the committee members in the future.

Principles to Protect the Health Interests of Women, Children, Youth and their Families

The Association of Maternal and Child Health Programs (AMCHP) is a national non-profit organization that represents state public health leaders responsible for administering family public health programs in all 50 states, 8 territories and the District of Columbia. These programs, funded largely by the Maternal and Child Health Services Block Grant (MCHB), serve over 26 million women, children and adolescents. AMCHP provides leadership in developing policies, programs and activities that assist state maternal and child health (MCH) public health programs to more effectively address critical needs of women, children, youth and families, including individuals with special needs, in the context of healthy communities.

AMCHP and its members have long documented the disproportionate burden of poor health borne by economically disadvantaged families. Family and community health programs recognize the vital role played by state welfare programs in mitigating these hardships. Because of our members' daily contact with many families whose life circumstances place them at grave economic risk, AMCHP supports the strengthening of the economic safety net.

The Temporary Assistance for Needy Families (TANF) legislation was passed in 1996 in an effort to give states additional flexibility to provide low-income individuals the necessary tools to find employment. Reauthorization of TANF, WIC and food stamps in 2002 offers an opportunity to strengthen and expand the safety net for women, children, youth and families, including those with special needs. In response to this opportunity, AMCHP supports reauthorization legislation that makes poverty reduction the primary goal. Further, we support the flexibility provided to states through the 1996 legislation. In light of the current recession and growing caseloads,¹ sufficient investment in these programs is critical for the long-term health and well-being of our nation.

AMCHP has developed the following 10 principles to guide and inform the discussion:

1. Reduce the number of families living in poverty

Research shows that poverty is clearly associated with poor health outcomes and inadequate access to health care for low-income heads of household and their children. According to the Department of Health and Human Services, 20.6 percent of those in fair or poor health reside in households earning \$15,000 or less compared with 8.1 percent earning \$25,000 and 3.7 percent earn \$50,000 or

¹ Hernandez, Raymond and Nina Bernstein. "Welfare Rolls Grew in City Late Last Year." New York Times 17 Jan. 2002

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more.² Poor women are less likely to receive adequate prenatal care and are more likely to give birth to babies born too small or too soon. Welfare policy should include the reduction of poverty as a primary goal.

2. Provide the special supports needed by families whose members suffer from serious illness, chronic disease or disability

Low-income families with special needs children need specific attention in the upcoming reauthorization. The authorizing legislation for TANF established a more restrictive definition of childhood disability. As a result, families who qualified for Supplemental Security Income (SSI) after 1996 were subject to tougher requirements than those who received SSI prior to 1996.³ Moreover, TANF time limits do not ensure that parents will have the option to stay home with a disabled child. Although states are allowed to exempt 20 percent of their current caseloads from the time limit restrictions, if the recession deepens, states may exhaust this cap. This could seriously harm those families who need to care for family members with special needs. Families whose members have special needs should be exempt from time limits and work requirements of TANF. In addition, initiatives that assist these children transition into adulthood and provide for themselves are essential. Welfare policy should level the playing field for these children and their families.

3. Promote the creation of positive youth development programs that reduce teen risk factors and give youth the foundation for a productive future.

Recent evaluations of welfare-to-work programs shows that adolescents are adversely affected the more their parents work.⁴ With lack of supervision, adolescents are more likely to engage in risky behavior. Teens routinely are ignored in public policy, except for their sexual behavior. Welfare reauthorization should be based on new research that shows a comprehensive approach is the only effective way to assure the healthy development of teens. This approach includes training programs, mentoring opportunities, school support services, mental health services, community service opportunities, and recreational opportunities, which will help parents raise youth who become productive and capable adults.

² U.S. Department of Health and Human Services. *Healthy People 2010: Volume 1, 2nd ed. With Understanding and Improving Health and Objectives for Improving Health*. "Relationship Between Household Income and Fair or Poor Health Status – Figure 3." Nov. 2000: 11.

³ Elinson, Lynn and Lois Verbrugge. "Considering Children with Disabilities and the State Children's Health Insurance Program." Nov. 1998.

⁴ Wade Horn, address, Opening Discussion, W.K. Kellogg Foundation Meeting, "Devolution Initiative: Building Bridges Between Policy & People – Devolution in Practice," Washington, DC, 10 Jan. 2002.

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4. Target welfare programs to address the developmental needs of young children integrating health, education and social services

New brain development research illustrates the importance of a comprehensive approach to child development. Adequate nutrition, early intervention services for children ages zero to five, quality health care, and other social services are all vital to the development of children and to school readiness. There is no longer a federal entitlement to childcare assistance, which has resulted in increasing variation in quality, access and availability of services.

Childcare needs to assure the healthy development of young children and not just serve as a place to warehouse children while parents are at work. In a recent survey every state MCH director reported unmet needs for childcare. Among the challenges cited were childcare services for children with special needs, access to licensed childcare professionals, locating care in rural areas and availability of off-hours care.⁵ Lack of childcare assistance is a major barrier to maintaining a steady job for many parents, particularly single parents. Inconsistent childcare means that the parent may face frequent absence from work causing termination of employment. Additionally, it is critical that any program developed serve the particular childcare challenges of children with special needs. Welfare policy should assure all children access to quality care.

5. Promote the health and well-being of women and families

“In no state do women enjoy satisfactory health status, based on the nation’s own health standards.”⁶ Women too often lack access to appropriate care and many suffer from diseases including diabetes, stroke and high blood pressure at unacceptable rates.⁷ These health problems can adversely affect a family and inhibit a woman’s ability to work. Welfare policy should focus on improving the health of women and their families.

6. Provide adequate safety net services for families that enable them to transition successfully from welfare to work

Reauthorization provides an opportunity to evaluate welfare and safety net services simultaneously. Expanded funding for important nutritional programs such as WIC, food stamps and other programs ensures parents can provide healthy meals. Work support services such as transportation and childcare help adults maintain employment and reduce concerns about their child’s well-being. Through additional legislation, Congress can improve health insurance for low-income individuals by assuring access to Medicaid and the state children’s health insurance program (SCHIP). Mental health and substance abuse services should

⁵ Romero, Diana, Wendy Chavkin, Paul Wise, Catherine Hess, and Karen VanLandeghem. “State Welfare Reform Policies and Maternal and Child Health Services: A National Study.” *Maternal and Child Health Journal*, Vol. 5, No. 3, Sept. 2001.

⁶ National Women’s Health Law Center. “Making the Grade on Women’s Health: A National and State-by-State Report Card.” 2001.

⁷ *Ibid.*

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be included within these programs. Welfare policy should sufficiently fund strong outreach, enrollment and public education to target those in need.

7. Develop a core set of performance measures that hold states responsible for poverty reduction and improved health outcomes while preserving state flexibility in program development

To date, assessment of TANF success has focused on declining caseloads and to a lesser extent, reduction of out of wedlock births. This can create a disincentive for states to perform outreach efforts to new enrollees, and reducing out of wedlock births is only one contributor to child poverty. Other measures of success should be considered such as health outcomes of women and children, exemplified in the Healthy People 2010 objectives, and the reduction of child poverty. Linking health and welfare data is critical to determine TANF program outcomes. Hence, states also require sufficient funding and incentives to track welfare recipients and ensure that those in need are accessing the appropriate programs.

8. Foster collaboration among national, state and local public programs to better link health, education and social services for women and their families

Welfare policy should integrate social, educational and health services so a family can access all available supports to find solutions. Thus, federal funding streams should be aligned to eliminate conflicting program requirements that result in incompatible eligibility, benefit requirements and social services. In addition, community-based providers need incentives to promote access to services. Fostering policies that allow for reimbursing costs to simplify enrollment procedures, share information, create non-duplicative case management and link service delivery mechanisms would reduce a major barrier to program improvement. Finally, establishing state and community consortia or supporting existing consortia to develop and evaluate strategies, will create community ownership and allow for truly creative problem-solving opportunities.

9. Eliminate disparities in health, social and economic outcomes for TANF recipients

Welfare policy should focus on identifying and eliminating these disparities. Access to welfare services should not depend upon where a family lives, their racial or ethnic origins, disability or their economic status. A recent W.K. Kellogg Foundation report indicates that racial and ethnic disparities not only still exist but have become more prevalent under current welfare law.⁸ In addition, programs that work in one neighborhood or section of a county may not be effective in others. Native Americans, immigrants, rural citizens, Latinos, African Americans, and individuals with special needs may require specific training of front line employees or particular program design to facilitate successful

⁸ The Scholar Practitioner Program of the W.K. Kellogg Foundation's Devolution Initiative. "Racial and Ethnic Disparities in the Era of Devolution: A Persistent Challenge to Welfare Reform." Dec. 2001.

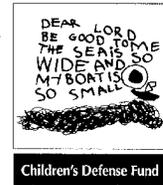
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participation in state welfare programs. Federal law should recognize this possibility and provide support as states address these challenges.

10. **Support programs that build on families' strengths and enable them to move toward economic self-sufficiency**

For disadvantaged families, the barriers to economic self-sufficiency are greater than just financial. As welfare rolls decrease, those left on TANF will be the most needy and disadvantaged.⁹ Welfare offices should be family-centered and families shown that they are valued. Programs should be designed with continuous input from TANF recipients. These families have strengths that should be fostered and they should be involved in the decision-making process. Cookie cutter approaches will not fully serve these families. Family specific supports will be necessary to break the cycle of poverty in these situations. Welfare policy should take a holistic approach to family poverty by developing multifaceted programs that can assist the most needy families.

⁹ Blank, Rebecca and Ron Haskins. "The New World of Welfare." Brookings Institution Press. 2001: 313.



Testimony of the Children's Defense Fund

to the

United States Senate

Committee on Finance

TANF Reauthorization: Building Stronger Families

May 16, 2002

Thank you for the opportunity to submit written testimony on behalf of the Children's Defense Fund on the important topic of how legislation to reauthorize Temporary Assistance for Needy Families (TANF) can strengthen families and help improve child well-being.

The mission of the Children's Defense Fund is to Leave No Child Behind[®] and to ensure every child a Healthy Start, a Head Start, a Fair Start, a Safe Start and a Moral Start in life and successful passage to adulthood with the help of caring families and communities. CDF provides a strong, effective voice for all the children of America who cannot vote, lobby or speak for themselves. We pay particular attention to the needs of poor and minority children and those with disabilities. CDF educates the nation about the needs of children and encourages preventive investments before they get sick, into trouble, drop out of school, or suffer family breakdown. CDF began in 1973 and is a private, nonprofit organization supported by foundation and corporate grants and individual donations. We have never taken government funds. The Act to Leave No Child Behind (H.R. 1990 / S. 940) is comprehensive legislation that reflects our vision for America's children and families.

"I have always had a job, even during my pregnancy, being sick and everything. But now, it's hard with a child and [with him] having asthma. It's extra rough. I can get a job, and everything can be going along fine for a month or so, and then he gets sick. And then it's like, 'Oh, God, what should I do? Should I stay here with him, or should I try to go to work?' ...I could use more child care to look for better jobs and before-care and aftercare, so I can work different hours...Living on welfare is no way. During the winter, I would leave the stove on because we didn't have enough for heat and all with a sick child. Those early days with his asthma were really hard. I had to stay in the house because I couldn't expose him to anything."

-- a 24-year-old single mother of one from Newark, New Jersey¹

Those who look to the future of Temporary Assistance for Needy Families share with this mother the goal that TANF should do a better job of promoting child well-being. The Bush

Administration places improvement of child well-being as an overarching goal for TANF. The Tripartisan Consensus plan developed by Senators Breaux, Hatch, Jeffords, Lincoln, Rockefeller, and Snowe of the Senate Finance Committee requires that Individual Responsibility Plans for each family include an assessment of the well-being of each child. Those who emphasize marriage promotion do so because of the undeniable statistics that children in married families are less likely to be poor, to drop out of school, or to become teen parents.

Government may not be able to intervene directly in solving all the big societal problems that lead to single-parent families. But the evidence is persuasive that strategies to reduce poverty will have the dual effect of stabilizing families and improving child well-being. Making child and family poverty reduction a purpose of TANF is long overdue. To be successful for children, TANF must reduce poverty and extreme poverty, while improving child care. A comprehensive study of welfare to work experiments by Manpower Demonstration Research Corporation (MDRC) found that simply increasing family employment does not help children. Raising income does help children: they do better in school and have fewer behavioral and emotional problems. MDRC's researchers used unusually strong language: "Yes, income is causally related to the development of low-income children" but "No, employment per se is not causally related to the development of low-income children."²

Further, when programs fail and family income declines, children's well-being can worsen. According to the respected research organization Child Trends, "Unfavorable impacts on children tended to occur when families in the program did not show economic progress or...when their economic situation worsened..."³

Cause and effect is by no means always clear: less marriage may cause more child poverty, but more poverty appears also to reduce marriage. The average income for a family with children that later separated was only 83 percent of the starting income of families that stayed together over time. Looking at family formation and child poverty over decades, Donald J. Hernandez, former chief of the Census Bureau marriage and family branch, concluded that overall child poverty rates for both Blacks and Whites would be two-thirds as large as they are now even if all fathers who do not live with their wives and children were reunited with them.⁴

Giving both parents the opportunity to work and raise their children out of poverty is the best strategy we know to help children and to strengthen families. The welfare to work program that succeeded in helping married parents to stay together and in encouraging more parents to marry was also a program with one of the best performances in raising family income. From 1994 to 1997, the Minnesota Family Investment Program (MFIP) raised incomes by 13 percent more than a control group, and reduced the program group's rate of poverty by one-sixth. MFIP's goal then was to enable families that worked the required number of hours to achieve an above-poverty income, providing wage supplements to families earning up to 140 percent of the federal poverty line. The higher incomes achieved in MFIP, as well as the availability of other supports such as child care and health coverage, were associated with more marriage. Married parents participating in MFIP were 38 percent more likely to remain together after three years than those in the traditional welfare program (67 percent versus 48 percent). And single parents were somewhat more likely to marry by the end of three years (11 percent of single MFIP participants married, compared with 7 percent of single parents in the control group).⁵

Underscoring the relationship between increased income, more stable families, and improved child well-being, children in MFIP families did better in school and had fewer behavior problems than children in the regular welfare program.

Congress is poised to make decisions about TANF at a time when child well-being is particularly at risk. Years of economic growth have contributed to rising employment among low-income and especially single-mother families. Accompanying the growth in employment has been a most welcome reduction in child poverty. We do not have any poverty statistics after 2000, and so do not know how the recession has affected child poverty. We do know that the recession has had a harsh effect on employment among parents. The proportion of working parents dropped substantially between the fourth quarter of 2000 and the fourth quarter of 2001 – in that one year wiping out half of the employment gains parents had made in the previous five years.

A respected researcher, Richard Bavier of the U.S. Office of Management and Budget, concludes that the 1990s decline in child poverty does not seem to be driven by the 1996 welfare law. Instead, the drop was “about what we would expect” based on the booming economy’s effect on unemployment rates and wages.⁶ If that is the case, the downturn in the economy is likely to result in an increase in the extent or severity of child poverty.

We cannot ascribe the reduction in child poverty to the 1996 welfare law, any more than we can credit it for any of the other achievements of the economic boom – the lowest rate of

unemployment in 31 years, incomes of the richest one percent the highest in years, and poverty among married couples the lowest on record. But dwindling government benefits did trigger a rise in extreme child poverty from 1996 to 1998 (children living below half the federal poverty line). According to the Urban Institute, “This surprisingly negative outcome largely reflects an increase in the number of families [doing without] government support programs including cash welfare and food stamps...”⁷

In the next few years, families are likely to be buffeted by the continued ill effects of the recession and by the increasing effects of time limits. If the past is a guide, the most disadvantaged families will be the last to rebound, despite an official “end” to the recession. In the last recession, employment among high school dropouts did not hit bottom until three years into the recovery. Relatively few families have hit TANF time limits yet, but among the few states that have been studied so far, the time limits tended to erase any income gains that participants had previously achieved.

If child well-being is to be a central concern of the reauthorized TANF, Congress must provide states with the flexibility, incentives, and resources to focus on raising family incomes even during a period when the economy is not cooperating. We have learned a lot about what will help families to increase incomes through work. Successful programs:

- support work with accessible quality child care;
- combine effective job placement programs with more education and training;
- increase family incomes through better child support collection and by cash supplements to low wages;

- prevent families from being pushed off TANF for noncompliance with program rules, instead providing compliance plans with services that enable parents to overcome the problems that led to their failure to participate; and
- make sure that low-income families get the benefits and services they need.

We also know what will *not* work to increase income, and what will *not* therefore contribute to an improvement in child well-being or family stability. Increased work participation rates and work hours for those currently receiving TANF will divert scarce resources towards keeping families busy in make-work assignments, even though there is evidence that such programs do not pay off in permanent employment. In the survey of states conducted by the National Governors Association and the American Public Human Services Association, Washington State speaks from experience: “Washington currently operates both an unpaid work experience program (WEX) and a subsidized public service job program (community jobs). We are in the process of ending our contracts for WEX placements as our data show it has not been as effective as other services in helping clients find employment.”⁸ MDRC also finds “There is little evidence that unpaid work experience leads to consistent employment or earnings effects.” It is sad that the proponents of 40 hours of weekly activities and 70 percent participation rates have substituted arbitrary numbers for a targeted investment in approaches that help families to leave TANF for real jobs.

Forty hours a week is more than most mothers with school-age children work (estimates range from 32 to 37 hours per week). The Department of Labor defines full-time work as 35 or more hours. In a given week, 30 percent of women surveyed missed at least one day of work to

meet the needs of other family members, according to Harvard researcher Jody Heymann, M.D. Five percent missed three or more days. Reasons included child care problems (22 percent), transportation for family members (10 percent), and elder care (5 percent). Mothers with chronically sick children, such as the New Jersey mother quoted above, will find it difficult to comply. So will the four in ten adults receiving TANF who have a physical or mental impairment (see “barriers to employment” section below).

The Bush Administration’s and House leadership’s drastic increases in the work hours and participation rates will have a real and negative impact on child well-being. Funds that should be going for child care, transportation help, education and training, wage supplements, or helping families to overcome barriers to employment will instead be diverted to keeping up with these requirements. In the push to 40 hours and 70 percent, some families will be pushed aside. Their loss of income will place strains on families and create hardships for children.

The Tripartisan Consensus plan has wisely rejected the 40-hour participation requirement in favor of a framework that does much to support work. The Senate Finance Committee should build upon that framework by including the following provisions in its reauthorizing legislation:

Child Care: An Investment in Children and Families We urge you to invest an additional \$20 billion in the Child Care and Development Block Grant over the next 5 years in order to help an additional 2 million children get the quality child care services that are vital to help them enter school ready to learn and to help their parents find and keep permanent jobs.

Child care is an issue central to the daily lives of working parents and their children. Every day, American parents go to work to support their families and must trust their children to the care of others. An estimated 13 million children younger than age six are regularly in child care and millions of school-age children are in after-school activities while their parents work. Every working parent wants to be sure that his or her children are nurtured and safe.

Child care matters not just for parents but also for their children. Quality child care is also critical to help children enter school ready to succeed. The nation cannot proceed successfully on its track towards improving educational outcomes unless it focuses on the developmental needs of young children. Research is clear about the importance of the first three years of life to brain development. The process of learning to read begins well before a child enters elementary school. Early childhood experiences that include exposure to language-rich environments are building blocks for school success.

Studies also show that when child care is available, and when families can get help paying for care, they are more likely to work. Without help, they may not be able to become and stay employed and may end up turning to welfare.

- In a survey of Minnesota families with children, one out of five said that child care problems had interfered with getting or keep a job in the previous year.

- In a study of families who were potential recipients of child care assistance in Illinois, nearly half said that the cost of child care had negatively impacted their opportunities for employment.

The number of low-income parents entering the workforce has risen significantly since the enactment of the welfare law. Among families receiving welfare cash assistance, the proportion participating in paid employment or work activities grew from 11 percent in 1996 to 33 percent in 1999. Overall, employment among low-income single mothers with young children grew from 44 percent in 1996 to 55 percent in 1999. These employment gains can only be sustained if families have access to dependable child care. This means help with child care costs, which can be a staggering burden for these working parents and consume a large portion of their paycheck. Child care costs can easily average \$4,000 to \$10,000 a year—more than the cost of college tuition at a public university. Yet, 77 percent of higher education costs are covered by public and private dollars while 23 percent are borne by parents. In contrast, parents pay the bulk of child care costs. Spending by parents account for 60 percent of the cost, compared to 39 percent for government and just 1 percent for businesses.

While funding for child care services has increased since 1996, child care assistance remains far out of reach for most eligible families. Only one out of seven children eligible for child care assistance through the Child Care and Development Block Grant (CCDBG) program is currently receiving it.

Despite the inadequacy of current funding, the economic downturn has seriously harmed state child care assistance programs and the low-income families these programs are intended to

help. In many states, surpluses have rapidly been replaced by deficits—forcing states to cut back in many areas, including child care. As of January 2002, 45 states and the District of Columbia reported revenues below forecasted levels. Nineteen states responded to the economic crisis with cuts to programs for low-income families and human services programs, including 10 states that cut income support or employment support programs such as child care and job training. Another eight states made across-the-board cuts that will affect every program. In Montana, the Department of Public Health and Human Services projects a potential loss of \$35.1 million in services from 2003 to 2005, meaning a loss of one-fifth of the child care supply.

A Fragile Foundation: State Child Care Assistance Policies, a recent report by the Children's Defense Fund covering the 50 states and the District of Columbia, reveals that inadequate federal and state funding prevents millions of children in low-income working families from being able to get the help they need. Many hard-working low-income families are not even eligible for help due to low state income eligibility cutoffs for child care assistance. Many who are eligible cannot get it—either because they are put on waiting lists or turned away due to inadequate funds, or because no effort has been made to let them know they are eligible to get help.

- As of December 2001, nearly 500,000 eligible children were on waiting lists in just 17 states.
- Some of these waiting lists were extremely long: 47,000 children in Florida, nearly 37,000 children in Texas, 18,000 children in Massachusetts and 10,000 in Mississippi.

Vicky Flamand, whose child is one of 47,000 on Florida's waiting list for child care assistance, recently provided moving testimony to the Finance Committee in March. She

described her struggle to pay child care costs that consume 42 percent of her \$13,000 annual income. As Ms. Flamand testified,

"I am a hard worker and have always prided myself on my ability to be self-sufficient. . . . I work very hard to provide a safe and stable environment for myself and my child while struggling to work and go to college [M]y Transitional Child Care benefit was terminated on March 1st of this year. My income still places me well within Florida's eligibility level for child care assistance and I still qualify for help paying for my child care expenses. However, due to a lack of funds in Florida this year, my daughter and I have been placed on a waiting list for child care help, along with 26 other families in Okaloosa and Walton counties, and over 37,000 other families in the state.

"Now I am left with the dilemma of no help with my child care costs. I cannot afford to pay full child care fees so that I can work I could, of course, quit working and return to welfare, but I choose to work hard so that I can teach my child the importance of self-sufficiency."

Waiting lists tell only part of the story. They do not include families who do not bother applying for assistance because they know it is futile to expect to get help. They also fail to include families who simply do not know that child care assistance programs exist.

The waiting lists would be even longer and many additional states would have to turn to them if more families knew they could get help. States report that many eligible families are not sufficiently informed about child care assistance. Two-fifths of the states acknowledge that eligible families are often unaware that they could receive help paying for care. If more families were informed about the availability of child care assistance and applied for it, it is highly unlikely the demand could be met, even in states that currently have no waiting lists. Only four states indicate that they could serve all eligible families. Many states report that they could not meet the need without a significant increase in funds.

The impact of inadequate investments on the number of families who can receive child care assistance is illustrated by the situation in Texas, which already has a long waiting list. In 2001, the state failed to provide a sufficient funding increase to maintain even the current level of support for low-income working families. In order to meet strict welfare work requirements, the state will devote a larger proportion of its funds to serving families trying to move from welfare to work, which will cut back help for low-income families working to stay off welfare. Approximately 6,000 fewer children in low-income (non-welfare) families are expected to receive child care assistance in 2003, as compared to 2001.

It is inequitable and counterproductive to pit the child care needs of low income families already in the workforce against the child care need of low income families struggling to leave welfare. For both of these families, child care is key to their ability to find and keep permanent jobs. Without helping to pay for child care, a low income working mother, like Vicky Flamand, is but one disrupted child care arrangement away from welfare herself.

With TANF's renewal, the already staggering need for child care will increase further as more welfare parents are required to engage in work activities or leave welfare for permanent jobs. Estimates of the increased costs associated with proposed new TANF work requirements range from \$3.8 billion to \$8 billion over five years. It will take \$2 billion simply to keep CCDBG apace with inflation. An additional \$20 billion investment in CCDB is essential to help many more low income parents struggling to stay in the workforce and help those struggling to get off of welfare.

Two states, Montana and Minnesota, offer low-income working mothers the opportunity to spend some time after childbirth with their new infants. These low-income mothers receive a subsidy similar in amount to what they would have received each month if they were using a child care subsidy. Given the importance of the early years to a child's development and the shortage of quality infant care, we would urge the Committee to set aside new funds for a demonstration program that would allow additional states to offer mothers this option.

Combine effective job placement programs with more education and training: The Tripartisan Consensus plan and many other TANF proposals would allow states to provide up to 24 months of vocational education to meet the federal work participation requirement. The Tripartisan plan also allows adult basic education to count for up to six months. We agree that more education is needed to allow parents to compete for better-paying, more stable jobs. There is a large body of evidence showing that adults with more years of education work and earn more. In a three-city study of families leaving welfare, those who had finished high school worked 78 percent of the time, while parents who had not completed high school worked 61

percent of the time. Ninety-one percent of those who had not finished high school were poor, compared with 64 percent of those who were high school graduates.⁹ Poverty rates are shockingly high for both groups, underscoring the need to encourage post-secondary education. California's TANF program (CalWORKS) has a program to support parents in community college programs. Students who participated in a year-round work-study program in their second year of college increased their earnings by 42 percent one year out of school, and by 88 percent after three years.¹⁰ Maine's Parents as Scholars program is a work-study program specially for low-income parents. TANF reauthorization ought to allow states to establish such programs, with the combined work and study counting towards the federal work participation rates.

States should be able to provide English as a second language training along with adult basic education, and should be able to set the duration of the educational program according to the student's need, as established in her Individual Responsibility Plan.

Increase family income through:

Supplements to low wages: Legislation introduced in the House (H.R. 3625) includes a provision to "make work count" by allowing states to exempt TANF-funded wages subsidies from the time limit. As noted above, some of the welfare to work approaches most successful in improving child well-being were those that provided wage supplements if a combination of wages and Earned Income Tax Credits did not result in above-poverty income. In a time-limited system, families that work and receive small wage supplements will eventually lose them, whether or not their wages go up. As a result, when benefits are terminated, families with low wages fall behind. States that use their own state dollars for

continuing wage subsidies include Illinois, Rhode Island, Delaware, and Maryland. But state fiscal problems make it increasingly difficult for states to be limited to state funds to supplement low wages. Wage supplements are work supports, similar to child care or transportation help, and should be allowed to continue without federal restrictions, in order to encourage work and reduce child poverty. In Illinois, use of wage supplements has not resulted in families staying on TANF longer. The increased work experience that comes from this work incentive is likely to lead to increasing work hours. Families then tend to earn their way off TANF. CDF found that of 16 welfare to work programs evaluated by MDRC, all that were successful in raising incomes by 5 percent or more resulted in positive child outcomes (such as improved school performance or fewer mental health problems). Wage supplements are not the only way to raise incomes, but they are an important approach that states should be encouraged to employ. We urge the Committee to improve TANF by adding “make work count” provisions similar to those in H.R. 3625.

- **Providing more child support to families:** In 2001, Congress came close to enacting child support distribution reforms that are badly needed so that families, not the state, receive more of the support that is collected on their children’s behalf. Now it is time to finish this important work. The Tripartisan outline includes a provision based on Senator Snowe’s Child Support Distribution Act of 2001, that would allow states to pay past child support to families no longer receiving TANF assistance, including arrears collected by intercepts of IRS refunds to non-custodial parents. In addition, states would be able to provide child support to families currently receiving TANF, and to the extent that those collections were in addition to their benefits, states would not owe the federal share of child support collected.

When poor children receive child support, it adds an average of \$2,000 a year to their family's budget, increasing their total income by 26 percent.¹¹ The poverty rate for custodial families who receive all the child support they are owed is 15.2 percent, compared with the 35.7 percent poverty rate for families that do not receive any of the child support they are due.¹² Even small amounts of child support going to families that received TANF assistance reduce the likelihood that the families will need public assistance again.

Despite the anti-poverty effectiveness of placing child support in the hands of families, in 2000, the government kept \$1.18 billion of the \$1.35 billion collected on behalf of 3.3 million families then receiving TANF. Former TANF recipients are getting more of the child support collected on their behalf (\$5.6 billion out of the \$6.8 billion collected), but still over \$1.2 billion of the amount collected did not get to the children in families struggling to leave welfare for work.

At the end of 2000, \$45.5 billion in back child support payments were owed to families that had previously received public assistance. Because some of the non-custodial parents are poor themselves, not all of this money will be collected. But if intercepts of IRS refunds are received by families, the major source of back child support collections for low-income children will become available to their families. Since most parents leaving TANF for work have low wages, the addition of child support can be a source of added stability, and we urge you to include in improvements to child support distribution reforms in your bill.

Helping families to overcome severe barriers to employment: A GAO study of TANF recipients found that 44 percent reported at least one physical or mental impairment.¹³ In a Michigan county, about 15 percent of TANF recipients had experienced severe abuse from a partner within the previous year. Other studies have estimated the incidence of domestic violence at up to 30 percent.¹⁴ In several studies, up to one-quarter of parents receiving TANF had a child with a health, learning, or emotional problem.

These serious problems keep parents from working. An Urban Institute study found that 80 percent of former TANF recipients with no employment barriers were working in 1997, compared with only 9 percent of former recipients with three or more barriers. Problems can be addressed – sometimes with treatment, sometimes with specialized child care to meet the needs of a child with a health condition. But if the problems are not identified, families will frequently be unable to comply with work requirements or other program rules. They will be formally sanctioned, or will drop off TANF, often not only losing those benefits, but no longer receiving food stamps or Medicaid. In Utah, 72 percent of sanctioned families had three or more barriers to employment.¹⁵ Families that leave TANF because of these problems unsurprisingly have very low incomes – in Louisiana, a two-year study found that families leaving TANF involuntarily had an average income of \$651.92 a month, including earnings, other benefits, and child support. Those who leave voluntarily (for jobs or marriage) averaged \$869.16 a month.¹⁶

The Tripartisan Consensus plan offers an important start at solving the problems of families with barriers to employment. It includes a universal engagement provision that requires an Individual Responsibility Plan for every family. The Plan will list the steps and work

supports needed to help a parent towards work-readiness. We believe that each family should receive an initial screening to identify obvious needs, but that an intensive assessment need not be done immediately for every family. Such an in-depth assessment by a trained professional could be done approximately six months after a family starts receiving assistance, or sooner if the family is about to be sanctioned. Carrying out such an evaluation in stages avoids unnecessary assessments for families with few problems who leave TANF quickly on their own. It is important that a threatened sanction be another opportunity for an assessment, either to resolve simple misunderstandings or to identify barriers to compliance and provide a plan to address them. Tennessee takes a similar approach, and is able to help families to comply, rather than terminating their assistance. But identifying problems without providing services is no help to families.

The Tripartisan Consensus provisions allow substance abuse and adult basic education services called for in the plan to count towards the work participation rate initially for three months, followed by another three as long as the services are combined with job readiness activities. We recommend that alternative treatment or other activities be available for a broader number of problems than just substance abuse and adult basic education. Participating in services or treatments for mental health or physical disabilities, domestic violence and learning disabilities should all count towards the work requirement. Further, the duration of services should be determined by trained staff, with extensions beyond six months approved if appropriate. To help ensure that the needs of these families with multiple barriers to employment are translated into effective services and treatment, we also recommend that the Committee consider a demonstration program to promote comprehensive services and treatment for families.

Ensuring that low-income families get the benefits and services they need:

- **Restoration of TANF, SSI, and Medicaid/CHIP for legal immigrants:** Under current law, legal immigrants who arrived in the U.S. after August 1996 are barred for five years from receiving TANF. That restriction should be ended, as recommended in the Tripartisan Consensus plan. We believe that all legal immigrants should have their eligibility restored for means-tested safety net benefits and urge you to give states the option to cover legal immigrant pregnant women and children under Medicaid and CHIP, and extends Supplemental Security Income (SSI) eligibility to low-income children with disabilities. The restorations proposed here are important steps that will cover vulnerable individuals.
- **Funding “Pathways to Self-Sufficiency Grants:** The TANF reauthorization bill proposed by Senator Rockefeller (S. 2052) and H.R. 3625 both include grant funds available to states or counties to help them make it easier for parents to apply for or renew benefits such as TANF, food stamps, Medicaid, child support enforcement, child care, or tax credits available to low-income families. Funds could support improvements such as designing simplified applications, co-locating eligibility workers for several programs under one roof, or establishing weekend or evening hours. State or local governments (as well as non-profit organizations) would also be able to apply for funds to support outreach efforts, to inform families about the package of supports that may be available to them. We urge the investment of \$500 million over five years for such grants, which we believe to be a modest amount that will encourage states to respond better to millions of families that do not receive TANF and therefore have lost a simple entry point to services that ought to be part of their work support package. Families that formerly received cash assistance were very likely also

to receive food stamps and Medicaid. Once the cash assistance caseload began its precipitous decline after 1994, there was a similar decline in food stamps, even though many families remained eligible. More than 85 percent of children in families with incomes low enough to be eligible for food stamps received them in 1996, dropping to fewer than 68 percent in 1999. CDF's Community Monitoring Project found that only half of the families who had left welfare for work were receiving food stamps; less than a third received child care; and nearly a third reported that at least one family member had no health insurance.¹⁷ They did not continue to receive help either because they mistakenly believed that losing eligibility for TANF meant loss of other benefits too, or because the hours of office visits and filling out forms conflicted with work, placing their newfound jobs at risk.

Changing incentives while providing resources: TANF reauthorization should create increased expectations for progress in preparing parents for stable jobs with decent pay. Close to half of families leaving TANF have below-poverty incomes. States should be challenged to do better. Senator Lincoln's employment credit provides a well-targeted challenge. It replaces the caseload reduction credit, which rewarded states when families left TANF, whether they got jobs or not. The employment credit rewards states when parents leaving TANF find jobs, and provides extra credit when those jobs provide decent pay. The credit also counts states' investment in child care or transportation help for families no longer receiving cash benefits, recognizing that TANF should be providing work supports to low-income families, to make it possible for them to stay off welfare. The employment credit and a 50 percent work participation rate would encourage states to place more families in jobs off welfare, and would represent realistic progress.

Incentives do not work if they are not accompanied by funding. The Senate Finance Committee should incorporate adequate funding in its reauthorization legislation. In addition to \$20 billion for child care, there should be an inflation adjustment in the TANF block grant. Supplemental grants and contingency funds should be retooled and renewed. There should also be a number of targeted grant funds, such as Pathways, a poverty reduction bonus, a transitional jobs/business link fund, and an employment advancement fund. Funding to target jobs programs and other help to non-custodial parents, and demonstration funds to test what services might help fragile families to build stronger, healthy bonds would also be appropriate.

With adequate funds and the right incentives for states, TANF reauthorization can mean improvements that strengthen families and nurture children. The Children's Defense Fund has every hope that the final product will include proven strategies to increase family income and reduce child poverty. Such measures will promote family stability and improved child well-being, and will mean the nation is really working to Leave No Child Behind[®].

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**STATEMENT OF
THE NATIONAL NETWORK TO END DOMESTIC VIOLENCE**

**UNITED STATES SENATE
COMMITTEE ON FINANCE
TANF REAUTHORIZATION: BUILDING STRONGER FAMILIES
THURSDAY, MAY 16, 2002**

**SUBMITTED BY
LYNN ROSENTHAL
EXECUTIVE DIRECTOR**

Introduction

The National Network to End Domestic Violence (NNEDV) appreciates this opportunity to submit testimony addressing welfare reform, marriage and family formation issues. NNEDV endorses public policies and programs that avoid discriminating against families – and the children in those families – based on family structure, that support couples who wish to marry or stay married, and that do not pressure women to enter or remain in abusive or unhealthy relationships. We have serious and specific concerns about government marriage promotion proposals currently being debated in Congress. Some of these proposals can be modified to reduce harm; others by definition will place some women and children in increased economic or safety risk. We believe that the primary focus of TANF should be reducing poverty and providing families, whatever their structure, the economic resources and options they need to provide for the safety and well-being of all family members.

The National Network to End Domestic Violence is a membership and advocacy organization made up of 54 state domestic violence coalitions representing more than 2000 local domestic violence programs. These state domestic violence coalitions work to ensure that emergency and long term services are available for victims of domestic violence on the state and local level. These coalitions have identified TANF as a critical component of the safety net for victims leaving abusive relationships.

DOMESTIC VIOLENCE, POVERTY, WELFARE, AND MARITAL STATUS

The recent National Violence Against Women Survey (NVAWS) indicates that 22% of surveyed women reported being physically assaulted by an intimate partner in their lifetime, with approximately 1.3 million women physically attacked by an intimate partner within the last year.¹ In 1999, over 1,200 women were killed by a husband, boyfriend, or ex-partner.² Both the NVAW Survey and the National Crime Victimization Survey (NCVS) conducted by the Department of Justice find that intimate partner violence is primarily a crime against women – the overwhelming majority of domestic violence victims are women abused by a male partner.

In terms of what we know about marital status and domestic violence, the picture is complex. Research and experience tells us that we will find domestic violence, including lethal violence, in all types of family structures, including marriage. Researchers find that marital status itself affects a respondent's willingness or ability to disclose violence by an intimate partner, with married women more seriously underreporting domestic violence than unmarried, separated, or divorced women. Data from the NCVS from 1993 – 1999 indicates that divorced or separated women reported the highest rates of domestic violence, followed by those who had never married, with lowest rates for those who were married at

the time of the interview.³ Data suggests that changes in marital status – from married to separated or divorced – can be related to domestic violence.⁴ We do know that marital separation is often experienced as a loss of control by the batterer, and thus separation or divorce frequently incites batterers to increase the danger of abuse for the battered women.⁵ There is also data that purports to show that cohabiting relationships are more violent than marriages. However, recent reexamination of that data suggests that these higher levels of violence among cohabitators can be explained by the fact that non-violent couples are more likely to marry.⁶

However, it is the high levels of domestic violence experienced by recipients of TANF and other poor women that particularly joins domestic violence advocates to this current debate about marriage promotion as an anti-poverty strategy. Women living in households with lower annual household incomes, and particularly below \$10,000/year, experienced domestic violence at significantly higher rates than women in households with higher annual income.⁷ Recent studies show that between 20 - 30% of women receiving welfare benefits report being abused by an intimate partner within the past 12 months; well over 50% of TANF recipients report having been abused at some point in their adult lives.⁸

For a significant percentage of the TANF population, domestic violence is not a theoretical possibility, but a current reality. Given this reality, marriage promotion targeting this TANF population is particularly problematic.

CONCERNS ABOUT CURRENT MARRIAGE PROMOTION PROPOSALS

Members of Congress and officials from the U.S. Department of Health and Human Services have repeatedly affirmed that government policies or programs designed to encourage marriage are not intended to trap women in abusive relationships, withdraw support from single mothers, or force women into unwanted, unhealthy relationships. Despite these assurances, however, there remains considerable concern among domestic violence advocates and others about the nature and impact of government marriage promotion initiatives. We remain unconvinced that it is possible to promote marriage or discourage divorces without making it more difficult for some women to escape violent relationships or perpetuating marriages that are abusive, unhealthy or otherwise harmful to children or adults. We remain apprehensive about a policy that seems to promote marriage per se as a simplistic solution to the complex problems facing families living in poverty, and particularly single parent families. NNEDV joins the chorus of voices who believe that marriage promotion is not the best investment of limited TANF funds.⁹

As activists working to end domestic violence, we question how government initiatives promoting marriage will target "only those who voluntarily choose marriage" and avoid becoming coercive; avoid penalizing or stigmatizing single parents or two-parent, unmarried families or other forms of family structure, and

the children living in these families; promote healthy, non-violent families; and address domestic violence issues responsibly.

There are at least three ways that government sponsored marriage promotion policies or programs could become coercive: 1) marriage promotion initiatives could have the unintended (or intended) consequence of stigmatizing single parents or single headed families, or stigmatizing divorce, which de facto will make it more difficult for some women to leave a violent relationship; 2) participation in marriage promotion activities will be or will be perceived to be linked to the receipt of benefits (whether TANF benefits, housing, Head Start, or other services); or 3) the decision to participate will be neither informed nor truly optional on the part of an individual and will not be guided by the primary goal of safety.

1. Marriage promotion may stigmatize divorce with the unintended consequence of compelling women to stay in abusive relationships.

The first issue – the social stigmatization of those not in a married relationship – will be particularly challenging to address. How will federal and state governments define the “success” of these programs? Will “success” be measured by increases in marriage rates or declines in divorce rates or, at a program level, tied to number of people who agree to get married? What messages will be conveyed by such “success” measures, at the macro level of societal understanding and at the micro level of program design, promotion, implementation and evaluation? Is the goal to increase the number of marriages, or instead enhance the quality of the relationships between parents and their capacity to provide nurturing, safe and healthy environments for children? Measuring success by counting married couples puts incredible pressure on programs and recipients to get married and / or stay married, creating a very dangerous situation for battered women and their children and shifting the priority from safety to maintaining “stability” through marriage.

There is also the belief that we are not all using the same definition of “healthy relationships” or “healthy family.” We join others in raising concern about the denigration of single and/or poor mothers as capable parents, the promotion of men as the “head of household,” and the championing of traditional and rigid gender roles that have in fact left many women economically vulnerable and increased their risk for abuse. For example, treating “marriage counseling” as a “work activity” promotes the age-old notion of marriage as a more desirable alternative for women than job training, education, and work.

2. Participation in marriage promotion activities will be or will be perceived to be linked to the receipt of benefits

We have already seen some states move in the direction of providing financial incentives to individuals to promote marriage, such as increased TANF benefit

levels for married parents, and proposed "bonuses" for TANF clients who marry or stay married for a specified period of time. Such financial incentive strategies in fact financially penalize women who have chosen not to marry the father of their child(ren) even if the reason is domestic violence or child abuse, financially penalize women who have chosen to leave a violent relationship, and financially penalize the children who live in these families. Such policies and programs have also raised concerns about such financial incentives being used coercively by abusive partners. Any policy that can be used by a batterer to compel a woman to remain in or marry into an abusive relationship by definition cannot be considered an effective tool in promoting healthy marriage.

3. The decision to participate will be neither informed nor truly optional on the part of an individual and will not be guided by the primary goal of safety.

Given the high rates of domestic violence in the very population targeted by these programs, safety must not be seen as competing with other program goals, but itself must be an explicit program goal. Ensuring that participation is voluntary is also critical. How do we ensure that parents, couples and families can make informed and voluntary choices about their participation in any of these programs? We have learned from other settings that information about the program and an assessment of safety concerns needs to be provided by someone who is, first of all, well-trained and, secondly, does not have a vested interest in an individual's decisions related to participation. Many of the current proposals before Congress do not meet this standard.

We also have concerns about the training that those implementing marriage promotion programs receive on identifying and addressing domestic violence. We have heard from domestic violence advocates in states that have already embarked on marriage promotion activities that while good domestic violence information is added to curricula and training materials for participants (materials that domestic violence programs/coalitions usually helped develop), this content often gets presented poorly if at all. Battered women are often not provided with either the information they need or option to make an informed decision about participation.

MINIMIZING THE HARM OF MARRIAGE PROMOTION PROGRAMS

We remain unconvinced that marriage promotion programs are the best investment of TANF dollars. However, should such programs become a part of TANF over our objections, there are some protections that may minimize the harm. We cannot make sure that these marriage promotion programs meet what we call a "do no harm" threshold, but there are clearly some steps Congress can take that would help.

Prohibit the use of financial incentives to promote marriage.

Congress should prohibit states from utilizing financial incentives for couples to marry or stay married, such as marriage “bonuses,” supplemental welfare payments to married families and rent incentives for married couples. Such incentives are coercive, ignore the many good reasons that women have for not marrying the father of their children or for leaving marriages that are dangerous or unhealthy for them or their children and, most importantly, unfairly penalize single parents and harm their children.

Collaborate with domestic violence experts.

NNEDV has consistently recommended requiring that states and programs receiving federal funds to work with absent fathers, non-custodial parents, or couples document how domestic violence issues will be addressed in program design and implementation, including the safeguards in place to identify and protect vulnerable parents and children, and how program staff will receive the training necessary to responsibly handle these issues.

This consultation and collaboration should focus in several specific areas: 1) the review of program plans, including policies, procedures and written materials, designed to identify and respond to the needs of domestic violence victims; 2) the development and ongoing review of confidentiality procedures; 3) the development of a crisis response protocol when there is a disclosure of current domestic violence; and 4) the provision of training of program staff on domestic and sexual violence issues.

In this context, we also have to recognize the issue of unfunded mandates. Most domestic violence programs are working with an increasing number of systems and institutions (including the criminal justice, health care, education, child protection services, and welfare systems), which have come to understand how domestic violence affects the families with whom they work. The plates of domestic violence programs are full. We need to make sure that domestic violence programs have the capacity to take on this collaborative role without compromising their other responsibilities. One way to do this is to provide funding within TANF for the consultation and expertise that domestic violence programs are being asked to provide.

Procedures to ensure informed and voluntary participation and promote safety

All programs targeting families, parents, or couples – whether focused on strengthening relationships, improving parenting skills, or promoting marriage – must include procedures to determine that a parent’s safety or the safety of her children will not be compromised by any aspect of the program. Initial and ongoing participation in the program should be presented as totally voluntary, attached to no sanction, threat of sanction, or incentive that might be coercive. Recruitment of program participants should be conducted by informed but neutral parties, with no vested interest in an individual’s decision to participate. Appropriate screening should be conducted for domestic and sexual violence, as well as child abuse issues. Finally, protocols must be developed to ensure an appropriate response to disclosures of domestic violence or child abuse by program participants.

Prohibit discrimination based on marital status

Congress should take steps to prohibit discrimination among families based on marital status or applicant/recipient status, including the denial of TANF or other benefits to children because they have been born into families receiving welfare and the denial of benefits to minor parents who are not in school or living with an adult, and remove provisions in federal and state laws that create disincentives for states to provide assistance to two-parent families, such as the separate two-parent work participation rate.

Limit any “family formation” funding to well-structured demonstration projects

If Congress feels compelled to provide funding to support family formation, one alternative is to limit such spending to a small number of carefully structured demonstration projects designed to strengthen families and enhance child well-being. It is likely to be more possible to build appropriate safeguards (those listed above and others like them) in such demonstration projects and more rigorously evaluate their effectiveness. Such an approach would provide an opportunity to better articulate goals, test program design and efficacy, identify and respond to unintended consequences, and answer key implementation questions than other proposals currently under consideration.

TANF REAUTHORIZATION SHOULD SUPPORT FAMILY FORMATION BY FOCUSING ON ENDING POVERTY

Despite the suggestions to enhance the safety of battered women and their children in marriage promotion programs, NNEDV still strongly believes that the primary focus of TANF should be reducing poverty and providing families, whatever their structure, the economic resources and options they need to provide for the safety and well-being of all family members. NNEDV endorses public policies and programs that avoid discriminating against families – and the

children in those families – based on family structure, that support couples who wish to marry or stay married, and that do not pressure women to enter or remain in abusive or unhealthy relationships. These types of policies and programs – including programs that increase poor families access to real economic opportunity, public education and job training, expanded child care, policies that don't discriminate by marital status in any direction, and efforts to reduce income inequality and pay discrimination – help battered women and all poor families.

As Theodora Ooms states in her recent article entitled "Marriage Plus" – "Marrying a low-income unmarried mother to her child's father will not magically raise the family out of poverty when parents often have no skills, no jobs, and terrible housing, and may be struggling with depressions, substance abuse, or domestic violence."¹⁰

There are important indications that efforts focused on increasing the long term economic stability of families has positive impacts on relationship stability, marriage and domestic violence. Results of a welfare-to-work demonstration program in Minnesota suggest that enhancing the income of the working poor can indirectly promote healthier relationships, including marriage. The Minnesota Family Investment Program (MFIP), which subsidized the earnings of employed welfare families, found that marriage rates increased for both single-parent long-term recipients and two-parent families. Married two-parent families were significantly more likely to remain married. MFIP also reduced the reported incidence of domestic abuse. The outcomes of the MFIP program suggest that allowing families to combine welfare and work, and providing work supports to help individuals become economically secure, strengthened marriage and reduced the chance of divorce.¹¹

TANF reauthorization should also focus on ensuring that both parents support children when that can be done without compromising the safety of either parent or the children. Efforts to assist low-income non-custodial parents prepare for, find, and retain jobs is an important part of ensuring that both parents support their children, with proper attention paid to histories of domestic violence or child abuse in these families. In addition, child support paid by the non-custodial parent should be provided to the children regardless of TANF status. The full pass-through policy in Wisconsin is instructive. According to the Institute for Research on Poverty (IRP) at the University of Wisconsin-Madison, fathers in the full-pass through group were both more likely to make payments and make higher payments than fathers in the partial pass-through group.¹²

NNEDV supports child support reforms that: (1) ensure appropriate levels of obligation for non-custodial parents; (2) ensure that families on welfare receive a substantial amount of the money paid by non-custodial parents; (3) disregard any child support payments passed through to the family receiving benefits; and (4)

ensure that families that have transitioned off welfare receive all child support they are owed before the state reimburses itself for past assistance.

It has been reported that married couples with children who work night and rotating shifts are at higher risk of separation and divorce. The absence of affordable and reliable child care forces many parents who would prefer a normal workday to work split shifts solely to make sure that a parent is home with children,¹³ and forces many women to rely on childcare provided by an abusive partner.¹⁴ Increasing the availability of reliable, safe, quality childcare should be an important priority of TANF reauthorization.

In sum, NNEDV supports providing supportive services to all families, regardless of their marital status or family composition, including services to help improve employment opportunities, promote non-violent behavior, improve relationships, and provide financial support to children.

Endnotes

¹ Tjaden, P., & Thoennes, N. (2000) *Full Report on the Prevalence, Incidence, and Consequences of Violence Against Women*. (Publication #NCJ83781) Washington, D.C.: U.S. Department of Justice, Bureau of Justice Statistics. Available at <http://www.usdoj.gov/bjs>

² Rennison, C. (2001) *Intimate Partner Violence and Age of Victim, 1993-99*. (Publication #NCJ187635) Washington, D.C.: U.S. Department of Justice, Bureau of Justice Statistics. Available at <http://www.usdoj.gov/bjs>

³ Id.

⁴ Id.

⁵ See Einat Peled. (2000) *Parenting by Men Who Abuse Women: Issues and Dilemmas*, BRIT. J. SOC. WORK, Feb. at 28.

⁶ McLanahan, S., & Kenney, C. (2001) *Are Cohabiting Relationships More Violence Than Marriage?* (Working Paper #01-22) Princeton, N.J.: Center for Research on Child Well-Being, Princeton University.

⁷ Rennison, C. & Welchans, S. (2000) *Intimate Partner Violence*. (Publication #NCJ178247) Washington, D.C.: U.S. Department of Justice, Bureau of Justice Statistics. Available at <http://www.usdoj.gov/bjs>

⁸ Tolman, R. & Raphael, J (2001) *A Review of Research on Welfare and Domestic Violence*, 56 J. of Social Issues (No. 4) 655-682, at 657. See also Lyon, E. 2000. *Welfare, Poverty, and Abused Women: New Research and Its Implications*. Policy and Practice Paper #10, Building Comprehensive Solutions to Domestic Violence. (Harrisburg, PA; National Resource Center on Domestic Violence).

⁹ According to the PEW Forum on Religion & Public Life opinion poll on religion and public policy, there is broad opposition to the idea of government programs aimed at encouraging marriage. Nearly eight in ten Americans (79%) want the government to stay out of this area, while just 18% endorse such pro-marriage programs. Those with a high level of religious commitment are more likely to favor these programs, but even among this population, as many as two-thirds (66%) do not want the government to get involved. (The PEW Research Center for the People & the Press and the PEW Forum on Religion & Public Life, "American Struggle with Religion's Role at Home and Abroad," News Release, March 20, 2002. at 3.) Similarly, a poll conducted by Ms. Foundation found that less than 3% of Americans believe the principal goal of the welfare system should be to promote marriage and discourage out-of-wedlock birth. (Ms. Foundation for Women. "Americans Say Welfare Should Provide Self-Sufficiency Skills, Move People Out of Poverty – Not Promote Marriage." (February 6, 2002) at 1.) A recent poll conducted in February 2002 shows that the public does not see marriage promotion as a top priority of welfare policy. Those surveyed ranked marriage promotion last among proposed welfare goals. (Lake Snell Perry & Associates, Inc. "Public Views on Welfare Reform and Children in the Current Economy" at 6-7.)

¹⁰ Ooms, T. (2002) "Marriage Plus" *The American Prospect*, 4-8-02 at <http://www.prospect.org/print-friendly/print/V13/7/ooms-t.html>

¹¹ Manpower Demonstration Research Corp. (MDRC), chap. 6, available at <http://www.mdrc.org/Reports2000/MFIP/MFIP-Vol-1-Adult.pdf>.

¹² Meyer, D. & M. Cancian. (2001) *W-2 Child Support Demonstration Evaluation Phase I: Final Report*. University of Wisconsin, Madison, WI: Institute for Research on Poverty.

¹³ Ooms at 10.

¹⁴ See Tolman & Raphael at 8; see Lyon at 8.

**TESTIMONY OF NOW LEGAL DEFENSE ON
WELFARE REFORM AND MARRIAGE INITIATIVES**

NOW Legal Defense and Education Fund (“NOW Legal Defense”) appreciates the opportunity to submit this testimony on the issue of TANF Reauthorization and building stronger families.¹ We adhere to our long held belief that anti-poverty efforts must focus on initiatives that will empower individuals to become economically self-sufficient and permanently free them from poverty.

NOW Legal Defense is a leading national not-for-profit civil rights organization with a 31-year history of advocating for women’s rights and promoting gender equality. Among NOW Legal Defense’s major goals is securing economic justice for all. Throughout our history, we have used the power of the law to advocate for the rights of poor women. We have appeared before the Supreme Court of the United States in both gender discrimination and welfare cases, and have advocated for protection of reproductive and employment rights, increased access to child care, and reduction of domestic violence and sexual assault.

NOW Legal Defense addresses welfare reform reauthorization from the perspective of ending women’s poverty. To this end, we have convened the Building Opportunities Beyond Welfare Reform Coalition (BOB Coalition), a national network of local, state, and national groups, including representatives of women’s rights, civil rights, anti-poverty, anti-violence, religious and professional organizations.

Our testimony focuses on the policy reasons that government involvement in personal issues of family formation will not reduce poverty, and creates a dangerous precedent for the individual liberty of all Americans. First, focus on marriage and family formation sidesteps the underlying causes of poverty, particularly the poverty of women and children -- such as lack of job training and education, discrimination, violence and lack of child care. Second, government pressure with respect to highly personal decisions such as marriage is a departure from our most basic principles, a threat not just to poor women, but to all citizens who believe that liberty entails making fundamental personal decisions without governmental interference. In addition, because of the prevalence of violence among women forced to turn to public assistance, promotion of marriage could prove deadly.

Poll after poll shows that most Americans are against the government’s involvement in individual decisions regarding marriage and oppose use of scarce public dollars to promote marriage among the poor. This is not surprising as Americans value their personal privacy and their right to make personal decisions free of government intrusion. In addition, it is important for those in Congress to remember that there are currently more non-marital families than married families in America. These include single, separated, divorced, widowed, cohabitating, gay and lesbian, and extended families, among others. Congressional representatives are elected by members of these families as well as by those in traditional nuclear families and should care about supporting the well-being of all families, regardless of how they are constituted.

I. Federal and State Marriage Proposals

Both Federal and State initiatives with respect to marriage are alarming in their invasion of personal privacy and, at the same time, raise serious questions about the effective use of scarce government funds and the competence of government to administer programs dealing with intimate decisions such as marriage. We are particularly concerned that TANF funds will be diverted away from desperately needed economic supports, child care and job training into questionable programs unlikely to have any positive effect in reducing poverty.

Federal Initiatives:

Several proposals regarding marriage promotion have been put forward within the context of TANF reauthorization. All of the proposals eliminate the separate two-parent participation rate and all eliminate the \$100 million dollar fund to reduce non-marital births and redirect that money, among other funds, towards marriage promotion and reduction of non-marital births.

The Administration's plan, embodied in HR 4700 and awaiting passage by the House of Representatives, goes the furthest among all the pending bills in promoting marriage, fatherhood, and reduction of non-marital births. HR 4700 would establish a competitive \$100 million matching grant program to promote healthy marriage. Those funds may be spent on programs including public advertising campaigns on the value of marriage, education in high school on the value of marriage and relationship skills and budgeting, marriage education and skills programs for unmarried pregnant women and expectant fathers, premarital education and marriage skills training for couples interested in marriage, marriage enhancement, marriage skills training programs for married couples, divorce reduction programs, marriage mentoring programs in at-risk communities, and programs to reduce the disincentives to marriage in means-tested aid programs, but only if offered in conjunction with another activity described above. In addition to authorizing the expenditure of \$200 million on demonstration projects, HR 4700 authorizes a \$100 million annual fund to provide grants to states and localities for research, technical assistance, and demonstration projects that promote the formation of two-parent families, reduce teen pregnancies, and increase the ability of non-custodial parents to financially support and care for their children. The Secretary must consider the potential impact of the project on domestic violence. Finally, HR 4700 included another \$20 million dollars a year for fatherhood programs.

In addition to these new funds, HR 4700 would also add marriage promotion and responsible fatherhood to the four purposes of TANF and require every state to describe how they will promote marriage, fatherhood, and the reduction of non-marital births, and include specific, numerical and measurable performance objectives for accomplishing these goals. Lastly, the state modifies requirements to permit states to satisfy their TANF maintenance of effort requirements by spending money on marriage promotion for non-TANF eligible individuals.

As of May 15, 2002, only one comprehensive TANF reauthorization bill has been introduced in the Senate. Senator Rockefeller's bill contains a family formation fund focusing on promoting marriage, reduction in teen pregnancy, and father involvement. This bill includes two important safeguards attempting to insure voluntariness and safety for domestic violence survivors. Principles espoused by the sponsors of two other legislative proposals, the tri-partisan proposal

by Senators Breaux, Snowe, Jeffords and the proposal by Senators Bayh and Carper also include support for programs to promote marriage and reduce non-marital births.

The Breaux-Snowe proposal, which is of particular interest to this committee, advocates a \$100 million annual fund to conduct research and demonstration projects, and provide technical assistance primarily focusing on family formation and “healthy marriage” activities. The proposal also includes a \$100 million grant program available to a limited number of states to develop new approaches to promoting healthy marriage and reducing non-marital births and teen pregnancies. Significantly, this proposal recognizes that any such “healthy marriage” programs must address the needs of domestic violence victims.

State Initiatives:

Since the Personal Responsibility and Work Opportunities Reconciliation Act (PRWORA), states have been free to use TANF dollars to support marriage and two-parent families. The kinds of programs states have instituted range from a waste of public dollars to discrimination against struggling single parent families. These examples should give legislators pause about pushing states to do more around marriage promotion. For example:

- In April 2000, Arizona passed a Marriage Initiative that allocates one million TANF dollars for marriage skills courses provided by community-based organizations.ⁱⁱ The legislation also established a Marriage and Communication Skills Commission to implement several objectives of the marriage promotion program, including the production and distribution of a “health marriage” handbook to all couples applying for a marriage license. Low-income couples are eligible for vouchers to attend the training program, which focuses on the “benefits of strong relationships and shared responsibility for struggling families.”ⁱⁱⁱ The state has a \$3.5 million dollar abstinence-until-marriage program and passed Covenant Marriage legislation in 1998, one of the first states in the nation to do so. As of September 2001, the Arizona Department of Economic Security has rewarded \$786,6000 of the one million TANF dollars to contractors offering marriage and communication skills workshops.^{iv}
- In Oklahoma, Governor Frank Keating earmarked 10 percent of the state’s TANF surplus funds to fund the \$10 million Oklahoma Marriage initiative, which includes pre- and post-marital counseling to Oklahoma families, a marriage resource center, a marriage mentor program, and the creation of a Marriage Scholars-in-Residence.^v The initiative also contains a specific “religious track” under which the state’s religious leaders sign a marriage covenant, thereby committing themselves to encourage pre-marital counseling for couples in their house of worship. A few months after Keating made his proposal, the state hired a pair of “marriage ambassadors” with a \$250,000 a year salary to give “relationship rallies” on school campuses as well as meeting with ministers and set up a research project. Last September the state spent \$16,000 flying in pro-marriage speakers from around the country for a two-day conference. It also developed a workshop called Prevention and Relationship Enhancement Program (PREP) that are offered in schools and community centers.^{vi} Three years after Oklahoma implemented its marriage promotion programs, the state’s divorce rate has remained unchanged.^{vii}

- West Virginia's state TANF plan adds a \$100 marriage incentive to a family's benefits if there is a legal marriage in a household where both individuals receive welfare assistance payment. Since West Virginia's monthly TANF benefit for a family of three is \$328.00, this \$100 per month bonus makes a significant difference in economic support and gives children in poor married families a significant economic advantage over children whose poor single mothers have been unable or unwilling to marry.

Programs such as those described above divert funds from direct support of poor families or provision of services needed to support employment. Programs like that in West Virginia discriminate directly against poor single parent families. Endorsement or increased funding for such programs is bad public policy.

II. Welfare Reform Reauthorization Should Not Focus on Marriage

Welfare reform reauthorization should focus on ending poverty for all. In order to accomplish that goal, we must focus on the barriers to economic self-sufficiency rather than marriage by investing in education, training and work supports to help families and individuals get to a point where they can survive and prosper, whether married or not.

A. The American Public Overwhelmingly Rejects Governmental Involvement in Personal Decisions to Marry. According to the PEW Forum on Religion & Public Life opinion poll, there is broad opposition to government programs aimed at encouraging marriage. Nearly eight in ten Americans (79%) want the government to stay out of this area, while just 18% endorse such pro-marriage programs. While those with a high level of religious commitment are more likely to favor these programs, fully two-thirds (66%) in that category do not want the government to get involved.^{viii}

In addition, Americans also strongly reject any proposal that would divert welfare resources for the poor into marriage promotion programs. A recent poll conducted on behalf of the National Campaign for Jobs and Income Support shows that a mere five percent of those surveyed select marriage promotion as the number-one welfare priority for Congress, while fully 62% cite work support for people moving from welfare to good jobs as the top priority.^{ix} Similarly, a poll conducted for the Ms. Foundation found that less than three percent of Americans believe the principal goal of the welfare system should be to promote marriage and discourage out-of-wedlock birth.^x By contrast, giving people the skills needed to achieve self-sufficiency received the most support. Most recently, a survey conducted for the Annie E. Casey Foundation also found that proposals to promote marriage through welfare programs do not meet with even superficial public support. A solid 64% of those surveyed reject proposals to provide financial bonuses to mothers on welfare who marry the father of their children, and over 70% believe pushing people to get married is the wrong priority for Congress.^{xi}

B. Reauthorization Should Not Coerce Low-income Women into Giving Up Their Fundamental Rights to Privacy. The Supreme Court has long recognized an individual's right to privacy regarding decisions to marry and reproduce as "one of the basic civil rights of man, fundamental to our very existence and survival."^{xii} Significantly, this constitutional right

equally protects the choice *not* to marry.^{xiii} Reproductive privacy, initially honored as a right of marital privacy,^{xiv} has been firmly established as a protected right of the individual, irrespective of marital status.^{xv} According to the Supreme Court, “if the right of privacy means anything, it is the right of the individual, married or single, to be free from unwarranted governmental intrusion into matters so fundamentally affecting a person as the decision whether to bear or beget a child.^{xvi} This right of privacy extends to an individual’s decision whether to have an abortion *or not*”^{xvii} and protects individuals from government imposition of substantial obstacles in the path of reproductive choice.^{xviii} Furthermore, the U.S. Supreme Court has specifically rejected the use of the welfare system to try to influence the moral behavior of a child’s parents. In National Welfare Rights Organization v. Cahill, 411 U.S. 619 (1973), a New Jersey welfare provision that limited benefits to families where there were two adults “ceremonially married to each other” was struck down as a violation of the Federal constitutional equal protection guarantee. The Court held that penalizing children by restricting welfare benefits to them because of the marital decisions of their parents “is illogical and unjust.”

Government programs promoting marriage may invade this right to privacy and may encourage the kind of differential treatment of children in non-marital families that the Supreme Court condemned in NWRO v. Cahill. They certainly pose concerns regarding voluntariness and coercion. It is critical that Congress must neither require nor encourage incentives for states to coerce low-income women into trading away their fundamental rights to marry or not to marry. As such, federal mandates on states to set numerical goals are not appropriate. Obviously, voluntariness is key to a non-coercive program. However, it is hard to conceive of provisions that would genuinely protect voluntariness in a program that supplies a lifeline to desperate families in need of help in supporting their children. Nevertheless, any consideration of programs that would promote marriage or family formation must include explicit protections safeguarding voluntariness and prohibiting penalties or sanctions for refusal to participate in such programming.

Finally, states must not be permitted to discriminate based on marital status or family formation. To that end, TANF reauthorization should include language that prohibits states from treating equally needy families differently based on marital status or family formation. This will correct discriminatory policies and practices against married families, without swinging the pendulum to permit discrimination against single or cohabitating families.

C. The Staggering Prevalence of Domestic Violence Among Women on Welfare Presents An Insurmountable Challenge to “Healthy Marriage” Promotion within TANF. When considering marriage promotion within the context of TANF, Congress must face the reality that violence against women is one of the main causes of women’s poverty. Domestic violence makes women poor and keeps them poor. Study after study demonstrates that a large proportion of the welfare caseload (consistently between 15% and 25%) consists of current victims of serious domestic violence.^{xix} Between half to two thirds of the women on welfare have suffered domestic violence or abuse at some time in their adult lives.^{xx} Moreover, an overwhelming number of abusers were the father of their child(ren).

For these women and their children, marriage is not the solution to economic insecurity. For them marriage could mean death; it will almost undoubtedly mean economic dependence on the

abuser. Many battered women are economically dependent on their abusers; 33-46% of women surveyed in five studies said their partner prevented them from working entirely.^{xxi} Those who are permitted to work fare little better. Ninety-six percent reported that they had experienced problems at work due to domestic violence, with over 70% having been harassed at work, 50% having lost at least three days of work a month as a result of the abuse, and 25% having lost at least one job due to the domestic violence.^{xxii} Thus, battered women are overwhelmingly either economically dependent on the abuser or are economically unstable due to the abuse.

Those who would promote marriage in every circumstance sometimes claim that marriage decreases domestic violence. This idea ignores many realities of domestic violence. First, some women date or cohabit with abusers but do not marry them. Second, married survivors are less likely to report the abuse. Third, separation and divorce frequently incite batterers to increase the frequency and level of violence.^{xxiii}

Congress itself has repeatedly recognized that domestic violence is a serious national problem and has made efforts to minimize the severe risk to women and children from that violence, most recently by reauthorizing the Violence Against Women Act in 2000. Marriage promotion for TANF recipients ignores the reality of domestic violence. First, with as many as two-thirds of TANF recipients reporting incidents of domestic violence, assertions that only promotion of “healthy marriages” is intended strain credibility. Surveys of low-income women in several cities indicate four main reasons for not marrying.^{xxiv} Two of those reasons include fear of domestic violence and fear of a power imbalance. Safeguards assuring that programs funded to promote marriage consult with domestic and sexual violence experts and child advocates on the development and implementation of policies, procedures, and training necessary to appropriately address domestic and sexual violence and child abuse issues will provide some security. But they will not make marriage promotion within TANF safe.

The reality is that most women who are victims of violence are ashamed and afraid. They are often unwilling to admit the abuse because of the stigma on domestic violence victims, often afraid that if they report violence or fears of violence, it may lead to loss of their children to child welfare agencies, and often afraid that disclosure of violence will lead to further escalating abuse. Marriage promotion programs, no matter how “sensitive” to domestic violence on paper, cannot change the fact that those promoting marriage will probably not know about violence in the relationship they are trying to make legally permanent. Furthermore, programs that push poor women into marriage with the father of her child may be pushing her to legitimize an abusive situation; similarly women who are married and are being abused will already feel deep shame and social pressure to remain with the abuser. A governmental message to poor women who are violence victims that there is something wrong with being unmarried and the push toward marriage will make it even more difficult for women who are trying to leave an abusive relationship to do so. The complexity of domestic violence and the extreme danger a woman who stays in an abusive relationship or formalizes it will face makes any governmental sponsored marriage promotion program extremely problematic.

TANF currently includes a Family Violence Option (FVO) allowing states to confidentially screen for domestic violence, refer to services, and modify or waive program requirements that would be unsafe or unfair. Although nearly all states have adopted some version of the FVO, not all states have done so. With such an overwhelming correlation between violence and poverty, it is both troubling and illogical that Congress would consider mandating marriage promotion and providing significant financial incentives (including modification to the MOE) while not requiring states to address domestic violence through the FVO. At a minimum, Congress should require all states to screen for domestic violence and refer individuals to services and should invest TANF dollars in case worker training, study of best practices with respect to addressing domestic violence in TANF, and dissemination of those best practices to all states to help them address this very real barrier to economic security.

We urge you to reject marriage and family formation proposals that ignore the very real risks of violence. Precious federal dollars should not go to programs that may contribute to the problem of violence against women that this Congress has taken great strides to ameliorate. If Congress does go forward with a demonstration project on marriage or family formation, it must include safeguards, require the involvement of domestic violence coalitions or experts in any project approval, and require states to address domestic violence issues through the FVO.

D. Marriage does not address the root causes of women's poverty and is not a reliable long-term solution to women's poverty. In general, two incomes are better than one and thus more likely to move people off of welfare. But that fact is not sufficient to support an argument in favor of marriage promotion as a solution to poverty.

First, forming a two parent families does not guarantee economic security. Forty percent of all families living in poverty are two-parent families. Thus, two parent families are not immune from poverty or the economic stresses single parent families face.

Second, due to death and divorce, marriage does not ensure women's economic security. Approximately 40% of marriages end in divorce^{xxv} and 12% due to the husband's death.^{xxvi} Among women currently on welfare, about 40% are married or were married at one time: 18.4% are married; 12.3% are separated; 8.3% are divorced; and about 1% are widows. A significant number of divorces and separations are due to domestic violence. In these cases it is futile to claim that marriage would provide security, economic or otherwise. Indeed, there is no simple causal relationship between single motherhood and poverty.

The reasons that women, more than men, experience an economic downfall outside of marriage include: primary care giving responsibility for children which -- without attendant employment protections and due to lack of quality, affordable, accessible child care -- makes unemployment or underemployment inevitable, discrimination in the labor market, and domestic violence. Without addressing the factors that keep women from being economically self-sufficient, marriage and family formation advocates are merely proposing to shift women's "dependence" from the welfare system to marriage. That certainly does not promote individual responsibility, nor is it a policy solution for genuine, reliable, economic security.

On the other hand, a policy that invests in education, training and work supports empowers individuals to true security. In 2000, only 1.2% of single mothers with a college degree who worked full-time year round lived in poverty. Less than eight percent of single mothers with some college working full-time lived in poverty.^{xxvii} This is a far better poverty reduction statistic than marriage, which leaves 40% of families under the poverty line.

In fact, the approach to marriage advocated by HR 4700 has it backwards. Economic security is more likely to lead to successful marriage than is marriage promotion likely to lead to economic security. The outcomes of the Minnesota Family Investment Program (MFIP) support this conclusion. MFIP covered welfare-eligible single and two-parent families and focused on participation in employment-focused services for long-term welfare recipients combined with financial incentives to encourage and support work. These work supports include child care, medical care, and rewarding work by helping the family to develop enough earning power to survive financially without cash assistance before cutting them off. When the economic progress of those on MFIP was compared with those who were in the standard AFDC welfare program, only 14% of AFDC recipients were out of poverty within 2 ¼ years, 25% of families in the MFIP program were out of poverty in the same time period, receiving on average \$1400 more per year in income. At the same time, studies, which compared former AFDC recipients to those on MFIP, found that those on MFIP were 40 percent more likely to be married at the 36-month follow up, and nearly 50% less likely to be divorced after five years. The outcomes of the MFIP program suggest that allowing families to combine welfare and work, and providing work supports to help individuals become economically secure, strengthened marriage and reduced the chance of divorce.^{xxviii}

Thus, investments in education, training and work supports can both empower individuals to economic security (thereby economically empowering couples as well) and strengthen marriages. If Congress takes this approach it can empower individuals to achieve their own goals, without invading their privacy or endangering their families.

III. Welfare Reform Reauthorization Should Focus on Ending Poverty

Reducing poverty should be Congress' overarching goal in reauthorizing TANF. In order to achieve that purpose, Congress must first make access to education a reality for individuals on TANF. This means including the full range of education as a work activity without arbitrary caps or impractical time limits. It also means access to training for jobs that pay a living wage. Without an emphasis on non-traditional and living wage jobs, individuals on TANF will continue to move into low wage, no benefit jobs that will not move their families out of poverty. Such jobs will decrease the likelihood that they will marry and will increase the likelihood of divorce. Moreover, they will continue the cycle of poverty.

Second, Congress must pay appropriate attention to child care. If Congress is truly concerned about family and a proper start for all children, mothers should not be subjected to increased work participation requirements without quality, affordable child care, or at the expense of time spent with one's own young children. This requires not only sufficient child care funding, but

enhanced child care protections for young children, children in need of after school care and children with special needs and realistic approaches to increased requirements on parents. (For example, it is disingenuous to suggest that a single mother can work 24 hours, go to college 16 hours, study, and have time to invest in her children as well as herself.)

Third, Congress must make a serious commitment to addressing barriers to economic security. A significant portion of the individuals on TANF face multiple barriers, including domestic violence, substance abuse, mental health issues, disability, low literacy levels, and limited English proficiency.^{xxix} As a result, many leave TANF or are sanctioned off, but are unable to sustain employment and are forced to return to the rolls. Congress must screen for barriers to economic security, offer appropriate services and the time needed to use those services, and modify or waive program requirements as needed. Moreover, and especially in light of the increasing emphasis on marriage, Congress must adopt the foregoing policy suggestions with respect to the Family Violence Option (i.e. ensuring that all states address domestic and sexual violence, and have the benefit of caseworker training as well as the best practices that have been developed over the last five years.)

Finally, Congress must endeavor to insure that anti-discrimination policies are the cornerstone of TANF law, policy and practice. This includes discrimination against individuals on TANF as they engage in work activities. Congress must clarify that these workers are entitled to the full protections of the civil rights and employment laws. It also includes discrimination in the administration of TANF, including disparate treatment of individuals based on their race or ethnicity. And it means eradicating barriers to access for legal immigrants. Finally, it means ensuring nondiscrimination against individuals on TANF based on their marital status or how they have constituted their families.

Conclusion

The solution to poverty is not to interfere with basic privacy rights of poor women but rather to focus on economic self-sufficiency. Decisions regarding marriage and childbearing are among the most private decisions an individual can make. Congress must not use women's economic vulnerability as an opportunity to control their decisions regarding marriage and childbearing. Fighting poverty and promoting family well-being will depend on positive governmental support for proven policies that support low income parents in their struggle to obtain and retain good jobs, while at the same time providing the best possible care for their children. It is important to focus government resources and efforts on the reduction of poverty, not on unproven, intrusive policies that interfere with personal family formation decisions.

APPENDIX**A BLUEPRINT FOR SOLUTIONS TO WOMEN'S POVERTY
GOALS FOR REAUTHORIZATION****Welfare Reform Reauthorization Should Insure Family Privacy**

- Eliminate promotion of marriage as an anti-poverty goal.
- Recognize that marriage is not the solution to poverty and focus on empowering individuals to have the economic freedom to choose.
- Ensure that welfare reauthorization does not discriminate against families.
- Eliminate the family cap in all states.
- Replace "Abstinence-Only" programs with comprehensive sex education programs.
- Repeal the "Illegitimacy" Reduction Bonus.
- Make paternity establishment voluntary, not required.
- Support child support and EITC reforms.

Welfare Reauthorization Should Address the Causes of Women's Poverty**Insure Movement Into Jobs That Will Lift Families Out of Poverty, Employment Rights, and Workplace Protections by:**

- Insuring use of the Self-Sufficiency Standard to measure outcomes for welfare leavers.
- Targeting good jobs that are available in the local economy and provide education and training necessary to obtain and retain those jobs.
- Allowing education and training to count as work participation under TANF.
- Protecting basic employment rights for TANF recipients.
- Stopping the time limit clock for working families who still need income support.

Address Violence in the Lives of Poor Women by:

- Mandating that all states implement the Family Violence Option.
- Providing incentives for successful implementation of programs for victims of domestic and sexual violence.
- Prohibiting sanctions against victims of domestic and sexual violence.
- Encouraging use of emergency assistance for victims of domestic and sexual violence.

Insure Adequate Child care and That No Family Suffers for Lack of Child care by:

- Strengthening provisions protecting families from sanctions if they do not have child care.
- Strengthening procedures to get child care subsidies to TANF families and welfare leavers.
- Limiting child care co-fees for poor parents.
- Stopping the clock for families who cannot find appropriate child care.

- Increasing child care funding.

Value caregiving of children as real, socially important work by:

- Allowing the full-time parenting of pre-school age or disabled children to count as work participation under TANF.
- Making the child tax credit refundable.
- Specifically authorizing states to provide in-home caregiving allowances.
- Raising rates for child care providers.

Reform child support collection and distribution by:

- Making child support cooperation requirements voluntary.
- Insuring appropriate levels of obligation for non-custodial fathers.
- Insuring that families on welfare receive some of the money paid by the fathers.
- Disregarding any child support payments passed through to a family receiving benefits.
- Insuring that families that have transitioned off welfare receive all child support they are owed before the state reimburses itself for past assistance.

Employ a comprehensive high performance bonus that rewards states for moving families out of poverty, not off the welfare rolls.

- ⁱ The authors would like to thank Shawn Chang for his invaluable assistance in completing this testimony.
- ⁱⁱ Anderson, Mark, Testimony to Congress, March 22, 2001, also see Arizona Statute 41-2031.
- ⁱⁱⁱ Dyjak, Kathryn. "State Efforts to Promote Marriage and Family Formation." American Public Human Services Association, Washington MFMO Vol. 13, No. 5, at 19.
- ^{iv} "State Marriage Initiatives." NOW Legal Defense and Education Fund.
- ^v Supra Note 156.
- ^{vi} Tyre, Peg. "Oklahoma is fighting its sky-high divorce rate with controversial, state-funded "marriage ambassadors." Newsweek, Feb. 18, 2002, U.S. Edition.
- ^{vii} Ross, Bobby Jr. "Divorce rate stays steady, study shows" The Daily Oklahoman (2/10/2002). Citing that for every 100 marriage licenses issued in 2001, the state granted 76 divorce petitions.
- ^{viii} The PEW Research Center for the People & the Press and the PEW Forum on Religion & Public Life, "American Struggle with Religion's Role at Home and Abroad," News Release, March 20, 2002, at 3.
- ^{ix} Peter D. Hart Research Associates. "TANF/Welfare Survey Findings." National Campaign for Jobs and Income Support Memo, April 12, 2002, at 1.
- ^x Ms. Foundation for Women. "Americans Say Welfare Should Provide Self-Sufficiency Skills, Move People Out of Poverty – Not Promote Marriage." (February 6, 2002) at 1.
- ^{xi} Peter D. Hart Research Associates, Inc. "Memorandum to Advocates for Low-Income Families."
- ^{xii} Skinner v. Oklahoma *ex rel.* Williamson, 316 U.S. 535, 541 (1942).
- ^{xiii} Loving v. Virginia, 388 U.S. 1, 12 (1967).
- ^{xiv} Griswold v. Connecticut, 381 U.S. 479, 495 (1965).
- ^{xv} Eisenstadt v. Baird 405 U.S. 438, 453-54 (1972).
- ^{xvi} *Id.* at 453.
- ^{xvii} Roe v. Wade, 410 U.S. 113 (1973).
- ^{xviii} Casey v. Planned Parenthood, 502 U.S. 1056 (1992).
- ^{xix} See JODY RAPHAEL & RICHARD M. TOLMAN, TAYLOR INST. AND THE UNIV. OF MICH. RESEARCH DEV. CTR. ON POVERTY, RISK AND MENTAL HEALTH, TRAPPED BY POVERTY, TRAPPED BY ABUSE: NEW EVIDENCE DOCUMENTING THE RELATIONSHIP BETWEEN DOMESTIC VIOLENCE AND WELFARE, 12 (1997).
- ^{xx} See MARY ANN ALLARD ET AL., MCCORMACK INST., IN HARMS WAY? DOMESTIC VIOLENCE, AFDC RECEIPT AND WELFARE REFORM IN MASS., 12, 14 (1997) (64.9% of 734 women); Ellen L Bassuck et al., *The Characteristics and Needs of Sheltered Homeless and Low-Income Housed Mothers*, 276 JAMA 640 at 12, 20 (1996) (61.0% of 220 women); WILLIAM CURCIO, PASSAIC COUNTY STUDY OF AFDC RECIPIENTS IN A WELFARE-TO-WORK PROGRAM: A PRELIMINARY ANALYSIS, 12, 14 (1997) (57.3% of 846 women).
- ^{xxi} See UNITED STATES GENERAL ACCOUNTING OFFICE, REPORT TO CONGRESSIONAL COMMITTEES, DOMESTIC VIOLENCE: PREVALENCE AND IMPLICATIONS FOR EMPLOYMENT AMONG WELFARE RECIPIENTS, 7 (1998).
- ^{xxii} See Joan Zorza, *Woman Battering: High Costs and the State of the Law*, 25 CLEARINGHOUSE REV. 421 (1991).
- ^{xxiii} See Einat Peled, *Parenting by Men Who Abuse Women: Issues and Dilemmas*, BRIT. J. SOC. WORK, Feb. 2000, at 28.
- ^{xxiv} Kathym Edin, WHAT DO LOW-INCOME SINGLE MOTHERS SAY ABOUT MARRIAGE? *Joint Center for Poverty Research Working Papers*. (Aug. 9, 2001) available at http://www.jcpr.org/wpfiles/edin_WP_ediforweb1-31.pdf.
- ^{xxv} THE NATIONAL MARRIAGE PROJECT, ANNUAL REPORT: THE STATE OF OUR UNIONS: THE SOCIAL HEALTH OF MARRIAGE IN AMERICA, 2000 (June 2000), available at <http://marriage.rutgers.edu/NMPAR2000.pdf>.
- ^{xxvi} UNITED STATES CENSUS BUREAU, CURRENT POPULATION REPORTS, SERIES NO. P20-514, MARRIAGE STATUS AND LIVING ARRANGEMENTS: MARCH 1998 (UPDATE) (2000), available at <http://www.census.gov/prod/99pubs/p20-514u.pdf>.
- ^{xxvii} Bennett, Neil G. et al. "Young Children in Poverty: A Statistical Update," released June 17, 1999. New York: National Center for Children in Poverty, <http://cpmnet.columbia.edu/dept/nccp/99uptext.html>.
- ^{xxviii} MANPOWER DEMONSTRATION RESEARCH CORP. (MDRC), chap. 6, available at <http://www.mdrc.org/Reports2000/MFIP/MFIP-Vol-1-Adult.pdf>.
- ^{xxix} U.S. GOVERNMENT ACCOUNTING OFFICE, *More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients With Impairments Towards Employment*, (GAO-02-37) at 3-4.

**TESTIMONY OF THE UNITARIAN UNIVERSALIST ASSOCIATION WASHINGTON
OFFICE FOR ADVOCACY ON WELFARE REFORM AND FAMILY FORMATION**

On August 22, 1996, Temporary Assistance for Needy Families (TANF) was enacted. The law codified four purposes of welfare reform. Three of the four addressed marriage and family formation:

- "to end dependence of needy parents on government benefits by promoting job preparation, work, and marriage"
- "to prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies" and
- "to encourage the formation and maintenance of two-parent families."

Since 1996, TANF has sought to affect family formation decisions through the Bonus to Reward Decrease in Illegitimacy, the High Performance Bonus; new Family Formation and Stability Measure, and the Abstinence-Until-Marriage education program. These programs, funded by block grants to states, have sought to reduce welfare rolls by promoting marriage as the solution to reducing dependence on government and securing the family unit.

THE UUA'S POSITION ON TANF AND MARRIAGE PROMOTION:

The General Assembly, the UUA's highest policy-making body, has approved numerous statements relevant to the marriage promotion initiatives in welfare reform. The Unitarian Universalist Association of Congregations has unequivocally opposed discrimination against "homosexuals, homosexuality, bisexuals, and bisexuality" since 1970. Numerous statements on economic justice, including one in the year 2000, have called for eradicating poverty through greater investment in programs that would provide "access to adequate housing, social services, child care, adult daycare, education, health care, legal services, financial services, and transportation."

The Unitarian Universalist Association strongly opposes designating \$300 million of TANF funds to promote marriage, and calls for those funds to be invested in providing childcare. At the very least, states should have the option of promoting relationship skills, such as communication, healthy conflict resolution, and financial management, not just marriage.

Specifically, we oppose government-funded marriage promotion because it is:

1. **Discriminatory** against single people; gay, lesbian, bisexual, and transgender people, and potentially people of color and people of faith.
2. **Dismissive** of what persons receiving TANF benefits say they need to be self-sufficient.
3. **Diversionsary**, by shifting millions of dollars away from programs like childcare that are proven to help individuals succeed.
4. **Dangerous** to the huge percentage of people who receive TANF benefits that are or have been victims of domestic violence.

5. **Disconnected** from public opinion, including religious people, who overwhelmingly say they do not want government interference in personal decisions about marriage.

Government-funded marriage promotion is discriminatory against single people; gay, lesbian, bisexual, and transgender people, and potentially people of color and people of faith

Those of us who have been engaged in the ongoing debates about President Bush' Faith Based Initiative are all too aware of the possibilities for discrimination that occur when the government gives money to pervasively sectarian institutions. Discrimination in employment: Who will be employed, and who will not be employed, with government dollars, to run the marriage promotion programs? Discrimination in benefits: who will be accepted and who will be denied access to services? This provision runs a strong risk of practicing discrimination based on religion, and also based on marital status and sexual orientation. Our country consists of diverse family structures: those in which parents are married, divorced, remarried, widowed, single, gay, lesbian, bisexual, and transgender. In fact, according to the United States Census, there are currently more non-marital than marital families in our country.¹ These families that have built loving, healthy relationships with their children and cooperative relationships with other caregivers deserve to be valued and respected.

Government-funded marriage promotion is dismissive of what persons receiving TANF benefits say they need to be self-sufficient;

Rather than listening to welfare recipients, who state repeatedly that their barriers to leaving poverty are lack of good and safe childcare, lack of education and training, lack of livable wages, and lack of transportation, attention focused on this provision is largely irrelevant to the people who are most affected and most vulnerable.

We support programs that take into account opinions of welfare recipients like those that follow:

According to one California woman: "I believe the welfare system is set up for people for fail, not to help them get jobs that will enable them to be economically self sufficient. If people could go to school and obtain a degree, they would be less likely to end up back in the welfare system, and then would set an example for their kids."ⁱⁱ

Another woman involved in a domestic violence situation reports: "I can't imagine what I would have done if, at the time I left my husband, the welfare office had been full of messages praising marriage. There was so much emotional trauma involved in being abused and then leaving. You need to be supported and lifted up for making a good, safe choice for yourself and you children and for having to not just stay with someone, just to have a man or a marriage. A welfare system that hold up marriage as "the right thing to do" just reinforces the shame you feel and, if you are dealing with abuse, it weakens your resolve to leave."ⁱⁱⁱ

Voices of women on welfare must be heard in order to create effective federal and state initiatives that are responsive to their needs.

Government-funded marriage promotion is diversionary, by shifting millions of dollars away from programs like child care that are proven to help individuals succeed;

Marriage promotion programs have not been proven successful and are taking funds away from other arenas of welfare reform. Both Federal and State initiatives with respect to marriage are alarming in their invasion of personal privacy and, at the same time, raise serious questions about the effective use of scarce government funds and the competence of government to administer programs dealing with intimate decisions such as marriage. We are particularly concerned that TANF funds will be diverted away from desperately needed economic supports, childcare and job training into questionable programs unlikely to have any positive effect in reducing poverty.

Government-funded marriage promotion is dangerous to the huge percentage of people who receive TANF benefits that are or have been victims of domestic violence

Encouraging individuals to enter or remain in marriages with violent spouses is dangerous. It is unconscionable that government money would be used to promote programs that might very well increase the suffering of persons receiving TANF benefits. Study after study demonstrates that a large proportion of the welfare caseload (consistently between 15% and 25%) consists of current victims of serious domestic violence.^{iv} Between half and two-thirds of women on welfare have suffered domestic violence or abuse at some time in their adult lives.^v Over 50% of homeless women and children cite domestic violence as the reason they are homeless.^{vi}

Government-funded marriage promotion is disconnected from public opinion, including religious people, who overwhelmingly say they do not want government interference in personal decisions about marriage.

According to a recently conducted poll by the Pew Forum, 79% of the American public opposes government intervention in the private decisions of individuals about marriage and family formation. Only 18% are in support of such influence.^{vii} Of the 79% opposing intervention, 66% identified themselves as religious. Although a vocal minority of religious extremists often claim to speak for all people of faith, this polling shows clearly that fully two-thirds of religious people oppose government-funded marriage promotion.

Conclusion

We believe in a God who is revealed in loving relationships that embody life giving, mutual commitment and joy. We do not believe that God favors traditional heterosexual marriage above other family formations. We celebrate the Godliness of single people, childless couples, gay and lesbian, transgender, and bisexual people, if their lives are lived with integrity, commitment, and concern for the greater good. Our clergy have officiated at the unions of same sex couples for over thirty years, and we stand on record as supporting the legalization of gay and lesbian marriage. While we are deeply committed to couples remaining together through the good times and the bad, we believe that under certain circumstances, there is such a thing as a Godly divorce.

In conclusion, we affirm the Unitarian Universalist Association's commitment to healthy marriages and families, and reiterate our belief that the government should refrain from influencing the most private decisions. Congress must not use women's economic vulnerability

as an opportunity to control their decisions regarding marriage and childbearing. Fighting poverty and promoting family well-being will depend on positive governmental support for policies that support low income parents in their struggle to obtain and retain good jobs while at the same time providing the best possible care for their children. The Unitarian Universalist Association of Congregations strongly opposes increased funding for marriage promotion, and stresses the importance of focusing government resources and efforts on reduction of poverty, not on interference with personal family formation decisions.

Thank you for your consideration.

ⁱ UNITED STATES CENSUS BUREAU, U.S. DEPT. OF COMMERCE, U.S. DEPT. OF COMMERCE NEWS (May 15, 2001), <http://www.census.gov/Press-Release/www/2001/cb01cn67.html>.

ⁱⁱ See Applied Research Center. *Welfare Reform As We Know It*. (2001)

ⁱⁱⁱ See Applied Research Center. *Welfare Reform As We Know It*. (2001)

^{iv} See JODY RAPHAEL & RICHARD M. TOLMAN, TAYLOR INST. AND THE UNIV. OF MICH. RESEARCH DEV. CTR. ON POVERTY, RISK AND MENTAL HEALTH, TRAPPED BY POVERTY, TRAPPED BY ABUSE: NEW EVIDENCE DOCUMENTING THE RELATIONSHIP BETWEEN DOMESTIC VIOLENCE AND WELFARE, 12 (1997).

^v See MARY ANN ALLARD ET AL., MCCORMACK INST., IN HARMS WAY? DOMESTIC VIOLENCE, AFDC RECEIPT AND WELFARE REFORM IN MASS., 12, 14 (1997) (64.9% of 734 women); Ellen L Bassuck et al., *The Characteristics and Needs of Sheltered Homeless and Low-Income Housed Mothers*, 276 JAMA 640 at 12, 20 (1996) (61.0% of 220 women); WILLIAM CURCIO, PASSAIC COUNTY STUDY OF AFDC RECIPIENTS IN A WELFARE-TO-WORK PROGRAM: A PRELIMINARY ANALYSIS, 12, 14 (1997) (57.3% of 846 women).

^{vi} See Joan Zorza, *Woman Battering: A Major Cause of Homelessness*, 28 CLEARINGHOUSE REV. 383, 384-85 (1994).

^{vii} See The Pew Forum on Religion and Public Life. Second Annual Poll on the Role of Religion in Public Life. (April 2002)



**Written Statement for the Printed Record of the
May 16, 2002
U.S. Senate Finance Committee Hearing
TANF Reauthorization: Building Stronger Families**

Women Work!, the National Network for Women's Employment is a membership organization, rooted in the Displaced Homemakers Movement, dedicated to empowering women from diverse backgrounds and assisting them to achieve economic self-sufficiency through job readiness, education, training and employment. Women Work! provides critical training and technical assistance to more than 1000 local displaced homemaker/single parent programs nationwide.

Women Work! (WW!) is committed to ensuring welfare reform is a success for all families. Our advocacy agenda for TANF reauthorization includes promoting a portfolio of supports that will help low income women with children to enter or remain in the workforce. Further, we are committed to promoting the well-being of families who face the most severe barriers to work by ensuring they are provided the services and flexibility that will allow them to become self-sufficient. Families must have the appropriate level of program support and flexibility that will allow them to benefit from the opportunities that TANF provides.

With welfare caseloads down and former recipients in paid employment, the TANF reauthorization debate has now turned its attention on restoring America's families. Under the welfare reform law of 1996, states were required to take steps towards reducing the number of out-of-wedlock births,

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through abstinence education, parental responsibility, and the promotion of marriage. The U.S. Department of Health and Human Services has awarded bonuses to states that have the largest decreases in their out-of-wedlock birthrates. Alabama, Michigan, and the District of Columbia received a total of \$75 million in bonus awards for having the largest decreases in their out-of-wedlock birthrates.

There are now some in Congress that want to move to "marriage promotion." House Ways and Means Chairman Wally Herger (R-CA) has said that "if states discourage out-of-wedlock childbearing and encourage marriage, welfare dependence will shrink and children will be better off." Herger and others are pushing for TANF reauthorization legislation that will bring additional funding to state programs that not merely reduce the out-of-wedlock birthrate but actively encourage marriage.

Women Work! questions the government's role in promoting marriage above the needs of the woman. We agree with Representative Pete Stark (D-CA) who has stated that, "when making the decision [to marry], some Americans turn to their friends and family, while others turn only to their future partner. No one, however turns to the government." He adds, "Government interference in decisions about marriage is simply not warranted." The government should instead focus on helping women achieve economic stability and independence. Furthermore, there is little evidence that the programs to promote marriage will have any effect on marriage rates of TANF recipients, thus placing women in potentially abusive relationships is a serious problem.

Women Work! (WW!) promotes legislation that gives women the freedom to lead independent and self-sufficient lives. WW! believes that women should not be forced into committed relationships before they are ready and able. TANF recipients must be provided all the opportunities to achieve self-sufficiency, in a way that encourages the well-being of a mother and her children. WW! urges Congress to allocate increased funding for services that advance the needs of the family, such as workforce development and education/training programs that will improve the economic welfare of working mothers and their families and oppose the use of TANF funds for marriage promotion initiatives.